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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, 2021**
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)

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

(480) 407-7365
(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 (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 ☐	Accelerated filer ☐
Non-accelerated filer ☑	Smaller reporting company ☑
Emerging growth company ☐	

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, 2021
Common Stock, $0.001 par value per share	24,950,423 shares

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	January 31, 2021	April 30, 2020
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 9,987,382	$ 14,350,554
Restricted cash	3,395,068	3,556,211
Accounts receivable, net of allowance of $2,924,887 and $1,758,920, respectively	15,832,552	14,326,791
Prepaid expenses	1,209,197	941,671
Other receivables	—	23,097
Other current assets	1,378,173	173,090
Total current assets	31,802,372	33,371,414
Property and equipment:		
Computer equipment and hardware	799,826	649,927
Furniture and fixtures	1,013,103	1,007,099
Leasehold improvements	920,736	867,024
Instructional equipment	315,993	301,842
Software	7,944,693	6,162,770
Construction in progress	907,780	—
	11,902,131	8,988,662
Less accumulated depreciation and amortization	(4,355,308)	(2,841,019)
Total property and equipment, net	7,546,823	6,147,643
Goodwill	5,011,432	5,011,432
Intangible assets, net	7,900,000	7,900,000
Courseware, net	110,069	111,457
Accounts receivable, net of allowance of $625,963 and $625,963, respectively	45,329	45,329
Long term contractual accounts receivable	9,986,613	6,701,136
Debt issue cost, net	26,389	182,418
Operating lease right of use assets, net	11,114,766	6,412,851
Deposits and other assets	500,470	355,831
Total assets	$ 74,044,263	$ 66,239,511

(Continued)

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

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

	January 31, 2021	April 30, 2020
	(Unaudited)	
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 1,155,977	$ 1,505,859
Accrued expenses	2,293,515	537,413
Deferred revenue	5,600,371	3,712,994
Due to students	2,243,690	2,371,844
Operating lease obligations, current portion	2,102,209	1,683,252
Other current liabilities	307,677	545,711
Total current liabilities	13,703,439	10,357,073
Convertible notes, net of discount of $0 and $1,550,854, respectively	—	8,449,146
Operating lease obligations, less current portion	9,968,293	5,685,335
Total liabilities	23,671,732	24,491,554
Commitments and contingencies – see Note 10		
Stockholders' equity:		
Preferred stock, $0.001 par value; 1,000,000 shares authorized, 0 issued and 0 outstanding at January 31, 2021 and April 30, 2020	—	—
Common stock, $0.001 par value; 40,000,000 shares authorized, 24,939,673 issued and 24,784,187 outstanding at January 31, 2021 21,770,520 issued and 21,753,853 outstanding at April 30, 2020	24,940	21,771
Additional paid-in capital	108,003,022	89,505,216
Treasury stock (155,486 and 16,667 shares at January 31, 2021 and April 30, 2020, respectively)	(1,817,414)	(70,000)
Accumulated deficit	(55,838,017)	(47,709,030)
Total stockholders' equity	50,372,531	41,747,957
Total liabilities and stockholders' equity	$ 74,044,263	$ 66,239,511

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

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

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2021	**2020**	**2021**	**2020**
Revenues	$ 16,624,837	$ 12,537,940	$ 48,761,444	$ 34,981,887
Operating expenses:				
Cost of revenues (exclusive of depreciation and amortization shown separately below)	7,559,951	5,163,007	20,732,254	13,704,121
General and administrative	10,644,438	8,625,041	30,723,349	22,613,242
Bad debt expense	670,000	2,547	1,702,000	651,205
Depreciation and amortization	535,273	475,393	1,552,254	1,710,192
Total operating expenses	19,409,662	14,265,988	54,709,857	38,678,760
Operating loss	(2,784,825)	(1,728,048)	(5,948,413)	(3,696,873)
Other income (expense):				
Interest expense	(33,539)	(571,958)	(2,018,664)	(1,424,607)
Other income (expense), net	13,558	34,117	(116,820)	189,486
Total other expense, net	(19,981)	(537,841)	(2,135,484)	(1,235,121)
Loss before income taxes	(2,804,806)	(2,265,889)	(8,083,897)	(4,931,994)
Income tax expense	10,460	15,163	45,090	62,508
Net loss	$ (2,815,266)	$ (2,281,052)	$ (8,128,987)	$ (4,994,502)
Net loss per share - basic and diluted	$ (0.11)	$ (0.12)	$ (0.35)	$ (0.26)
Weighted average number of common stock outstanding - basic and diluted	24,544,334	19,420,987	23,354,036	19,046,558

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, 2021 and 2020
(Unaudited)

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at October 31, 2020	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)
Balance at January 31, 2021	24,939,673	$ 24,940	$ 108,003,022	$ (1,817,414)	$ (55,838,017)	$ 50,372,531

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at October 31, 2019	19,142,316	$ 19,142	$ 69,781,363	$ (70,000)	$ (44,763,415)	$ 24,967,090
Stock-based compensation	—	—	737,820	—	—	737,820
Common stock issued for cashless stock options exercised	8,352	9	(9)	—	—	—
Common stock issued for stock options exercised for cash	121,407	121	530,547	—	—	530,668
Amortization of warrant based cost	—	—	9,125	—	—	9,125
Amortization of restricted stock issued for services	—	—	24,398	—	—	24,398
Restricted stock issued for services, subject to vesting	40,000	40	(40)	—	—	—
Common stock issued for equity raise, net of underwriter costs of $1,222,371	2,415,000	2,415	16,042,464	—	—	16,044,879
Other offering costs	—	—	(51,282)	—	—	(51,282)
Beneficial conversion feature on convertible debt	—	—	1,692,309	—	—	1,692,309
Common stock short swing reclamation	—	—	5,433	—	—	5,433
Net loss	—	—	—	—	(2,281,052)	(2,281,052)
Balance at January 31, 2020	21,727,075	$ 21,727	$ 88,772,128	$ (70,000)	$ (47,044,467)	$ 41,679,388

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, 2021 and 2020
(Unaudited)

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at April 30, 2020	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)
Balance January 31, 2021	24,939,673	$ 24,940	$ 108,003,022	$ (1,817,414)	$ (55,838,017)	$ 50,372,531

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at April 30, 2019	18,665,551	$ 18,666	$ 68,562,727	$ (70,000)	$ (42,049,965)	$ 26,461,428
Stock-based compensation	—	—	1,627,304	—	—	1,627,304
Common stock issued for cashless stock options exercised	190,559	191	(191)	—	—	—
Common stock issued for stock options exercised for cash	234,233	234	768,147	—	—	768,381
Common stock issued for cashless warrant exercise	76,929	77	(77)	—	—	—
Amortization of warrant based cost	—	—	27,690	—	—	27,690
Amortization of restricted stock issued for services	—	—	97,748	—	—	97,748
Restricted stock issued for services, subject to vesting	144,803	144	(144)	—	—	—
Common stock issued for equity raise, net of underwriter costs of $1,222,371	2,415,000	2,415	16,042,464	—	—	16,044,879
Other offerings costs	—	—	(51,282)	—	—	(51,282)
Beneficial conversion feature on convertible debt	—	—	1,692,309	—	—	1,692,309
Common stock short swing reclamation	—	—	5,433	—	—	5,433
Net loss	—	—	—	—	(4,994,502)	(4,994,502)
Balance at January 31, 2020	21,727,075	$ 21,727	$ 88,772,128	$ (70,000)	$ (47,044,467)	$ 41,679,388

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,	
	2021	**2020**
Cash flows from operating activities:		
Net loss	$ (8,128,987)	$ (4,994,502)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt expense	1,702,000	651,205
Depreciation and amortization	1,552,254	1,710,192
Stock-based compensation	3,019,828	1,782,472
Amortization of warrant based cost	27,375	27,690
Loss on asset disposition	—	3,918
Amortization of debt discounts	1,550,854	182,218
Amortization of debt issue costs	156,029	88,825
Modification charge for warrants exercised	25,966	—
Common stock issued for services	19,900	97,748
Changes in operating assets and liabilities:		
Accounts receivable	(6,493,238)	(7,104,911)
Prepaid expenses	(267,526)	(567,192)
Other receivables	23,097	395
Other current assets	(1,205,083)	(173,090)
Deposits and other assets	(185,599)	280,091
Accounts payable	(349,882)	(908,083)
Accrued expenses	1,756,102	426,567
Deferred rent	—	(17,805)
Due to students	(128,154)	1,137,244
Deferred revenue	1,887,377	3,237,878
Other current liabilities	(238,032)	313,875
Net cash used in operating activities	(5,275,719)	(3,825,265)
Cash flows from investing activities:		
Purchases of courseware and accreditation	(31,330)	(11,001)
Purchases of property and equipment	(2,877,758)	(1,929,878)
Net cash used in investing activities	(2,909,088)	(1,940,879)
Cash flows from financing activities:		
Proceeds from warrants exercised	1,081,792	—
Proceeds from stock options exercised	2,578,700	768,381
Proceeds from sale of common stock net of underwriter costs	—	16,044,879
Disbursements for equity offering costs	—	(51,282)
Common stock short swing reclamation	—	5,433
Net cash provided by financing activities	3,660,492	16,767,411

(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,	
	2021	2020
Net (decrease) increase in cash, cash equivalents and restricted cash	$ (4,524,315)	$ 11,001,267
Cash, cash equivalents and restricted cash at beginning of period	17,906,765	9,967,752
Cash, cash equivalents and restricted cash at end of period	$ 13,382,450	$ 20,969,019
Supplemental disclosure cash flow information		
Cash paid for interest	$ 310,958	$ 979,792
Cash paid for income taxes	$ 49,008	$ 110,307
Supplemental disclosure of non-cash investing and financing activities		
Common stock issued for conversion of Convertible Notes	$ 10,000,000	$ —
Right-of-use lease asset offset against operating lease obligations	$ 3,914,640	$ 7,693,268
Common stock issued for services	$ —	$ 178,447
Beneficial conversion feature on convertible debt	$ —	$ 1,692,309

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, 2021	January 31, 2020
Cash and cash equivalents	$ 9,987,382	$ 20,512,808
Restricted cash	3,395,068	456,211
Total cash, cash equivalents and restricted cash	$ 13,382,450	$ 20,969,019

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, 2021
(Unaudited)

Note 1. Nature of Operations and Liquidity

Overview

Aspen Group, Inc. ("AGI") is an educational technology holding company. AGI has five subsidiaries, Aspen University Inc. ("Aspen University") organized in 1987, Aspen Nursing of Arizona, Inc. ("ANAI"), Aspen Nursing of Florida, Inc. ("ANFI"), Aspen Nursing of Texas, Inc. ("ANTI"), and United States University Inc. ("United States University" or "USU"). ANAI, ANFI and ANTI are subsidiaries of Aspen University Inc.

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. As of January 31, 2021, 11,636 of 13,407 or 87% of all active students across both universities are degree-seeking nursing students. Of the 11,636 students seeking nursing degrees, 9,277 are Registered Nurses (RNs) studying to earn an advanced degree, while the remaining 2,359 nursing students are enrolled in Aspen University's BSN Pre-Licensure program in the Phoenix, Austin and Tampa metros.

Since 1993, Aspen University has been nationally accredited by the Distance Education and Accrediting Council ("DEAC"), a national accrediting agency recognized by the United States Department of Education (the "DOE") and Council for Higher Education Accreditation ("CHEA"). On February 25, 2019, the DEAC informed Aspen University that it had renewed its accreditation for five years through January 2024.

Since 2009, USU has been regionally 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.

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, 2021 and 2020, our cash flows for the nine months ended January 31, 2021 and 2020, and our financial position as of January 31, 2021 have been made. 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, 2020 as filed with the SEC on July 7, 2020. The April 30, 2020 consolidated balance sheet is derived from those statements.

COVID-19 Update

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
January 31, 2021
(Unaudited)

In our third fiscal quarter ending January 31, 2021, which has been historically a seasonally slower quarter given it falls during the holiday months of November and December, Aspen University saw approximately 4% less course registrations than seasonally expected in our Aspen Nursing + Other unit (which equates to approximately $110,000 of reduced revenue per month or $330,000 in the quarter relative to the Company's forecast).

USU's MSN-FNP program also saw a similar course start decline of approximately 4% in the quarter relative to the Company's forecast, which equates to approximately $190,000 of reduced revenue for the quarter.

We believe COVID-19 'Wave Two' was the key factor in the lower course starts than forecasted at both universities in the quarter, given that all the states in the country are now affected – not just some of the major metros. Our predominant student demographic of RNs (as of January 31, 2021, 9,277 of the Company's 13,407 total active students or 69% are RNs) has been especially overwhelmed over the past several months, so this is not unexpected.

The status and/or reasons identified by our predominantly RN student body who constitute the lower course starts over the past several months fall into four categories; 1) rescheduling of upcoming course registrations to a later date, 2) requests for temporary leave of absence, 3) requests to delay placement into preferred clinical location timed with the facility accepting new in-person students again, and 4) course or program withdrawal requests due to family emergencies, pressures at work/emotional distress and lack of time.

The Company expects the COVID 'Wave Two' effect to continue throughout the current fourth fiscal quarter, as we are forecasting approximately 4.5% less course registrations than seasonally expected in our Aspen Nursing + Other unit and USU's MSN-FNP program. Consequently, in our current fourth fiscal quarter ending April 30, 2021, we are expecting year-over-year revenue growth in the range of 31% - 33% ($18.4 - $18.7 million), versus the Company's previous forecast of 36% growth or $19.1 million.

Liquidity

At January 31, 2021, the Company had a cash and cash equivalents balance of $9,987,382 and $3,395,068 of restricted cash.

In March 2019, the Company entered into two loan agreements for a principal amount of $5 million each and received total proceeds of $10 million. In connection with the loan agreements, the Company issued 18 month senior secured promissory term notes, with the Company having the right to extend the term of the loans for an additional 12 months by paying a 1% one-time extension fee. On January 22, 2020, the term notes were exchanged for convertible notes maturing January 22, 2023. On September 14, 2020, the Convertible Notes automatically converted into shares of the Company's common stock. (See Note 6)

On January 22, 2020, the Company closed on an underwritten public offering of common stock for net proceeds of approximately $6 million. The public offering was a condition precedent to the closing of the above refinancing. (See Note 6)

On November 5, 2018 the Company entered into a three year, $5,000,000 senior revolving credit facility. There is currently no outstanding balance under that facility. (See Note 6)

During the nine months ended January 31, 2021 the Company's net cash and restricted cash decreased by $4,524,315, which included using $5,275,719 in operating activities.

The Company has analyzed its liquidity position and believes its current resources are adequate to meet anticipated liquidity needs for the next 12 months from the issuance date of this report.

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.

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 and other receivables, 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, 2021 of $3,395,068 primarily consists 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. Also included are funds held for students for unbilled educational services that were received from Title IV and non-Title IV programs totaling $2,201,071. As an administrator of these Title IV program funds, the Company is required to maintain and restrict these funds pursuant to the terms of the program participation agreement with the U.S. Department of Education. In August 2020, USU entered into a $379,345 letter of credit which was collateral required to be posted based on the level of Title IV funding; and subsequently in December 2020, the DOE released this existing USU letter of credit.

Restricted cash as of April 30, 2020 of $3,556,211 primarily consisted of $692,293 which is collateral for letters of credit for the Aspen University and USU facility operating leases and $255,708 which is collateral for a letter of credit issued by the bank and $71,828 which is related to USU's receipt of Title IV funds and is required by the Department of Education ("DOE") in connection with the change of control of USU. Also included are funds held for students for unbilled educational services that were received from Title IV and non-Title IV programs totaling $2,536,382. As an administrator of these Title IV program funds, the Company is required to maintain and restrict these funds pursuant to the terms of the program participation agreement with the DOE.

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 January 31, 2021. As of January 31, 2021 and April 30, 2020, the Company maintained deposits exceeding federally insured limits by approximately $12,578,734 and $16,242,603, respectively, held in two separate institutions.

Goodwill and Intangibles

Goodwill currently represents the excess of purchase price over the fair market value of assets acquired and liabilities assumed from the 2017 acquisition of USU. Goodwill has an indefinite life and is not amortized. Goodwill is tested annually for impairment or if indicators are present.

In January 2017, the Financial Accounting Standards Board issued Accounting Standards Update No. 2017-04: "Intangibles - Goodwill and Other (Topic 350)" - to simplify how an entity is required to test goodwill for impairment by eliminating Step 2

from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. This guidance is effective for interim and annual reporting periods beginning after December 15, 2019. The Company early adopted this standard effective April 30, 2018. We have selected an April 30 annual goodwill impairment test date.

When evaluating the potential impairment of goodwill, management first assess a range of qualitative factors, including but not limited to, macroeconomic conditions, industry conditions, the competitive environment, changes in the market for the Company's products and services, regulatory and political developments, entity specific factors such as strategy and changes in key personnel, and the overall financial performance for each of the Company's reporting units. If, after completing this assessment, it is determined that it is more likely than not that the fair value of a reporting unit is less than its carrying value, we then proceed to the quantitative impairment testing.

We compare the carrying value of the reporting unit, including goodwill, with its fair value, as determined. If the carrying value of a reporting unit exceeds its fair value, then the amount of impairment to be recognized is the amount by which the carrying amount exceeds the fair value.
When required, we arrive at our estimates of fair value using a discounted cash flow methodology which includes estimates of future cash flows to be generated by a component where the goodwill is recorded, as well as determining a discount rate to measure the present value of those anticipated cash flows. Estimating future cash flows requires significant judgment and includes making assumptions about projected growth rates, industry-specific factors, working capital requirements, weighted average cost of capital, and current and anticipated operating conditions. The use of different assumptions or estimates for future cash flows could produce different results.

Intangible assets represent both indefinite lived and definite lived assets. Accreditation and regulatory approvals, trade name and trademarks are deemed to have indefinite useful lives and accordingly are not amortized but are tested annually for impairment. Student relationships and curriculums are deemed to have definite lives and are amortized accordingly.

Fair Value Measurements

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The Company classifies assets and liabilities recorded at fair value under the fair value hierarchy based upon the observability of inputs used in valuation techniques. Observable inputs (highest level) reflect market data obtained from independent sources, while unobservable inputs (lowest level) reflect internally developed market assumptions. The fair value measurements are classified under the following hierarchy:

Level 1—Observable inputs that reflect quoted market prices (unadjusted) for identical assets and liabilities in active markets;

Level 2—Observable inputs, other than quoted market prices, that are either directly or indirectly observable in the marketplace for identical or similar assets and liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets and liabilities; and

Level 3—Unobservable inputs that are supported by little or no market activity that are significant to the fair value of assets or liabilities.

The estimated fair value of certain financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued expenses are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments.

Accounts Receivable and Allowance for Doubtful Accounts Receivable

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All students are required to select both a primary and secondary payment option with respect to amounts due to AGI for tuition, fees and other expenses. As of January 31, 2021, the monthly payment plan represents approximately 61% of the payments that are made by AGI's total active students, making it the most common payment type. In instances where a student selects financial aid as the primary payment option, he or she often selects personal cash as the secondary option. If a student who has selected financial aid as his or her primary payment option withdraws prior to the end of a course but after the date that AGI's institutional refund period has expired, the student will have incurred the obligation to pay the full cost of the course. If the withdrawal occurs before the date at which the student has earned 100% of his or her financial aid, AGI may have to return all or a portion of the Title IV funds to the DOE and the student will owe AGI all amounts incurred that are in excess of the amount of financial aid that the student earned, and that AGI is entitled to retain. In this case, AGI must collect the receivable using the student's second payment option.

For accounts receivable from students, AGI records an allowance for doubtful accounts for estimated losses resulting from the inability, failure or refusal of its students to make required payments, which includes the recovery of financial aid funds advanced to a student for amounts in excess of the student's cost of tuition and related fees. AGI determines the adequacy of its allowance for doubtful accounts using an allowance method based on an analysis of its historical bad debt experience, current economic trends, aging of the accounts receivable and each student's status. AGI estimates the amounts to increase the allowance based upon the risk presented by the age of the receivables and student status. AGI writes off accounts receivable balances at the time the balances are deemed uncollectible. AGI continues to reflect accounts receivable with an offsetting allowance as long as management believes there is a reasonable possibility of collection.

For accounts receivable from primary payors other than students, AGI estimates its allowance for doubtful accounts by evaluating specific accounts where information indicates the primary payors may have an inability to meet financial obligations, such as bankruptcy proceedings and receivable amounts outstanding for an extended period beyond contractual terms. In these cases, AGI uses assumptions and judgment, based on the best available facts and circumstances, to record a specific allowance for those primary payors against amounts due to reduce the receivable to the amount expected to be collected. These specific allowances are re-evaluated and adjusted as additional information is received. The amounts calculated are analyzed to determine the total amount of the allowance. AGI may also record a general allowance as necessary.

Direct write-offs are taken in the period when AGI has exhausted its efforts to collect overdue and unpaid receivables or otherwise evaluate other circumstances that indicate that AGI should abandon such efforts. (See Note 8)

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 contractual amount cannot be recorded as an accounts receivable because, the student does have the option to stop attending. As a student takes a class, revenue is earned over the class term. Some students accelerate their program, taking two or more classes every eight week period, which 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. At January 31, 2021 and April 30, 2020, those balances were $9,986,613 and $6,701,136, respectively, which amounts are evaluated and included in the allowance analysis as discussed above. The Company has determined that the long term accounts receivable do not constitute a significant financing component as the list price, cash selling price and promised consideration are equal. Further, the interest free financing portion of the monthly payment plans are not considered significant to the contract.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation and amortization.Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the related assets per the following table.

Category	Useful Life
Computer equipment and hardware	3 years
Software	5 years
Instructional equipment	5 years
Furniture and fixtures	7 years
Leasehold improvements	The lesser of 8 years or lease term

Costs incurred to develop internal-use software during the preliminary project stage are expensed as incurred. Internal-use software development costs are capitalized during the application development stage, which is after: (i) the preliminary project stage is completed; and (ii) management authorizes and commits to funding the project and it is probable the project will be completed and used to perform the function intended. Capitalization ceases at the point the software project is substantially complete and ready for its intended use, and after all substantial testing is completed. Upgrades and enhancements are capitalized if it is probable that those expenditures will result in additional functionality. Amortization is provided for on a straight-line basis over the expected useful life of five years of the internal-use software development costs and related upgrades and enhancements. When existing software is replaced with new software, the unamortized costs of the old software are expensed when the new software is ready for its intended use.

Leasehold improvements are amortized using the straight-line method over the lesser ofeight years or lease term.

The Company has construction in progress which includes property and equipment amounts for new campuses. These assets are not yet being depreciated as of January 31, 2021.

Upon the retirement or disposition of property and equipment, the related cost and accumulated depreciation or amortization are removed and a gain or loss is recorded in the consolidated statements of operations. Repairs and maintenance costs are expensed in the period incurred.

Courseware and Accreditation

The Company records the costs of courseware and accreditation in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 350 "Intangibles - Goodwill and Other".

Generally, costs of courseware creation and enhancement are capitalized. Accreditation renewal or extension costs related to intangible assets are capitalized as incurred. Courseware is stated at cost less accumulated amortization. Amortization is provided for on a straight-line basis over the expected useful life of five years.

Long-Lived Assets

The Company assesses potential impairment to its long-lived assets when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Events and circumstances considered by the Company in determining whether the carrying value of identifiable intangible assets and other long-lived assets may not be recoverable include, but are not limited to: significant changes in performance relative to expected operating results, significant changes in the use of the assets, significant negative industry or economic trends, a significant decline in the Company's stock price for a sustained period of time, and changes in the Company's business strategy. An impairment loss is recorded when the carrying amount of the long-lived asset is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Any required impairment loss is measured as the amount by which the carrying amount of a long-lived asset exceeds fair value and is recorded as a reduction in the carrying value of the related asset and an expense to operating results.

Due to Students

The Company receives Title IV funds from the Department of Education to cover tuition and living expenses. After deducting tuition and fees, the Company sends checks for the remaining balances to the students.

Leases

The Company enters into various lease agreements in conducting its business. At the inception of each lease, the Company evaluates the lease agreement to determine whether the lease is an operating or financing lease. Leases may contain initial periods of free rent and/or periodic escalations. When such items are included in a lease agreement, the Company records rent expense on a straight-line basis over the initial term of a lease. The difference between the rent payment and the straight-line rent expense is recorded as additional amortization. The Company expenses any additional payments under its operating leases for taxes, insurance or other operating expenses as incurred.

In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-2, Leases (Topic 842). This standard requires entities to recognize most operating leases on their balance sheets as right-of-use assets with a corresponding lease liability, along with disclosing certain key information about leasing arrangements. The Company adopted the standard effective May 1, 2019 using the cumulative effect adjustment transition method, which applies the provisions of the standard at the effective date without adjusting the comparative periods presented. The Company adopted the following practical expedients and elected the following accounting policies related to this standard:

- Carry forward of historical lease classification;
- Short-term lease accounting policy election allowing lessees to not recognize right-of-use assets and lease liabilities for leases with a term of 12 months or less; and
- Not separate lease and non-lease components for office space and campus leases.

The adoption of this standard resulted in the recognition of an initial operating lease right-of-use assets (“ROU’s”) and corresponding lease liabilities of approximately $8 million, on the unaudited consolidated balance sheet as of May 1, 2019. There was no impact to the Company’s net income or liquidity as a result of the adoption of this ASU. Additionally, the standard did not materially impact the Company's unaudited consolidated statements of cash flows.

Disclosures related to the amount, timing, and uncertainty of cash flows arising from leases are included in Note 9.

Treasury Stock

Purchases and sales of treasury stock are accounted for using the cost method. Under this method, shares acquired are recorded at the acquisition price directly to the treasury stock account. Upon sale, the treasury stock account is reduced by the original acquisition price of the shares and any difference is recorded in equity. This method does not allow the company to recognize a gain or loss to income from the purchase and sale of treasury stock.

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. Our adoption of this ASC resulted in no change to our consolidated results of operations or our consolidated balance sheet and there was no cumulative effect adjustment.

Revenues consist primarily of tuition and course fees derived from courses taught by the Company online 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)

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.

Cost of Revenues

Cost of revenues consists of two categories of cost, instructional costs and services, and marketing and promotional costs.

Instructional Costs and Services

Instructional costs and services 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

revenues. For the three months ended January 31, 2021 and 2020, total instructional costs and services were $3,915,095 and $2,623,252, respectively, and are included in cost of revenue. For the nine months ended January 31, 2021 and 2020, total instructional costs and services were $10,698,056 and $6,948,138, respectively.

Marketing and Promotional Costs

Marketing and promotional costs include costs associated with producing marketing materials and advertising. 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. For the three months ended January 31, 2021 and 2020, total marketing and promotional costs were $3,644,856 and $2,539,755, respectively, and are included in cost of revenue. For the nine months ended January 31, 2021 and 2020, total marketing and promotional costs were $10,034,198 and $6,755,983, respectively.

General and Administrative

General and administrative expenses include compensation of employees engaged in corporate management, finance, human resources, information technology, academic operations, compliance and other corporate functions. General and administrative expenses also include professional services fees, financial aid processing costs, non-capitalizable courseware and software costs, travel and entertainment expenses and facility costs.

Legal Expenses

All legal costs for litigation are charged to expense as incurred.

Income Tax

The Company uses the asset and liability method to compute the differences between the tax basis of assets and liabilities and the related financial statement amounts. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount that more likely than not will be realized. The Company has deferred tax assets and liabilities that reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets are subject to periodic recoverability assessments. Realization of the deferred tax assets, net of deferred tax liabilities, is principally dependent upon achievement of projected future taxable income.

The Company records a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. The Company accounts for uncertainty in income taxes using a two-step approach for evaluating tax positions. Step one, recognition, occurs when the Company concludes that a tax position, based solely on its technical merits, is more likely than not to be sustained upon examination. Step two, measurement, is only addressed if the position is more likely than not to be sustained. Under step two, the tax benefit is measured as the largest amount of benefit, determined on a cumulative probability basis, which is more likely than not to be realized upon ultimate settlement. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

Accounting for Derivatives

The Company evaluates its convertible instruments, options, warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for under ASC Topic 815, “Derivatives and Hedging”. The result of this accounting treatment is that the fair value of the derivative is marked-to-market each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the statement of operations as other income (expense). Upon conversion, exercise, or other extinguishment (transaction) of a derivative instrument, the instrument is marked to fair value at the transaction date and then that fair value is recognized as an extinguishment gain or loss. Equity instruments that are initially classified as equity that become subject to reclassification under ASC Topic 815 are reclassified to liability at the fair value of the instrument on the reclassification date.

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The Company follows FASB ASU 2017-11, which simplifies the accounting for certain equity-linked financial instruments and embedded features with down round features that reduce the exercise price when the pricing of a future round of financing is lower. This allows the Company to treat such instruments or their embedded features as equity instead of considering them as a derivative. If such a feature is triggered in a stand-alone instrument treated as equity, the value is measured pre-trigger and post-trigger. The difference in these two measurements is treated as a dividend, reducing income. The value recognized as a dividend is not subsequently remeasured, but in instances where the feature is triggered multiple times each instance is recognized.

Stock-Based Compensation

Stock-based compensation expense is measured at the grant date fair value of the award and is expensed over the requisite service period, which is included in general and administrative expense in the consolidated statement of operations. For employee stock-based awards, the Company calculates the fair value of the award on the date of grant using the Black-Scholes option pricing model. Determining the fair value of stock-based awards at the grant date under this model requires judgment, including estimating volatility, employee stock option exercise behaviors and forfeiture rates. The assumptions used in calculating the fair value of stock-based awards represent the Company's best estimates, but these estimates involve inherent uncertainties and the application of management judgment. For non-employee stock-based awards, the Company follows ASU 2018-7, which substantially aligns share based compensation for employees and non-employees.

RSUs are awards in the form of shares denominated in the equivalent number of shares of ASPU common stock and with the value of each RSU being equal to the fair value of ASPU common stock at the date of grant. RSU awards may be subject to service-based vesting, where a specific period of continued employment must pass before an award vests and/or other vesting restrictions based on the nature and recipient of the award. For RSU awards, the expense is typically measured at the grant date as the fair value of ASPU common stock and expensed as stock-based compensation over the vesting term, which is included in general and administrative expense in the consolidated statement of operations.

Business Combinations

We include the results of operations of businesses we acquire from the date of the respective acquisition. We allocate the purchase price of acquisitions to the assets acquired and liabilities assumed at fair value. The excess of the purchase price of an acquired business over the amount assigned to the assets acquired and liabilities assumed is recorded as goodwill. We expense transaction costs associated with business combinations as incurred.

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 to purchase1,260,213 and 2,776,778 shares, 669,337 and 0 restricted stock units ("RSUs"), warrants to purchase374,174 and 566,223 shares, and unvested restricted stock of8,224 and 226,922 were outstanding at January 31, 2021 and January 31, 2020, respectively.

Additionally, $10,000,000 of convertible debt (convertible into1,398,602 shares of common stock) was outstanding at January 31, 2020. All shares mentioned above were not included in the computation of diluted net loss per share because the effects would have been anti-dilutive. The options, warrants and convertible debt are considered to be common stock equivalents and are only included in the calculation of diluted earnings per share of common stock when their effect is dilutive.

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

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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.

Bad debt expense, which was previously included in general and administrative expense for the three and nine months ended January 31, 2020 of $2,547 and $651,205, respectively, is now reported separately as a component of operating expenses for all periods presented. See Statements of operations for additional information.

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. There is no expense impact for such write offs.

Property and equipment consisted of the following at January 31, 2021 and April 30, 2020:

	January 31, 2021	April 30, 2020
Computer equipment and hardware	$ 799,826	$ 649,927
Furniture and fixtures	1,013,103	1,007,099
Leasehold improvements	920,736	867,024
Instructional equipment	315,993	301,842
Software	7,944,693	6,162,770
Construction in Progress	907,780	—
	11,902,131	8,988,662
Accumulated depreciation and amortization	(4,355,308)	(2,841,019)
Property and equipment, net	$ 7,546,823	$ 6,147,643

Software consisted of the following at January 31, 2021 and April 30, 2020:

	January 31, 2021	April 30, 2020
Software	$ 7,944,693	$ 6,162,770
Accumulated amortization	(3,078,213)	(2,049,809)
Software, net	$ 4,866,480	$ 4,112,961

Depreciation and amortization expense for property and equipment as well as the portion for just software amortization is presented below for the three and nine months ended January 31, 2021 and 2020:

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2021	2020	2021	2020
Depreciation and amortization expense	$ 525,018	$ 364,504	$ 1,519,536	$ 1,012,548
Software amortization expense	$ 366,908	$ 265,146	$ 1,028,668	$ 728,395

The following is a schedule of estimated future amortization expense of software at January 31, 2021 (by fiscal year):

	Future Expense
2021 (remaining)	$ 369,241
2022	1,452,508
2023	1,291,627
2024	1,003,841
2025	594,137
Thereafter	155,126
Total	$ 4,866,480

Note 4. USU Goodwill and Intangibles

In connection with the acquisition of the USU business on December 1, 2017, the amount paid over the estimated fair values of the identifiable net assets was $5,011,432, which has been reflected in the consolidated balance sheet as goodwill.

The goodwill resulting from the acquisition may become deductible for tax purposes in the future. The goodwill resulting from the acquisition is principally attributable to the future earnings potential associated with enrollment growth and other intangibles that do not qualify for separate recognition such as the assembled workforce.

We assigned an indefinite useful life to the accreditation and regulatory approvals and the trade name and trademarks as we believe they have the ability to generate cash flows indefinitely. In addition, there are no legal, regulatory, contractual, economic or other factors to limit the intangibles' useful life and the Company intends to renew the intangibles, as applicable, and renewal can be accomplished at little cost. We determined all other acquired intangibles are finite-lived and we are amortizing them on either a straight-line basis or using an accelerated method to reflect the pattern in which the economic benefits of the assets are expected to be consumed. The finite-lived assets became fully amortized during fiscal 2020. There was no amortization expense for the three and nine months ended January 31, 2021. Amortization expense for the three and nine months ended January 31, 2020 were $91,667 and $641,667, respectively.

Intangible assets at acquisition consisted of the following at January 31, 2021 and April 30, 2020:

	January 31, 2021	April 30, 2020
Intangible assets with indefinite lives	$ 7,900,000	$ 7,900,000
Intangible assets with definite lives	2,200,000	2,200,000
Accumulated amortization	(2,200,000)	(2,200,000)
Total intangible assets with definite lives, net of accumulated amortization	—	—
Total intangible assets, net	$ 7,900,000	$ 7,900,000

Note 5. Courseware and Accreditation

For the nine months ended January 31, 2021, additional courseware and accreditation costs capitalized were $31,330. As courseware and accreditation reach the end of their useful life, they are written off against the accumulated amortization. There is no expense impact for such write-offs.

Courseware and accreditation consisted of the following:

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	January 31, 2021	April 30, 2020
Courseware	$ 319,144	$ 287,813
Accreditation	59,350	59,350
	378,494	347,163
Accumulated amortization	(268,425)	(235,706)
Courseware and accreditation, net	$ 110,069	$ 111,457

Amortization expense of courseware and accreditation is as follows:

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2021	2020	2021	2020
Amortization expense	$ 10,255	$ 15,637	$ 32,718	$ 53,415

The following is a schedule of estimated future amortization expense of courseware and accreditation at January 31, 2021 (by fiscal year):

	Future Expense
2021 (remaining)	$ 9,536
2022	36,940
2023	31,415
2024	17,868
2025	6,780
Thereafter	7,530
Total	$ 110,069

Note 6. Debt

Convertible Notes

On January 22, 2020, the Company issued $5 million in principal amount convertible notes ("Convertible Notes") to each oftwo lenders in exchange for the two $5 million notes issued under senior secured term loans entered into in March 2019 as discussed below (the "Term Loans"). The Company recorded a beneficial conversion feature on these Convertible Notes of $1,692,309. The Convertible Notes have been automatically converted into common stock as explained below.

The closing of the refinancing was conditioned upon the Company conducting an equity financing resulting in gross proceeds to the Company of at least $10 million. On January 22, 2020, the Company closed on an underwritten public offering for net proceeds of approximately $16 million and the condition precedent to the closing of the refinancing was satisfied. The key terms of the Convertible Notes were as follows:

- After six months from the issuance date, the lenders had the right to convert the principal into our shares of the Company's common stock at a conversion price of $7.15 per share;
- The Convertible Notes automatically convert into shares of the Company's common stock if the average closing price of our common stock is at least $10.725 over a 20 consecutive trading day period;
- The Convertible Notes were due January 22, 2023 or approximatelythree years from the closing;
- The interest rate of the Convertible Notes was7% per annum (payable monthly in arrears); and
- The Convertible Notes were secured.

The former term notes under the Senior Secured Term Loans were due in September 2020, as noted below, and were subject to aone-year extension and the payment of an extension fee for each note of $50,000 (total of $100,000), which was not required to be paid since the Senior Secured Term Loans were not extended. The Company also paid each lender $40,400 at closing of

the Convertible Notes offering to cover taxes they would incur as part of the note exchange and paid their legal fees arising from the re-financing, which is included in general and administrative expense in the consolidated statement of operations.

The Company's obligations under the Convertible Notes were 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 (the "Collateral").

On March 6, 2019, in connection with entering into the Term Loan Agreements, the Company also entered into an intercreditor agreement (the "Intercreditor Agreement") among the Company, the Lenders and the Foundation, individually. The Intercreditor Agreement provides among other things that the Company's obligations under this agreement, and the security interests in the Collateral granted pursuant to the Term Loan Agreements and the Amended and Restated Facility Agreement shall rank pari passu to one another. The Security Agreement was amended on January 22, 2020 to give effect to the Convertible Note issuances.

On September 14, 2020, after the closing price of our common stock was at least $10.725 over a 20 consecutive trading day period the Convertible Notes automatically converted into 1,398,602 shares of the Company's common stock at a conversion price of $7.15 per share. (See Note 7.) The accelerated amortization charge related to unamortized debt discounts as a result of the debt extinguishment in the second quarter of fiscal year 2021 was approximately $1.4 million, which was included in interest expense in the consolidated statement of operations. The Company did not recognize any gains or losses as a result of this conversion.

Revolving 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 "Facility") evidenced by a revolving promissory note (the "Revolving Note"). Borrowings under the Credit Facility Agreement bear interest at 12% per annum. The Facility matures on November 4, 2021.

Pursuant to the terms of the Credit Facility Agreement, the Company agreed to pay to the Foundation a $100,000 one-time upfront Facility fee. The Company also agreed to pay the Foundation a commitment fee, payable quarterly at the rate of 2% per annum on the undrawn portion of the Facility. At January 31, 2021 and April 30, 2020, there were no outstanding borrowings under the Revolving Credit Facility.

The Credit Facility Agreement contains customary representations and warranties, events of default and covenants. 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.

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, see Note 7. The relative fair value of the warrants along with the upfront Facility fee were treated as debt issue costs, as the facility has not been drawn on, assets to be amortized over the term of the loan. Total unamortized costs at January 31, 2021 and April 30, 2020 were $26,389 and $182,418, respectively.

On March 6, 2019, in connection with entering into the Senior Secured Term Loans, 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 the Collateral, on a pari passu basis with the Lenders.

Term Loans

On March 6, 2019, the Company entered into two loan agreements (each a "Loan Agreement" and together, the "Loan Agreements") with the Foundation, of which Mr. Leon Cooperman, a stockholder of the Company, is the trustee, and another stockholder of the Company (each a "Lender" and together, the "Lenders"). Each Loan Agreement provides for a $5,000,000 term loan (each a "Loan" and together, the "Loans"), evidenced by a term promissory note and security agreement (each a

"Term Note" and together, the "Term Notes"), for combined total proceeds of $10,000,000 million. The Company borrowed $5,000,000 from each Lender that day. The Term Notes bear interest at 12% per annum and were to mature on September 6, 2020, subject to one12-month extension upon the Company's option, and upon payment of a 1% one-time extension fee.

Pursuant to the Loan Agreements and the Term Notes, all future or contemporaneous indebtedness incurred by the Company, other than indebtedness expressly permitted by the Loan Agreements and the Term Notes, will be subordinated to the Loans.

Pursuant to the Loan Agreements, on March 6, 2019 the Company issued to each Lender warrants to purchase100,000 shares of the Company's common stock exercisable for five years from the date of issuance at the exercise price of $6.00 per share. The two warrants were deemed to have a combined relative fair value of $360,516. The relative fair value along with closing costs of $33,693 were treated as debt discounts to be amortized over the term of the Loans. One Lender exercised100,000 of these warrants (the "2019 Cooperman Warrants") on June 5, 2020, see Note 7.

On January 22, 2020, the Senior Secured Term Loans were cancelled and exchanged for convertible notes as discussed above. In connection with this transaction, the Company wrote off approximately $182,000 of unamortized debt issuance costs included in interest expense on the consolidated statements of operations as the transaction qualified as a debt extinguishment.

Note 7. Stockholders' Equity

Preferred Stock

The Company is authorized to issue 1,000,000 shares of "blank check" preferred stock with designations, rights and preferences as may be determined from time to time by our Board of Directors. As of January 31, 2021 and April 30, 2020, we had no shares of preferred stock issued and outstanding.

Common Stock

At January 31, 2021, the Company is authorized to issue40,000,000 shares of common stock.

On August 31, 2020, the Company entered into an Equity Distribution Agreement (the "Agreement") with Canaccord Genuity LLC ("Canaccord"), pursuant to which the Company may issue and sell from time to time, through Canaccord, up to $12,309,750 of shares of the Company's common stock (the "Shares"). The Shares are being offered and sold pursuant to a prospectus supplement filed with the Securities and Exchange Commission on August 31, 2020. The purpose of this Agreement is, among other things, to allow the Company to sell common stock that has been surrendered from executive officers and directors related to vesting of RSUs and exercise of stock options as well as the funds the Company would otherwise have received if the stock options exercised under the net share program were exercised for cash. During the nine months ended January 31, 2021, the Company sold 449,632 shares under the Agreement. On February 8, 2021, the Company provided written notice to Canaccord Genuity of its election to terminate the Equity Distribution Agreement. This action terminates the Company's at-the-market offering facility effective February 18, 2021. See Note 11.

Sales of the Shares may be made by any method permitted by law deemed to be an "at-the-market" offering as defined in Rule 415 of the Securities Act of 1933, including without limitation sales made directly on or through The Nasdaq Global Market, the trading market for the Company's common stock, on any other existing trading market in the United States for the Company's common stock, or to or through a market maker. Canaccord may also sell the Shares by any other method permitted by law, including in privately negotiated transactions. Canaccord will use commercially reasonable efforts to sell on the Company's behalf all of the Shares requested to be sold by the Company, consistent with its normal trading and sales practices, subject to the terms of the Agreement. Under the Agreement, Canaccord is entitled to compensation of 3% of the gross proceeds from the sales of the Shares sold under the Agreement. The Company also reimbursed Canaccord for certain specified expenses, including the fees and disbursements of its legal counsel, in an amount of $50,000. Total expenses for the offering, excluding compensation and reimbursement payable to Canaccord under the terms of the Agreement, was approximately $50,000, which is included in general and administrative expense in the consolidated statement of operations.

During the three months ended January 31, 2021, the Company issued447,134 shares of common stock upon the exercise of stock options for cash and received proceeds of $363,385. As of January 31, 2021,155,486 shares of common stock related to

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the Company options exercised by the executive officers were surrendered to the Company. (See Treasury stock discussion below.)

During the three months ended January 31, 2021, the Company issued 74,000 shares of common stock upon the vesting of RSUs.

During the three months ended January 31, 2021, the Company issued 2,000 shares of common stock to a former director for services provided. The shares were valued using a grant date share price of $9.95 and the Company recognized $19,900 of expense.

During the three months ended October 31, 2020, the Company issued 502,412 shares of common stock upon the exercise of stock options for cash and received proceeds of $945,332.

During the three months ended October 31, 2020, the Company issued 132,109 shares of common stock upon the vesting of Restricted Stock Units ("RSUs").

During the three months ended October 31, 2020, the Company issued 22,339 shares of common stock upon the cashless exercise of 36,111 stock options.

On September 14, 2020, after the closing price of our common stock was at least $10.725 over a 20 consecutive trading day period, the $10 million Convertible Notes (see Note 6) automatically converted into 1,398,602 shares of the Company's common stock at a conversion price of $7.15 per share.

During the three months ended July 31, 2020, the Company issued 415,175 shares of common stock upon the exercise of stock options for cash and received proceeds of $1,269,982.

During the three months ended July 31, 2020, the Company issued 192,049 shares of common stock upon the exercise of warrants for cash and received proceeds of $1,081,792.

Restricted Stock

As of January 31, 2021 and 2020, there were 8,224 and 226,922 unvested shares of restricted common stock outstanding, respectively. Total unrecognized compensation expense related to the unvested shares as of January 31, 2021 and 2020 amounted to $38,598 and $1,285,524, respectively.

Restricted Stock Units

A summary of the Company's RSU activity which were granted under the 2012 and 2018 Equity Incentive Plans during the nine months ended January 31, 2021 is presented below:

Restricted Stock Units	Number of Shares	Weighted Average Grant Price
Unvested balance outstanding, April 30, 2020	643,175	$ 5.64
Granted	251,521	9.82
Exercised	—	—
Forfeits	(19,250)	8.94
Vested	(206,109)	12.46
Expired	—	—
Unvested balance outstanding, January 31, 2021	669,337	$ 6.95

Of the 251,521 RSU grants, 15,791 RSUs correspond to RSUs granted to the Board of Directors. The grant occurred during the three months ending January 31, 2021 and immediately vested with a fair value of $11.13 per share and total expense of $175,754. The grant date fair value of the remaining awards range from $6.95 to $12.78 per share, or a total of $2.1 million, with an annual vest over three years.

There were 669,337 unvested RSUs as of January 31, 2021. Total unrecognized compensation expense related to the unvested RSUs is approximately $4.6 million which will be amortized over the remaining vesting periods. Included in this amount is approximately $1.7 million of total unrecognized compensation expense related to the $12 tranche of the executive RSU grant of 243,750 RSUs discussed below.

On February 4, 2020, the Compensation Committee approved a 375,000 RSU grant to executives under the Company's 2018 Equity Incentive Plan. As subsequently clarified, the 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 as follows: (i) if the closing price of the Company's common stock is at least $9 for 20 consecutive trading days, 10% of the RSUs will vest immediately; (ii) if the closing price of the Company's common stock is at least $10 for 20 consecutive trading days, 25% of the RSUs will vest immediately; and (iii) if the closing price of the Company's common stock is at least $12 for 20 consecutive trading days, all of the unvested RSUs will vest immediately. On the grant date, the closing price of the Company's common stock on The Nasdaq Global Market was $9.49 per share. The Company determined that because the terms of the grant include both a market condition and a service condition that must be achieved simultaneously, the appropriate treatment under ASC 718 Stock-based Compensation is to amortize the fair market value of $3.4 million over the longer of the explicit service period of four years and not the shorter of the derived service period of .64 years.

On August 31, 2020, the closing price of the Company's common stock was at least $9 for 20 consecutive trading days, resulting in 10% or 37,500 of the February 4, 2020 RSU grants to executives vesting immediately. Additionally, on September 2, 2020, the Company's common stock was at least $ 10 for 20 consecutive trading days and 25% or 93,750 of the RSUs granted vested immediately. On the grant date, the closing price of the Company's common stock on The Nasdaq Global Market was $9.49 per share. The accelerated amortization expense related to these transactions in the second quarter of fiscal year 2021 was approximately $1.2 million, for the vesting of these 131,250 RSUs, which is included in general and administrative expense in the consolidated statements of operations.

The 48,750 unvested RSUs related to the February 4, 2020 grant, discussed above, held by the Company's former Chief Financial Officer, Frank J. Cotroneo, were forfeited with his resignation in February 2021. See Note 11. Of the remaining approximately $1.7 million of total unrecognized compensation expense related to the $12 tranche of the executive RSU grant discussed above, the expense portion related to the Company's former Chief Financial Officer was approximately $0.3 million.

Warrants

A summary of the Company's warrant activity during the nine months ended January 31, 2021 is presented below:

Warrants	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance Outstanding, April 30, 2020	566,223	$ 6.22	3.17	$ 950,100
Granted	—	$ —	—	—
Exercised	(192,049)	$ 5.60	—	—
Surrendered	—	$ —	—	—
Expired	—	$ —	—	—
Balance Outstanding, January 31, 2021	374,174	$ 6.37	2.14	$ 1,151,369
Exercisable, January 31, 2021	374,174	$ 6.37	2.14	$ 1,151,369

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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	3.44	50,000
$ 6.00	$ 6.00	100,000	$ 6.00	3.09	100,000
$ 6.87	$ 6.87	224,174	$ 6.87	1.48	224,174
		374,174			374,174

On June 5, 2020, the Company, as an inducement to exercise, reduced by 5% the exercise price of the common stock purchase warrants issued to The Leon and Toby Cooperman Family Foundation (the "Foundation"), of which Mr. Leon Cooperman, a stockholder of the Company, is the trustee. The warrants were issued on November 5, 2018 (the "2018 Cooperman Warrants") and on March 5, 2019 (the "2019 Cooperman Warrants"). The 2018 Cooperman Warrants exercise price was reduced from $ 5.85 to $5.56 per share. The 2019 Cooperman Warrants exercise price was reduced from $6.00 to $5.70 per share. On June 8, 2020, the Foundation immediately exercised the 2018 and 2019 Cooperman Warrants for 192,049 shares on common stock paying the Company $1,081,792 and the Company issued 192,049 shares of common stock to the Foundation. The warrant modification and acceleration charge related to this transaction in the first quarter of fiscal year 2021 was approximately $26,000.

Stock Incentive Plan and Stock Option Grants to Employees and Directors

On March 13, 2012, the Company adopted the Aspen Group, Inc. 2012 Equity Incentive Plan (the "2012 Plan") that provides for the grant of 3,500,000 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.

On December 13, 2018, the stockholders of the Company approved the Aspen Group, Inc. 2018 Equity Incentive Plan (the "2018 Plan") that provides for the grant of 500,000 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.

On December 30, 2019, 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 500,000 to 1,100,000 shares.

On December 21, 2020, 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 authorized for issuance thereunder from 1,100,000 to 1,600,000 shares.

As of January 31, 2021 and 2020 there were 515,491 and 286,398 shares remaining available for future issuance under the 2012 Plan and the 2018 Plan.

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.

There were no options granted to employees during the three and nine months ended January 31, 2021.

A summary of the Company's stock option activity for employees and directors during the nine months ended January 31, 2021, is presented below:

Options	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance Outstanding, April 30, 2020	2,740,539	$ 4.62	1.97	$ 9,146,198
Granted	—	$ —	—	—
Exercised	(1,400,832)	$ 10.80	—	—
Forfeited	(7,585)	$ 6.23	—	—
Expired	(71,909)	$ 3.98	—	—
Balance Outstanding, January 31, 2021	1,260,213	$ 6.13	2.08	$ 4,184,115
Exercisable, January 31, 2021	1,038,024	$ 6.14	1.94	$ 3,432,509

OUTSTANDING OPTIONS			EXERCISABLE OPTIONS		
Exercise Price	Weighted Average Exercise Price	Outstanding No. of Options	Weighted Average Exercise Price	Weighted Average Remaining Life In Years	Exercisable No. of Options
$1.57 to $2.10	$ 1.92	29,167	$ 1.92	0.44	29,167
$2.28 to $2.76	$ 2.76	11,415	$ 2.76	0.67	11,415
$3.24 to $4.38	$ 3.82	188,639	$ 3.75	1.32	146,804
$4.50 to $5.20	$ 4.94	362,818	$ 4.95	1.82	297,714
$5.95 to $6.28	$ 6.10	66,000	$ 6.10	1.47	66,000
$7.17 to $7.55	$ 7.44	444,425	$ 7.43	2.62	329,175
$8.57 to $9.07	$ 8.98	157,749	$ 8.98	1.93	157,749
Options only		1,260,213			1,038,024

For the three months ended January 31, 2021, the Company recorded compensation expense of $721,067 which consisted of: $123,401, $567,239 and $30,427, respectively, in connection with stock option, RSUs and restricted and common stock grants.

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For the nine months ended January 31, 2021, the Company recorded compensation expense of $3,039,729 which consisted of:$434,532, $2,553,717 and $51,480, respectively, in connection with stock option, RSUs and restricted and common stock grants.

As of January 31, 2021, there was approximately $275,000 of unrecognized compensation costs related to non-vested share-based option arrangements. That cost is expected to be recognized over a weighted-average period of approximately 1.1 years.

As of January 31, 2021, there was approximately $4.6 million of unrecognized compensation costs related to non-vested RSU grants. That cost is expected to be recognized over a weighted-average period of approximately 1.8 years.

As of January 31, 2021, there was approximately $39,000 of unrecognized compensation costs related to non-vested share-based common and restricted stock arrangements. That cost is expected to be recognized over a weighted-average period of approximately 1.0 year.

Treasury Stock

As of January 31, 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 values aggregating approximately $1.8 million are based upon the fair market value of shares surrendered as of the date of each applicable exercise date.

On October 16, 2020 the Company retired 16,667 shares of its treasury stock valued at $70,000, which was outstanding at April 30, 2020.

Note 8. Revenues

Revenues consist 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 invoices in excess of the portion recognized as revenue and it is included in current liabilities in the accompanying unaudited consolidated balance sheets.

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

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2021	2020	2021	2020
Tuition - *recognized over period of instruction*	$ 14,580,439	$ 11,177,421	$ 42,922,429	$ 31,275,504
Course fees - *recognized over period of instruction*	1,834,251	1,194,947	5,220,308	3,240,160
Book fees - *recognized at a point in time*	44,468	23,195	129,643	64,611
Exam fees - *recognized at a point in time*	69,500	61,500	219,055	177,015
Service fees - *recognized at a point in time*	96,179	80,877	270,009	224,597
	$ 16,624,837	$ 12,537,940	$ 48,761,444	$ 34,981,887

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. At January 31, 2021, deferred revenue was $5,600,371 which is future revenue that has not yet been earned for courses in progress. Funds due to students was $2,243,690 at January 31, 2021, which mainly represents Title IV funds due to students after deducting their tuition payments.

Of the total revenue earned during the three and nine months ended January 31, 2021, approximately $8.6 million and $3.7 million came from revenues which were deferred at October 31, 2020 and April 30, 2020, respectively.

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, as discussed below.

AGI records an allowance for doubtful accounts for estimated losses resulting from the inability, failure or refusal of its students to make required payments, which includes financial aid funds advanced to a student for amounts in excess of the student's cost of tuition and related fees, which are due back from the students. AGI determines the adequacy of its allowance for doubtful accounts using an allowance method based on an analysis of its historical bad debt experience, current economic trends, and the aging of the accounts receivable and student status. AGI applies reserves to its receivables based upon an estimate of the risk presented by the age of the receivables and student status. AGI writes off accounts receivable balances at the time the balances are deemed uncollectible. AGI continues to reflect accounts receivable with an offsetting allowance as long as management believes there is a reasonable possibility of collection.

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 revenues from students outside the United States representing 1.48% and 1.32% of consolidated revenues for the three and nine months ended January 31, 2021, respectively. The Company had revenues from students outside the United States representing 1.90% of consolidated revenues for both the three and nine months ended January 31, 2020.

Note 9. Leases

We lease approximately 142,968 square feet of office and classroom space in the Phoenix (metropolitan area), San Diego, New York City, Denver, Austin, Tampa Bay and Moncton, New Brunswick Canada. The space in Austin, Texas and a portion of Tampa Bay, Florida commenced in January 2021.

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, 2021. These assets and lease liabilities are recognized based on the present value of remaining lease payments over the lease term. 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 right of use assets. Lease expense for operating leases is recognized on a straight-line basis over the lease term. There are no variable lease payments. Lease expense for the three and nine month period ended January 31, 2021 was $717,664 and $1,779,317, included in general and administrative expenses in the consolidated statements of operations, respectively.

ROU assets is summarized below:

		January 31, 2021
Operating office leases	$	16,659,886
Less accumulated reduction		(5,545,120)
Total ROU assets	$	11,114,766

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

		January 31, 2021
Operating office leases	$	17,673,056
Total lease liabilities		17,673,056
Reduction of lease liabilities		(5,602,554)
Total operating lease obligations	$	12,070,502

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, 2021 [(a)].

Maturity of Lease Obligations		Lease Payments
2021 (remaining)	$	801,080
2022		3,484,232
2023		2,867,030
2024		2,666,619
2025		2,371,491
2026 and beyond		9,286,125
Total future minimum lease payments		21,476,577
Less imputed interest		(9,406,075)
Present value of operating lease obligations	$	12,070,502

(a) Lease payments exclude legally binding minimum lease payments for campus leases signed but not yet commenced for the following locations: $5.2 million remaining in Tampa, Florida and $3.9 million in Phoenix, Arizona.

Balance Sheet Classification		
Operating lease obligations, current	$	2,102,209
Operating lease obligations, long-term		9,968,293
Total operating lease obligations	$	12,070,502

Other Information	
Weighted average remaining lease term (in years)	7.24
Weighted average discount rate	12.00 %

Note 10. Commitments and Contingencies

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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

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, 2021, 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, Higher Education Management Group, Inc. ("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 Securities and Exchange Commission (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.

While the Company has been advised by its counsel that HEMG's and Spada's claims in the New York lawsuit is baseless, the Company cannot provide any assurance as to the ultimate outcome of the case. Defending the lawsuit maybe expensive and will require the expenditure of time which could otherwise be spent on the Company's business. While unlikely, if Mr. Spada's and HEMG's claims in the New York litigation were to be successful, the damages the Company could pay could potentially be material.

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 October 15, 2015, HEMG filed bankruptcy pursuant to Chapter 7. As a result, the remaining claims and Aspen's counterclaims in the New York lawsuit are currently stayed. The bankrupt estate's sole asset consisted of 208,000 shares of AGI common stock, plus a claim filed by the bankruptcy trustee against Spada's brother and a third party to recover approximately 167,000 shares. On February 8, 2019, the bankruptcy court issued an order reducing AGI's claim to $888,638 which consisted of the judgment and a $200,000 claim for failure to disclose certain liabilities. Subsequently, the trustee sold the AGI common stock and has $924,486 available for distribution. However, priorities are an unknown amount of income taxes due from the sale of the common stock, and as of June 2, 2020 $346,480 in fees due the trustee and his counsel and $574,145 due arising from settlements with the secured creditor and Spada's brother and the third party. While we do not know how much the Company will receive, it will be substantially less than the judgement due.

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.

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(Unaudited)

On August 22, 2017, the DOE informed Aspen University of its determination that the institution has qualified 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. The institution will submit its recertification application by March 31, 2021.

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.

Title IV Funding

Aspen University and United States University derive a portion of their revenues from financial aid received by its students under programs authorized by Title IV of the Higher Education Act ("HEA"), which are administered by the US Department of Education. When Aspen University 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, 2020, approximately 31% of Aspen University's and 33% for United States University's cash-basis revenues 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 released the existing USU letter of credit of $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 maintains a letter of credit of $9,872 at January 31, 2021.

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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 11. Subsequent Events

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 Pre-Licensure Bachelor of Science in Nursing (BSN) campus in Nashville, Tennessee, with permission to commence marketing and begin to enroll first-year prerequisite students effective immediately. Aspen University is targeting to begin its initial (years 2-3) core program semester in Nashville in August, 2021, in clinical partnership with HCA Healthcare TriStar Division, NorthCrest Medical Center, Nashville General Hospital, among others.

On February 25, 2021, Frank J. Cotroneo, former Chief Financial Officer and director of the Company, resigned from his positions as an officer and director of the Company and terminated his employment with the Company. His departure was effective February 26, 2021. In connection with Mr. Cotroneo's resignation, the Company entered into a Confidential Severance Agreement with Mr. Cotroneo (the "Agreement"). Mr. Controneo's Employment Agreement terminated upon execution of the Agreement. Under the Agreement, Mr. Cotroneo will receive severance of $150,000, $18,563 as a final bonus for fiscal year 2020, $33,750 as a final bonus for fiscal year 2021, and up to $96,250 as reimbursement for relocation costs which the Company had previously agreed to in order to induce Mr. Cotroneo to move. For six months, the Company agreed to pay Mr. Cotroneo's health insurance and related costs. In addition, the Company agreed to the automatic vesting of 13,892 unvested non-qualified stock options exercisable at $5.12 and the automatic vesting of 80,251 restricted stock units. The remaining 48,750 price based restricted stock units terminated. The Board of Directors of the Company appointed Robert Alessi, who had been serving as the Chief Accounting Officer of the Company, to serve as the Company's Chief Financial Officer on an interim basis effective immediately. Mr. Alessi's compensatory arrangements did not change in connection with his appointment as the Company's Interim Chief Financial Officer.

On February 8, 2021, the Company provided written notice to Canaccord Genuity of its election to terminate the Equity Distribution Agreement. This action terminates the Company's at-the-market offering facility effective February 18, 2021.

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.
- **Marketing Efficiency Ratio ("MER")** - is defined as revenue per enrollment divided by cost per enrollment.

Operating costs and expenses

- **Cost of revenues** - 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 revenues.
  - **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.
- **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:

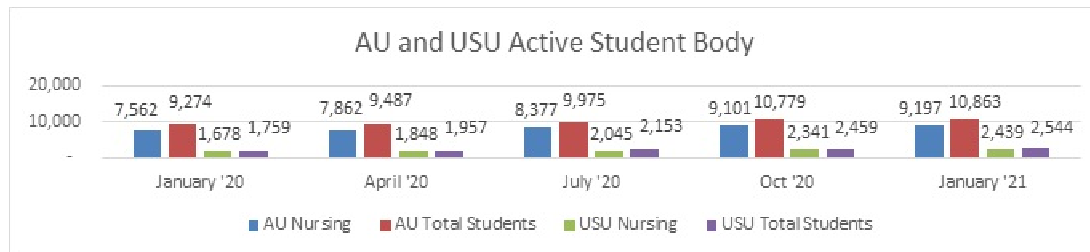
- **Adjusted Net Income (Loss) and Adjusted Earnings (Loss) per Share** - are non-GAAP financial measures. See "Non-GAAP – Financial Measures" for a reconciliation of net earnings (loss) and earnings (loss) per share to Adjusted Net Income (Loss) and Adjusted Earnings (Loss) per Share for the three and nine months ended January 31, 2021 and 2020.
- **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, 2021 and 2020.

- **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, 2021 and 2020.

AGI Student Population Overview

AGI's overall active student body (includes both Aspen University and USU) grew 22% year-over-year from 11,033 to 13,407 as of January 31, 2021 and students seeking nursing degrees were 11,636 or 87% of the total active students at both universities. Of the 11,636 students seeking nursing degrees, 9,277 are Registered Nurses studying to earn an advanced degree, while the remaining 2,359 nursing students are enrolled in Aspen University's BSN Pre-Licensure program in the Phoenix, Austin and Tampa metros.

Aspen University's total active degree-seeking student body grew 17% year-over-year from 9,274 to 10,863. On a year-over-year basis, USU's total active student body grew from 1,759 to 2,544 or 45%. Active student body is comprised of active degree-seeking students, enrolled in a course at the end of the third quarter of fiscal year 2021 or are registered for an upcoming course.



Company Overview

AGI is an education technology holding company. It operates two universities, Aspen University ("Aspen University" or "Aspen") and United States University ("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. As of January 31, 2021, 11,636 of 13,407 or 87% of all active students across both universities are degree-seeking nursing students. Of the 11,636 students seeking nursing degrees, 9,277 are Registered Nurses (RNs) studying to earn an advanced degree, while the remaining 2,359 nursing students are enrolled in Aspen University's BSN Pre-Licensure program in the Phoenix, Austin and Tampa metros.

In March 2014, Aspen University unveiled a monthly payment plan available to all students across every online degree program offered by the 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 associate and most bachelor 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/M.A. Ed/MSN programs ($325/month), hybrid Bachelor of Arts in Liberal Studies, Teacher Credentialing tracks approved by the California Commission on Teacher Credentialing ($350/month), and the online hybrid Masters of Nursing-Family Nurse Practitioner ("FNP") program ($375/month). Since August 1, 2019, new student enrollments for USU's FNP monthly payment plan have been offered a $9,000 two-year payment plan ($375/month x 24 months) designed to pay for the first year's pre-clinical courses only. The second academic year of the two-year FNP

program in which students complete their clinical courses (approximate cost of $18,000) is required to be funded through conventional payment methods (either cash, private loans, corporate tuition reimbursement or federal financial aid).

Since 1993, Aspen University has been nationally accredited by the DEAC, a national accrediting agency recognized by the DOE and CHEA. 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 New Student Enrollments

In the third quarter of fiscal year 2021, student enrollments increased 22% year-over-year to 2,129. Aspen University generated 1,593 new student enrollments, up 16% year-over-year, attributable to strength in its Doctoral and Nursing + Other units. Aspen's BSN Pre-Licensure program also experienced strong growth from our recently launched campuses in Tampa and Austin given the tailwind of millennials looking for better paying, secure jobs. As previously disclosed, the Company intentionally slowed year-over-year enrollment growth at our Phoenix pre-licensure campuses. These campuses currently have a full pipeline of first-year online pre-requisite students. This decision moderated pre-licensure enrollment growth in the quarter to 15%.

USU delivered 536 new student enrollments, a 43% increase year-over-year, primarily from MSN-Family Nurse Practitioner (“FNP”) enrollments. The FNP enrollment growth is especially notable, given the demands on nursing professionals with COVID-19 infection rates accelerating throughout the past several months.

Below is a table reflecting new student enrollments for the past five quarters:

	New Student Enrollments				
	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21
Aspen University	1,371	1,344	1,779	2,010	1,593
USU	375	432	572	649	536
Total	1,746	1,776	2,351	2,659	2,129

Marketing Efficiency Ratio (MER) Analysis

AGI has developed a marketing efficiency ratio to continually monitor the unit economic performance of its business model.

$$\text{Marketing Efficiency Ratio (MER)} = \frac{\text{Revenue per Enrollment (RPE)}}{\text{Cost per Enrollment (CAC)}}$$

Cost per Enrollment (CAC) (previously referred to as CPE)

The Cost per Enrollment measures the advertising investment spent in a given nine month period, divided by the number of new student enrollments achieved in that given nine month period, in order to obtain an average CAC.

Revenue per Enrollment (RPE)

The Revenue per Enrollment takes each quarterly cohort of new degree-seeking student enrollments, and measures the amount of earned revenue on a weighted average basis, including tuition and fees to determine the weighted average RPE for the cohort measured. For the later periods of a cohort, we have used reasonable projections based off of historical results to determine the amount of revenue we will earn in later periods of the cohort.

In the third quarter of fiscal year 2021 the Marketing Efficiency Ratio (MER) for our universities remained above 11X, representing revenue-per-enrollment (LTV) over cost-per-enrollment (CAC), as shown in the table below:

	Third Quarter Marketing Efficiency Ratio				
	Enrollments	CAC[1]	LTV[2]	Q3 '21 MER	Q3 '20 MER
Aspen University	1,593	$ 1,296	$ 14,737 [3]	11.4X	15.1X
USU	536	$ 1,574	$ 17,820 [4]	11.3X	16.2X

[1] Based on 6-month rolling weighted average CAC for each university's enrollments
[2] Weighted Lifetime Value (LTV) of a new student enrollment
[3] Weighted average LTV for all Aspen University enrollments in the quarter
[4] LTV for USU's MSN-FNP Program

Compared to the prior year period, AGI's weighted average cost of enrollment (CAC) increased 38%, from $989 to $1,365, as expected, given the Company launched marketing in two new metros and materially increased marketing spending the past two quarters and there has historically been a one to two quarter lag effect in increased marketing investment to revenue. See the table below.

	Third Quarter Weighted Average Cost of Enrollment				
	Q3 '20 Enrollments	Q3'20 CAC[1]	Q3'21 Enrollments	Q3'21 CAC[1]	CAC % Change
Aspen University	1,371	$ 961	1,593	$ 1,296	35 %
USU	375	$ 1,103	536	$ 1,574	43 %
Weighted Average		$ 989		$ 1,365	38 %

[1] Based on 6-month rolling average

Bookings Analysis and ARPU

On a year-over-year basis, fiscal third quarter 2021 Bookings increased 24% to $33.0 million. The increase in Bookings led to a company-wide average revenue per enrollment (ARPU) increase by 2% to $15,513, reflecting the shift in the revenue mix toward higher LTV nursing licensure degree programs, partially offset by the planned flattening of first-year online pre-requisite student enrollments at the Phoenix BSN pre-licensure campuses.

	Third Quarter Bookings and Average Revenue Per Enrollment (ARPU)				
	Q3'20 Enrollments	Q3'20 Bookings [1]	Q3'21 Enrollments	Q3'21 Bookings [1]	Percent Change Total Bookings & ARPU [1]
Aspen University	1,371	$ 19,855,050	1,593	$ 23,476,050	
USU	375	$ 6,682,500	536	$ 9,551,520	
Total	1,746	$ 26,537,550	2,129	$ 33,027,570	24 %
ARPU		$ 15,199		$ 15,513	2 %

[1] "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.

ASPEN UNIVERSITY'S PRE-LICENSURE BSN HYBRID (ONLINE/ON-CAMPUS) DEGREE PROGRAM

In July 2018, Aspen University through Aspen Nursing of Arizona, Inc. began its Pre-Licensure Bachelor of Science in Nursing degree program 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 semesters) and evening/weekend (January, May, September semesters) programs, equaling six semester starts per year. Moreover, in September 2019, Aspen University opened a second campus in the Phoenix metropolitan area in partnership with HonorHealth.

Aspen University's innovative hybrid (online/on-campus) program allows most of the credits to be completed online (83 of 120 credits or 69%), with pricing offered at current low tuition rates of $150/credit hour for online general education courses and $325/credit hour for online core nursing courses. For students with no prior college credits, the total cost of attendance is less than $50,000.

Aspen University's BSN Pre-Licensure program is offered as a full-time, three-year (nine semester) program that is specifically designed for students who do not currently hold a state nursing license and have no prior nursing experience. Aspen University is admitting students into one of two program components: (1) a pre-professional nursing (PPN) component for students that have less than the required 41 general education credits completed (Year 1), and (2) the nursing core component for students that are ready to participate in the competitive evaluation process for entry (Years 2-3).

On the February 2, 2021 semester start date, Aspen University implemented its first double cohort enrollment at its main campus in Phoenix. Fifty-seven students entered the core BSN-PL program at the Main Campus, in two cohorts of 29 and 28, respectfully. Additionally, 29 students entered the program at the HonorHealth campus, bringing the total two-year core program semester starts in February, 2021 to 86 students, an increase of over 70% from the prior year period for this program in the Phoenix metro. Aspen University implements six semester start dates per annum in Arizona. With the introduction of double cohorts at its main campus in Phoenix, the university is on pace to start over 500 students per annum into the final two-year core program, up from the prior run rate of approximately 300 students. Given the revenue per student for the final two-year core program is approximately $20,000 per annum, that equates to an approximate $10 million revenue run rate per annum in the Phoenix metro, up from approximately $6 million with single cohorts, excluding revenues earned from over 1,750 first-year online pre-requisite students currently enrolled.

Pre-Licensure BSN Program - Campus Expansion

Tampa, Florida Campus

Aspen University has executed a definitive lease agreement for ten years to occupy approximately 30,000 square feet (Suites 150 and 450) of the Tampa Oaks I property 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.

Aspen University has executed an agreement with Bayfront Health, a regional network of seven hospitals and over 1,900 medical professionals on staff serving the residents of Florida's Gulf Coast to provide required clinical placements for Aspen's nursing students. In addition, clinical affiliation agreements have been signed in the Tampa metropolitan area with John Hopkins All Children's Hospital, Inc., Care Connections at Home, Global Nurse Network, LLC and The American National Red Cross.

Austin, Texas Campus

Aspen University has executed a definitive lease agreement for eight years to occupy approximately 22,000 square feet in a portion of the first floor of the Frontera Crossing office building located at 101 W. Louis Henna Boulevard in the Austin 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 143,000 cars per day. Regulatory approvals were completed in July 2020 and marketing has begun in the Austin metropolitan area.

Aspen has executed a clinical affiliation agreement with Baylor Scott & White Health – Central division, the largest not-for-profit healthcare system in Texas and one of the largest in the United States. Baylor Scott & White includes 48 hospitals, more than 800 patient care sites, more than 7,800 active physicians, over 47,000 employees and the Scott & White Health Plan.

In addition to the Round Rock campus, effective August 1, 2020, Aspen University executed a sublease to take over the remaining 20-month lease held by sublandlord National American University (NAU) to occupy approximately 7,200 square feet of their campus in the suburb of Georgetown, Texas, which is approximately 10 miles north of Aspen's future Frontera Crossing campus in the suburb of Round Rock. In exchange, Aspen as subtenant, at no additional cost, shall have the right to utilize all the existing furniture, fixtures and equipment owned by sublandlord and the sublandlord will convey all such furniture, fixtures and equipment to subtenant via a bill of sale for $10.00. Aspen University's initial PPN nursing student enrollments began on the September 29, 2020 semester start date.

Nashville, Tennessee Campus

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 Pre-Licensure Bachelor of Science in Nursing (BSN) campus in Nashville, Tennessee, with permission to commence marketing and begin to enroll first-year PPN students effective immediately. Aspen University is targeting to begin its initial (years 2-3) core program semester in Nashville in August, 2021.

The Nashville campus will be located at 1809 Dabbs Avenue, which is situated right on Interstate 40 east of downtown Nashville, four miles west of the Nashville airport. Clinical affiliation agreements have been executed with NorthCrest Medical Center, Trust Point Hospital, and Nashville General Hospital, among others.

AGI's Plan for United States University (USU) to Implement MSN-FNP Weekend Immersions in Every Campus Metropolitan Area:

While lab hours to date have been done at USU's San Diego facility, the rapid growth of the MSN-FNP program has caused AGI to plan to expand the lab immersions in multiple locations across the United States. For example, the Company has leased an additional suite on the ground floor of our main campus facility in Phoenix (by the airport) to begin offering weekend immersions for MSN-FNP students in both San Diego and Phoenix. We expect this additional clinical facility in Phoenix, as well as the Tampa campus clinical facility to be open at the end of this calendar year, for a total of three clinical facilities available for MSN-FNP weekend immersions scheduled to start in the current quarter ending April 30, 2021.

AGI's Tele-Health Affiliation Partnership with American-Advanced Practice Network (A-APN)

On July 7, 2020, the Company announced an affiliation partnership with American-Advanced Practice Network (A-APN), a national clinical network for advanced practice nurses that provides comprehensive health care and nursing services at its outpatient centers and clinical facilities throughout the U.S.

A-APN offers independent nurse practitioners (NPs) a unique, multi-state network or "group practice without walls" with best-in-class technology and business support. A-APN was created for and by NPs. Rural and remote members of the network have nationwide, trusted peer cross-coverage for patients. A-APN members deliver clinical care using CareSpan's Digital Care Delivery platform, facilitating care delivery in-person, or at a distance. The platform includes diagnostics, EMR, e-prescribing, remote monitoring, and dynamic documentation.

Through this affiliation, A-APN will appoint an Educational Coordinator to work with USU's Office of Field Experience to place USU MSN-FNP students with qualified, experienced NP preceptors. We expect that this telehealth partnership will enable MSN-FNP students to complete their required direct care clinical hours with A-APN throughout the COVID-19 crisis and thereafter.

ACCOUNTS RECEIVABLE AND MONTHLY PAYMENT PLAN

The Company's accounts receivable over the last several years has predominantly been a result of our groundbreaking monthly payment plan (or MPP) which we introduced in 2014 at Aspen University and subsequently in 2018 at United States University.

Since the beginning of fiscal year 2021, the monthly payment plan accounts receivable balance, both short-term and long-term, has increased by approximately $5.3 million. The attractive aspect of being able to pay for a degree over a fixed period of time has fueled the growth of this plan.

Each student's receivable account is different depending on how many classes a student takes each period. If a student takes two classes each eight-week period while paying $250, $325 or $375 a month, that student's account receivable balance will rise accordingly.

The common thread is the actual monthly payment, which functions as a retail installment contract with no interest that each student commits to pay over a fixed number of months. Aspen University students paying tuition and fees through a monthly payment method grew by 11% year-over-year, from 5,966 to 6,652, representing 61% of Aspen University's total active student body.

USU students paying tuition and fees through a monthly payment method grew 36% year-over-year, from 1,159 to 1,582, representing 62% of USU's total active student body.

In history, we have issued approximately $70 million of credit to Aspen University's MPP students, and to date, we have written off $631,000 or approximately 1% of that accounts receivable. Bad debt reserve for this accounts receivable is currently $2.5 million which we believe is conservative because our current collection history and analysis suggests that we will not ultimately need to write-off more than about 2.5% of that $70 million or a total or $1.8 million which includes the $631,000 written off to date.

USU's MPP program had previously offered nurse practitioner students a 6-year MPP plan, offered from 2018 to 2019. The majority of the Company's increase of accounts receivable this fiscal year is related to that MPP plan. Specifically, the

Company’s long-term accounts receivable during the first nine months of this fiscal year increased from $6.7 million to $9.9 million with USU accounting for 83% of that increase. The Company’s short-term accounts receivable during the nine month period of this fiscal year increased from $16.1 million to $18.8 million with USU accounting for 70% of that increase.

While the majority of the accounts receivable increase for the Company in the past year has been through issuing credit to Nurse Practitioner students at USU, the collection history of these FNP students is tracking materially better than the Company's collection history of Aspen University MPP students. From 2018 to 2019, the Company issued approximately $17 million of credit to USU FNP students on the six year payment plan. The Company has collected to date $8.3 million of that $17 million, so the remaining accounts receivable is approximately $8.7 million.

The total student count that makes up the $8.7 million of USU FNP MPP student accounts receivable is approximately 800 students; 44% of those 800 students have graduated, while 50% remain active students today in the university, and the remaining 6% are no longer enrolled. Of those 800 students, the Company currently has 43 students that have not made a recent monthly payment which accounts for total accounts receivable of $205,000 or 1.2% of the total credit issued to date. In other words, the Company is estimating this 6-year MPP accounts receivable to perform materially better than Aspen University's MPP history which has performed well to date.

Change in Business Mix and Relationship to Accounts Receivable

During the third quarter of fiscal year 2021, revenue from students using the Monthly Payment Plan increased by approximately 24.3% year over year, but declined as a percentage of total revenue for the second year in a row down from approximately 53.1% in Q3 Fiscal 2020 to 49.8% in Q3 Fiscal 2021, while total revenue increased 33% year over year.

Our highest lifetime value business unit is Aspen University’s Pre-Licensure BSN business.This is our fastest growing business unit and now represents 22% of total annual revenue. We expect the revenue from this unit to continue to grow as a percentage of our total revenue as we continue to expand our campus footprint from 4 to over 12 campuses over the next 4 years.

This change in our business mix is expected to have a meaningful impact on our accounts receivable and our allowance for doubtful accounts.The BSN Pre-Licensure program requires payment prior to the start of each term. This means that nearly 100% of all revenue from this program will be paid in advance; meaningfully reducing our accounts receivable and the allowance for doubtful accounts as a percentage of our total revenue.

As revenue from this program continues to grow as a percentage of overall revenue, we expect that we will see a corresponding increase in our cash flows from operations that in turn will allow AGI to turn cash flow positive and generate positive free cash flow over time.

In addition to this change in our business mix, we continue to evolve the analysis of our accounts receivable and expanded our analysis to include evaluation of all payment types, student status, and aging within programs. As we upgrade our financial systems we expect to gain greater ability to track discrete data faster and easier to support more proactive student engagement that we believe will improve the performance of our student receivable portfolio.

As we identify program and student status specific trends, we will strive to create ways to isolate program specific revenue and accounts receivable activity to gather, analyze and report program specific data and trends. Over time we will use this knowledge to enhance our allowance reserving policies going forward.

By improving visibility into trends earlier we expect to see improvement in overall student performance and a reduction of account delinquencies.

Reserving for Allowance for Doubtful Accounts and Charges to the Allowance

As part of the account receivable analysis discussed earlier, we evaluated our long-term MPP and other payment type student receivables. The analysis evaluated students in two categories: nursing and non-nursing. Based on our analysis of the payment details and student performance, in the fourth quarter of fiscal 2020, we elected to charge $152,000 of MPP receivables against the reserve for doubtful accounts. The MPP receivables will be evaluated in conjunction with our updated recovery and collection process and we expect results to be positive. For the nine months of fiscal 2021, no changes to the methodology were

made and approximately $500,000 of student accounts receivable were written off. The Company continues to review accounts receivable for reasonableness and impact on results of operations.

Our accounts receivable remaining for former students are from 2018 or more recent with the exception of certain alumni from our nursing programs. We believe our analysis is appropriate and reasonable. We further believe that we are positioned to focus our enhanced recovery and collections efforts on delinquencies and past due amounts from recent graduates and current enrolled students.

Based on our review of accounts receivable, overall revenue growth trends and changes in our mix of business, we evaluated our reserve methodology and increased our reserve by $610,000 for Aspen University and by $60,000 for USU in the third quarter of fiscal year 2021. Note that the AGI's bad debt allowance started the quarter at $2.52 million and ended the quarter at $2.92 million.

As part of the process of evaluating our reserving methodology we also evaluated our processes in student accounts, and our accounts receivable recovery and collections processes. We have designed an enhanced recovery and collections process that is expected to begin recovery of student late payments earlier and manage these students more proactively during their course of study and post-graduation for MPP students.

We will continue to reserve against our receivables based on revenue growth trends, mix of business and specific trends we identify on a program by program basis. We believe we currently have sufficient reserves against our current student portfolio but we intend to stay vigilant to become aware of external changes that could affect our students ability to meet their obligations such as the continuation of the COVID-19 economic slowdown or other exogenous events and circumstances that could give us reason to make a material change to our current methodology and reserve policy.

Overtime we expect the change in our mix of business together with process improvements and collection enhancements to result in a better managed portfolio of student receivables and improving cash flow from operations.

Relationship Between Accounts Receivable and Revenue

The gross accounts receivable balance for any period is the net effect of the following three factors:

1. Revenue;
2. Cash receipts; and
3. The net change in deferred revenue.

All three factors equally determine the gross accounts receivable. If one quarter experiences particularly high cash receipts, the gross accounts receivable will go down. The same effect happens if cash receipts are lower or if there are significant changes in either of the other factors.

Simply looking at the change in revenue does not translate into an equally similar change in gross accounts receivable. The relative change in cash and the deferral must also be considered. For net accounts receivable, the changes in the reserve must also be considered. Any additional reserve or write-offs will influence the balance.

As it is a straight mathematical formula for both gross accounts receivable and net accounts receivable, and most of the information is public, one can reasonably calculate the two non-public pieces of information, namely the cash receipts in gross accounts receivable and the write-offs in net accounts receivable.

For revenue, the quarterly change is primarily billings and the net impact of deferred revenue. The deferral from the prior quarter or year is added to the billings and the deferral at the end of the period is subtracted from the amount billed. The total deferred revenue at the end of every period is reflected in the liability section of the consolidated balance sheet. Deferred revenue can vary for many reasons, but seasonality and the timing of the class starts in relation to the end of the quarter will cause changes in the balance.

As mentioned in the accounts receivable discussion above, the change in revenue cannot be compared to the change in accounts receivable. Revenue does not have the impact of cash received whereas accounts receivable does. Depending on the month and the amount of cash received, it is likely that revenue or accounts receivable will increase at a rate different from the other. The impact of cash is easy to substantiate as it agrees to deposits in our bank accounts.

At January 31, 2021, the allowance for doubtful accounts was $2,924,887 which represents approximately 10% of the gross accounts receivable balance of $28,744,052, the sum of both short-term and long-term receivables.

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 contractual amount cannot be recorded as an account receivable as the student does have the option to stop attending. 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 as we discussed, 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 $6,701,136 at April 30, 2020 to $9,986,613 at January 31, 2021. The primary components of MPP are 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. Those are the two 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.

Fiscal 2021 Developments

On September 14, 2020, after the closing price of our common stock was at least $10.725 over a 20 consecutive trading day period the $10 million Convertible Notes automatically converted into 1,398,602 shares of the Company's common stock at a conversion price of $7.15 per share. The accelerated amortization charge related to unamortized debt discounts as a result of the debt extinguishment in the second quarter of fiscal year 2021 was approximately $1.4 million, which was included in interest expense in the consolidated statement of operations.

On August 31, 2020, the closing price of the Company's common stock was at least $9 for 20 consecutive trading days, resulting in 10% or 37,500 of the February 4, 2020 RSU grants to executives vesting immediately. Additionally, on September 2, 2020, the Company's common stock was at least $10 for 20 consecutive trading days and 25% or 93,750 of the RSUs granted vested immediately. On the grant date, the closing price of the Company's common stock on The Nasdaq Global Market was $9.49 per share. See Note 7 "Stockholders' Equity" in "Item 1. Financial Statements" for additional information on the vesting terms for these RSUs. The accelerated amortization expense related to this transaction in the second quarter of fiscal year 2021 was approximately $1.2 million for the vesting of these 131,250 RSUs, which is included in general and administrative expense in the consolidated statement of operations.

On August 31, 2020, the Company entered into an Equity Distribution Agreement (the "Agreement") with Canaccord Genuity LLC ("Canaccord"), pursuant to which the Company may issue and sell from time to time, through Canaccord, up to $12,309,750 of shares of the Company's common stock. The purpose of this Agreement is to allow the Company to sell common stock that has been surrendered from executive officers and director vesting events to pay their portion of withholding taxes as well as to pay the Company the strike price of options upon cashless exercise. As of the date of this filing, 449,632 shares of common stock have been sold under the Agreement for gross proceeds of $5,181,590. On February 8, 2021, the Company provided written notice to Canaccord of its election to the Agreement. This action terminates the Company's at-the-market offering facility effective February 18, 2021.

On June 5, 2020, the Company, as an inducement to exercise, reduced by 5% the exercise price of the common stock purchase warrants issued to The Leon and Toby Cooperman Family Foundation (the "Foundation"), of which Mr. Leon Cooperman, a stockholder of the Company, is the trustee. The warrants were issued on November 5, 2018 (the "2018 Cooperman Warrants") and on March 5, 2020 (the "2019 Cooperman Warrants"). The 2018 Cooperman Warrants exercise price was reduced from $5.85 to $5.56 per share. The 2019 Cooperman Warrants exercise price was reduced from $6.00 to $5.70 per share. On June 8, 2020, the Foundation immediately exercised the 2018 and 2019 Cooperman Warrants paying the Company $1,081,792 and the Company issued 192,049 shares of common stock to the Foundation.

COVID-19 Update

In our third fiscal quarter ending January 31, 2021, which has been historically a seasonally slower quarter given it falls during the holiday months of November and December, Aspen University saw approximately 4% less course registrations than seasonally expected in our Aspen Nursing + Other unit (which equates to approximately $110,000 of reduced revenue per month or $330,000 in the quarter relative to the Company's forecast).

USU's MSN-FNP program also saw a similar course start decline of approximately 4% in the quarter relative to the Company's forecast, which equates to approximately $190,000 of reduced revenue for the quarter.

We believe COVID-19 'Wave Two' was the key factor in the lower course starts than forecasted at both universities in the quarter, given that all the states in the country are now affected – not just some of the major metros. Our predominant student demographic of Registered Nurses (as of January 31, 2021, 9,277 of the Company's 13,407 total active students or 69% are RNs) has been especially overwhelmed over the past several months, so this is not unexpected.

The status and/or reasons identified by our predominantly RN student body who constitute the lower course starts over the past several months fall into four categories; 1) rescheduling of upcoming course registrations to a later date, 2) requests for temporary leave of absence, 3) requests to delay placement into preferred clinical location timed with the facility accepting new in-person students again, and 4) course or program withdrawal requests due to family emergencies, pressures at work/emotional distress and lack of time.
The Company expects the COVID 'Wave Two' effect to continue throughout the current fourth fiscal quarter, as we are forecasting approximately 4.5% less course registrations than seasonally expected in our Aspen Nursing + Other unit and USU's MSN-FNP program. Consequently, in our current fourth fiscal quarter ending April 30, 2021, we are expecting year-over-year revenue growth in the range of 31% - 33% ($18.4 - $18.7 million), versus the Company's previous forecast of 36% growth or $19.1 million.

Results of Operations

Set forth below is the discussion of the results of operations of the Company for the three months ended January 31, 2021 ("Q3 Fiscal 2021") compared to the three months ended January 31, 2020 ("Q3 Fiscal 2020"), and for the nine months ended January 31, 2021 ("9M Fiscal Q3 2021") compared to the nine months ended January 31, 2020 ("9M Fiscal Q3 2020").

Revenue

	Three Months Ended January 31,				Nine Months Ended January 31,			
	2021	$ Change	% Change	2020	2021	$ Change	% Change	2020
Revenue	$ 16,624,837	$ 4,086,897	33%	$ 12,537,940	$ 48,761,444	$ 13,779,557	39%	$ 34,981,887

Q3 Fiscal 2021 compared to Q3 Fiscal 2020

Revenue from operations for Q3 Fiscal 2021 increased to $16,624,837 from $12,537,940 for Q3 Fiscal 2020, an increase of $4,086,897 or 33%. The increase was primarily due to enrollment and student body growth in USU's MSN-FNP and Aspen's BSN Pre-Licensure program, the degree programs with the highest lifetime value (LTV), partially offset by the reduction in revenue as the result of a course start decline resulting from the impact of the COVID-19 pandemic. The Company expects revenue growth to continue in future periods as we continue prioritizing our highest LTV degree programs to achieve our long-term growth plans.

Aspen University’s revenues in Q3 Fiscal 2021 increased 30% year-over-year, while USU's revenues in Q3 Fiscal 2021 increased 39% year-over-year.

Aspen University's traditional post-licensure online nursing + other business unit and doctoral unit contributed 49% of total Company revenue in Q3 Fiscal 2021, while Aspen University’s Pre-Licensure BSN program delivered 22% of the Company’s revenues in Q3 Fiscal 2021. Finally, USU contributed 29% of the total revenues for Q3 Fiscal 2021.

9M Fiscal Q3 2021 compared to 9M Fiscal Q3 2020

Revenue from operations for 9M Fiscal Q3 2021 increased to $48,761,444 from $34,981,887 for 9M Fiscal Q3 2020, an increase of $13,779,557 or 39%. The increase was primarily due to enrollment and student body growth in the degree programs with the highest lifetime value (LTV), partially offset by the reduction in revenue as the result of a course start decline resulting from the impact of the COVID-19 pandemic. The Company expects revenue growth to continue in future periods as we continue prioritizing our highest LTV degree programs to achieve our long-term growth plans.

Aspen University’s revenues in 9M Fiscal Q3 2021 increased 35% year-over-year, while USU's revenues in 9M Fiscal Q3 2021 increased 52% year-over-year.

Aspen University's traditional post-licensure online nursing + other business unit and doctoral unit contributed 51% of total Company revenue in 9M Fiscal Q3 2021, while Aspen University’s Pre-Licensure BSN program delivered 20% of the Company’s revenues in 9M Fiscal Q3 2021. Finally, USU contributed 29% of the total revenues for 9M Fiscal Q3 2021.

The Company expects the COVID ‘Wave Two’ effect to continue throughout the current fourth fiscal quarter, as we are forecasting approximately 4.5% less course registrations than seasonally expected in our Aspen Nursing + Other unit and USU’s MSN-FNP program. In our current fourth fiscal quarter ending April 30, 2021, we are expecting year-over-year revenue growth in the range of 31% - 33% ($18.4 - $18.7 million), versus the Company’s previous forecast of 36% growth or $19.1 million. Consequently, the Company now expects fiscal year 2021 annual revenue in the range of $67.2 million - $67.5 million or 37% - 38% growth year-over-year.

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

	Three Months Ended January 31,				Nine Months Ended January 31,			
	2021	$ Change	% Change	2020	2021	$ Change	% Change	2020
Cost of Revenues (exclusive of depreciation and amortization shown separately below)	$ 7,559,951	$ 2,396,944	46%	$ 5,163,007	$ 20,732,254	$ 7,028,133	51%	$ 13,704,121
As a percentage of revenue	45%			41%	43%			39%

Q3 Fiscal 2021 compared to Q3 Fiscal 2020

Instructional costs and services

Instructional costs and services for Q3 Fiscal 2021 increased to $3,915,095 or 24% of revenues from $2,623,252 or 21% of revenues for Q3 Fiscal 2020, an increase of $1,291,843 or 49%. The increase was primarily due to more class starts year-over-year and additional full-time faculty staffing in the USU MSN-FNP program and the pre-licensure BSN campuses in Phoenix, Austin and Tampa. For example, during the third quarter, nine full-time faculty members were hired to support the growth of the pre-licensure program in Phoenix including incremental staffing to prepare for double cohorts at the main campus in Phoenix for the core semester which started on February 2, 2021.

Aspen University instructional costs and services represented 22% of Aspen University revenues for Q3 Fiscal 2021, while USU instructional costs and services was 27% of USU revenues during Q3 Fiscal 2021.

Marketing and promotional

Marketing and promotional costs for Q3 Fiscal 2021 were $3,644,856 or 22% of revenues compared to $2,536,755 or 20% of revenues for Q3 Fiscal 2020, an increase of $1,105,101 or 44%. The increase of marketing as a percentage of revenues from 20% to 22% year-over-year in Fiscal Q3 2021 is a result of a planned advertising spending increase throughout Fiscal Year

2021, targeted primarily to our highest LTV programs. In addition, the third quarter was the first full quarter of pre-revenue marketing spend in our two new pre-licensure metros, Austin and Tampa.

Aspen University marketing and promotional costs represented 20% of Aspen University revenues for Q3 Fiscal 2021, while USU marketing and promotional costs was 21% of USU revenues for Q3 Fiscal 2021.

AGI corporate marketing expenses was $250,474 for Q3 Fiscal 2021 compared to $252,602 for Q3 Fiscal 2020, an immaterial decrease of less than 1%.

9M Fiscal Q3 2021 compared to 9M FiscalQ3 2020

Instructional costs and services

Instructional costs and services for 9M Fiscal Q3 2021 increased to $10,698,056 or 22% of revenues from $6,948,138 or 20% of revenues for 9M Fiscal Q3 2020, an increase of $3,749,918 or 54%. The increase was primarily due to more class starts year-over-year and additional full-time faculty staffing in the USU MSN-FNP program and the pre-licensure BSN campuses in Phoenix, Austin and Tampa.

Aspen University instructional costs and services represented 21% of Aspen University revenues for 9M Fiscal Q3 2021, while USU instructional costs and services was 25% of USU revenues during 9M Fiscal Q3 2021.

Marketing and promotional

Marketing and promotional costs for 9M Fiscal Q3 2021 were $10,034,198 or 21% of revenues compared to $6,755,983 or 19% of revenues for 9M Fiscal Q3 2020, an increase of $3,278,215 or 49%. The increase of marketing as a percentage of revenues from 19% to 21% year-over-year in 9M Fiscal Q3 2021 is a result of a planned advertising spending increase throughout Fiscal Year 2021, targeted primarily to our highest LTV programs, which has resulted in record new student enrollments during 1H Fiscal 2021. In addition, pre-revenue marketing spend commenced in the second quarter in our two new pre-licensure metros, Austin and Tampa.

Aspen University marketing and promotional costs represented 20% of Aspen University revenues for 9M Fiscal Q3 2021, while USU marketing and promotional costs was 18% of USU revenues for 9M Fiscal Q3 2021.

AGI corporate marketing expenses were $757,877 for 9M Fiscal Q3 2021 compared to $728,737 for 9M Fiscal Q3 2020, an increase of $29,139 or 4%.

General and administrative

	Three Months Ended January 31,				Nine Months Ended January 31,			
	2021	$ Change	% Change	2020	2021	$ Change	% Change	2020
General and administrative	$ 10,644,438	$ 2,019,397	23%	$ 8,625,041	$ 30,723,349	$ 8,110,107	36%	$ 22,613,242
As a percentage of revenue	64%			69%	63%			65%

Q3 Fiscal 2021 compared to Q3 Fiscal 2020

General and administrative costs for Q3 Fiscal 2021 were $10,644,438 or 64% of revenues compared to $8,625,041 or 69% of revenues during Q3 Fiscal 2020, an increase of $2,019,397 or 23%. The increase was primarily due to higher headcount and related increase in compensation and benefits expense to support the growth of the business, new campus expansion costs of approximately $0.4 million at Aspen University, merchant banking fees and insurance expense. In connection with the resignation of the former Chief Financial Officer on February 25, 2021, the Company expects to incur nonrecurring accelerated stock-based compensation expense of approximately $0.6 million related to the automatic vesting of RSUs and options during the fourth quarter of 2021.

Aspen University general and administrative costs which are included in the above amount represented 36% of Aspen University revenues for Q3 Fiscal 2021. The increase was due, in part, to new campus expansion costs of approximately $0.4 million for investment in faculty and campus leadership positions to launch and support the new Tampa and Austin markets.

USU general and administrative costs equaled 44% of USU revenues for Q2 Fiscal 2021. The increase was primarily due to higher headcount and related increase in compensation and benefits expense to support the growth of the business.

AGI's general and administrative costs for Q3 Fiscal 2021 and Q3 Fiscal 2020 which are included in the above amounts equaled $4.2 million and $2.8 million, respectively. The increase was primarily due to higher headcount and related increase in compensation and benefits expense to support the growth of the business, and increases in banking fees and insurance expense.

9M Fiscal Q3 2021 compared to 9M Fiscal Q3 2020

General and administrative costs for 9M Fiscal Q3 2021 was $30,723,349 or 63% of revenues compared to $22,613,242 or 65% of revenues for 9M Fiscal Q3 2020, an increase of $8,110,107 or 36%. The increase was primarily due to higher headcount and related increase in compensation and benefits expense to support the growth of the business and other-employee related costs, accelerated stock-based compensation amortization expense related to the $9 and $10 tranche RSU price vesting of $1.2 million at AGI in Q2 Fiscal 2021, new campus expansion costs of approximately $0.6 million at Aspen University; and increases in merchant banking fees and insurance expense. In connection with the resignation of the former Chief Financial Officer on February 25, 2021, the Company expects to incur nonrecurring accelerated stock-based compensation expense of approximately $0.6 million related to the automatic vesting of RSUs and options during the fourth quarter of 2021.

The remaining $12 tranche related to the Executive RSU grant has approximately $1.7 million of total unrecognized compensation expense at January 31, 2021, which is being amortized over the remaining period through February 4, 2024 when all RSUs will vest subject to continued employment, that could accelerate during the next two years. If our common stock meets the $12 price target, all remaining amortization will accelerate. Of the remaining approximately $1.7 million of total unrecognized compensation expense related to the $12 tranche of the executive RSU grant discussed above, the expense portion related to the Company's former Chief Financial Officer was approximately $0.3 million, which will be forfeited in February 2021.

Aspen University general and administrative costs which are included in the above amount represented 34% of Aspen University revenues for 9M Fiscal Q3 2021. The increase was primarily due to new campus expansion costs of approximately $0.6 million for investment in faculty and campus leadership positions to launch and support the new Tampa and Austin markets.

USU general and administrative costs equaled 42% of USU revenues for 9M Fiscal Q3 2021. The increase was primarily due to higher headcount and related increase in compensation and benefits expense to support the growth of the business.

AGI corporate general and administrative costs for 9M Fiscal Q3 2021 and 9M Fiscal Q3 2020 which are included in the above amounts was $13.1 million and $6.7 million, respectively. The increase was primarily due to higher headcount and related increase in compensation and benefits expense to support the growth of the business, non-cash accelerated stock-based compensation amortization expense related to the $9 and $10 tranche RSU price vesting of $1.2 million, and increases in banking fees and insurance expense.

Bad debt expense

	Three Months Ended January 31,				Nine Months Ended January 31,			
	2021	$ Change	% Change	2020	2021	$ Change	% Change	2020
Bad debt expense	$670,000	$ 667,453	26,205%	$2,547	$ 1,702,000	$ 1,050,795	161%	$ 651,205
As a percentage of revenue	4%			—%	3%			2%

Q3 Fiscal 2021 compared to Q3 Fiscal 2020

Bad debt expense for Q3 Fiscal 2021 increased to $670,000 from $2,547 for Q3 Fiscal 2020, an increase of $667,453. Based on revenue growth trends and review of accounts receivable, the Company evaluated its reserve methodology and increased reserves for Aspen and USU accordingly, as well as $270,000 of Aspen University student accounts were written off.

9M Fiscal Q3 2021 compared to 9M Fiscal Q3 2020

Bad debt expense for 9M Fiscal Q3 2021 increased to $1,702,000 from $651,205 for 9M Fiscal Q3 2020, an increase of $1,050,795, or 161%.Based on revenue growth trends and review of accounts receivable, the Company evaluated its reserve

methodology and increased reserves for Aspen and USU accordingly, as well as approximately $500,000 of Aspen University student accounts were written off in 9M Fiscal Q3 2021.

Depreciation and amortization

	Three Months Ended January 31,				Nine Months Ended January 31,			
	2021	$ Change	% Change	2020	2021	$ Change	% Change	2020
Depreciation and amortization	$535,273	$ 59,880	13%	$475,393	$ 1,552,254	$ (157,938)	(9)%	$ 1,710,192
As a percentage of revenue	3%			4%	3%			5%

Q3 Fiscal 2021 compared to Q3 Fiscal 2020

Depreciation and amortization for Q3 Fiscal 2021 increased to $535,273 from $475,393 for Q3 Fiscal 2020, an increase of $59,880, or 13%. The increase in depreciation and amortization expense is due primarily to investments in developed capitalized software to support the Company's services and computer equipment.

9M Fiscal Q3 2021 compared to 9M Fiscal Q3 2020

Depreciation and amortization for 9M Fiscal Q3 2021 decreased to $1,552,254 from $1,710,192 for 9M Fiscal Q3 2020, a decrease of $157,938, or 9%. The decrease in depreciation and amortization expense is due primarily to intangible assets becoming fully amortized at USU, partially offset by investments in developed capitalized software to support the Company's services and computer equipment.

Other expense, net

	Three Months Ended January 31,				Nine Months Ended January 31,			
	2021	$ Change	% Change	2020	2021	$ Change	% Change	2020
Other expense, net	$19,981	$ (517,860)	(96)%	$537,841	$2,135,484	$ 900,363	73%	$1,235,121

Q3 Fiscal 2021 compared to Q3 Fiscal 2020

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 matures on November 4, 2021; with a 2% commitment fee on the undrawn portion payable quarterly. With the conversion of the $10 million Convertible Notes on September 14, 2020, the Company does not intend to borrow under this Facility.

Other expense, net in Q3 Fiscal 2020 of $537,841 includes: interest expense of $571,958 primarily related to (i) the $10 million Senior Secured Term Loans issued on March 6, 2019, with an annual interest rate of 12% payable monthly, (which were cancelled and exchanged for the $10 million Convertible Notes on January 22, 2020) and the write-off of the debt discount in connection with a debt extinguishment related to issued $10 million Convertible Debt on January 22, 2020 (the write-off was approximately $200,000 and included in one-time expense items); and (ii) the commitment fees on the $5 million Revolving Credit Facility; partially offset by $34,117 of other income.

9M Fiscal Q3 2021 compared to 9M Fiscal Q3 2020

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.

Other expense, net in 9M Fiscal Q3 2020 of $1,235,121 includes: interest expense of $1.4 million primarily related to (i) the $10 million Senior Secured Term Loans issued on March 6, 2019 and the write-off of debt discount in connection with a debt extinguishment related to issued $10 million Convertible Debt on January 22, 2020 (the write-off was approximately $200,000

and included in one-time expense items); and (ii) the commitment fees on the $5 million Revolving Credit Facility; partially offset by $0.2 million of other income.

Net loss

	Three Months Ended January 31,				Nine Months Ended January 31,			
	2021	**$ Change**	**% Change**	**2020**	**2021**	**$ Change**	**% Change**	**2020**
Net loss	$(2,815,266)	$ (534,214)	(23)%	$(2,281,052)	$ (8,128,987)	$ (3,134,485)	(63)%	$ (4,994,502)

Q3 Fiscal 2021 compared to Q3 Fiscal 2020

Net loss was $(2,815,266), or net loss per basic and diluted share of $(0.11) for Q3 Fiscal 2021 as compared to $(2,281,052), or net loss per share of $(0.12) for Q3 Fiscal 2020, or an increase in net loss of $(534,214), or (23)%.

9M Fiscal Q3 2021 compared to 9M Fiscal Q3 2020

Net loss was $(8,128,987), or net loss per basic and diluted share of $(0.35) for9M Fiscal Q3 2021 as compared to $(4,994,502), or net loss per share of $(0.26) for 9M Fiscal Q3 2020, or an increase in net loss of $(3,134,485), or (63)%.

This increase in net loss of $3.1 million includes $2.6 million of non-cash items previously disclosed ($1.2 million non-cash charge related to the RSU vesting, and the $1.4 million charge related to the conversion of $10 million Convertible Notes). Without these two items, the net loss increase would have been approximately $0.5 million. This $0.5 million increase in net loss year-over-year is primarily a result of the new campus costs (approximately $0.4 million) disclosed above.

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 Adjusted Net Income (Loss), Adjusted Earnings (Loss) Per Share, EBITDA, Adjusted EBITDA 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.

Adjusted Net Income (Loss) and Adjusted Earnings (Loss) Per Share

AGI defines Adjusted Net Income (Loss) as net earnings (loss) from operations adding back stock-based compensation expense and non-recurring charges as reflected in the table below.

9M Fiscal Q3 2021 primarily includes non-cash stock-based compensation expense of $1.2 million related to the accelerated amortization expense for the price vesting of Executive RSUs and non-recurring charges includes a $1.4 million interest expense charge related to the conversion of $10 million Convertible Notes and $0.1 million of interest expense which arose from the acceleration of amortization arising from the exercise of warrants issued to a lender.

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

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2021	2020	2021	2020
Earnings (loss) per share	$ (0.11)	$ (0.12)	$ (0.35)	$ (0.26)
Weighted average number of common stock outstanding*	24,544,334	19,420,987	23,354,036	19,046,558
Net loss	$ (2,815,266)	$ (2,281,052)	$ (8,128,987)	$ (4,994,502)
Add back:				
Stock-based compensation	701,170	347,210	3,019,828	1,341,245
Non-recurring charges	—	1,010,123	1,906,203	1,143,072
Adjusted Net (Loss)	$ (2,114,096)	$ (923,719)	$ (3,202,956)	$ (2,510,185)
Adjusted (Loss) per Share	$ (0.09)	$ (0.05)	$ (0.14)	$ (0.13)

*Same share count used for GAAP and non-GAAP financial measures.

EBITDA and Adjusted EBITDA

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

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2021	2020	2021	2020
Net loss	$ (2,815,266)	$ (2,281,052)	$ (8,128,987)	$ (4,994,502)
Interest expense, net	33,436	570,020	2,018,176	1,416,784
Taxes	10,460	98,173	45,090	243,035
Depreciation and amortization	535,273	475,393	1,552,254	1,710,192
EBITDA	(2,236,097)	(1,137,466)	(4,513,467)	(1,624,491)
Bad debt expense	670,000	2,547	1,702,000	651,205
Stock-based compensation	701,170	347,210	3,019,828	1,341,245
Non-recurring charges	—	1,010,123	419,437	1,143,072
Adjusted EBITDA	$ (864,927)	$ 222,414	$ 627,798	$ 1,511,031

Q3 Fiscal 2021 compared to Q3 Fiscal 2020

The Company had a net loss $(2,815,266) for Q3 Fiscal 2021 compared to a net loss of $(2,281,052) for Q3 Fiscal 2020, EBITDA loss of $(2,236,097) for Q3 Fiscal 2021 compared to an EBITDA loss of $(1,137,466) for Q3 Fiscal 2020 and Adjusted EBITDA decreased to $(0.9) million for Q3 Fiscal 2021 from Adjusted EBITDA of $0.2 million for Q3 Fiscal 2020.

Aspen University generated $1.4 million of net income, EBITDA of $1.9 million and Adjusted EBITDA of $2.5 million in Q3 Fiscal 2021 as compared to $1.3 million of net income, EBITDA of $1.6 million and Adjusted EBITDA of $1.9 million in Q3 Fiscal 2020.

Aspen's Pre-Licensure BSN program generated an EBITDA margin of 28%, as the unit delivered $1.0 million of the $1.9 million EBITDA generated at Aspen University in Q3 Fiscal 2021, as compared to $0.6 million of the $1.6 million EBITDA generated in Q3 Fiscal 2020. Aspen's Pre-Licensure BSN program in the Phoenix metro generated EBITDA of $1.8 million or a margin of 52%, offset by the two new campuses incurring an EBITDA loss of ($0.8) million for Q3 Fiscal 2021.

USU generated net income of $0.3 million, EBITDA of $0.4 million and Adjusted EBITDA of $0.5 million in Q3 Fiscal 2021 as compared to net income of less than $0.1 million, EBITDA of $0.2 million and Adjusted EBITDA of $0.2 million in Q3 Fiscal 2020.

AGI corporate incurred a net loss of $(4.5 million), EBITDA of ($4.5 million) and Adjusted EBITDA of ($3.8 million) in Q3 Fiscal 2021 as compared to a net loss of $(3.6 million), EBITDA of ($3.0 million) and Adjusted EBITDA of ($1.9 million) in Q3 Fiscal 2020.

9M Fiscal Q3 2021 compared to 9M Fiscal Q3 2020

The Company had a net loss of $(8,128,987) for 9M Fiscal Q3 2021 compared to a net loss of $(4,994,502) for 9M Fiscal 2020, EBITDA loss of $(4,513,467) for 9M Fiscal Q3 2021 compared to an EBITDA loss of $(1,624,491) for 9M Fiscal Q3 2020 and Adjusted EBITDA decreased to $627,798 for 9M Fiscal Q3 2021 from Adjusted EBITDA of $1,511,031 for 9M Fiscal Q3 2020.

Aspen University generated $5.9 million of net income, EBITDA of $7.3 million and Adjusted EBITDA of $9.0 million in 9M Fiscal Q3 2021 as compared to $4.0 million of net income, EBITDA of $5.0 million and Adjusted EBITDA of $6.0 million in 9M Fiscal Q3 2020. Aspen's Pre-Licensure BSN program accounted for $3.1 million of the $7.3 million EBITDA generated at Aspen University in 9M Fiscal Q3 2021 as compared to $1.5 million of the $5.0 million EBITDA generated in 9M Fiscal Q3 2020.

USU generated net income of $1.9 million, EBITDA of $2.0 million and Adjusted EBITDA of $2.3 million in 9M Fiscal Q3 2021 as compared to net loss of $(0.2) million, EBITDA of $0.5 million and Adjusted EBITDA of $0.8 million in 9M Fiscal Q3 2020.

AGI corporate incurred a net loss of $(15.9 million), EBITDA of ($13.9 million) and Adjusted EBITDA of ($10.6 million) in 9M Fiscal Q3 2021 as compared to a net loss of $(8.8 million), EBITDA of ($7.1 million) and Adjusted EBITDA of ($7.0 million) in 9M Fiscal Q3 2020. Adjusted EBITDA in 9M Fiscal Q3 2021 includes non-cash stock based compensation expense of $1.2 million related to the accelerated amortization expense for the price vesting of Executive RSUs in Q2 Fiscal 2021 and $419,437 of non-recurring charges 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. An additional non-recurring item in Q1 Fiscal 2021 of $123,947 is included in interest expense, net, which arose from the acceleration of amortization arising from the exercise of warrants issued to a lender. Adjusted EBITDA in 9M Fiscal Q3 2020 includes one-time expense items primarily related to the January 2020 equity financing and the CFO transition.

The following table presents a reconciliation of net loss to EBITDA and Adjusted EBITDA by business unit:

	Three Months Ended January 31, 2021					
	Consolidated	**AGI Corporate**	**Aspen BSN Pre-Licensure**	**AU Online**	**AU Total**	**USU**
Net income (loss)	$ (2,815,266)	$ (4,537,882)	$ 989,100 [1]	$ 386,259	$ 1,375,359	$ 347,257
Interest expense, net	33,436	33,516	—	—	—	(80)
Taxes	10,460	3,600	—	6,800	6,800	60
Depreciation and amortization	535,273	15,540	25,000	467,303	492,303	27,430
EBITDA	(2,236,097)	(4,485,226)	1,014,100 [1]	860,362	1,874,462	374,667
Bad debt expense	670,000	—	—	610,000	610,000	60,000
Stock-based compensation	701,170	692,244	—	(12,468)	(12,468)	21,394
Adjusted EBITDA	$ (864,927)	$ (3,792,982)	$ 1,014,100 [1]	$ 1,457,894	$ 2,471,994	$ 456,061

[1]Aspen's BSN Pre-Licensure program accounted for net income of $1.0 million (which includes $1.8 million of net income from the Phoenix metro, offset by the net loss of ($0.8) million in the Austin and Tampa metros) of the $1.4 million generated at Aspen University. Aspen's BSN Pre-Licensure program accounted for EBITDA of $1.0 million of the $1.9 million EBITDA generated at Aspen University, operating at an EBITDA margin of 28% - the highest margin unit of the Company. Reconciliation from net income to EBITDA and Adjusted EBITDA for the Aspen BSN Pre-Licensure program delivers the same result, as there were no material interest, taxes, depreciation and amortization expenses incurred in this unit.

Adjusted Gross Profit

AGI defines Adjusted Gross Profit as GAAP Gross Profit including amortization expense which is included in cost of revenue on the statements of operations. The following table presents a reconciliation of GAAP Gross Profit to Adjusted Gross Profit inclusive of amortization:

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2021	2020	2021	2020
GAAP Gross Profit	$8,691,601	$7,094,150	$26,971,682	$20,497,674
Add back amortization expense included in cost of revenue:				
Intangible asset amortization	10,255	15,637	32,718	51,696
Call center software/website amortization	363,030	265,146	1,024,790	728,396
Total amortization included in cost of revenue	373,285	280,783	1,057,508	780,092
Adjusted Gross Profit	$9,064,886	$7,374,933	$28,029,190	$21,277,766
Revenue	$16,624,837	$12,537,940	$48,761,444	$34,981,887
Cost of Revenue	7,559,951	5,163,007	20,732,254	13,704,121
Adjusted Gross Profit	$9,064,886	$7,374,933	$28,029,190	$21,277,766
GAAP Gross Profit as a % of revenue	52 %	57 %	55 %	59 %
Adjusted Gross Profit as a % of revenue	55 %	59 %	57 %	61 %

Q3 Fiscal 2021 compared to Q3 Fiscal 2020

GAAP Gross profit increased by 23% to $8,691,601 or 52% gross margin for Q3 Fiscal 2021 from $7,094,150 or 57% gross margin in Q3 Fiscal 2020. Adjusted Gross profit increased 23% to $9,064,886 or 55% gross margin for Q3 Fiscal 2021 from $7,374,933 or 59% gross margin in Q3 Fiscal 2020.

Aspen University GAAP Gross Profit represented 54% of Aspen University revenues for Q3 Fiscal 2021, and USU GAAP Gross Profit represented 53% of USU revenues for Q3 Fiscal 2021.

Aspen University GAAP Gross Profit includes the impact of increased spend in our two new pre-licensure metros, Austin and Tampa, and incremental staffing expense to prepare for double cohorts at the main campus in Phoenix for the core semester which started on February 2, 2021.

9M Fiscal Q3 2021 compared to 9M Fiscal Q3 2020

GAAP Gross Profit increased by 32% to $26,971,682 or 55% gross margin for 9M Fiscal Q3 2021 from $20,497,674 or 59% gross margin in 9M Fiscal Q3 2020. Adjusted Gross profit increased 32% to $28,029,190 or 57% gross margin for 9M Fiscal Q3 2021 from $21,277,766 or 61% gross margin in 9M Fiscal Q3 2020.

Aspen University GAAP Gross Profit represented 57% of Aspen University revenues for 9M Fiscal Q3 2021, and USU GAAP Gross Profit represented 58% of USU revenues for 9M Fiscal Q3 2021.

Liquidity and Capital Resources

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

	Nine Months Ended January 31,	
	2021	2020
Net cash (used in) provided by		
Operating activities	$ (5,275,719)	$ (3,825,265)
Investing activities	(2,909,088)	(1,940,879)
Financing activities	3,660,492	16,767,411
Net decrease in cash	$ (4,524,315)	$ 11,001,267

Net Cash Used in Operating Activities

Net cash used in operating activities for the nine months ended January 31, 2021 consists of net loss adjusted for non-cash items and the effect of changes in working capital. Non-cash adjustments include stock-based compensation, bad debt expense, depreciation and amortization expense, amortization of debt discounts and issue costs, warrants issued for services, modification charge for warrants exercised, common shares issued for services and other adjustments.

Adjustments to net loss consist 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 increase 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 increased enrollments and 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 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.

The Company expects a favorable trend in working capital over time, but there may be volatility from quarter to quarter. In aggregate the Company expects a general trend toward lower cash used in operations in future quarters; however, some quarters could have higher cash used in operations as a result of more cash used to support changes in working capital. Program start timings and the related federal financial aid drawdowns also impact cash timing.

Net cash used in operations for the nine months ended January 31, 2020 consist primarily of depreciation and amortization expense of $1,710,192, stock-based compensation of $1,782,472 and bad debt expense of $651,205. The increase from changes in working capital primarily consists of an increase in gross accounts receivable (both short and long term accounts receivable, before allowance for doubtful accounts) of $7,104,911, partially offset by increases in deferred revenue of $3,237,878 and $1,137,244 due to students. The increase in accounts receivable is primarily attributed to the growth in revenues from increased enrollments and students paying through the monthly payment plan as well as timing of billings for class starts. The increase in deferred revenue is due primarily to timing of billings for class starts.

Net Cash Used in Investing Activities

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 used in investing activities for the nine months ended January 31, 2020 includes purchases of property and equipment of $1,929,878 primarily due to investments in Company developed software, computer equipment and hardware, instructional equipment and new campuses; and purchases of courseware and accreditation of $11,001.

Net Cash Provided By Financing Activities

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.

Net cash provided by financing activities for the nine months ended January 31, 2020 includes proceeds from the sale of common stock, net of underwriter costs of $16,044,879 and proceeds from stock options exercised of $768,381, partially offset by $51,282 of disbursements for equity offering costs.

Liquidity and Capital Resources

At March 11, 2021, the Company had cash deposits of approximately $13.4 million and approximately $4.0 million of restricted cash. Our cash balances are kept liquid to support our growing infrastructure needs. The majority of our cash is concentrated in large financial institutions.

The Company also has access to a $5 million Revolving Credit Facility. At January 31, 2021 and April 30, 2020, there were no outstanding borrowings under this credit facility. With the conversion of the Convertible Notes on September 14, 2020, the Company does not intend to borrow under this facility.

The Company anticipates that it will need to make capital and other expenditures in connection with the development and expansion of its campus operations. The Company's FY Fiscal 2021 capital expenditures are expected to be higher than FY Fiscal 2020 capital expenditures by approximately $1.0 million related to new campus costs. Additionally, the Company expects additional cash commitments for letters of credits related to securing new campus locations.

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

Critical Accounting Policies and Estimates

In response to financial reporting release FR-60, Cautionary Advice Regarding Disclosure About Critical Accounting Policies, from the SEC, we have selected our more subjective accounting estimation processes for purposes of explaining the methodology used in calculating the estimate, in addition to the inherent uncertainties pertaining to the estimate and the possible effects on our financial condition. There were no material changes to our principal accounting estimates during the period covered by this report.

Revenue Recognition and Deferred Revenue

Revenue consisting primarily of tuition and fees derived from courses taught by Aspen online as well as from related educational resources that Aspen provides to its students, such as access to our online materials and learning management system. Tuition revenue is recognized pro-rata over the applicable period of instruction. Aspen maintains an institutional tuition refund policy, 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 Aspen'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, Aspen recognizes as revenue the tuition that was not refunded. Since Aspen 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 Aspen's accounting policies revenue is not recognized with respect to amounts that could potentially be refunded. Aspen'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. Aspen also charges students annual fees for library, technology and other services, which are recognized over the related service period.

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.

Accounts Receivable and Allowance for Doubtful Accounts Receivable

All students are required to select both a primary and secondary payment option with respect to amounts due to Aspen for tuition, fees and other expenses. The most common payment option for Aspen's students is personal funds or payment made on their behalf by an employer. In instances where a student selects financial aid as the primary payment option, he or she often selects personal cash as the secondary option. If a student who has selected financial aid as his or her primary payment option withdraws prior to the end of a course but after the date that Aspen's institutional refund period has expired, the student will have incurred the obligation to pay the full cost of the course. If the withdrawal occurs before the date at which the student has earned 100% of his or her financial aid, Aspen will have to return all or a portion of the Title IV funds to the DOE and the student will owe Aspen all amounts incurred that are in excess of the amount of financial aid that the student earned and that Aspen is entitled to retain. In this case, Aspen must collect the receivable using the student's second payment option.

For accounts receivable from students, Aspen records an allowance for doubtful accounts for estimated losses resulting from the inability, failure or refusal of its students to make required payments, which includes the recovery of financial aid funds advanced to a student for amounts in excess of the student's cost of tuition and related fees. Aspen determines the adequacy of its allowance for doubtful accounts using a general reserve method based on an analysis of its historical bad debt experience, current economic trends, and the aging of the accounts receivable and student status. AGI establishes reserves to its receivables based upon an estimate of the risk presented by the program within the university, student status, payment type and age of receivables. Aspen writes off accounts receivable balances at the time the balances are deemed uncollectible. Aspen continues to reflect accounts receivable with an offsetting allowance as long as management believes there is a reasonable possibility of collection.

For accounts receivable from primary payors other than students, Aspen estimates its allowance for doubtful accounts by evaluating specific accounts where information indicates the customers may have an inability to meet financial obligations, such as bankruptcy proceedings and receivable amounts outstanding for an extended period beyond contractual terms. In these cases, Aspen uses assumptions and judgment, based on the best available facts and circumstances, to record a specific allowance for those customers against amounts due to reduce the receivable to the amount expected to be collected. These specific allowances are re-evaluated and adjusted as additional information is received. The amounts calculated are analyzed to determine the total amount of the allowance. Aspen may also record a general allowance as necessary.

Direct write-offs are taken in the period when Aspen has exhausted its efforts to collect overdue and unpaid receivables or otherwise evaluate other circumstances that indicate that Aspen should abandon such efforts.

Business Combinations

We include the results of operations of businesses we acquire from the date of the respective acquisition. We allocate the purchase price of acquisitions to the assets acquired and liabilities assumed at fair value. The excess of the purchase price of an acquired business over the amount assigned to the assets acquired and liabilities assumed is recorded as goodwill. We expense transaction costs associated with business combinations as incurred.

Goodwill and Intangibles

Goodwill represents the excess of purchase price over the fair market value of assets acquired and liabilities assumed from the 2017 acquisition of USU. Goodwill has an indefinite life and is not amortized. Goodwill is tested annually for impairment.

In January 2017, the Financial Accounting Standards Board issued Accounting Standards Update No. 2017-04: "Intangibles - Goodwill and Other (Topic 350)" - to simplify how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. This guidance is effective for interim and annual reporting periods beginning after December 15, 2019. The Company early adopted this standard effective April 30, 2018. We have selected an April 30 annual goodwill impairment test date.

When evaluating the potential impairment of goodwill, management first assess a range of qualitative factors, including but not limited to, macroeconomic conditions, industry conditions, the competitive environment, changes in the market for the Company's products and services, regulatory and political developments, entity specific factors such as strategy and changes in key personnel, and the overall financial performance for each of the Company's reporting units. If, after completing this assessment, it is determined that it is more likely than not that the fair value of a reporting unit is less than its carrying value, we then proceed to the quantitative impairment testing.

We compare the carrying value of the reporting unit, including goodwill, with its fair value, as determined. If the carrying value of a reporting unit exceeds its fair value, then the amount of impairment to be recognized is the amount by which the carrying amount exceeds the fair value.
When required, we arrive at our estimates of fair value using a discounted cash flow methodology which includes estimates of future cash flows to be generated by a component where the goodwill is recorded, as well as determining a discount rate to measure the present value of those anticipated cash flows. Estimating future cash flows requires significant judgment and includes making assumptions about projected growth rates, industry-specific factors, working capital requirements, weighted average cost of capital, and current and anticipated operating conditions. The use of different assumptions or estimates for future cash flows could produce different results.

Intangible assets represent both indefinite lived and definite lived assets. Accreditation and regulatory approvals and Trade name and trademarks are deemed to have indefinite useful lives and accordingly are not amortized but are tested annually for impairment. Student relationships and curriculums are deemed to have definite lives and are amortized accordingly.

Stock-based compensation

Stock-based compensation expense is measured at the grant date fair value of the award and is expensed over the requisite service period, which is included in general and administrative expense in the consolidated statement of operations. For employee stock-based awards, the Company calculates the fair value of the award on the date of grant using the Black-Scholes option pricing model. Determining the fair value of stock-based awards at the grant date under this model requires judgment, including estimating volatility, employee stock option exercise behaviors and forfeiture rates. The assumptions used in

calculating the fair value of stock-based awards represent the Company's best estimates, but these estimates involve inherent uncertainties and the application of management judgment. For non-employee stock-based awards, the Company follows ASU 2018-7, which substantially aligns share based compensation for employees and non-employees.

RSUs are awards in the form of shares denominated in the equivalent number of shares of ASPU common stock and with the value of each RSU being equal to the fair value of ASPU common stock at the date of grant. RSU awards may be subject to service-based vesting, where a specific period of continued employment must pass before an award vests and/or other vesting restrictions based on the nature and recipient of the award. For RSU awards, the expense is typically measured at the grant date as the fair value of ASPU common stock and expensed as stock-based compensation over the vesting term, which is included in general and administrative expense in the consolidated statement of operations.

Off Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as of January 31, 2021.

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 the impact of COVID-19 on our fourth fiscal quarter revenues and the economic impact on us beyond that, the number of new nursing campuses and the timing of opening new locations, the timing of our planned USU MSN-FNP weekend lab immersion expansions, the expected effect of telehealth partnership with A-APN, including in relation to expected graduation dates, the future amortization of price based Restricted Stock Units and the timing of any possible acceleration, our estimates concerning Lifetime Value, MER, and ARPU, our fiscal 2021 revenues and revenue growth, our future early losses from, and capital expenditures related to, the opening of new campuses, our estimates as to our accounts receivable and allowance for doubtful accounts, including as a percentage of total revenue and our future 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 our ability to obtain the necessary regulatory approvals to launch our future campuses in a timely fashion or at all, the continued ability of our in-house CRM to perform as expected, continued high demand for nurses, the continued effectiveness of our marketing efforts, the effectiveness of our collection efforts and process improvements, national and local economic factors including the substantial impact of the COVID-19 pandemic on our Aspen nursing programs (other than the pre-licensure programs) and the economy, any delays, side effects or other issues occurring in the manufacturing, delivery and administration of COVID-19 vaccines, the competitive impact from the trend of major non-profit and for-profit universities marketing online family nurse practitioner programs, unfavorable regulatory changes, including at the state level, and our failure to continue obtaining enrollments at low acquisition costs and keeping teaching costs down. Further information on the risks and uncertainties affecting our business is contained in our filings with the SEC, including our Prospectus Supplement dated August 31, 2020 and our Annual Report on Form 10-K for the year ended April 30, 2020. 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. 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, 2020.

ITEM 1A. RISK FACTORS

None.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Effective March 16, 2021, the Compensation Committee of the Company's Board of Directors has adopted resolutions clarifying vesting terms of the RSUs granted to the executive officers of the Company on February 4, 2020, as disclosed in more detail the Current Report on Form 8-K filed on February 10, 2020. Specifically, the RSUs vest on February 4, 2024, subject to accelerated vesting if the closing price of the Company's common stock on The Nasdaq Global Market is at least $12 per share for 20 consecutive trading days and subject in each case to continued service as an executive officer as of each applicable vesting date.

ITEM 6. EXHIBITS

See the Exhibit Index at the end of this report.

EXHIBIT INDEX

		Incorporated by Reference			
Exhibit #	**Exhibit Description**	**Form**	**Date**	**Number**	**Filed or Furnished Herewith**
3.1	Certificate of Incorporation, as amended	10-K	7/9/19	3.1	
3.2	Bylaws, as amended	10-Q	3/15/18	3.2	
10.1	2018 Equity Incentive Plan, as amended*				Filed
10.2	Employment Agreement dated December 1, 2020 - Robert Alessi*				Filed
31.1	Certification of Principal Executive Officer (302)				Filed
31.2	Certification of Principal Financial Officer (302)				Filed
32.1	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.

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.

Aspen Group, Inc.

March 16, 2021

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

March 16, 2021

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

ASPEN GROUP, INC.
2018 EQUITY INCENTIVE PLAN, as Amended

1. Scope of Plan; Definitions.

(a) This 2018 Equity Incentive Plan (the "Plan") is intended to advance the interests of Aspen Group, Inc. (the "Company") and its Related Corporations by enhancing the ability of the Company to attract and retain qualified employees, consultants, Officers and directors, by creating incentives and rewards for their contributions to the success of the Company and its Related Corporations. This Plan will provide to (a) Officers and other employees of the Company and its Related Corporations opportunities to purchase common stock, par value $0.001 ("Common Stock") of the Company pursuant to Options granted hereunder which qualify as incentive stock options ("ISOs") under Section 422(b) of the Internal Revenue Code of 1986 (the "Code"), (b) directors, Officers, employees and consultants of the Company and Related Corporations opportunities to purchase Common Stock of the Company pursuant to options granted hereunder which do not qualify as ISOs ("Non-Qualified Options"); (c) directors, Officers, employees and consultants of the Company and Related Corporations opportunities to receive shares of Common Stock of the Company which normally are subject to restrictions on sale ("Restricted Stock"); (d) directors, Officers, employees and consultants of the Company and Related Corporations opportunities to receive grants of stock appreciation rights ("SARs"); and (e) directors, Officers, employees and consultants of the Company and Related Corporations opportunities to receive grants of restricted stock units ("RSUs"). ISOs and Non-Qualified Options are referred to hereafter as "Options." Options, Restricted Stock, RSUs and SARs are sometimes referred to hereafter collectively as "Stock Rights." Any of the Options and/or Stock Rights may in the Board of Directors' or Compensation Committee's discretion be issued in tandem to one or more other Options and/or Stock Rights to the extent permitted by law.

(b) For purposes of the Plan, capitalized words and terms shall have the following meaning:

"Board" means the board of directors of the Company.

"Chairman" means the chairman of the Board.

"Change of Control" means the occurrence of any of the following events: (i) the consummation of the sale or disposition by the Company of all or substantially all of the Company's assets in a transaction which requires shareholder approval under applicable state law; or (ii) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least 50% of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

"Code" shall have the meaning given to it in Section 1(a).

"Common Stock" shall have the meaning given to it in Section 1(a).

"Company" shall have the meaning given to it in Section 1(a).

"Compensation Committee" means the compensation committee of the Board, if any, which shall consist of two or more members of the Board, each of whom shall be both an "outside director" within the meaning of Section 162(m) of the Code and a "non-employee director" within the meaning of Rule 16b-3. All references in this Plan to the Compensation Committee shall mean the Board when (i) there is no Compensation Committee or (ii) the Board has retained the power to administer this Plan.

"Disability" means "permanent and total disability" as defined in Section 22(e)(3) of the Code or successor statute.

"Disqualifying Disposition" means any disposition (including any sale) of Common Stock underlying an ISO before the later of (i) two years after the date of employee was granted the ISO or (ii) one year after the date the employee acquired Common Stock by exercising the ISO.

"Exchange Act" shall mean the Securities Exchange Act of 1934.

"Fair Market Value" shall be determined as of the last Trading Day before the date a Stock Right is granted and shall mean:

(1) the closing price on the principal market if the Common Stock is listed on a national securities exchange or the OTCQB or OTCQX.

(2) if the Company's shares are not listed on a national securities exchange or the OTCQB or OTCQX, then the closing price if reported or the average bid and asked price for the Company's shares as published by OTC Markets Group, Inc.;

(3) if there are no prices available under clauses (1) or (2), then Fair Market Value shall be based upon the average closing bid and asked price as determined following a polling of all dealers making a market in the Company's Common Stock; or

(4) if there is no regularly established trading market for the Company's Common Stock or if the Company's Common Stock is listed, quoted or reported under clauses (1) or (2) but it trades sporadically rather than every day, the Fair Market Value shall be established by the Board or the Compensation Committee taking into consideration all relevant factors including the most recent price at which the Company's Common Stock was sold.

"ISO" shall have the meaning given to it in Section 1(a).

"Non-Qualified Options" shall have the meaning given to it in Section 1(a).

"Officers" means a person who is an executive officer of the Company and is required to file ownership reports under Section 16(a) of the Exchange Act.

"Options" shall have the meaning given to it in Section 1(a).

"Plan" shall have the meaning given to it in Section 1(a).

"Related Corporations" shall mean a corporation which is a subsidiary corporation with respect to the Company within the meaning of Section 424(f) of the Code.

"Restricted Stock" shall have the meaning contained in Section 1(a).

"RSU" shall have the meaning given to it in Section 1(a).

"SAR" shall have the meaning given to it in Section 1(a).

"Securities Act" means the Securities Act of 1933.

"Stock Rights" shall have the meaning given to it in Section 1(a).

"Trading Day" shall mean a day on which The Nasdaq Stock Market LLC is open for business.

This Plan is intended to comply in all respects with Rule 16b-3 ("Rule 16b-3") and its successor rules as promulgated under Section 16(b) of the Exchange Act for participants who are subject to Section 16 of the Exchange Act. To the extent any provision of the Plan or action by the Plan administrators fails to so comply, it shall be deemed null and void to the extent permitted by law and deemed advisable by the Plan administrators. Provided, however, such exercise of discretion by the Plan administrators shall not interfere with the contract rights of any grantee. In the event that any interpretation or construction of the Plan is required, it shall be interpreted and construed in order to ensure, to the maximum extent permissible by law, that such grantee does not violate the short-swing profit provisions of Section 16(b) of the Exchange Act and that any exemption available under Rule 16b-3 or other rule is available.

2. Administration of the Plan.

(a) The Plan may be administered by the entire Board or by the Compensation Committee. Once appointed, the Compensation Committee shall continue to serve until otherwise directed by the Board. A majority of the members of the Compensation Committee shall constitute a quorum, and all determinations of the Compensation Committee shall be made by the majority of its members present at a meeting. Any determination of the Compensation Committee under the Plan may be made without notice or meeting of the Compensation

Committee by a writing signed by all of the Compensation Committee members. Subject to ratification of the grant of each Stock Right by the Board (but only if so required by applicable state law), and subject to the terms of the Plan, the Compensation Committee shall have the authority to (i) determine the employees of the Company and Related Corporations (from among the class of employees eligible under Section 3 to receive ISOs) to whom ISOs may be granted, and to determine (from among the class of individuals and entities eligible under Section 3 to receive Non-Qualified Options, Restricted Stock, RSUs and SARs) to whom Non-Qualified Options, Restricted Stock, RSUs and SARs may be granted; (ii) determine when Stock Rights may be granted; (iii) determine the exercise prices of Stock Rights other than Restricted Stock and RSUs, which shall not be less than the Fair Market Value; (iv) determine whether each Option granted shall be an ISO or a Non-Qualified Option; (v) determine when Stock Rights shall become exercisable, the duration of the exercise period and when each Stock Right shall vest; (vi) determine whether restrictions such as repurchase options are to be imposed on shares subject to or issued in connection with Stock Rights, and the nature of such restrictions, if any, and (vii) interpret the Plan and promulgate and rescind rules and regulations relating to it. The interpretation and construction by the Compensation Committee of any provisions of the Plan or of any Stock Right granted under it shall be final, binding and conclusive unless otherwise determined by the Board. The Compensation Committee may from time to time adopt such rules and regulations for carrying out the Plan as it may deem best.

No members of the Compensation Committee or the Board shall be liable for any action or determination made in good faith with respect to the Plan or any Stock Right granted under it. No member of the Compensation Committee or the Board shall be liable for any act or omission of any other member of the Compensation Committee or the Board or for any act or omission on his own part, including but not limited to the exercise of any power and discretion given to him under the Plan, except those resulting from his own gross negligence or willful misconduct.

(b) The Compensation Committee may select one of its members as its chairman and shall hold meetings at such time and places as it may determine. All references in this Plan to the Compensation Committee shall mean the Board if no Compensation Committee has been appointed. From time to time the Board may increase the size of the Compensation Committee and appoint additional members thereof, remove members (with or without cause) and appoint new members in substitution therefor, fill vacancies however caused or remove all members of the Compensation Committee and thereafter directly administer the Plan.

(c) Stock Rights may be granted to members of the Board, whether such grants are in their capacity as directors, Officers or consultants. All grants of Stock Rights to members of the Board shall in all other respects be made in accordance with the provisions of this Plan applicable to other eligible persons. Members of the Board who are either (i) eligible for Stock Rights pursuant to the Plan or (ii) have been granted Stock Rights may vote on any matters affecting the administration of the Plan or the grant of any Stock Rights pursuant to the Plan.

(d) In addition to such other rights of indemnification as he or she may have as a member of the Board, and with respect to administration of the Plan and the granting of Stock

Rights under it, each member of the Board and of the Compensation Committee shall be entitled without further act on his part to indemnification from the Company for all expenses (including advances of litigation expenses, the amount of judgment and the amount of approved settlements made with a view to the curtailment of costs of litigation) reasonably incurred by him in connection with or arising out of any action, suit or proceeding, including any appeal thereof, with respect to the administration of the Plan or the granting of Stock Rights under it in which he may be involved by reason of his being or having been a member of the Board or the Compensation Committee, whether or not he continues to be such member of the Board or the Compensation Committee at the time of the incurring of such expenses; provided, however, that such indemnity shall be subject to the limitations contained in any Indemnification Agreement between the Company and the Board member or Officer. The foregoing right of indemnification shall inure to the benefit of the heirs, executors or administrators of each such member of the Board or the Compensation Committee and shall be in addition to all other rights to which such member of the Board or the Compensation Committee would be entitled to as a matter of law, contract or otherwise.

(e) The Board may delegate the powers to grant Stock Rights to Officers to the extent permitted by the laws of the Company's state of incorporation.

3. Eligible Employees and Others. ISOs may be granted to any employee of the Company or any Related Corporation. Those Officers and directors of the Company who are not employees may not be granted ISOs under the Plan. Subject to compliance with Rule 16b-3 and other applicable securities laws, Non-Qualified Options, Restricted Stock, RSUs and SARs may be granted to any director (whether or not an employee), Officers, employees or consultants of the Company or any Related Corporation. The Compensation Committee may take into consideration a recipient's individual circumstances in determining whether to grant an ISO, a Non-Qualified Option, Restricted Stock, RSUs or a SAR. Granting of any Stock Right to any individual or entity shall neither entitle that individual or entity to, nor disqualify him from participation in, any other grant of Stock Rights.

4. Common Stock. The Common Stock subject to Stock Rights shall be authorized but unissued shares of Common Stock, or shares of Common Stock reacquired by the Company in any manner, including purchase, forfeiture or otherwise. The aggregate number of shares of Common Stock which may be issued pursuant to the Plan is 1,600,000, less any Stock Rights previously granted or exercised subject to adjustment as provided in Section 14. Any such shares may be issued under ISOs, Non-Qualified Options, Restricted Stock, RSUs or SARs, so long as the number of shares so issued does not exceed the limitations in this Section. Subject to adjustment in accordance with Section 14, no more than 1,600,000 shares of Common Stock may be issued in the aggregate pursuant to the exercise of ISOs. If any Stock Rights granted under the Plan shall expire or terminate for any reason without having been exercised in full or shall cease for any reason to be exercisable in whole or in part, or if the Company shall reacquire any unvested shares, the unpurchased shares subject to such Stock Rights and any unvested shares so reacquired by the Company shall again be available for grants under the Plan. For the avoidance of doubt, in the event that (i) the payment of the exercise price of any Stock Right, or (ii) the satisfaction of any tax withholding obligations arising from any Stock Right is made by

withholding of shares of Common Stock by the Company, the shares so withheld shall again become available for grants under the Plan.

5. Granting of Stock Rights.

(a) The date of grant of a Stock Right under the Plan will be the date specified by the Board or Compensation Committee at the time it grants the Stock Right; provided, however, that such date shall not be prior to the date on which the Board or Compensation Committee acts to approve the grant. The Board or Compensation Committee shall have the right, with the consent of the optionee, to convert an ISO granted under the Plan to a Non-Qualified Option pursuant to Section 17.

(b) The Board or Compensation Committee shall grant Stock Rights to participants that it, in its sole discretion, selects. Stock Rights shall be granted on such terms as the Board or Compensation Committee shall determine except that ISOs shall be granted on terms that comply with the Code and regulations thereunder.

(c) A SAR entitles the holder to receive, as designated by the Board or Compensation Committee, cash or shares of Common Stock, value equal to (or otherwise based on) the excess of: (a) the Fair Market Value of a specified number of shares of Common Stock at the time of exercise over (b) an exercise price established by the Board or Compensation Committee. The exercise price of each SAR granted under this Plan shall be established by the Compensation Committee or shall be determined by a method established by the Board or Compensation Committee at the time the SAR is granted, provided the exercise price shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date of the grant of the SAR, or such higher price as is established by the Board or Compensation Committee. A SAR shall be exercisable in accordance with such terms and conditions and during such periods as may be established by the Board or Compensation Committee. Shares of Common Stock delivered pursuant to the exercise of a SAR shall be subject to such conditions, restrictions and contingencies as the Board or Compensation Committee may establish in the applicable SAR agreement or document, if any. The Board or Compensation Committee, in its discretion, may impose such conditions, restrictions and contingencies with respect to shares of Common Stock acquired pursuant to the exercise of each SAR as the Board or Compensation Committee determines to be desirable. A SAR under the Plan shall be subject to such terms and conditions, not inconsistent with the Plan, as the Board or Compensation Committee shall, in its discretion, prescribe. The terms and conditions of any SAR to any grantee shall be reflected in such form of agreement as is determined by the Board or Compensation Committee. A copy of such document, if any, shall be provided to the grantee, and the Board or Compensation Committee may condition the granting of the SAR on the grantee executing such agreement.

(d) An RSU gives the grantee the right to receive a number of shares of the Company's Common Stock on applicable vesting or other dates. Delivery of the RSUs may be deferred beyond vesting as determined by the Board or Compensation Committee. RSUs shall be evidenced by an RSU agreement in the form determined by the Board or Compensation Committee. With respect to an RSU, which becomes non-forfeitable due to the lapse of time, the

Compensation Committee shall prescribe in the RSU agreement the vesting period. With respect to the granting of the RSU, which becomes non-forfeitable due to the satisfaction of certain pre-established performance-based objectives imposed by the Board or Compensation Committee, the measurement date of whether such performance-based objectives have been satisfied shall be a date no earlier than the first anniversary of the date of the RSU. A recipient who is granted an RSU shall possess no incidents of ownership with respect to such underlying Common Stock, although the RSU agreement may provide for payments in lieu of dividends to such grantee.

(e) Notwithstanding any provision of this Plan, the Board or Compensation Committee may impose conditions and restrictions on any grant of Stock Rights including forfeiture of vested Options, cancellation of Common Stock acquired in connection with any Stock Right and forfeiture of profits.

(f) The Options and SARs shall not be exercisable for a period of more than 10 years from the date of grant.

6. Sale of Shares. The shares underlying Stock Rights granted to any Officer, director or a beneficial owner of 10% or more of the Company's securities registered under Section 12 of the Exchange Act shall not be sold, assigned or transferred by the grantee until at least six months elapse from the date of the grant thereof.

7. ISO Minimum Option Price and Other Limitations.

(a) The exercise price per share relating to all Options granted under the Plan shall not be less than the Fair Market Value per share of Common Stock on the last trading day prior to the date of such grant. For purposes of determining the exercise price, the date of the grant shall be the later of (i) the date of approval by the Board or Compensation Committee or the Board, or (ii) for ISOs, the date the recipient becomes an employee of the Company. In the case of an ISO to be granted to an employee owning Common Stock which represents more than 10% of the total combined voting power of all classes of stock of the Company or any Related Corporation, the price per share shall not be less than 110% of the Fair Market Value per share of Common Stock on the date of grant and such ISO shall not be exercisable after the expiration of five years from the date of grant.

(b) In no event shall the aggregate Fair Market Value (determined at the time an ISO is granted) of Common Stock for which ISOs granted to any employee are exercisable for the first time by such employee during any calendar year (under all stock option plans of the Company and any Related Corporation) exceed $100,000.

8. Duration of Stock Rights. Subject to earlier termination as provided in Sections 5, 9, 10 and 11, each Option and SAR shall expire on the date specified in the original instrument granting such Stock Right (except with respect to any part of an ISO that is converted into a Non-Qualified Option pursuant to Section 17), provided, however, that such instrument must comply with Section 422 of the Code with regard to ISOs and Rule 16b-3 with regard to all

Stock Rights granted pursuant to the Plan to Officers, directors and 10% shareholders of the Company.

9. Exercise of Options and SARs; Vesting of Stock Rights. Subject to the provisions of Sections 9 through 13, each Option and SAR granted under the Plan shall be exercisable as follows:

(a) The Options and SARs shall either be fully vested and exercisable from the date of grant or shall vest and become exercisable in such installments as the Board or Compensation Committee may specify.

(b) Once an installment becomes exercisable it shall remain exercisable until expiration or termination of the Option and SAR, unless otherwise specified by the Board or Compensation Committee.

(c) Each Option and SAR or installment, once it becomes exercisable, may be exercised at any time or from time to time, in whole or in part, for up to the total number of shares with respect to which it is then exercisable.

(d) The Board or Compensation Committee shall have the right to accelerate the vesting date of any installment of any Stock Right; provided that the Board or Compensation Committee shall not accelerate the exercise date of any installment of any Option granted to any employee as an ISO (and not previously converted into a Non-Qualified Option pursuant to Section 17) if such acceleration would violate the annual exercisability limitation contained in Section 422(d) of the Code as described in Section 7(b).

10. Termination of Service. Subject to any contrary provisions restrictions as may be imposed by the Board or Compensation Committee or by a written agreement, if an optionee ceases to be employed by the Company any Related Corporations, other than by reason of death or disability, no further installments of his Options shall vest or become exercisable, and the Options shall terminate on 5:30 pm New York, NY time on the day three months after the day of the termination of his employment, whichever is earlier, but in no event later than on their specified expiration dates. Employment shall be considered as continuing uninterrupted during any bona fide leave of absence (such as those attributable to illness, military obligations or governmental service) provided that the period of such leave does not exceed 90 days or, if longer, any period during which such optionee's right to re-employment is guaranteed by statute. A leave of absence with the written approval of the Board shall not be considered an interruption of employment under the Plan, provided that such written approval contractually obligates the Company or any Related Corporation to continue the employment of the optionee after the approved period of absence. ISOs granted under the Plan shall not be affected by any change of employment within or among the Company and Related Corporations so long as the optionee continues to be an employee of the Company or any Related Corporation.

11. Death; Disability. Unless otherwise determined by the Board or Compensation Committee or by a written agreement:

(a) If the holder of an Option or SAR ceases to be employed by the Company and all Related Corporations by reason of his death, any Options or SARs held by the optionee may be exercised to the extent he could have exercised it on the date of his death, by his estate, personal representative or beneficiary who has acquired the Options or SARs by will or by the laws of descent and distribution, at any time prior to the earlier of: (i) the Options' or SARs' specified expiration date or (ii) one year (except three months for an ISO) from the date of death.

(b) If the holder of an Option or SAR ceases to be employed by the Company and all Related Corporations, or a director or Director Advisor can no longer perform his duties, by reason of his Disability, any Options or SARs held by the optionee may be exercised to the extent he could have exercised it on the date of termination due to Disability until the earlier of (i) the Options' or SARs' specified expiration date or (ii) one year from the date of the termination.

12. Assignment, Transfer or Sale.

(a) No ISO granted under this Plan shall be assignable or transferable by the grantee except by will or by the laws of descent and distribution, and during the lifetime of the grantee, each ISO shall be exercisable only by him, his guardian or legal representative.

(b) Except for ISOs, all Stock Rights are transferable subject to compliance with applicable securities laws and Section 6 of this Plan.

13. Terms and Conditions of Stock Rights. Stock Rights shall be evidenced by instruments (which need not be identical) in such forms as the Board or Compensation Committee may from time to time approve. Such instruments shall conform to the terms and conditions set forth in Sections 5 through 12 hereof and may contain such other provisions as the Board or Compensation Committee deems advisable which are not inconsistent with the Plan. In granting any Stock Rights, the Board or Compensation Committee may specify that Stock Rights shall be subject to the restrictions set forth herein with respect to ISOs, or to such other termination and cancellation provisions as the Board or Compensation Committee may determine. The Board or Compensation Committee may from time to time confer authority and responsibility on one or more of its own members and/or one or more Officers of the Company to execute and deliver such instruments. The proper Officers of the Company are authorized and directed to take any and all action necessary or advisable from time to time to carry out the terms of such instruments.

14. Adjustments Upon Certain Events.

(a) Subject to any required action by the shareholders of the Company, the number of shares of Common Stock covered by each outstanding Stock Right, and the number of shares of Common Stock which have been authorized for issuance under the Plan but as to which no Stock Rights have yet been granted or which have been returned to the Plan upon cancellation or expiration of a Stock Right, as well as the price per share of Common Stock (or cash, as

applicable) covered by each such outstanding Option or SAR, shall be proportionately adjusted for any increases or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of Common Stock, or any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company or the voluntary cancellation whether by virtue of a cashless exercise of a derivative security of the Company or otherwise shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board or Compensation Committee, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to a Stock Right. No adjustments shall be made for dividends or other distributions paid in cash or in property other than securities of the Company.

(b) In the event of the proposed dissolution or liquidation of the Company, the Board or Compensation Committee shall notify each participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, a Stock Right will terminate immediately prior to the consummation of such proposed action.

(c) In the event of a merger of the Company with or into another corporation, or a Change of Control, each outstanding Stock Right shall be assumed (as defined below) or an equivalent option or right substituted by the successor corporation or a parent or subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the Stock Rights, the participants shall fully vest in and have the right to exercise their Stock Rights as to which it would not otherwise be vested or exercisable. If a Stock Right becomes fully vested and exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Board or Compensation Committee shall notify the participant in writing or electronically that the Stock Right shall be fully vested and exercisable for a period of at least 15 days from the date of such notice, and any Options or SARs shall terminate one minute prior to the closing of the merger or sale of assets.

For the purposes of this Section 14(c), the Stock Right shall be considered "assumed" if, following the merger or Change of Control, the option or right confers the right to purchase or receive, for each share of Common Stock subject to the Stock Right immediately prior to the merger or Change of Control, the consideration (whether stock, cash, or other securities or property) received in the merger or Change of Control by holders of Common Stock for each share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or Change of Control is not solely common stock of the successor corporation or its parent, the Board or Compensation Committee may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Stock Right, for each share of Common Stock subject to the Stock Right, to be solely common stock of the successor corporation or its

parent equal in Fair Market Value to the per share consideration received by holders of Common Stock in the merger or Change of Control.

(d) Notwithstanding the foregoing, any adjustments made pursuant to Section 14(a), (b) or (c) with respect to ISOs shall be made only after the Board or Compensation Committee, after consulting with counsel for the Company, determines whether such adjustments would constitute a “modification” of such ISOs (as that term is defined in Section 424(h) of the Code) or would cause any adverse tax consequences for the holders of such ISOs. If the Board or Compensation Committee determines that such adjustments made with respect to ISOs would constitute a modification of such ISOs it may refrain from making such adjustments.

(e) No fractional shares shall be issued under the Plan and the optionee shall receive from the Company cash in lieu of such fractional shares.

15. Means of Exercising Stock Rights.

(a) An Option or SAR (or any part or installment thereof) shall be exercised by giving written notice to the Company at its principal office address. Such notice shall identify the Stock Right being exercised and specify the number of shares as to which such Stock Right is being exercised, accompanied by full payment of the exercise price therefor (to the extent it is exercisable in cash) either (i) in United States dollars by check or wire transfer; or (ii) at the discretion of the Board or Compensation Committee, through delivery of shares of Common Stock having a Fair Market Value equal as of the date of the exercise to the cash exercise price of the Stock Right or such other formula as may be approved by the Board or Compensation Committee; or (iii) at the discretion of the Board or Compensation Committee, by any combination of (i) and (ii) above. If the Board or Compensation Committee exercises its discretion to permit payment of the exercise price of an ISO by means of the methods set forth in clauses (ii) or (iii) of the preceding sentence, such discretion need not be exercised in writing at the time of the grant of the Stock Right in question. The holder of a Stock Right shall not have the rights of a shareholder with respect to the shares covered by his Stock Right until the date of issuance of a stock certificate to him for such shares. Except as expressly provided above in Section 14 with respect to changes in capitalization and stock dividends, no adjustment shall be made for dividends or similar rights for which the record date is before the date such stock certificate is issued.

(b) Each notice of exercise shall, unless the shares of Common Stock are covered by a then current registration statement under the Securities Act, contain the holder’s acknowledgment in form and substance satisfactory to the Company that (i) such shares are being purchased for investment and not for distribution or resale (other than a distribution or resale which, in the opinion of counsel satisfactory to the Company, may be made without violating the registration provisions of the Securities Act), (ii) the holder has been advised and understands that (1) the shares have not been registered under the Securities Act and are “restricted securities” within the meaning of Rule 144 under the Securities Act and are subject to restrictions on transfer and (2) the Company is under no obligation to register the shares under the Securities Act or to take any action which would make available to the holder any exemption

from such registration, and (iii) such shares may not be transferred without compliance with all applicable federal and state securities laws. Notwithstanding the above, should the Company be advised by counsel that issuance of shares should be delayed pending registration under federal or state securities laws or the receipt of an opinion that an appropriate exemption therefrom is available, the Company may defer exercise of any Stock Right granted hereunder until either such event has occurred.

16. Term, Termination and Amendment.

(a) This Plan was adopted by the Board. This Plan may be approved by the Company's shareholders, which approval is required for ISOs.

(b) The Board may terminate the Plan at any time. Unless sooner terminated, the Plan shall terminate on September 6, 2028 or 10 years from the date the Board adopts the Plan. No Stock Rights may be granted under the Plan once the Plan is terminated. Termination of the Plan shall not impair rights and obligations under any Stock Right granted while the Plan is in effect, except with the written consent of the grantee.

(c) The Board at any time, and from time to time, may amend the Plan. Provided, however, except as provided in Section 14 relating to adjustments in Common Stock, no amendment shall be effective unless approved by the shareholders of the Company to the extent (i) shareholder approval is necessary to satisfy the requirements of Section 422 of the Code or (ii) required by the rules of the principal national securities exchange or trading market upon which the Company's Common Stock trades. Rights under any Stock Rights granted before amendment of the Plan shall not be impaired by any amendment of the Plan, except with the written consent of the grantee.

(d) The Board at any time, and from time to time, may amend the terms of any one or more Stock Rights; provided, however, that the rights under the Stock Right shall not be impaired by any such amendment, except with the written consent of the grantee.

17. Conversion of ISOs into Non-Qualified Options; Termination of ISOs. The Board or Compensation Committee, at the written request of any optionee, may in its discretion take such actions as may be necessary to convert such optionee's ISOs (or any installments or portions of installments thereof) that have not been exercised on the date of conversion into Non-Qualified Options at any time prior to the expiration of such ISOs, regardless of whether the optionee is an employee of the Company or a Related Corporation at the time of such conversion. Provided, however, the Board or Compensation Committee shall not reprice the Options or extend the exercise period or reduce the exercise price of the appropriate installments of such Options without the approval of the Company's shareholders. At the time of such conversion, the Board or Compensation Committee (with the consent of the optionee) may impose such conditions on the exercise of the resulting Non-Qualified Options as the Board or Compensation Committee in its discretion may determine, provided that such conditions shall not be inconsistent with this Plan. Nothing in the Plan shall be deemed to give any optionee the right to have such optionee's ISOs converted into Non-Qualified Options, and no such conversion shall

occur until and unless the Board or Compensation Committee takes appropriate action. The Compensation Committee, with the consent of the optionee, may also terminate any portion of any ISO that has not been exercised at the time of such termination.

18. Application of Funds. The proceeds received by the Company from the sale of shares pursuant to Options or SARS (if cash settled) granted under the Plan shall be used for general corporate purposes.

19. Governmental Regulations. The Company's obligation to sell and deliver shares of the Common Stock under this Plan is subject to the approval of any governmental authority required in connection with the authorization, issuance or sale of such shares.

20. Withholding of Additional Income Taxes. In connection with the granting, exercise or vesting of a Stock Right or the making of a Disqualifying Disposition the Company, in accordance with Section 3402(a) of the Code, may require the optionee to pay additional withholding taxes in respect of the amount that is considered compensation includable in such person's gross income.

To the extent that the Company is required to withhold taxes for federal income tax purposes as provided above, if any optionee may elect to satisfy such withholding requirement by (i) paying the amount of the required withholding tax to the Company; (ii) delivering to the Company shares of its Common Stock (including shares of Restricted Stock) previously owned by the optionee; or (iii) having the Company retain a portion of the shares covered by an Option exercise. The number of shares to be delivered to or withheld by the Company times the Fair Market Value of such shares or such other formula as may be approved by the Board or Compensation Committee pursuant to the Plan shall equal the cash required to be withheld.

21. Notice to the Company of Disqualifying Disposition. Each employee who receives an ISO must agree to notify the Company in writing immediately after the employee makes a Disqualifying Disposition of any Common Stock acquired pursuant to the exercise of an ISO. If the employee has died before such stock is sold, the holding periods requirements of the Disqualifying Disposition do not apply and no Disqualifying Disposition can occur thereafter.

22. Continued Employment. The grant of a Stock Right pursuant to the Plan shall not be construed to imply or to constitute evidence of any agreement, express or implied, on the part of the Company or any Related Corporation to retain the grantee in the employ of the Company or a Related Corporation, as a member of the Company's Board or in any other capacity, whichever the case may be.

23. Governing Law; Construction. The validity and construction of the Plan and the instruments evidencing Stock Rights shall be governed by the laws of the Company's state of incorporation. In construing this Plan, the singular shall include the plural and the masculine gender shall include the feminine and neuter, unless the context otherwise requires.

24. (a) Forfeiture of Stock Rights Granted to Employees or Consultants. Notwithstanding any other provision of this Plan, and unless otherwise provided for in a Stock Rights Agreement, all vested or unvested Stock Rights granted to employees or consultants shall be immediately forfeited at the discretion of the Board if any of the following events occur:

(1) Termination of the relationship with the grantee for cause including, but not limited to, fraud, theft, dishonesty and violation of Company policy;

(2) Purchasing or selling securities of the Company in violation of the Company's insider trading guidelines then in effect;

(3) Breaching any duty of confidentiality including that required by the Company's insider trading guidelines then in effect;

(4) Competing with the Company;

(5) Being unavailable for consultation after leaving the Company's employment if such availability is a condition of any agreement between the Company and the grantee;

(6) Recruitment of Company personnel after termination of employment, whether such termination is voluntary or for cause;

(7) Failure to assign any invention or technology to the Company if such assignment is a condition of employment or any other agreements between the Company and the grantee; or

(8) A finding by the Board that the grantee has acted disloyally and/or against the interests of the Company.

(b) Forfeiture of Stock Rights Granted to Directors. Notwithstanding any other provision of this Plan, and unless otherwise provided for in a Stock Rights Agreement, all vested or unvested Stock Rights granted to directors shall be immediately forfeited at the discretion of the Board if any of the following events occur:

(1) Purchasing or selling securities of the Company in violation of the Company's insider trading guidelines then in effect;

(2) Breaching any duty of confidentiality including that required by the Company's insider trading guidelines then in effect;

(3) Competing with the Company;

(4) Recruitment of Company personnel after ceasing to be a director; or

(5) A finding by the Board that the grantee has acted disloyally and/or against the interests of the Company.

The Company may impose other forfeiture restrictions which are more or less restrictive and require a return of profits from the sale of Common Stock as part of said forfeiture provisions if such forfeiture provisions and/or return of provisions are contained in a Stock Rights Agreement.

(c) Profits on the Sale of Certain Shares; Redemption. If any of the events specified in Section 24(a) or (b) of the Plan occur within one year from the date the grantee last performed services for the Company in the capacity for which the Stock Rights were granted (the "Termination Date") (or such longer period required by any written agreement), all profits earned from the sale of the Company's securities, including the sale of shares of Common Stock underlying the Stock Rights, during the two-year period commencing one year prior to the Termination Date shall be forfeited and immediately paid by the grantee to the Company. Further, in such event, the Company may at its option redeem shares of Common Stock acquired upon exercise of the Stock Right by payment of the exercise price to the grantee. To the extent that another written agreement with the Company extends the events in Section 24(a) or (b) beyond one year following the Termination Date, the two-year period shall be extended by an equal number of days. The Company's rights under this Section 24(c) do not lapse one year form the Termination Date but are contract rights subject to any appropriate statutory limitation period.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is entered into as of December 1, 2020 (the "Effective Date"), between Aspen Group, Inc., a Delaware corporation (the "Company"), and Robert Alessi (the "Executive").

WHEREAS, in its business, the Company has acquired and developed certain trade secrets, including, but not limited to, proprietary processes, sales methods and techniques, and other like confidential business and technical information, including but not limited to, technical information, design systems, pricing methods, pricing rates or discounts, processes, procedures, formulas, designs of computer software, or improvements, or any portion or phase thereof, whether patented, or not, or unpatentable, that is of any value whatsoever to the Company, as well as information relating to the Company's Services (as defined), information concerning proposed new Services, market feasibility studies, proposed or existing marketing techniques or plans (whether developed or produced by the Company or by any other person or entity for the Company), other Confidential Information, as defined in Section 9(a), and information about the Company's executives, officers, and directors, which necessarily will be communicated to the Executive by reason of his employment by the Company; and

WHEREAS, the Company has strong and legitimate business interests in preserving and protecting its investment in the Executive, its trade secrets and Confidential Information, and its substantial, significant, or key, relationships with vendors, and Students and Professors, each, as defined below, whether actual or prospective; and

WHEREAS, the Company desires to preserve and protect its legitimate business interests further by restricting competitive activities of the Executive during the term of this Agreement and for a reasonable time following the termination of this Agreement; and

WHEREAS, the Company desires to employ the Executive and to ensure the availability to the Company of the Executive's services, and the Executive is willing to accept such employment and render such services, all upon and subject to the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants set forth in this Agreement, and intending to be legally bound, the Company and the Executive agree as follows:

1. Representations and Warranties. The Executive hereby represents and warrants to the Company that he (i) is not subject to any non-solicitation or non-competition agreement affecting his employment with the Company, (ii) is not subject to any confidentiality or nonuse/nondisclosure agreement affecting his employment with the Company, and (iii) will bring to the Company no trade secrets, confidential business information, documents, or other personal property of a prior employer.

2. Term of Employment.

(a) Term. The Company hereby employs the Executive, and the Executive hereby accepts employment with the Company for a period of three years commencing as of the Effective Date (such period, as it may be extended or renewed, the "Term"), unless sooner terminated in accordance with the provisions of Section 6. The Term shall be automatically renewed for successive one-year terms unless notice of non-renewal is given by either party at least 30 days before the end of the Term.

(b) Continuing Effect. Notwithstanding any termination of this Agreement, at the end of the Term or otherwise, the provisions of Sections 6(e), 7, 8, 9, 10, 12, 15, 18, 19, and 22 shall remain in full force and effect and the provisions of Section 9 shall be binding upon the legal representatives, successors and assigns of the Executive.

3. Duties.

(a) General Duties. The Executive shall serve as the Chief Accounting Officer of the Company, with duties and responsibilities as provided on Exhibit A and as delegated by the Chief Financial Officer. The Executive shall report to the Company's Chief Financial Officer. The Executive shall also perform services for such subsidiaries of the Company as may be necessary. The Executive shall use his best efforts to perform his duties and discharge his responsibilities pursuant to this Agreement competently, carefully and faithfully. In determining whether or not the Executive has used his best efforts hereunder, the Executive's and the Company's delegation of authority and all surrounding circumstances shall be taken into account and the best efforts of the Executive shall not be judged solely on the Company's earnings or other results of the Executive's performance, except as specifically provided to the contrary by this Agreement. The Executive shall, if requested, also serve as an officer or director of any affiliate of the Company for no additional compensation.

(b) Devotion of Time. Subject to the last sentence of this Section 3(b), the Executive shall devote such time, attention and energies to the affairs of the Company and its subsidiaries and affiliates as are necessary to perform his duties and responsibilities pursuant to this Agreement. The Executive shall not enter the employ of or serve as a consultant to, or in any way perform any professional financial-related services with or without compensation to, any other persons, business, or organization, without the prior consent of the Board. Notwithstanding the above, the Executive shall be permitted to devote a limited amount of his time, to professional, charitable or similar organizations, including, but not limited to, serving as a non-executive director or an advisor to a board member, or committee member of any company or organization provided that such activities do not interfere with, or otherwise create a conflict with, the Executive's performance of his duties and responsibilities as provided hereunder.

(c) Location of Office. The Executive's principal business office shall be in New York. However, the Executive's job responsibilities shall include all business travel necessary for the performance of his job including travel to the Company's offices located in

Colorado, Arizona, California and any other location in which the Company may in the future establish an office.

(d) Adherence to Inside Information Policies. The Executive acknowledges that the Company is publicly-held and, as a result, has reviewed and will abide by the company's current inside information policies designed to preclude its executives and those of its subsidiaries from violating the federal securities laws by trading on material, non-public information or passing such information on to others in breach of any duty owed to the Company, or any third party. The Executive shall promote these policies internally and promptly execute any agreements generally distributed by the Company to its employees requiring such employees to abide by its inside information policies.

4. Compensation and Expenses.

(a) Salary and Equity. For the services of the Executive to be rendered under this Agreement, the Company shall pay the Executive an annual salary of $250,000 (the "Base Salary"), less such deductions as shall be required to be withheld by applicable law and regulations payable in accordance with the Company's customary payroll practices. The Executive's Base Salary shall be reviewed at least annually by the Board and the Board may, but shall not be required to, increase the Base Salary during the Term. However, the Executive's Base Salary may not be decreased during the Term. In addition, the Company shall grant the Executive 15,000 restricted stock units per year, initially on the Effective Date and subsequently on each of December 1, 2021 and 2022,subject to continued employment as of such future dates, as applicable . . . The restricted stock units (i) shall be granted under the 2018 Equity Incentive Plan or any other Equity Incentive Plan in effect at the time of the grant, and (ii) shall vest in equal annual increments over a three-year period with the first vesting date one-year from the Effective Date, subject to continued employment on each applicable vesting date, execution of the Company's standard Restricted Stock Unit Agreement, and to acceleration per Section 6 hereof.

(b) Target Bonus. For each fiscal year during the Term beginning May 1st and ending April 30th of the applicable fiscal year (which shall include the fiscal year ending April 30, 2021), the Executive shall have the opportunity to earn a bonus up to Twenty percent (20%) of his then Base Salary (the "Target Bonus") as follows:

1) The Target Bonus shall be earned based upon meeting three performance targets established by the Chief Financial Officer for each fiscal year. Upon meeting two of the three performance measures 67% of the bonus will be earned and paid. Upon meeting all three performance measures the entire annual bonus will be earned and paid The bonus will be paid at the same time as the Company pays other management bonuses in July following each of the fiscal years ending April 30, 2021, 2022 and 2023.

Provided, however, that the earning of the Target Bonus is subject to the Company having at least $2,000,000 in available cash as of the last day of an applicable fiscal year after deducting the Target Bonus paid to all executive officers of the Company or its subsidiaries under the same Target Bonus formula pursuant to such executives' employment agreements (the "Cash Threshold") and the Executive continuing to provide services under this Agreement on the applicable Target Bonus determination date. If the Company is unable to pay the Target Bonus as a result of not meeting the Cash Threshold, no Target Bonus will be earned for that fiscal year. In meeting the $2,000,000 cash requirement referred to above, the Company shall deduct all borrowings including under any secured line of credit (the "Credit Line") which were made within three months of the end of any applicable fiscal year unless the borrowings were attributable to paying ongoing operating expenses then due or which are expected to become due and for which, based on internal forecasts will not be paid by expected cash flow, within three months from the end of a fiscal year (the "Operating Expenses"). To the extent borrowings were used to pay such Operating Expenses, they shall not be used in calculating the required cash amount. Any amount of Operating Expenses which is less than the recent borrowings shall be added to the required cash amount. By way of example, assume that the Company has borrowed $200,000 under the Credit Line in the past three months prior to the fiscal year end (which if it is April 30 would be February 1 through April 30) which is A and that due to expansion of the Scottsdale office, its payroll expenses will increase by $150,000 over the next three months which is B. The formula is A minus B equals C or the amount added to the required cash balance. Accordingly, in this example C is $50,000 which would be added to the required cash balance on the last day of the fiscal year. To receive the Target Bonus the amount of cash should be at least $2,050,000. In the event that the Company changes its fiscal year, for any partial fiscal years the EBITDA Threshold shall be which are proportionately adjusted. The Executive shall be eligible for the Target Bonuses without proration for the first fiscal year ending April 30, 2021.

(c) Expenses. In addition to any compensation received pursuant to this Section 4, the Company will reimburse or advance funds to the Executive for all reasonable documented travel (including travel expenses incurred by the Executive related to his travel to the Company's other offices), entertainment and miscellaneous expenses incurred in connection with the performance of his duties under this Agreement, provided that the Executive properly provides a written accounting of such expenses to the Company in accordance with the Company's practices. Such reimbursement or advances will be made in accordance with policies and procedures of the Company in effect from time to time relating to reimbursement of, or advances to, its executive officers.

5. Benefits.

(a) Paid Time Off. For each 12-month period during the Term, the Executive shall be entitled to four weeks of Paid Time Off without loss of compensation or other benefits to which he is entitled under this Agreement, to be taken at such times as the Executive may select and the affairs of the Company may permit. Any unused days will be carried over to the next 12 month period.

(b) Fringe Benefits and Perquisites. During the Term, the Executive shall be entitled to fringe benefits and perquisites consistent with the practices of the Company, and to the extent the Company provides similar benefits or perquisites (or both to similarly situated executives of the Company).

(c) Employee Benefits. During the Term, the Executive shall be entitled to participate in all employee benefit plans, practices and programs maintained by the Company, as in effect from time to time (collectively, "Employee Benefit Plans"), on a basis which is no less favorable than is provided to other similarly situated executives of the Company, to the extent consistent with applicable law and the terms of the applicable Employee Benefit Plans. The Company reserves the right to amend or cancel any Employee Benefit Plans at any time in its sole discretion, subject to the terms of such Employee Benefit Plan and applicable law. Notwithstanding the foregoing sentence, during the Term, the Company shall provide the Executive with health insurance covering the Executive and family dependents.

6. Termination.

(a) Death or Disability. Except as otherwise provided in this Agreement, this Agreement shall automatically terminate upon the death or disability of the Executive. For purposes of this Section 6(a), "disability" shall mean (i) the Executive is unable to engage in his customary duties by reason of any medically determinable physical or mental impairment that can be expected to result in death, or last for a continuous period of not less than 12 months; (ii) the Executive is, by reason of any medically determinable physical or mental impairment that can be expected to result in death, or last for continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company; or (iii) the Executive is determined to be totally disabled by the Social Security Administration. Any question as to the existence of a disability shall be determined by the written opinion of the Executive's regularly attending physician (or his guardian) (or the Social Security Administration, where applicable). In the event that the Executive's employment is terminated by reason of Executive's death or disability, the Company shall pay the following to the Executive or his personal representative: (i) any accrued but unpaid Base Salary for services rendered to the date of termination, (ii) accrued but unpaid expenses required to be reimbursed under this Agreement, (iii) any earned but unpaid bonuses for any prior period and his annual bonus prorated to date of termination (to the extent the Compensation Committee has set a formula and it can be calculated), and (v) all equity awards previously granted to the Executive under the Incentive Plan or similar plan shall thereupon become fully vested, and the Executive or his legally appointed guardian, as the case may be, shall have up to two years from the date of termination to exercise all such previously granted options, provided that in no event shall any option be exercisable beyond its term. The Executive (or his estate) shall receive the payments provided herein at such times as he would have received them if there was no death or disability. Additionally, if the Executive's employment is terminated because of disability, any benefits (except perquisites) to which the Executive may be entitled pursuant to Section 5(b) hereof shall continue to be paid or provided by the Company, as the case may be, for one year, subject to the terms of any applicable plan or

insurance contract and applicable law provided that such benefits are exempt from Section 409A of the Code by reason of Treasury Regulation 1.409A-1(a)(5) or otherwise. In the event all or a portion of the benefits to which the Executive was entitled pursuant to Section 5(b) hereof are subject to 409A of the Code, the Executive shall not be entitled to the benefits that are subject to Section 409A of the Code subsequent to the "applicable 2 ½ month period" (as such term is defined under Treasury Regulation Section 1.409A-1(b)(4)(i)(A)).

(b) Termination by the Company for Cause or by the Executive Without Good Reason. The Company may terminate the Executive's employment pursuant to the terms of this Agreement at any time for Cause (as defined below) by giving the Executive written notice of termination. Such termination shall become effective upon the giving of such notice. Upon any such termination for Cause, or in the event the Executive terminates his employment with the Company without Good Reason (as defined in Section 6(c)), then the Executive shall have no right to compensation, or reimbursement under Section 4, or to participate in any Executive benefit programs under Section 5, except as may otherwise be provided for by law, for any period subsequent to the effective date of termination. For purposes of this Agreement, "Cause" shall mean: (i) the Executive is convicted of, or pleads guilty or nolo contendere to, a felony; (ii) the Executive, in carrying out his duties hereunder, has acted with gross negligence or intentional misconduct resulting, in any case, in material harm to the Company; (iii) the Executive misappropriates Company funds or otherwise defrauds the Company including a material amount of money or property; (iv) the Executive breaches his fiduciary duty to the Company resulting in material profit to him, directly or indirectly; (v) the Executive materially breaches any agreement with the Company and fails to cure such breach within 10 days of receipt of notice, unless the act is incapable of being cured; (vi) the Executive breaches any provision of Section 8 or Section 9; (vii) the Executive becomes subject to a preliminary or permanent injunction issued by a United States District Court enjoining the Executive from violating any securities law administered or regulated by the Securities and Exchange Commission; (viii) the Executive becomes subject to a cease and desist order or other order issued by the Securities and Exchange Commission after an opportunity for a hearing; (ix) the Executive refuses to carry out a resolution adopted by the Company's Board at a meeting in which the Executive was offered a reasonable opportunity to argue that the resolution should not be adopted; or (x) the Executive abuses alcohol or drugs in a manner that interferes with the successful performance of his duties.

(c) Termination by the Company Without Cause, Termination by Executive for Good Reason or Automatic Termination Upon a Change of Control or at the end of a Term after the Company provides notice of Non-Renewal.

(i)This Agreement may be terminated: (i) by the Executive for Good Reason (as defined below), (ii) by the Company without Cause, (iii) upon any Change of Control event as defined in Treasury Regulation Section 1.409A-3(i)(5) provided, that, within six months of the Change of Control event (A) the Company terminates the Executive's employment, (B) ithe Company fails to obtain an agreement from any successor to the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no Change of Control Event had taken place, (C) the Company or successor changes his title as Chief Accounting Officer, or (D) the Executive terminates his

employment or (iv) at the end of a Term after the Company provides the Executive with notice of non-renewal.

(ii)In the event this Agreement is terminated by the Executive for Good Reason or by the Company without Cause, the Executive shall be entitled to the following:

(1) any accrued but unpaid Base Salary for services rendered to the date of termination;

(2) any accrued but unpaid expenses required to be reimbursed under this Agreement;

(3) a payment equal to six months of the then Base Salary ("Severance Amount");

(4) the Executive or his legally appointed guardian, as the case may be, shall have up to one year from the date of termination to exercise all such previously granted options, provided that in no event shall any option be exercisable beyond its Term;

(5) all equity awards previously granted to the Executive under the Incentive Plan or similar plan shall thereupon become fully vested; and

(6) any benefits (except perquisites) to which the Executive was entitled pursuant to Section 5(b) hereof shall continue to be paid or provided by the Company, as the case may be, for six months, subject to the terms of any applicable plan or insurance contract and applicable law provided that such benefits are exempt from Section 409A of the Code by reason of Treasury Regulation 1.409A-1(a)(5) or otherwise. In the event all or a portion of the benefits to which the Executive was entitled pursuant to Section 5(b) hereof are subject to 409A of the Code, the Executive shall not be entitled to the benefits that are subject to Section 409A of the Code subsequent to the "applicable 2 ½ month period" (as such term is defined under Treasury Regulation Section 1.409A-1(b)(4)(i)(A)).

(iii)In the event of a Change of Control during the Term, the Executive, subject to the termination of employment or change in title as outlined in Section 6(c)(1), shall be entitled to receive each of the provisions of Section 6(c)(2)(A) – (F) above except that (i) the Severance Amount shall equal to 12 months of the then Base Salary; (ii) the Executive shall receive 100% of the existing Target Bonus, if any, for that fiscal year; (iii) the benefits under Section 6(c)(2)(F) shall continue for an 12 month period provided that such benefits are exempt from Section 409A of the Code by reason of Treasury Regulation 1.409A-1(a)(5) or otherwise. In the event all or a portion of the benefits under Section 6(c)(2)(F) are subject to 409A of the Code, the Executive shall not be entitled to the benefits that are subject to Section 409A of the Code subsequent to the "applicable 2 ½ month period" (as such term is defined under Treasury Regulation Section 1.409A-1(b)(4)(i)(A)).

(iv)In the event this Agreement is terminated at the end of a Term after the Company provides the Executive with notice of non-renewal and the Executive remains employed until the end of the Term, the Executive shall be entitled to the following:

(1) any accrued but unpaid Base Salary for services rendered to the date of termination;

(2) any accrued but unpaid expenses required to be reimbursed under this Agreement;

(3) a Severance Amount equal to six months of the then Base Salary;

(4) all equity awards previously granted to the Executive under the Equity Incentive Plan or similar plan shall become fully vested;

(5) the Executive or his legally appointed guardian, as the case may be, shall have up to two years from the date of termination to exercise all such previously granted options, provided that in no event shall any option be exercisable beyond its Term; and

(6) any benefits (except perquisites) to which the Executive was entitled pursuant to Section 5(b) hereof shall continue to be paid or provided by the Company, as the case may be, for six months, subject to the terms of any applicable plan or insurance contract and applicable law provided that such benefits are exempt from Section 409A of the Code by reason of Treasury Regulation 1.409A-1(a)(5) or otherwise. In the event all or a portion of the benefits to which the Executive was entitled pursuant to Section 5(b) hereof are subject to 409A of the Code, the Executive shall not be entitled to the benefits that are subject to Section 409A of the Code subsequent to the "applicable 2 ½ month period" (as such term is defined under Treasury Regulation Section 1.409A-1(b)(4)(i)(A)).

Provided, however, that the Executive shall only be entitled to receive each of the provisions of this Section 6(c)(4)(A)-(F) if the Executive is willing and able (i) to execute a new agreement providing terms and conditions substantially similar to those in this Agreement and (ii) to continue providing such services, and therefore, the Company's non-renewal of the Term will be considered an "involuntary separation from service" within the meaning of Treasury Regulation Section 1.409A-1(n).

(v)In the event of a termination for Good Reason, without Cause, or non-renewal by the Company, the payment of the Severance Amount shall be made at the same times as the Company pays compensation to its employees over the applicable monthly period and any other payments owed under Section 6(c) shall be promptly paid. Provided, however, that any balance of the Severance Amount remaining due on the "applicable 2 ½ month period" (as such

term is defined under Treasury Regulation Section 1.409A-1(b)(4)(i)(A)) after the end of the tax year in which the Executive's employment is terminated or the Term ends shall be paid on the last day of the applicable 2½ month period. The payment of the Severance Amount and the acceleration of vesting shall be conditioned on the Executive signing an Agreement and General Release (in the form which is attached as Exhibit B) which releases the Company or any of its affiliates (including its officers, directors and their affiliates) from any liability under this Agreement or related to the Executive's employment with the Company provided that (x) the payment of the Severance Amount is made on or before the 90th day following the Executive's termination of employment; (y) such Agreement and General Release is executed by the Executive, submitted to the Company, and the statutory period during which the Executive is entitled to revoke the Agreement and General Release under applicable law has expired on or before that 90th day; and (z) in the event that the 90 day period begins in one taxable year and ends in a second taxable year, then the payment of the Severance Amount shall be made in the second taxable year. Upon any Change of Control event, all payments owed under Section 6(c)(3) shall be paid immediately.

(vi)The term "Good Reason" shall mean: (i) a material diminution in the Executive's authority, duties or responsibilities due to no fault of the Executive other than temporarily while the Executive is physically or mentally incapacitated or as required by applicable law; (ii) the Company no longer maintains or operates an office in the New York Metro Area; (iii) the Company requires the Executive to change his principal business office as defined in Section 3(c) to a location other than the New York Metro Area, (iv) a change in Executive's overall compensation or bonus structure such that his overall compensation is materially diminished; or (v) any other action or inaction that constitutes a material breach by the Company under this Agreement. Prior to the Executive terminating his employment with the Company for Good Reason, the Executive must provide written notice to the Company, within 30 days following the Executive's initial awareness of the existence of such condition, that such Good Reason exists and setting forth in detail the grounds the Executive believes constitutes Good Reason. If the Company does not cure the condition(s) constituting Good Reason within 30 days following receipt of such notice, then the Executive's employment shall be deemed terminated for Good Reason.

(d) Any termination made by the Company under this Agreement shall be approved by the Board.

(e) Upon (1) voluntary or involuntary termination of the Executive's employment or (2) the Company's request at any time during the Executive's employment (provided it does not interfere with his ability to perform his duties and responsibilities hereunder), the Executive shall (i) provide or return to the Company any and all Company property, including keys, key cards, access cards, security devices, employer credit cards, network access devices, computers, cell phones, smartphones, manuals, work product, thumb drives or other removable information storage devices, and hard drives, and all Company documents and materials belonging to the Company and stored in any fashion, including but not limited to those that constitute or contain any Confidential Information or work product, that are in the possession or control of the Executive, whether they were provided to the Executive by the Company or any of its business associates or created by the Executive in connection with his

employment by the Company; and (ii) delete or destroy all copies of any such documents and materials not returned to the Company that remain in the Executive's possession or control, including those stored on any non-Company devices, networks, storage locations and media in the Executive's possession or control.

7. Indemnification. As provided in an Indemnification Agreement which the Company and the Executive have previously entered into, the Company shall indemnify the Executive, to the maximum extent permitted by applicable law, against all costs, charges and expenses incurred or sustained by him in connection with any claim, action, suit or proceeding to which he may be made a party by reason of him being an officer, director or employee of the Company or of any subsidiary or affiliate of the Company. The Company shall provide, at its expense, directors and officers insurance for the Executive in amounts and for a term consistent with industry standards.

8. Non-Competition Agreement.

(a) Competition with the Company. Until termination of his employment and for a period of one year commencing on the date of termination, the Executive (individually or in association with, or as a shareholder, director, officer, consultant, employee, partner, joint venturer, manager, member, or otherwise, of or through any person, firm, corporation, partnership, limited liability company, association or other entity) shall not, directly or indirectly, act as an employee or officer (or comparable position) of, owning an interest in, or providing Services as defined in Section 9(a) for a direct competitor (either now or in the future) of the Company (any, a "Competitor").

(b) Solicitation of Employees or Professors. During the period in which the provision of Section 8(a) shall be in effect, the Executive agrees that he shall not, directly or indirectly, request, recommend or advise any employee or Professor of the Company to terminate his or her employment with the Company, for the purposes of providing services for a Competitor, or solicit for employment or recommend to any third party the solicitation for employment of any individual who was employed by the Company or any of its subsidiaries and affiliates at any time during the one year period preceding the Executive's termination of employment. For purposes of this Agreement, the word (i) "Professor" refers to any person engaged in the teaching of Students (without regard to actual title) at Aspen University Inc. or other school owned, directly or indirectly, by the Company and (ii) "Students" means any person who was enrolled as a student at Aspen University Inc. or other school owned, directly or indirectly, by the Company.

(c) Non-disparagement. The Executive agrees that, after the end of his employment, he will refrain from making, in writing or orally, any unfavorable comments about the Company, its operations, policies, or procedures that would be likely to injure the Company's reputation or business prospects; provided, however, that nothing herein shall preclude the Executive from responding truthfully to a lawful subpoena or other compulsory legal process or from providing truthful information otherwise required by law.

(d) No Payment. The Executive acknowledges and agrees that no separate or additional payment will be required to be made to him in consideration of his undertakings in this Section 8, and confirms he has received adequate consideration for such undertakings.

(e) References. References to the Company in this Section 8 shall include the Company's subsidiaries and affiliates.

9. Non-Disclosure of Confidential Information.

(a) Confidential Information. For purposes of this Agreement, "Confidential Information" includes, but is not limited to, trade secrets, processes, policies, procedures, techniques, designs, drawings, know-how, show-how, technical information, specifications, computer software and source code, information and data relating to the development, research, testing, costs, marketing, and uses of the Services (as defined herein), the Company's budgets and strategic plans, and the identity and special needs of Students or Professors, vendors, and suppliers, subjects and databases, data, and all technology relating to the Company's businesses, systems, methods of operation, and Student and/or Professor lists, Student and/or Professor information, solicitation leads, marketing and advertising materials, methods and manuals and forms, all of which pertain to the activities or operations of the Company, the names, home addresses and all telephone numbers and e-mail addresses of the Company's directors, employees, officers, executives, former executives, Students and/or former Students or Professors and/or former Professors. In addition, Confidential Information also includes the names of Students and Professors and the identity of and telephone numbers, e-mail addresses and other addresses of Students or Professors who are the persons with whom the Company's executives, officers, employees, and agents communicate in the ordinary course of business. Confidential Information also includes, without limitation, Confidential Information received from the Company's subsidiaries and affiliates. For purposes of this Agreement, the following will not constitute Confidential Information (i) information which is or subsequently becomes generally available to the public through no act or fault of the Executive, (ii) information set forth in the written records of the Executive prior to disclosure to the Executive by or on behalf of the Company which information is given to the Company in writing as of or prior to the date of this Agreement, and (iii) information which is lawfully obtained by the Executive in writing from a third party (excluding any affiliates of the Executive) who lawfully acquired the confidential information and who did not acquire such confidential information or trade secret, directly or indirectly, from the Executive or the Company or its subsidiaries or affiliates and who has not breached any duty of confidentiality. As used herein, the term "Services" shall include all services offered for sale and marketed by the Company during the Term, which as of the Effective Date consist of operating a for profit online university in compliance with all applicable regulatory requirements. Services also includes any other services which the Company has taken concrete steps to offer for sale, but has not yet commenced selling or marketing, during or prior to the Term. Services also include any services disclosed in the Company's latest Form 10-K, Form 10-Q and/or Form S-1 or S-3 (or successor form) filed with the SEC.

(b) Legitimate Business Interests. The Executive recognizes that the Company has legitimate business interests to protect and as a consequence, the Executive agrees to the restrictions contained in this Agreement because they further the Company's legitimate business interests. These legitimate business interests include, but are not limited to (i) trade secrets; (ii) valuable confidential business, technical, and/or professional information that otherwise may not qualify as trade secrets, including, but not limited to, all Confidential Information; (iii) substantial, significant, or key relationships with specific prospective or existing Students or Professors, vendors or suppliers; (iv) Student goodwill associated with the Company's business; and (v) specialized training relating to the Company's technology, Services, methods, operations and procedures. Notwithstanding the foregoing, nothing in this Section 9(b) shall be construed to impose restrictions greater than those imposed by other provisions of this Agreement.

(c) Confidentiality. During the Term of this Agreement and following termination of employment, for any reason, the Confidential Information shall be held by the Executive in the strictest confidence and shall not, without the prior express written consent of the Company, be disclosed to any person other than in connection with the Executive's employment by the Company. The Executive further acknowledges that such Confidential Information as is acquired and used by the Company or its subsidiaries or affiliates is a special, valuable and unique asset. The Executive shall exercise all due and diligent precautions to protect the integrity of the Company's Confidential Information and to keep it confidential whether it is in written form, on electronic media, oral, or otherwise. The Executive shall not copy any Confidential Information except to the extent necessary to his employment nor remove any Confidential Information or copies thereof from the Company's premises except to the extent necessary to his employment. All records, files, materials and other Confidential Information obtained by the Executive in the course of his employment with the Company are confidential and proprietary and shall remain the exclusive property of the Company. The Executive shall not, except in connection with and as required by his performance of his duties under this Agreement, for any reason use for his own benefit or the benefit of any person or entity other than the Company or disclose any such Confidential Information to any person, firm, corporation, association or other entity for any reason or purpose whatsoever without the prior express written consent of an executive officer of the Company (excluding the Executive).

(d) References. References to the Company in this Section 9 shall include the Company's subsidiaries and affiliates.

(e) Whistleblowing. Nothing contained in this Agreement shall be construed to prevent the Executive from reporting any act or failure to act to the SEC or other governmental body or prevent the Executive from obtaining a fee as a "whistleblower" under Rule 21F-17(a) under the Securities Exchange Act of 1934 or other rules or regulations implemented under the Dodd-Frank Wall Street Reform Act and Consumer Protection Act.

(f) Notice of Immunity Under the Economic Espionage Act of 1996, as amended by the Defend Trade Secrets Act of 2016 ("DTSA"). Notwithstanding any other provision of this Agreement:

(i) The Executive will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that:

(A) is made (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or

(B) is made in a complaint or other document filed under seal in a lawsuit or other proceeding.

(ii) If the Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Executive may disclose the Company's trade secrets to the Executive's attorney and use the trade secret information in the court proceeding if the Executive:

(A) files any document containing trade secrets under seal; and

(B) does not disclose trade secrets, except pursuant to court order.

10. Equitable Relief.

(a) The Company and the Executive recognize that the services to be rendered under this Agreement by the Executive are special, unique and of extraordinary character, and that in the event of the breach by the Executive of the terms and conditions of this Agreement or if the Executive, without the prior express consent of the Board, shall take any action in violation of Section 8 and/or Section 9, the Company shall be entitled to institute and prosecute proceedings in any court of competent jurisdiction referred to in Section 10(b) below, to enjoin the Executive from breaching the provisions of Section 8 and/or Section 9.

(b) Any action arising from or under this Agreement must be commenced only in the appropriate state or federal court located in New York County, New York. The Executive and the Company irrevocably and unconditionally submit to the exclusive jurisdiction of such courts and agree to take any and all future action necessary to submit to the jurisdiction of such courts. The Executive and the Company irrevocably waive any objection that they now have or hereafter may have to the laying of venue of any suit, action or proceeding brought in any such court and further irrevocably waive any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Final judgment against the Executive or the Company in any such suit shall be conclusive and may be enforced in other jurisdictions by suit on the judgment, a certified or true copy of which shall be conclusive evidence of the fact and the amount of any liability of the Executive or the Company therein described, or by appropriate proceedings under any applicable treaty or otherwise.

11. Conflicts of Interest. While employed by the Company, the Executive shall not, unless approved by the Compensation Committee, directly or indirectly:

(a) participate as an individual in any way in the benefits of transactions with any of the Company's vendors, Students, or Professors, including, without limitation, having a financial interest in the Company's vendors, Students, or Professors, or making loans to, or receiving loans, from, the Company's suppliers, vendors, Students, or Professors;

(b) realize a personal gain or advantage from a transaction in which the Company has an interest or use information obtained in connection with the Executive's employment with the Company for the Executive's personal advantage or gain; or

(c) accept any offer to serve as an officer, director, partner, consultant, manager with, or to be employed in a professional, medical, technical, or managerial capacity by, a person or entity which does business with the Company.

12. Inventions, Ideas, Processes, and Designs. All inventions, ideas, processes, programs, software, and designs (including all improvements) (i) conceived or made by the Executive during the course of his employment with the Company (whether or not actually conceived during regular business hours) and for a period of six months subsequent to the termination (whether by expiration of the Term or otherwise) of such employment with the Company, and (ii) related to the business of the Company, shall be disclosed in writing promptly to the Company and shall be the sole and exclusive property of the Company, and the Executive hereby assigns any such inventions to the Company. An invention, idea, process, program, software, or design (including an improvement) shall be deemed related to the business of the Company if (a) it was made with the Company's funds, personnel, equipment, supplies, facilities, or Confidential Information, (b) results from work performed by the Executive for the Company, or (c) pertains to the current business or demonstrably anticipated research or development work of the Company. The Executive shall cooperate with the Company and its attorneys in the preparation of patent and copyright applications for such developments and, upon request, shall promptly assign all such inventions, ideas, processes, and designs to the Company. The decision to file for patent or copyright protection or to maintain such development as a trade secret, or otherwise, shall be in the sole discretion of the Company, and the Executive shall be bound by such decision. The Executive hereby irrevocably assigns to the Company, for no additional consideration, the Executive's entire right, title and interest in and to all work product and intellectual property rights, including the right to sue, counterclaim and recover for all past, present and future infringement, misappropriation or dilution thereof, and all rights corresponding thereto throughout the world. Nothing contained in this Agreement shall be construed to reduce or limit the Company's rights, title or interest in any work product or intellectual property rights so as to be less in any respect than the Company would have had in the absence of this Agreement. If applicable, the Executive shall provide as a schedule to this Agreement, a complete list of all inventions, ideas, processes, and designs, if any, patented or unpatented, copyrighted or otherwise, or non-copyrighted, including a brief description, which he made or conceived prior to his employment with the Company and which therefore are excluded from the scope of this Agreement. References to the Company in this Section 12 shall include the Company, its subsidiaries and affiliates.

13. Indebtedness. If, during the course of the Executive's employment under this Agreement, the Executive becomes indebted to the Company for any reason, the Company may, if it so elects, and if permitted by applicable law, set off any sum due to the Company from the Executive and collect any remaining balance from the Executive unless the Executive has entered into a written agreement with the Company.

14. Assignability. The rights and obligations of the Company under this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Company, provided that such successor or assign shall acquire all or substantially all of the securities or assets and business of the Company. The Executive's obligations hereunder may not be assigned or alienated and any attempt to do so by the Executive will be void.

15. Severability.

(a) The Executive expressly agrees that the character, duration and geographical scope of the non-competition provisions set forth in this Agreement are reasonable in light of the circumstances as they exist on the date hereof. Should a decision, however, be made at a later date by a court of competent jurisdiction that the character, duration or geographical scope of such provisions is unreasonable, then it is the intention and the agreement of the Executive and the Company that this Agreement shall be construed by the court in such a manner as to impose only those restrictions on the Executive's conduct that are reasonable in the light of the circumstances and as are necessary to assure to the Company the benefits of this Agreement. If, in any judicial proceeding, a court shall refuse to enforce all of the separate covenants deemed included herein because taken together they are more extensive than necessary to assure to the Company the intended benefits of this Agreement, it is expressly understood and agreed by the parties hereto that the provisions of this Agreement that, if eliminated, would permit the remaining separate provisions to be enforced in such proceeding shall be deemed eliminated, for the purposes of such proceeding, from this Agreement.

(b) If any provision of this Agreement otherwise is deemed to be invalid or unenforceable or is prohibited by the laws of the state or jurisdiction where it is to be performed, this Agreement shall be considered divisible as to such provision and such provision shall be inoperative in such state or jurisdiction and shall not be part of the consideration moving from either of the parties to the other. The remaining provisions of this Agreement shall be valid and binding and of like effect as though such provisions were not included.

16. Notices and Addresses. All notices, offers, acceptance and any other acts under this Agreement (except payment) shall be in writing, and shall be sufficiently given if delivered to the addressees in person, by FedEx or similar receipted delivery, or next business day delivery to the addresses detailed below (or to such other address, as either of them, by notice to the other may designate from time to time), or by e-mail delivery (in which event a copy shall immediately be sent by FedEx or similar receipted delivery), as follows:

To the Company: Michael Mathews
Chief Executive Officer

Aspen Group, Inc.
276 Fifth Avenue
New York, NY 10001
Email: ____________________

With a copy to: Nason, Yeager, Gerson Harris & Fumero, P.A.
Attn: Michael D. Harris, Esq.
3001 PGA Blvd., Suite 305
Palm Beach Gardens, Florida 33410
Email: ____________________

To the Executive:
Robert Alessi
____
____
Email: ______________

17. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

18. Attorneys' Fees. In the event that there is any controversy or claim arising out of or relating to this Agreement, or to the interpretation, breach or enforcement thereof, and any action or proceeding is commenced to enforce the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and expenses (including such fees and costs on appeal).

19. Governing Law. This Agreement shall be governed or interpreted according to the internal laws of the State of Delaware without regard to choice of law considerations and all claims relating to or arising out of this Agreement, or the breach thereof, whether sounding in contract, tort, or otherwise, shall also be governed by the laws of the State of Delaware without regard to choice of law considerations.

20. Entire Agreement. This Agreement constitutes the entire Agreement between the parties and supersedes all prior oral and written agreements between the parties hereto with respect to the subject matter hereof. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, except by a statement in writing signed by the party or parties against which enforcement or the change, waiver discharge or termination is sought.

21. Section and Paragraph Headings. The section and paragraph headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

22. Section 409A Compliance.

(a) This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), or an exemption thereunder. This Agreement shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Agreement to the contrary, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service (including a voluntary separation from service for good reason that is considered an involuntary separation for purposes of the separation pay exception under Treasury Regulation 1.409A-1(n)(2)) or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest, or other expenses that may be incurred by the Executive on account of non-compliance with Section 409A.

(b) Notwithstanding any other provision of this Agreement, if at the time of the Executive's termination of employment, the Executive is a specified employee", determined in accordance with Section 409A, any payments and benefits provided under this Agreement that constitute "nonqualified deferred compensation" subject to Section 409A (e.g., payments and benefits that do not qualify as a short-term deferral or as a separation pay exception) that are provided to the Executive on account of the Executive's separation from service shall not be paid until the first payroll date to occur following the six-month anniversary of the Executive's termination date ("Specified Employee Payment Date"). The aggregate amount of any payments that would otherwise have been made during such six-month period shall be paid in a lump sum on the Specified Employee Payment Date without interest and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule. If the Executive dies during the six-month period, any delayed payments shall be paid to the Executive's estate in a lump sum upon the Executive's death.

(c) To the extent required by Section 409A, each reimbursement or in-kind benefit provided under this Agreement shall be provided in accordance with the following:

(i)the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year;

(ii)any reimbursement of an eligible expense shall be paid to the Executive on or before the last day of the calendar year following the calendar year in which the expense was incurred; and

(iii)any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit.

(d) In the event the Company determines that the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code at the time of the Executive's separation from service, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement on account of the Executive's separation from service would be considered deferred compensation subject to Section 409A as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (i) six months and one day after the Executive's separation from service, or (ii) the Executive's death (the "Six Month Delay Rule").

(i)For purposes of this subparagraph, amounts payable under the Agreement should not provide for a deferral of compensation subject to Section 409A to the extent provided in Treasury Regulation Section 1.409A-1(b)(4) (e.g., short-term deferrals), Treasury Regulation Section 1.409A-1(b)(9) (e.g., separation pay plans, including the exception under subparagraph (iii)), and other applicable provisions of the Treasury Regulations.

(ii)To the extent that the Six Month Delay Rule applies to payments otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of the Six Month Delay Rule, and the balance of the installments shall be payable in accordance with their original schedule.

(iii)To the extent that the Six Month Delay Rule applies to the provision of benefits (including, but not limited to, life insurance and medical insurance), such benefit coverage shall nonetheless be provided to the Executive during the first six months following his separation from service (the "Six Month Period"), provided that, during such Six-Month Period, the Executive pays to the Company, on a monthly basis in advance, an amount equal to the Monthly Cost (as defined below) of such benefit coverage. The Company shall reimburse the Executive for any such payments made by the Executive in a lump sum not later than 30 days following the sixth month anniversary of the Executive's separation from service. For purposes of this subparagraph, "Monthly Cost" means the minimum dollar amount which, if paid by the Executive on a monthly basis in advance, results in the Executive not being required to recognize any federal income tax on receipt of the benefit coverage during the Six Month Period.

(e) The parties intend that this Agreement will be administered in accordance with Section 409A. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A. The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(f) The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A but do not satisfy an exemption from, or the conditions of, such Section.

[Signature Page To Follow]

IN WITNESS WHEREOF, the Company and the Executive have executed this Agreement as of the date and year first above written.

Aspen Group, Inc.

By:/s/ Michael Mathews__________
Michael Mathews,
Chief Executive Officer

Executive:

/s/ Robert Alessi_________________
Robert Alessi

Exhibit A
Duties

Chief Accounting Officer

Position Overview

Chief Accounting Officer (CAO) is responsible for managing all accounting functions, including preparation of financial statements and related disclosures, maintenance of an appropriate system of internal controls including cash control and cost control systems, and setting of and compliance with appropriate accounting policies. The CAO is also responsible for regulatory compliance and practices, including Sarbanes Oxley compliance. In addition, the CAO will collaborate with the CFO to develop financial strategies.

Key Responsibilities

- Ensure an accurate and timely monthly, quarterly and year end close; ensure the timely reporting of all monthly financial information.
- Perform or supervise month-end accounting activities such as reconciliations and journal entries.
- Assure that the Accounting department is operating effectively by evaluating performance against goals, improving processes and systems where necessary, cross-training staff to mitigate dependencies and developing the team.
- Direct the preparation of the financial section and related disclosures of 10K's and 10Q's and internal corporate and departmental financial statements and reports, in a timely and accurate manner
- Generate financial reports and statements to Managers for review.
- Analyze financial discrepancies and recommend effective resolutions.
- Monitor expenditures, analyze revenues and determine budget variances and report the same to management.
- Respond to accounting inquiries from management in a timely fashion.
- Manage Internal Control policies and compliance, as well as, insuring that accounting policies are in accordance with GAAP; periodically review and improve existing control processes
- Perform daily monitoring, reporting and maintenance of the Company's cash management system including forecasts of cash position
- Oversee the payroll and benefits function for all 500 employees. This include being the administrator of the Solium Shareworks stock option system, the Paychex payroll and 401k systems and other related systems. Responsible for the payment of all benefit payments.
- Ensure that all DOE filings are accurate and timely reported. Continue all financial aid interaction, including being the administrator for the Global Financial Aid system.
- Administer the Company's T&E and tracking compliance
- Insure compliance with federal, state and local regulations
- Supervise the timely and accurate entry, recording and payment of the Company's obligations through the accounts payable system
- Supervise, train, review and appraise the accounting staff
- Review federal, state and local income tax returns.

- Oversee the maintenance of accounting records to provide access when needed and compliance with record retention requirements
- Provide recommendations to the CFO regarding operations, reporting and other matters and for improving efficiencies and reducing costs
- Consult with Company officers and other department heads, providing them with information to assist them in their responsibilities
- Assists CFO in preparing budgets and reforecast updates as required. Participates in regular and special management meetings as necessary
- Prepare special reports as requested by the CEO or CFO
- Coordinate annual Financial Statement Audit with outside auditors to provide information and schedules in a timely and accurate manner.
- Coordinate with finance team to complete assigned accounting tasks within deadlines.
- Monitor and record financial transactions according to company policies and regulations.
- Review and recommend changes to existing accounting procedures.
- Manage strategic accounting and finance projects within the Accounting Department; track and report costs; take proactive measures to communicate issues on a timely basis.
- Monitors and analyzes department work to develop more efficient procedures and use of resources while maintaining a high level of accuracy.
- Participate in the development, implementation and maintenance of Accounting policies, internal controls, as well as short-and-long range planning.
- Achieve budget objectives by scheduling expenditures; analyzing variances; initiating corrective actions.
- Provide status of financial condition by collecting, interpreting, and reporting financial data and trends.
- Comply with federal, state, and local legal requirements by studying existing and new legislation; anticipating future legislation; enforcing adherence to requirements; filing financial reports; advising management on needed actions.
- Perform other duties as assigned.

Position based in: New York or a mutually agreeable location as the needs of the business require.
Reports to: CFO [Frank?]
Supervises: NY/AZ and Floridabased Accounting Staff. Also has functional management responsibility for subsidiary accounting staff.

Position Requirements:

- Bachelor's degree with a major in Accounting or Finance is required. CPA and/or advanced degree preferred.
- A minimum 15 years education industry with previous experience in accounting, banking or other similar fiscal work.
- Previous management experience in an office with fiscal responsibility, is required.
- Demonstrated ability to work accurately and effectively with computerized data systems.
- Ability to work with people of diverse backgrounds and promote a positive working environment, spirit of cooperation and positive reactions to change and conflict resolution.
- Previous experience managing finance and accounting functions;

- Understanding of tax regulations and compliance;
- Exceptional business acumen.

Successful characteristics and competencies:

- Highly motivated leader who is detail oriented, meticulous and possesses a high level of business insight and technical skills.
- Strong communication skills and the ability to influence and impact business results across teams.
- Collaborative and able to build consensus and lead meetings across cross-functional teams while challenging assumptions in a relevant way.
- Experience in budgeting, forecasting, reporting and analysis.
- Proven ability to gather and analyze large amounts of data at micro and macro level and summarize into key points to lead change and influence behaviors.

Exhibit B
General Release Agreement

TERMINATION AND RELEASE AGREEMENT

THIS TERMINATION AND RELEASE AGREEMENT (the "Agreement") is made and entered into as of ___________ __, 2019 (the "Effective Date"), by and between Robert Alessi (the "Executive") and Aspen Group, Inc. (the "Employer" or the "Company").

WHEREAS, the Executive was employed as the Chief Accounting Officer of the Employer;

WHEREAS, the Employee desires to resign as Chief Accounting Officer of the Employer and as an employee in order to pursue other interests;

WHEREAS, the parties wish to resolve all outstanding claims and disputes between them in an amicable manner;

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements set forth in this Agreement, the sufficiency of which the parties acknowledge, it is agreed as follows:

1. The Employee hereby resigns as the Chief Accounting Officer and as an employee of the Employer, and the Employer accepts the Employee's resignation, effective as of the Effective Date.

2. In consideration for the Executive's acknowledgments, representations, warranties, covenants, releases and agreements set forth in this Agreement, the Employer agrees to pay the Employee ____ months of his base salary, which equates to $_______, in equal payments of $________ (the "Payments"). All Payments shall be made in accordance with the Employer's customary twice-per-month payroll practices and shall be subject to withholding for all applicable federal, state, social security and other taxes. The Employee acknowledges that he would not otherwise be entitled to the Payments but for his promises in this Agreement.

3. As further consideration, the Employer also agrees to extend any current benefits that Executive previously elected to receive during his employment with Employer for a period of _______months.

4. During the above ___-month period in which the Payments are made to the Employee, the Employee agrees to be available to the Employer, its officers, directors, employees, attorneys, or agents, to assist with the transition of any projects of the Employer or to provide any information that the Employee may have knowledge regarding the Employer's business. The Employee may provide this information by telephone and/or email communication.

5. Nothing in this Agreement shall be construed as an admission of liability or wrongdoing by the Employer, its past and present affiliates, officers, directors, owners, executives, attorneys, or agents, and the Employer specifically disclaims liability to or wrongful treatment of the

Executive on the part of itself, its past and present affiliates, officers, directors, owners, employees, attorneys, and agents. Additionally, nothing in this Agreement shall be construed as an admission of liability or wrongdoing by the Executive and the Executive specifically disclaims liability to or wrongful acts directed at the Employer.

6. The Executive covenants not to sue, and fully and forever releases and discharges the Employer, its past and present affiliates, directors, officers, owners, executives and agents, as well as its successors and assigns from any and all legally waivable claims, liabilities, damages, demands, and causes of action or liabilities of any nature or kind, whether now known or unknown, arising out of or in any way connected with the Executive's employment with the Employer or the termination of that employment; provided, however, that nothing in this Agreement shall either waive any rights or claims of the Executive that arise after the Executive signs this Agreement or impair or preclude the Executive's right to take action to enforce the terms of this Agreement or impair or preclude the Executive's right to indemnification and defense against any third party claims arising out of Executive's employment by the Company. This release includes but is not limited to claims arising under federal, state or local laws prohibiting employment discrimination or relating to leave from employment, including but not limited to Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act, as amended, the Equal Pay Act and the Americans with Disabilities Act, as amended, the Family and Medical Leave Act, as amended, claims for attorneys' fees or costs, and any and all claims in contract, tort, or premised on any other legal theory. The Executive acknowledges that the Executive has been paid in full all compensation owed to the Executive by the Employer as a result of Executive's employment, except from compensation (if any) due through the Effective Date which shall be paid in the next regular payroll of the Company. The Employer and its directors, officers, and employees covenant not to sue, and fully and forever release and discharge the Executive, from any and all legally waivable claims from the beginning of time until the date of this Agreement, and from liabilities, damages, demands, and causes of action, attorney's fees, costs or liabilities of any nature or kind, whether now known or unknown, arising out of or in any way connected with the Executive's employment with the Employer.

7. The Executive represents that he has not filed any complaints or charges against the Employer with the Equal Employment Opportunity Commission, or with any other federal, state or local agency or court, and covenants that he will not seek to recover on any claim released in this Agreement.

8. The Executive agrees that he will not encourage or assist any of the Employer's employees to litigate claims or file administrative charges against the Employer or its past and present affiliates, officers, directors, owners, employees and agents, unless required to provide testimony or documents pursuant to a lawful subpoena or other compulsory legal process.

9. The Executive acknowledges that he is subject to non-compete and confidentiality provisions under that certain Employment Agreement between the Executive and the Employer dated December 1, 2019 (the "Employment Agreement").

10. The Executive acknowledges that he has been given at least 21 days to consider this Agreement and that he has seven days from the date he executes this Agreement in which to revoke it and that this Agreement will not be effective or enforceable until after the seven-day revocation period ends without revocation by the Executive. Revocation can be made by delivery of a written notice of revocation to Michael Mathews, Chief Executive Officer at the offices of the Employer, by midnight on or before the seventh calendar day after the Executive signs the Agreement.

11. The Executive acknowledges that he has been advised to consult with an attorney of his choice with regard to this Agreement. The Executive hereby acknowledges that he understands the significance of this Agreement, and represents that the terms of this Agreement are fully understood and voluntarily accepted by him.

12. The Employee and the Employer agree that except with respect to any ongoing duties of non-competition and non-solicitation imposed by the Company, neither he nor they, nor any of their agents or representatives will disclose, disseminate and/or publicize, or cause or permit to be disclosed, disseminated or publicized, the existence of this Agreement, any of the terms of this Agreement, or any claims or allegations which the Executive believes he or they could have made or asserted against one another, specifically or generally, to any person, corporation, association or governmental agency or other entity except: (i) to the extent necessary to obtain legal advice or to report income to appropriate taxing authorities; (ii) to the Employee's immediate family so long as such person agrees to be bound by the confidential nature of this Agreement (iii) in response to an order of a court of competent jurisdiction or subpoena issued under the authority thereof; (iv) in response to any inquiry or subpoena issued by a state or federal governmental agency; provided, however, that notice of receipt of such order or subpoena shall be emailed to Aspen Group, Inc. - attention Michael Mathews, _______________, and in the case of the Executive Robert Alessi, ________________, within 24 hours of the receipt of such order or subpoena, so that both Executive and Employer will have the opportunity to assert what rights they have to non-disclosure prior to any response to the order, inquiry or subpoena.

13. The Executive and Employer agree to refrain from disparaging or making any unfavorable comments, in writing or orally, about either party, and in the case of the Employer, about its management, its operations, policies, or procedures and in the case of the Executive, to prospective employers, those making inquiry as to the reasons for his separation from the Company or to any person, company or other business entity.

14. In the event of any lawsuit against the Employer that relates to alleged acts or omissions by the Executive during his employment with the Employer, the Executive agrees to cooperate with the Employer by voluntarily providing truthful and full information as reasonably necessary for the Employer to defend against such lawsuit. Provided, however, the Executive shall be entitled to receive reimbursement for expenses, including lost wages, incurred in assisting the Employer regarding any lawsuit.

15. Nothing contained in this Agreement shall be construed to prevent the Employee from reporting any act or failure to act to the Securities and Exchange Commission or other governmental body or prevent the Employee from obtaining a fee as a "whistleblower" under Rule 21F-17(a) under the Securities and Exchange Act of 1934 or other rules or regulations implemented under the Dodd-Frank Wall Street Reform Act and Consumer Protection Act.

16. This Agreement sets forth the entire agreement between the Executive and the Employer, and fully supersedes any and all prior agreements or understandings between them regarding its subject matter; provided, however, that nothing in this Agreement is intended to or shall be construed to modify, impair or terminate any obligation of the vest one year from the Transaction Date, subject to continued service as the Audit Committee Chairman of the Company as of the vesting date or the Employer pursuant to provisions of (i) the Employment Agreement that by their terms continues after the Executive's separation from the Employer's employment; or (ii) the Indemnification Agreement entered into between the Employer and Employee dated _______, ___, 2019. This Agreement may only be modified by written agreement signed by both parties.

17. The Employer and the Executive agree that in the event any provision of this Agreement is deemed to be invalid or unenforceable by any court or administrative agency of competent jurisdiction, or in the event that any provision cannot be modified so as to be valid and enforceable, then that provision shall be deemed severed from the Agreement and the remainder of the Agreement shall remain in full force and effect.

1. This Agreement shall be governed or interpreted according to the internal laws of the State of Delaware without regard to choice of law considerations and all claims relating to or arising out of this Agreement, or the breach thereof, whether sounding in contract, tort, or otherwise, shall also be governed by the laws of the State of Delaware without regard to choice of law considerations.

19. In the event that there is any controversy or claim arising out of or relating to this Agreement, or to the interpretation, breach or enforcement thereof, and any action or proceeding is commenced to enforce or contest the provisions of this Agreement, the prevailing party shall be entitled to a reasonable attorney's fee, costs and expenses.

20. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual, electronic or facsimile signature.

[Signature page follows]

PLEASE READ CAREFULLY. THIS AGREEMENT CONTAINS A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

ASPEN GROUP, INC.

By: ____________
Michael Mathews,
Chief Executive Officer

I have carefully read this Agreement and understand that it contains a release of known and unknown claims. I acknowledge and agree to all of the terms and conditions of this Agreement. I further acknowledge that I enter into this Agreement voluntarily with a full understanding of its terms.

____
Robert Alessi

Exhibit C
Indemnification Agreement

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (the "Agreement") is entered into as of this 1st day of December, 2019 (the "Effective Date"), by and between Aspen Group, Inc., a Delaware corporation (the "Company"), and Robert Alessi (the "Indemnitee") and replaces any and all Indemnification Agreements previously entered into between the Parties:

WHEREAS, competent and experienced persons may be reluctant to serve publicly-held corporations as directors, officers, or in other capacities unless they are provided with adequate protection through liability insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to the corporation;

WHEREAS, the board of directors of the Company (the "Board") has determined that the inability to attract and retain such persons would be detrimental to the best interests of the Company's shareholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, Section 145 of the Delaware General Corporation Law (the "DGCL") empowers the Company to indemnify its officers, directors, employees and agents by agreement and to indemnify persons who serve, at the request of the Company, as directors, officers, employees or agents of other corporations or enterprises;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, the Indemnitee is willing to serve as a director or officer of the Company;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the Company and the Indemnitee do hereby covenant and agree as follows:

1. Definitions. For purposes of this Agreement:

(a) "Act" means the Securities Exchange Act of 1934.

(b) "Beneficial Owner" means (as defined in Rule 13d-3 under the Act), any Person who directly or indirectly, owns securities of the Company representing 10% or more of the combined voting power of the Company's then outstanding securities.

(c) "Change of Control" means a change in control of the Company occurring after the Effective Date of a nature that would be required to be reported in response to Item 5.01 on Form 8-K (or in response to any similar item on any similar schedule or form) promulgated under the Act, whether or not the Company is then subject to such reporting requirement; provided, however, that, without limitation, such a Change of Control shall be deemed to have occurred after the Effective Date if a Person (as defined below) becomes the Beneficial Owner

without the prior approval of at least two-thirds of the directors in office immediately prior to such person attaining such percentage; (ii) the Company is a party to a merger, consolidation, sale of assets or other reorganization, or a proxy contest, as a consequence of which members of the Board in office immediately prior to such transaction or event constitute less than a majority of the Board thereafter; or (iii) during any period of two consecutive years, individuals who, at the beginning of such period, constituted the Board (including for this purpose, any new director whose election or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board.

(d) "Corporate Status" describes the status of a person who is or was a director, officer, employee, agent or fiduciary of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person is or was serving at the request of the Company.

(e) "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by the Indemnitee.

(f) "Effective Date" means the date first above written.

(g) "Expenses" shall include all reasonable attorney's fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, or being or preparing to be a witness in a Proceeding.

(h) "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent (i) the Company or the Indemnitee in any matter material to either such party, or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or the Indemnitee in an action to determine the Indemnitee's rights under this Agreement.

(i) "Person" means (as such term is used in Sections 13(d) and 14(d) of the Act) an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or a governmental entity (or any department, agency, or political subdivision thereof).

(j) "Proceeding" includes any actual or threatened action, suit, arbitration, alternative dispute resolution mechanism, investigation, administrative hearing or any other proceeding whether civil, criminal, administrative or investigative, whether or not initiated prior

to the Effective Date, except a proceeding initiated by an Indemnitee pursuant to Section 11 of this Agreement to enforce his rights under this Agreement.

(k) "Standard" shall mean the applicable standard of conduct set forth in Sections 145(a) and (b) of the DGCL.

2. Agreement to Serve. The Indemnitee agrees to serve as a director or officer of the Company. The Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law). Similarly, the Company shall have no obligation under this Agreement to continue the Indemnitee in any position with the Company (subject to any other contractual obligation or any obligation imposed by operation of law).

3. Indemnification — General. The Company shall indemnify and either advance or reimburse Expenses to the Indemnitee as provided in this Agreement and to the fullest extent permitted by applicable law in effect on the date hereof and to such greater extent as applicable law may thereafter from time to time permit. However, no indemnification shall be made by the Company (except as ordered by a court) unless a determination has been made in the manner provided for in Section 145(d) of the DGCL and Section 9(b) herein that the Indemnitee has met the applicable Standard. The rights of the Indemnitee provided under the preceding sentence shall include, but shall not be limited to, the rights set forth in the other sections of this Agreement.

4. Third-Party Actions. The Indemnitee shall be entitled to the rights of indemnification provided in this Section 4 if, by reason of his Corporate Status, he is, or is threatened to be made, a party to any Proceeding, other than a Proceeding by or in the right of the Company. Pursuant to this Section 4, the Indemnitee shall be indemnified against Expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such Proceeding or any claim, issue or matter therein, if (i) he acted in good faith, and in a manner he reasonably believed to be in or not opposed to the Company's best interests; and (ii) with respect to any criminal Proceeding, had no reasonable cause to believe his conduct was unlawful. The Indemnitee shall not be entitled to indemnification in connection with any Proceeding charging improper personal benefit to the Indemnitee, whether or not involving action in his official capacity, in which he was judged liable on the basis that personal benefit was improperly received by him.

5. Direct and Derivative Actions. The Indemnitee shall be entitled to the rights of indemnification provided in this Section 5, by reason of his Corporate Status, if he is, or is threatened to be made, a party to any Proceeding brought by a shareholder directly or on behalf of the Company to procure a judgment in its favor. Pursuant to this Section, the Indemnitee shall be indemnified against Expenses actually and reasonably incurred by him or on his behalf in connection with such Proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. Notwithstanding the foregoing, no indemnification against such Expenses shall be made in respect of any claim, issue or matter in such Proceeding as to which the Indemnitee shall have been adjudged to be liable to

the Company unless the Delaware Court of Chancery or the court in which such Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all of the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnification for such Expenses which the Delaware Court of Chancery or such other court shall deem proper.

The Indemnitee shall not be entitled to the rights of indemnification provided in this Section 5, by reason of his Corporate Status, if he is, or is threatened to be made, a party to any Proceeding brought by the Company against Indemnitee, or files any claim against the Company in a Proceeding.

6. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that the Indemnitee is, by reason of his Corporate Status, a witness in any Proceeding, he shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith.

7. Advancement or Reimbursement of Expenses. The Company shall advance or reimburse all reasonable Expenses incurred by or on behalf of the Indemnitee in connection with any Proceeding within 20 working days after the receipt by the Company of a statement or statements from the Indemnitee requesting such advance, advances or reimbursement from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred or to be incurred by the Indemnitee including providing detailed invoices from attorneys and other parties (unless an advance retainer).

The Indemnitee understands and agrees that the undertaking required by this Section 7(ii) shall be an unlimited general obligation of the Indemnitee.

8. Indemnification Procedure.

(a) To obtain indemnification under this Agreement, the Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to the Indemnitee and is reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that the Indemnitee has requested indemnification.

(b) Upon written request by the Indemnitee for indemnification pursuant to Section 9(a) hereof, a determination, if required by applicable law, with respect to the Indemnitee's entitlement thereto shall be made in good faith and within a timely manner (i) by the Board by a majority vote of a quorum consisting of Disinterested Directors; or (ii) if a quorum cannot be obtained or, even if attainable, a quorum of Disinterested Directors so directs, by (a) Independent Counsel in a written opinion; or (b) by the shareholders of the Company. If it is determined that the Indemnitee is entitled to indemnification, payment to the Indemnitee shall be made within 10 working days after such determination. The Indemnitee shall cooperate with

the person, persons or entity making such determination with respect to the Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to the Indemnitee and reasonably necessary to such determination.

9. Presumptions and Effect of Certain Proceedings.

(a) If a Change of Control shall have occurred, in making a determination with respect to entitlement to indemnification hereunder, and following the procedures in Section 9, as applicable, it shall be presumed that the Indemnitee is entitled to indemnification under this Agreement if the Indemnitee has submitted a request for indemnification in accordance with Section 9(a) of this Agreement, and the Company shall have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption.

(b) If the Indemnitee's right to indemnification shall not have been made within 30 days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and the Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by the Indemnitee of a material fact, or an omission of a material fact necessary to make the Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 30-day period may be extended for a reasonable time, not to exceed an additional 30 days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and provided, further, that the foregoing provisions of Section 10(b) shall not apply (i) if the determination of entitlement to indemnification is to be made by the shareholders pursuant to Section 9(b) of this Agreement and if (A) within 15 days after receipt by the Company of the request for such determination the Board has resolved to submit such determination to the shareholders for their consideration at an annual meeting thereof to be held within 75 days after such receipt and such determination is made thereat, or (B) a special meeting of shareholders is called within 15 days after such receipt for the purpose of making such determination, such meeting is held for such purpose within 60 days after having been so called and such determination is made thereat, or (ii) if the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 9(b) of this Agreement.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement, conviction or upon a plea of *nolo contendere* or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of the Indemnitee to indemnification or create a presumption that the Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal Proceeding, that the Indemnitee had reasonable cause to believe that his conduct was unlawful.

10. Remedies of the Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 9 of this Agreement that the Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 8 of this Agreement, (iii) the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 9(b) of this Agreement and such determination shall not have been made and delivered in a written opinion within 90 days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 5 of this Agreement within 10 days after receipt by the Company of a written request therefor, or (v) payment of indemnification is not made within 10 days after a determination has been made that the Indemnitee is entitled to indemnification or such determination is deemed to have been made pursuant to Section 9 or 10 of this Agreement, the Indemnitee shall be entitled to an adjudication in an appropriate court of the State of Delaware, or in any other court of competent jurisdiction, of his entitlement to such indemnification or advancement or reimbursement of Expenses. The Indemnitee shall commence such proceeding seeking an adjudication within 180 days following the date on which the Indemnitee first has the right to commence such proceeding pursuant to this Section 10(a).

(b) In the event that a determination shall have been made pursuant to Section 9 of this Agreement that the Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 10 shall be conducted in all respects as a de novo trial on the merits and the Indemnitee shall not be prejudiced by reason of that adverse determination. If a Change of Control shall have occurred, in any judicial proceeding commenced pursuant to this Section 10, the Company shall have the burden of proving the Indemnitee is not entitled to indemnification or advancement or reimbursement of Expenses, as the case may be.

(c) If a determination shall have been made or deemed to have been made pursuant to Section 8 or 9 of this Agreement that the Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 10, absent (i) a misstatement by the Indemnitee of a material fact, or an omission of a material fact necessary to make the Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 10 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement.

(e) In the event that the Indemnitee, pursuant to this Section 10, seeks a judicial adjudication to enforce his rights under, or to recover damages for breach of, this Agreement, the Indemnitee shall be entitled to recover from the Company, and shall be

indemnified by the Company against, any and all Expenses (of the types described in the definition of Expenses in Section 1 of this Agreement) actually and reasonably incurred by him in such judicial adjudication, but only if he prevails therein. If it shall be determined in said judicial adjudication that the Indemnitee is entitled to receive part but not all of the indemnification or advancement of Expenses sought, the Expenses incurred by the Indemnitee in connection with such judicial adjudication shall be appropriately prorated.

11. Non-Exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which the Indemnitee may at any time be entitled under applicable law, the Articles of Incorporation, the Bylaws, any agreement, a vote of shareholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or any provision hereof shall be effective as to any Indemnitee with respect to any action taken or omitted by such Indemnitee in his Corporate Status prior to such amendment, alteration or repeal.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, agents or fiduciaries of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person serves at the request of the Company, the Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that the Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(e) The Company may, to the full extent authorized by law, create a trust fund, grant a security interest and/or use other means (including, without limitation, letters of credit, surety bonds and other similar arrangements) to ensure the payment of such amounts as may become necessary to effect indemnification provided hereunder.

12. Duration of Agreement. This Agreement shall continue until and terminate upon the later of: (a) six years after the date that the Indemnitee shall have ceased to serve as a director, officer, employee, agent or fiduciary of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which the Indemnitee

served at the request of the Company; or (b) the final termination of all pending Proceedings in respect of which the Indemnitee is granted rights of indemnification or advancement or reimbursement of Expenses hereunder and of any proceeding commenced by the Indemnitee pursuant to Section 11 of this Agreement relating thereto.

13. Exceptions to Indemnification Rights. Notwithstanding any other provision of this Agreement, except for Indemnification or advancement of Expenses in a Proceeding to enforce or claim therein to enforce the provisions of that Agreement, the Indemnitee shall not be entitled to Indemnification or advancement of Expenses with respect to any Proceeding, or any claim therein, brought or made by him against the Company or the Company against the Indemnitee; except as provided in the Company's Certificate of Incorporation. Provided further that no right of indemnification under the provisions set forth herein shall be available to the Indemnitee unless within 15 days after the later of (i) the filing of or (ii) learning of any such Proceeding he shall have offered the Company in writing the opportunity to handle and defend such Proceeding at its own expense.

14. Gender. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate.

15. Successors. Subject to the provisions of this Agreement, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns.

16. Severability. In the event any parts of this Agreement are found to be void, the remaining provisions of this Agreement shall nevertheless be binding with the same effect as though the void parts were deleted.

17. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

18. Benefit. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their legal representatives, successors and assigns.

19. Notices and Addresses. All notices, offers, acceptance and any other acts under this Agreement (except payment) shall be in writing, and shall be sufficiently given if delivered to the addressee in person, by Federal Express or similar receipted delivery, or by email delivery as follows:

The Company: Aspen Group, Inc.
276 Fifth Avenue
New York, NY 10001
Attention: Mr. Michael Mathews
Email: ____________________

with a copy to: Michael D. Harris, Esq.
Nason, Yeager, Gerson, Harris & Fumero, P.A.
3001 PGA Boulevard, Suite 305
Palm Beach Gardens, FL 33410
Email: ____________________

To the Indemnitee: Robert Alessi

____
____
Email: ______________

With a copy to:

or to such other address as either of them, by notice to the other may designate from time to time. Time shall be counted to, or from, as the case may be, the delivery in person or by mailing.

20. Attorneys' Fees. In the event that there is any controversy or claim arising out of or relating to this Agreement, or to the interpretation, breach or enforcement thereof, and any action or proceeding relating to this Agreement is filed, the prevailing party shall be entitled to an award by the court of reasonable attorneys' fees, costs and expenses.

21. Oral Evidence. This Agreement constitutes the entire Agreement between the parties and supersedes all prior oral and written agreements between the parties hereto with respect to the subject matter hereof. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, except by a statement in writing signed by the party or parties against which enforcement or the change, waiver discharge or termination is sought.

22. Governing Law. This Agreement and any dispute, disagreement, or issue of construction or interpretation arising hereunder whether relating to its execution, its validity, the obligations provided herein or performance shall be governed or interpreted according to the internal laws of the State of Delaware without regard to choice of law considerations.

23. Arbitration. Any controversy, dispute or claim arising out of or relating to this Agreement, or its interpretation, application, implementation, breach or enforcement which the parties are unable to resolve by mutual agreement, shall be settled by submission by either party of the controversy, claim or dispute to binding arbitration in New York County, New York (unless the parties agree in writing to a different location), before a single arbitrator in accordance with the rules of the American Arbitration Association then in effect. In any such arbitration proceeding the parties agree to provide all discovery deemed necessary by the arbitrator. The decision and award made by the arbitrator shall be final, binding and conclusive on all parties hereto for all purposes, and judgment may be entered thereon in any court having jurisdiction thereof.

24. Section or Paragraph Headings. Section headings herein have been inserted for reference only and shall not be deemed to limit or otherwise affect, in any matter, or be deemed to interpret in whole or in part any of the terms or provisions of this Agreement.

[Signature Page To Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year indicated below.

ASPEN GROUP, INC.

__________ By: __________
Date Michael Mathews
Chief Executive Officer

INDEMNITEE:

__________ By: __________
Date Robert Alessi

Exhibit 31.1

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 16, 2021

/s/ Michael Mathews

Michael Mathews
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Robert Alessi, 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 16, 2021

/s/ Robert Alessi

Robert Alessi
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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, 2021, 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 16, 2021

In connection with the quarterly report of Aspen Group, Inc. (the "Company") on Form 10-Q for the quarter ended January 31, 2021, as filed with the Securities and Exchange Commission on the date hereof, I, Robert Alessi, 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/ Robert Alessi

Robert Alessi
Chief Financial Officer
(Principal Financial Officer)
Dated: March 16, 2021