UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
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(Unaudited)

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

	Three Months Ended July 31, 2022	Three Months Ended July 31, 2021
Depreciation and amortization expense:		
Property and equipment, excluding software	$ 428,925	$ 351,373
Software	$ 470,163	$ 411,661

Note 4. Courseware and Accreditation

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

Courseware and accreditation consisted of the following:

	July 31, 2022	April 30, 2022
Courseware	$ 599,283	$ 575,283
Accreditation	59,350	59,350
	658,633	634,633
Accumulated amortization	(391,107)	(360,586)
Courseware and accreditation, net	$ 267,526 i Ñoy“	uf uŐ Ê

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On April 22, 2022, the Company entered into an agreement with an insurance company which issued an approximately $18.3 million surety bond which was required by the Arizona State Board for Private Postsecondary Education. In order to cause the insurance company to deliver the surety bond, the Company entered into a First Amendment to the Intercreditor Agreement with the two Lenders of the March 14, 2022, financing arrangements to amend the Intercreditor Agreement entered into by the same parties on March 14, 2022 (the "Amendment"). The Amendment provides that the Company and each of the Lenders, at all times prior to the delivery of the Termination Certificate (as defined below), excluding funding as directed by the surety bond as described more fully below, (i) the Company shall not be permitted to make any draw request or borrow any funds under the 2022 Revolver Agreements and (ii) the Lenders shall not be required to fund any loan or advance any funds under the 2022 Revolver Agreements. Upon that certain surety bond ceasing to be outstanding, the Company shall deliver to the lenders a certificate (such certificate, the "Termination Certificate"), certifying that the surety bond is no longer outstanding and that there are no further obligations in respect of the surety bond owing by the Company to the insurance company. Prior to issuance of the Termination Certificate and during the time the surety bond is in effect, the insurance company may cause the Company to draw on funds for the express purp

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expired on March 15, 2022, and remains in effect for outstanding grants only, and is no longer available for new grants. On March 8, 2022, we transferred the 129,009 unused shares under the 2012 Plan to the 2018 Plan.

As of July 31, 2022 and April 30, 2022, there were 1,050,591 and 812,763 shares, respectively, remaining available for future issuance under the 2018 Plan.

On July 6, 2022, the Company amended its Certificate of Incorporation, as amended, to increase the number of authorized shares of common stock the Company is authorized to issue from 40,000,000 to 60,000,000 authorized shares, which was approved at a special meeting of the Company's stockholders held on July 6, 2022.

On December 22, 2021, the Company held its Annual Meeting of

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amortization expense related to [illegible]

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

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

The Company had revenue from students outside the United States totaling approximately 2% and 1% of consolidated revenue for the three months ended July 31, 2022 and 2021, respectively.

Note 8. Leases

The Company determines if a contract contains a lease at inception. The Company has entered into operating leases totaling approximately 191,328 square feet of office and classroom space in Phoenix, San Diego, New York City, Denver, Austin, Tampa, Nashville, Atlanta and the New Brunswick Province in Canada. These leases expire at various dates through April 2031, and the majority contain annual base rent escalation clauses. Most of these leases include options to extend for additional five-year periods. As permitted by ASC 842, leases with an initial term of twelve months or less are not recorded on the accompanying consolidated balance sheet. The Company does not have any financing leases.

As of July 31, 2022, our longer-term operating leases are located in Tampa, Phoenix, Austin and Nashville and are set to expire in six to eight years. These leases make up approximately 97% of the total future minimum lease payments.

Operating lease 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 sheets at July 31, 2022 and April 30, 2022. These assets and lease liabilities are recognized based on the present value of remaining lease payments over the lease term. Variable lease costs such as common area maintenance, property taxes and insurance are expensed as incurred. When the lease does not provide an implicit interest rate, the Company uses an incremental borrowing rate of 12% to determine the present value of the lease payments.

Lease incentives are deducted from the ROU assets. Incentives such as tenant improvement allowances are amortized as leasehold improvements, separately, over the life of the lease term. For the three months ended July 31, 2022 and 2021, the amortization expense for these leasehold improvements was $173,698 and $150,387, respectively.

Lease expense for operating leases is recognized on a straight-line basis over the lease term. Lease expense for the three months ended July 31, 2022 and 2021 was $1,010,512 and $936,737, respectively, which is included in general and administrative expenses in the consolidated statements of operations.

ROU assets are summarized below:

	July 31, 2022	April 30, 2022
ROU assets - Operating facility leases	$ 16,135,178	$ 15,958,721
Less: accumulated amortization	(3,773,471)	(3,312,771)
Total ROU assets	$ 12,361,707	$ 12,645,950

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

	July 31, 2022	April 30, 2022
Total lease liabilities	$ 22,693,812	$ 22,517,355
Reduction of lease liabilities	(4,290,574)	(3,671,466)
Total operating lease obligations	$ 18,403,238	$ 18,845,889

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

Maturity of Lease Obligations	Lease Payments
2023 (remaining)	$ 3,150,097
2024	4,021,638
2025	3,805,716
2026	3,911,083
2027	3,991,386
Thereafter	7,971,840
Total future minimum lease payments	26,851,760
Less: imputed interest	(8,448,522)
Present value of operating lease liabilities	$ 18,403,238

(a) Lease payments exclude $3.7 million of legally binding minimum lease payments for the new BSN Pre-Licensure campus location in Atlanta, Georgia and excludes $ 1.5 million of legally binding lease payments for the new USU campus location in San Diego, California. Both leases were signed, but not yet commenced.

Balance Sheet Classification	July 31, 2022	April 30, 2022
Operating lease obligations, current portion	$ 2,123,914	$ 2,036,570
Operating lease obligations, less current portion	16,279,324	16,809,319
Total operating lease obligations	$ 18,403,238	$ 18,845,889

Other Information	July 31, 2022	April 30, 2022
Weighted average remaining lease term (in years)	6.58	6.81
Weighted average discount rate	12 %	12 %

Note 9. Income Taxes

The Company determined that it has a permanent establishment in Canada, as defined by article V(2)(c) of the Convention between Canada and the United States of America with Respect to Taxes on Income and on Capital (the “Treaty”), which would be subject to Canadian taxation as levied under the Income Tax Act. The Company is preparing to file Canadian T2 Corporation Income Tax Returns and related information returns under the Voluntary Disclosure Program with the Canada Revenue Agency ("CRA") to cover the 2013 through 2021 tax years during which a permanent establishment was in place. The Company will also file an annual Canadian T2 Corporation Income Tax return to report the ongoing activity of the permanent establishment for 2022 through 2023, and future taxation years.

As of July 31, 2022, the Company recorded a reserve of approximately $300,000 for the estimate of the 2013 through 2021 tax year foreign income tax liability; and a reserve of approximately $25,000 and $100,000 for the 2023 and 2022 tax year, respectively, for the related foreign income tax liability.

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, the Company may be involved in litigation relating to claims arising out of its operations in the normal course of business. As of the date of this Report, except as discussed below, we are not aware of any other pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of our 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 April 6, 2022, Aspen Unive natscus y h , e ih oert oeyC_

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must be responded to on or before September 21, 2022. The updated stipulated agreement added new proposed terms, including probation for a period of one year from the effective date of the updated stipulated agreement, a $12,000 civil monetary penalty, and a change in electronic records to include all students. If agreement is not reached as to the proposed stipulated agreement, Aspen University has a right to a public administrative hearing concerning each alleged violation that AZBPPE claims supports the updated stipulated agreement.

Aspen University's State Authorization Reciprocity Agreement ("SARA"), which is overseen by a National Council ("NC-SARA"), annual approval through the Colorado SARA State Portal Entity must be renewed by January 30 each year. Aspen University applied on January 18, 2022, and received its 2022 approval effective February 8, 2022. On February 23, 2022, Aspen University received a Notification of Provisional SARA Status from the Colorado SARA State Portal Entity. On March 4, 2022, the DOE provided the final approval for Aspen University's move from Colorado to Arizona. On March 29, 2022, Aspen University received a Notification of Los l ž

The Shares are being offered and sold pursuant to a prospectus supplement filed with the Securities and Exchange Commission (the "Commission") on August 18, 2022 and the accompanying base prospectus which is part of the Company's effective Registration Statement on Form S-3 (File No. 333-251459) (the "Registration Statement").

The Agreement contains representations, warranties and covenants customary for the transactions of this kind.

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

All references to the “Company”, “AGI”, “Aspen Group”, “we”, “our” ĽŠtąľ”, “ourgNouurgN ,rro F

Austin, Tampa, Nashville and Atlanta metros. The majority of the year-over-year Aspen University nursing student body decrease is a result of the enrollment stoppage in the Phoenix pre-licensure program. Additionally, the sequential decrease in the student body from Q4 Fiscal 2022 was also impacted by the reduction in Q4 Fiscal 2022 marketing spend by $1 million over the prior quarter.

Nursing student body for the past five quarters are shown below:

	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23
Aspen University	9,269	9,531	9,116	8,632	7,686
USU	2,789	2,911	2,773	2,890	2,708
Total	12,058	12,442	11,889	11,522	10,394

AGI New Student Enrollments

On a Company-wide basis, new student enrollments were down 42% year-over-year. New student enrollments at AU decreased 46% year-over-year and at USU by 34% year-over-year. New student enrollments were primarily impacted by the enrollment stoppage at our Phoenix pre-licensure campuses, and the reduction in Q4 Fiscal 2022 marketing spend by $1 million over the prior quarter.

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

	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23
Aspen University	1,601	1,750	1,301	1,010	868
USU	675	630	481	525	447
Total	2,276	2,380	1,782	1,535	1,315

Bookings Analysis and ARPU

On a year-over-year basis, Q1 Fiscal 2023 Bookings decreased 46%, to $18.8 million from $35.2 million in the prior year. As previously discussed, the Phoenix pre-licensure enrollment reduction stoppage and the reduction in Q4 Fiscal 2022 marketing spend caused Bookings to decrease year-over-year.

On a year-over-year basis, Q1 Fiscal 2023 ARPU decreased 7%F7%F7%

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

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

<u>Phoenix, AZ Locations</u>

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

Aspen University voluntarily suspended new student enrollments and the formation of new cohorts immediately (starting with February 2022 cohort) after receiving guidance from the Arizona State Board of Nursing at its January 28, 2022 meeting. It is now in a probationary period under the Consent Agreement with the Arizona State Board of Nursing wherein certain conditions must be met before new cohorts can again begin to be formed, including maintaining a minimum 80% NCLEX first-time pass rate each quarter for four consecutive quarters. We will not form any additional nursing cohorts in the Phoenix metropolitan area without completing the probationary period and receiving prior approval from the Arizona State Board of Nursing. Aspen University is not currently enrolling students in the BSN Pre-licensure program in Arizona. See Note 10. Commitments and Contingencies to the Consolidated Financial Statements.

Our Pre-Licensure locations that opened outside of Arizona were launched with curricular improvements, a NCLEX test prep product and NCLEX [illegible]

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12% in Q1 Fiscal 2023 compared to Q1 Fiscal 2022 due primarily to USU's MSN-FNP program, the USU degree program with the highest concentration of students and the highest LTV.

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

	Three Months Ended July 31,			
	2022	$ Change	% Change	2021
Instructional costs and services	$ 5,702,978	$ 1,202,965	27%	$ 4,500,013
Marketing and promotional	4,502,573	$ 409,018	10%	4,093,555
Cost of Revenue (exclusive of depreciation and amortization shown separately below)	$ 10,205,551	$ 1,611,983	19%	$ 8,593,568

Instructional Costs and Services

Consolidated instructional costs and services for Q1 Fiscal 2023 increased to 30% of revenue from 23% of revenue for Q1 Fiscal 2022to

AU general and administrative expense decreased approximately $200,000 year-over-year and was 36% and 34% of AU revenue for Q1 Fiscal 2023 and Q1 Fiscal 2022, respectively. In the year-over-year periods, increases in fixed expenses related to new campus openings in the pre-licensure program were offset by decreases in employee-related compensation due to cost controls implemented by management.

USU general and administrative expense remained flat year-over-year and was 34% and 39% of USU revenue for Q1 Fiscal 2023 and Q1 Fiscal 2022, respectively. In the year-over-year periods, increases in fixed expenses related to expansion of the USU MSN-FNP program were offset by decreases in employee-related compensation due to cost controls implemented by management.

Corporate general and administrative expense was $3.9 million and $4.1 million in Q1 Fiscal 2023 and Q1 Fiscal 2022, respectively. The decrease was primarily due to planned Corporate cost control.

Bad debt expense

	Three Months Ended July 31,			
	2022	$ Change	% Change	2021
Bad debt expense	$ 350,000	$ —	— %	$ 350,000

For Q1 Fiscal 2023 compared to Q1 Fiscal 2022, bad debt expense remained flat as a percentage of total revenue. Based on our review of additional student accounts associated with increased revenue and existing accounts receivable and historical write-off trends, the Company evaluated its reserve methodology and adjusted reserves for AU and USU accordingly. At each AU and USU, approximately $0.1 million of student accounts receivable were written off against the accounts receivable allowance during Q1 Fiscal 2023.

Depreciation and amortizationEQF GRF

Income tax expense

	Three Months Ended July 31,						
	2022		$ Change		% Change		2021
Income tax expense	$	30,321	$	(120,689)	(80) %	$	151,010

Income tax expense in Q1 Fiscal 2023 includes a reserve of approximately $25,000 for the estimated Fiscal Year 2023 Canada foreign income tax liability which covers the 2023 tax year for which a permanent establishment is in place in Canada. The Company will file an annual Canadian T2 Corporation Income Tax return and related information returns under the Voluntary Disclosure Program with the Canada Revenue Agency ("CRA") to report the ongoing activity of the permanent establishment.

Income tax expense in Q1 Fiscal 2022 includes a reserve of approximately $150,000 for the estimate of the Canada foreign income tax liability which covers the 2013 through 2021 tax years during which a permanent establishment was in place in Canada. This amount has not yet been remitted to the CRA.

Non-GAAP Financial Measures

This discussion and analysis includes both financial measures in accordance with Generally Accepted Accounting Principles, or GAAP, as well as non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of a company’s performance, financial position or cash flows that either excludes or includes amounts that are not normally included or excluded in the most directly comparable measure calculated and presented in accordance with GAAP. Non-GAAP financial measures should be viewed as supplemental to, and should not be considered as alternatives to net income (loss), operating income (loss), and cash flow from operating activities, liquidity or any other financial measures. They may not be indicative of the historical operating results of AGI nor are they intended to be predictive of potential future results. Investors should not consider non-GAAP financial measures in isolation or as substitutes for performance measures calculated in accordance with GAAP.

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

We have included a reconciliation of our non-GAAP financial measures to the most comparable financial measures calculated [illegible] ct ms [illegible] ced des lremovinf our non-able

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

	Three Months Ended July 31, 2022	Three Months Ended July 31, 2021
Net cash (used in) provided by		
Operating activities	$ (3,616,193)	$ (2,432,491)
Investing activities	(492,333)	(978,882)
Financing activities	—	22,548
Net decrease in cash	$ (4,108,526)	$ (3,388,825)

Net Cash Used in Operating Activities

Net cash used in operating activities increased from $2,432,491 in Q1 Fiscal 2022 to $3,616,193 in Q1 Fiscal 2023. Approximately $2.2 million of the cash used in operations in Fiscal Year 2023 is attributed to the EBITDA loss and $1.2 million of cash used in operations is attributed to increased working capital most of which is attributed to growth in our short-term and long-term monthly payment plan accounts receivable.

The increase in cash from changes in working capital primarily consists of an increase in accounts receivable, prepaid expenses and other current assets, partially offset by an increase in other current liabilqplaniepaid ext-ter linblribl

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EXHIBIT INDEX

10.22	Consent Agreement dated March 31, 2022	8-K	4/1/2022	99.1	
10.23	First Amendment to Intercreditor Agreement dated April 22, 2022	8-K	4/27/2022	10.1	
31.1	Certification of Principal Executive Officer (302)				Filed
31.2	Certification of Principal Financial Officer (302)				Filed
32.1	Certification of Principal Executive				

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.
September 14, 2022	By: /s/ Michael Mathews Michael Mathews Chief Executive Officer (Principal Executive Officer)
September 14, 2022	By: /s/ Matthew LaVay Matthew LaVay Chief Financial Officer (Principal Financial Officer)
September 14, 2022	By: /s/ Robert Alessi Robert Alessi Chief Accounting Officer (Principal Accounting Officer)

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;

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Matthew LaVay, certify that:

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 end }