Alternative Reporting Standard:

OTCQX® U.S. and OTCQB® Disclosure Guidelines

Federal securities laws, such as Rules 10b-5 and 15c2-11 of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 144 of the Securities Act of 1933 (“Securities Act”), and state Blue Sky laws, require issuers to provide adequate current public information. With a view to encouraging compliance with these laws, OTC Markets Group has created these OTCQX U.S. and OTCQB® Disclosure Guidelines (“Guidelines”). These Guidelines set forth the disclosure obligations that make up the “Alternative Reporting Standard” for OTCQX U.S. and OTCQB traded companies.[1] These Guidelines have been designed to encompass the “Catch All” information required in Rule 15c2-11,[2] however they have not been reviewed by the U.S. Securities and Exchange Commission or any state securities regulator.

These Guidelines may be amended from time to time, in the sole and absolute discretion of OTC Markets Group, with or without notice.

General Considerations

An issuer preparing a disclosure document under the Alternative Reporting Standard should consider the purpose of adequate disclosure. Current and potential investors in the issuer’s securities should be provided with all “material” information — the information available to the issuer necessary for the investor to make a sound investment decision. The disclosure should enable an investor of ordinary intelligence and investment skills to understand the issuer’s business and prospects.

The disclosure must therefore present the issuer’s business plan and include a full and clear picture of the issuer’s assets, facilities, properties, investments, management and other resources, as well as a complete description of how they will be used to make profits. The issuer’s business plan should clearly describe the competition, regulatory environment and other risks to the issuer’s business, as well as the issuer’s plans for confronting these challenges.

It is also important for an investor to understand how the issuer raises capital and treats investors. At a minimum, the issuer must describe the ways it has raised capital by issuing shares in the past – to whom and the amount of consideration involved. The investor should also be provided with market information, including the past price history of any transactions in the issuer’s shares.

Finally, the disclosure should use plain English.[3] This means using short sentences, avoiding legal and technical jargon and providing clear descriptions.

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[1] This is not legal advice, and OTC Markets Group cannot assure anyone that compliance with our disclosure requirements will satisfy any legal requirements.

[2] Publication of information pursuant to these Guidelines also does not guarantee or ensure that the Company will be designated as having “current information” or eligible for public quotations pursuant to Rule 15c2-11 or any other applicable regulation.

[3] For tips, you may wish to consult the SEC’s Plain English Handbook, available for free on the SEC’s website, at http://www.sec.gov.

Section One: Issuers' Initial Disclosure Obligations

Instructions relating to the preparation of initial disclosure:

1. Prepare a cover page using the format set forth on the following page.
2. Prepare a disclosure document that responds to each item and sub-item of the Guidelines with information current as of the issuer's most recent fiscal quarter or year end. If a particular item is not applicable or unavailable, include the reason it is not applicable or unavailable.
3. Save the disclosure document(s) in PDF format and upload it via www.OTCIQ.com using the report name "Annual Report" or "Quarterly Report", as applicable. If the disclosure information and financial statements are posted separately, please denote the report content using the subtitle field when uploading.

Instructions relating to the preparation of initial disclosure for certain non-U.S. companies:

Companies listed on a Qualified Foreign Exchange that are exempt from SEC registration under a rule other than Exchange Act Rule 12g3-2(b), may follow the Alternative Reporting Standard and provide the following information.

1. Publish the company's English-language Annual and Interim Reports for the most recently completed fiscal year and any subsequent periods. Upload these documents via www.OTCIQ.com using the report names "Annual Report," "Interim Report", or "Quarterly Report" as applicable.

2. Publish a Supplemental Report via www.OTCIQ.com that contains all of the information required under the "Catch All provision" of SEC Rule 15c2-11. See www.otcmarkets.com/files/Catchall.pdf.

Aspen Group, Inc.

Delaware
4605 E. Elwood Street, Suite 300
Phoenix, AZ 85040

(646) 448-5144
www.aspu.com
ir@aspen.edu

SIC Code: 8200

Annual Report

For the period ending April 30, 2025 (the "Reporting Period")

The number of shares outstanding of our Common Stock is 28,389,531 as of April 30, 2025
The number of shares outstanding of our Common Stock was 25,701,603 as of April 30, 2024 (end of previous reporting period)

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: ☐ No: ☒ (Double-click and select "Default Value" to check)

> **We previously were a shell company, therefore the exemption offered pursuant to Rule 144 is not available. Anyone who purchased securities directly or indirectly from us or any of our affiliates in a transaction or chain of transactions not involving a public offering cannot sell such securities in an open market transaction.**

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Indicate by check mark whether a Change in Control[4] of the company has occurred over this reporting period:

Yes: ☐ No: ☒

[4] "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) 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 fifty percent (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.

Part A General Company Information

Item 1 The exact name of the issuer and its predecessor (if any).

In answering this item, please also provide any names used by predecessor entities in the past five years and the dates of the name changes.

Answer: ASPEN GROUP, INC.

Item 2 The address of the issuer's principal executive offices and address(es) of the issuer's principal place of business:

In answering this item, please also provide (i) the telephone of the issuer's principal executive offices, (ii) if applicable, the URL of each website maintained by or on behalf of the issuer, and (iii) if applicable, the name, phone number, email address, and mailing address of the person responsible for the issuer's investor relations.

Check box if principal executive office and principal place of business are the same address: ☐

Answer:

Principal executive office address: 4605 E. Elwood Street, Suite 300, Phoenix, AZ 85040
Principal executive office telephone: 646-448-5144
Corporate URL: Aspen Group, Inc. (ASPU); www.aspu.com

Principal business office address: 4605 E. Elwood Street, Suite 300 and 400, Pheonix, AZ, 85040

Investor relations contact information: Kim Rogers, Hayden IR, 646-536-7331, kim@haydenir.com, 7320 E. Butherus Drive, Scottsdale, AZ 85260

Item 3 The jurisdiction(s) and date of the issuer's incorporation or organization.

In answering this item, please provide the state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years. Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive).

Answer:

State of Incorporation: Delaware, active

Date of Incorporation: Aspen Group was incorporated on February 23, 2010 in Florida. On February 9, 2012, Aspen Group reincorporated in Delaware under the name Aspen Group, Inc.

Part B Share Structure

Item 4 The exact title and class of securities outstanding.

In answering this item, provide the exact title and class of each class of outstanding securities. In addition, please provide the CUSIP and trading symbol.

Answer:

Class	Outstanding as of July 31, 2025
Preferred Stock, $0.001 par value per share	10,000 shares

Class	Outstanding as of July 31, 2025
Common Stock, $0.001 par value per share	29,080,778 shares

CUSIP: 04530L203
Trading symbol: ASPU

Item 5 Par or stated value and description of the security.

A. *Par or Stated Value*. Provide the par or stated value for each class of outstanding securities.

Answer:

Class	Outstanding as of July 31, 2025
Preferred Stock, $0.001 par value per share	10,000 shares

Class	Outstanding as of July 31, 2025
Common Stock, $0.001 par value per share	29,080,778 shares

B. *Common or Preferred Stock*.

1. For common equity, describe any dividend, voting and preemption rights.

Answer: We are authorized to issue 85,000,000 shares of common stock, par value $0.001 per share. Common shareholders are entitled to one vote on all matters that come before the shareholders. Dividends, if any, are subject to the power of the Board of directors and as may be limited by law. Holders of common stock have no preemptive rights and have no right to convert their common stock into any other securities and there are no redemption provisions applicable to our common stock.

2. For preferred stock, describe the dividend, voting, conversion and liquidation rights as well as redemption or sinking fund provisions.

Answer: We are 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. Effective April 1, 2024, shares of the Series A is entitled to receive dividends at the rate of 14.0% per annum of the stated value payable solely in shares of AGI Common Stock (the “Dividend Shares”). Such dividends accrue and are cumulative from and including April 1, 2024 and are payable quarterly in arrears on each dividend payment date, commencing May 1, 2024. Dividends are paid using a conversion price of $0.50 per share.

3. Describe any other material rights of common or preferred stockholders.

Answer: Each share of Series A is convertible into 2,000 shares of AGI common stock at a conversion price of $0.50 based on the stated value. The Series A has a beneficial ownership limitation on the Common Stock of 24.99% per shareholder.

4. Describe any provision in the issuer's charter or by-laws that would delay, defer or prevent a Change in Control of the issuer.

Answer: Our Certificate of Incorporation authorizes the issuance of up to 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. Our Board of Directors is empowered, without shareholder approval, to issue a series of preferred stock with dividend, liquidation, conversion, voting or other rights which could dilute the interest of, or impair the voting power of, our common shareholders.

Item 6 The number of shares or total amount of the securities outstanding for each class of securities authorized.

In answering this item, provide the information below for each class of securities authorized**.** Please provide this information (i) as of the end of the issuer's most recent fiscal quarter and (ii) as of the end of the issuer's last two fiscal years.

Answer:

Preferred Stock

Period end date;
7/31/2025
Number of shares authorized;
1,000,000
Number of shares outstanding;
10,000
Freely tradable shares (public float);
0
Number of beneficial shareholders owning at least 100 shares[5]; and
2
Total number of shareholders of record.
2

Period end date;
4/30/2025
Number of shares authorized;
1,000,000
Number of shares outstanding;
10,000

Freely tradable shares (public float);
0
Number of beneficial shareholders owning at least 100 shares[5]; and
2
Total number of shareholders of record.
2

Period end date;
4/30/2024
Number of shares authorized;
1,000,000
Number of shares outstanding;
10,000
Freely tradable shares (public float);
0
Number of beneficial shareholders owning at least 100 shares[5]; and
2
Total number of shareholders of record.
2

Common Stock

Period end date;
7/31/2025
Number of shares authorized;
85,000,000
Number of shares outstanding;
29,080,778
Freely tradable shares (public float);
18,580,625
Number of beneficial shareholders owning at least 100 shares[5]; and
113
Total number of shareholders of record.
117

Period end date;
4/30/2025
Number of shares authorized;
85,000,000
Number of shares outstanding;
28,389,531
Freely tradable shares (public float);
18,909,125
Number of beneficial shareholders owning at least 100 shares[5]; and
109
Total number of shareholders of record.
113

Period end date;
4/30/2024
Number of shares authorized;
85,000,000
Number of shares outstanding;
25,701,603
Freely tradable shares (public float);
12,785,418
Number of beneficial shareholders owning at least 100 shares[5]; and
99
Total number of shareholders of record.
103

Item 7 The name and address of the transfer agent*.

In answering this item, please also provide the telephone number of the transfer agent, indicate whether or not the transfer agent is registered under the Exchange Act, and state the appropriate regulatory authority of the transfer agent.

*To be included in OTCQX or OTCQB, the issuers whose securities are incorporated in the U.S. or Canada *must* have a transfer agent registered under the Exchange Act.

Answer:

Transfer agent: Securities Transfer Corporation
Telephone number: 469-663-0101
Registered under the Exchange Act: Yes
Regulatory authority: Securities and Exchange Commission

Part C Business Information

Item 8 The nature of the issuer's business.

In describing the issuer's business, please provide the following information:

A. Business Development. Describe the development of the issuer and material events during the last three years so that a potential investor can clearly understand the history and development of the business. If the issuer has not been in business for three years, provide this information for any predecessor company. This business development description must also include:

Answer:

Aspen Group, Inc. (together with its subsidiaries, the "Company" or "AGI") is a holding company. AGI has a fiscal year-end of April 30. AGI has two subsidiaries, Aspen University, Inc. ("Aspen University" or "Aspen" or "AU") organized in 1987, and United States University, Inc. ("United States University" or "USU") organized in 2017.

Aspen Group was incorporated on February 23, 2010 in Florida. On February 9, 2012, Aspen Group reincorporated in Delaware under the name Aspen Group, Inc.

Aspen University, Inc. was incorporated on September 30, 2004 in Delaware. Its predecessor was a Delaware limited liability company organized in Delaware. On March 13, 2012, AGI, which was then inactive, acquired Aspen University Inc. in a transaction we refer to as the reverse merger. Aspen University is a nationally accredited for-profit university based in Phoenix, Arizona.

On December 1, 2017, Aspen Group completed the acquisition of USU for approximately $14.8 million. USU is a regionally accredited for-profit university originally based in San Diego, California, but has since relocated to Sandy Springs, Georgia, after May 2025.

During September 2025, AGI, the parent company of Aspen University (AU) and United States University (USU) made the decision to merge AU with USU (the "Merger"), with USU as the surviving entity. This Merger is a strategic move to enhance institutional long-term sustainability and brings together the unique strengths and rich legacies of both institutions. AU and USU are required to obtain approval for this merger with the Department of Education before it can close.

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[5] Securities quoted on OTCQX U.S. must have at least 50 beneficial shareholders each owning at least 100 shares. Securities quoted on OTCQX U.S. Premier must have at least 100 beneficial shareholders each owning at least 100 shares.

1. the form of organization of the issuer (e.g., corporation, partnership, limited liability company, etc.);

   Answer: Corporation

2. the year that the issuer (or any predecessor) was organized;

   Answer: Aspen Group, Inc. (together with its subsidiaries, the “Company” or “AGI”) is a holding company and was incorporated on February 9, 2012. AGI has two subsidiaries, Aspen University, Inc. (“Aspen University” or “Aspen”) organized in 1987, and United States University, Inc. (“United States University” or “USU”) organized in 2017.

3. the issuer’s fiscal year end date;

   Answer: AGI has a fiscal year-end of April 30.

4. whether the issuer (or any predecessor) has been in bankruptcy, receivership or any similar proceeding;

   Answer: No

5. any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets;
   Answer:

On March 13, 2012, AGI, which was then inactive, acquired Aspen University Inc. in a transaction we refer to as the reverse merger. On December 1, 2017, AGI completed the acquisition of United States University (USU) for approximately $14.8 million. USU is a regionally accredited for-profit university based in San Diego, California.

During September 2025, AGI, the parent company of Aspen University (AU) and United States University (USU) has made the decision to merge AU with USU (the "Merger"), with USU as the surviving entity.

6. any default of the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring the issuer to make payments;

Answer: No

7. any change of control;

Answer: None in the last 3 fiscal years

8. any increase of 10% or more of the same class of outstanding equity securities;

Answer:

	Preferred Stock		Common Stock	
	Shares	Amount	Shares	Amount
Balance as of April 30, 2023	**—**	**$ —**	**25,592,802**	**$ 25,593**
Common stock issued for vested restricted stock units	—	—	239,287	239
Common stock issued for services	—	—	25,000	25
Cancellation of treasury stock	—	—	(155,486)	(155)
Conversion of Convertible Notes into preferred stock	10,000	10	—	—
Balance as of April 30, 2024	**10,000**	**$ 10**	**25,701,603**	**$ 25,702**
Common stock issued for vested restricted stock units	—	—	340,516	341
Common Stock issued for accrued dividends	—	—	2,347,412	2,347
Balance as of April 30, 2025	**10,000**	**$ 10**	**28,389,531**	**$ 28,390**

9. any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization;

Answer:

Effective April 1, 2024, shares of the Series A is entitled to receive dividends at the rate of 14.0% per annum of the stated value payable solely in shares of AGI Common Stock (the “Dividend Shares”). Such dividends accrue and are cumulative from and including April 1, 2024 and are payable quarterly in arrears on each dividend payment date, commencing May 1, 2024. Dividends are paid using a conversion price of $0.50 per share. Each share of Series A is convertible into 2,000 shares of AGI common stock at a conversion price of $0.50. The Series A has a beneficial ownership limitation on the Common Stock of 24.99% per shareholder.

10. any delisting of the issuer’s securities by any securities exchange; and

Answer: No

11. any current, past, pending or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer’s business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulator. State the names of the principal parties, the nature and current status of the matters, and the amounts involved.

Answer:

Legal Proceedings:

None

B. Business of Issuer. Describe the issuer’s business so a potential investor can clearly understand it. To the extent material to an understanding of the issuer, please also include the following:

AGI’s vision is to make college affordable again in America. 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 is an industry-leader in nursing education that leverages a sophisticated technological infrastructure and unparalleled expertise to provide affordable, debt-minimizing education through lower tuition costs and monthly payment plans. AGI utilizes an asynchronous-synchronous online delivery model, which creates a differentiated experience for learners requiring additional flexibility. As of April 30, 2025, 4,860 of 5,809 or 84% of all active students across both universities are degree-seeking nursing students. Of the students seeking nursing degrees, 2,606 are at AU and 2,254 at USU. As further discussed in answer to Question 5 below, a Consent Agreement was signed with the Arizona State Board of Nursing that provided the BSN pre-licensure program with two years to complete a "teach out" of existing students, and therefore new students are no longer admitted to the program. The teach-out of the program was completed in September 2024, and on September 20, 2024, the Arizona Board of Nursing recognized the closure of all Aspen BSN Pre-licensure locations.

Aspen University offers Associates, Bachelor's, Master's, and Doctoral degree programs that span multiple programs of study with a concentrated focus on nursing. Aspen University has been offering a monthly payment plan available to all students across every online degree program since March 2014. The monthly payment plan is designed so that students will make one fixed payment per month, and that monthly payment is applied towards the total cost of attendance (tuition and fees, excluding textbooks). The monthly payment plan offers online undergraduate students the opportunity to pay their tuition and fees at of $325, $375, $399, $415 or $450 (depending on the program) until the program tuition is paid in full, interest free, thereby giving students a monthly payment option versus taking out a federal financial aid loan.

USU offers Bachelor's, Master's, and Doctoral degree programs, with its largest program being a master's-level Family Nurse Practitioner program that offers students practical, hands-on experience with unmatched flexibility. USU has been offering monthly payment plans since the summer of 2017. Today, USU's monthly payment plans are available for the online RN to BSN program ($325/month), online MBA/MAEd/MSN/MAT programs ($415/month), online hybrid Teacher Credentialing tracks approved by the California Commission on Teacher Credentialing and BSEE program ($399/month), and the online hybrid Master of Science in Nursing-Family Nurse Practitioner ("FNP") program and other doctoral programs ($450/month), by way of example.

Schools at our two universities are as follows:

Aspen University
School of Nursing and Health Sciences
School of Education
School of Business and Technology

United States University
College of Nursing and Health Sciences
College of Business and Technology
College of Education

Sales and Marketing

Following Mr. Michael Mathews becoming our Chief Executive Officer in 2011, he and his team made significant changes to Aspen's sales and marketing program, specifically spending a significant amount of time, money and resources on our proprietary Internet marketing program. What is unique about our Internet marketing program is that we have not used and have no plans in the near future to acquire non-branded, non-exclusive leads from third-party online lead generation companies to attract prospective students. To our knowledge, most if not all for-profit online universities utilize multiple third-party online lead generation companies to obtain a meaningful percentage of their prospective student leads that are branded and exclusive in nature, and those leads are both non-branded and non-exclusive in addition to exclusive branded leads. Our executive officers have many years of expertise in the online lead generation and Internet advertising industry, which has and for the foreseeable future is expected to continue to allow us to cost-effectively drive all prospective student leads that are branded and exclusive in nature.

We have invested in our technology infrastructure and believe our education technology platform enables us to achieve lower costs per enrollment ("CPE") as compared to our competition, with our proprietary CRM system as the key system in the technology stack driving lower CPE.

Human Capital

We recognize that our performance depends on the education, experiences, and efforts of our employees, and our ability to foster a culture that brings out the best in each. As of April 30, 2025, we had 179 full-time employees, including full-time faculty, and 469 adjunct professors, who are part-time employees. None of our employees are parties to any collective bargaining arrangement. We believe our relationships with our employees are good. Our employees have diverse backgrounds, as evidenced by the fact that approximately 72.5% of our faculty and staff are female and approximately 38.2% of our employees self-identify as ethnically diverse.

Accreditation

Since 1993, AU has been institutionally accredited by the Distance Education Accrediting Commission (DEAC), an institutional accrediting agency recognized by the Department of Education (DOE) and the Council for Higher Education Accreditation. On February 24, 2025, AU received notification from DEAC that the Commission renewed AUs accreditation for the full five years, through January 2029. They also approved the new Doctor of Public Health Program.

Since 2009, USU has been institutionally accredited by WASC Senior College and University Commission (WSCUC), an institutional accrediting agency recognized by the Department of Education and the Council for Higher Education Accreditation, and USU is accredited through 2030.

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 had provisional certification resulting from the ownership change of control in connection with the acquisition by AGI on December 1, 2017. The provisional certification expired on December 31, 2020. The institution submitted its recertification application timely in October 2020, and received full certification on May 6, 2022, and a new Program Participation Agreement ("PPA") was issued with an effective period until December 31, 2025. On August 22, 2017, the DOE informed Aspen University of its determination that the institution had 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. On April 16, 2021, the DOE granted provisional certification for a two-year timeframe and set a subsequent program participation reapplication date of September 30, 2023. The application for recertification was submitted on August 16, 2023. Certification continues month to month until a final decision is made by the DOE.

1. the issuer's primary and secondary SIC Codes;

   Answer: 8200

2. if the issuer has never conducted operations, is in the development stage, or is currently conducting operations;

Answer: N/A

3. whether the issuer has at any time been a "shell company";[6]

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[6] For the purpose of this section a "shell company" means an issuer, other than a business combination related shell company, as defined by Securities Act Rule 405, or an asset-backed issuer, as defined by Item 1101(b) of Regulation AB, that has:

(1) No or nominal operations; and
(2) Either:
  (A) No or nominal assets;
  (B) Assets consisting solely of cash and cash equivalents; or
  (C) Assets consisting of any amount of cash and cash equivalents and nominal other assets.

Answer: We are not currently a shell company. We were a shell company prior to March 2012.

Instruction to paragraph B.3 of Item 8:

The issuer must attest that it is not currently a shell company. If the issuer discloses that it was formerly a shell company, it must also include the following disclosure on the front page of its disclosure statement in boldface, 12 point type:

"We previously were a shell company, therefore the exemption offered pursuant to Rule 144 is not available. Anyone who purchased securities directly or indirectly from us or any of our affiliates in a transaction or chain of transactions not involving a public offering cannot sell such securities in an open market transaction."

4. the names and contact information of any parent, subsidiary, or affiliate of the issuer, and its business purpose, its method of operation, its ownership, and whether it is included in the financial statements attached to this disclosure statement;

Answer*:*

Aspen Group, Inc. ("AGI") is an education technology holding company. AGI has two subsidiaries, Aspen University Inc. ("Aspen University" or "Aspen" or "AU") organized in 1987, United States University Inc. ("United States University" or "USU. All subsidiaries are 100% owned by AGI. All subsidiaries are consolidated with AGI in the financial statement attached to this disclosure schedule.

Aspen University offers Associate's, Bachelor's, Master's, and Doctoral degree programs that span multiple programs of study with a concentrated focus on nursing.

USU offers Bachelor's, Master's, and Doctoral degree programs, with its largest program being the Family Nurse Practitioner Program that offers students practical, hands-on experience with unmatched flexibility.

5. *the effect of existing or probable governmental regulations on the business;*

Answer: Effect of Existing or Probable Governmental Regulations:

Regulatory Environment

Students attending our schools finance their education through a combination of individual resources, corporate reimbursement programs and federal student financial assistance funds available through our participation in the Federal Student Aid Programs made available through Title IV of the Higher Education Act, as amended ("HEA"). The discussion which follows outlines the extensive regulations that affect our business. Complying with these regulations entails significant effort from our executives and staff. Regulatory compliance is also expensive. Beyond the internal costs, compliance with the extensive regulatory requirements also involves engagement of outside regulatory professionals. To participate in Title IV Programs, a school must, among other things, be:

- Authorized to offer its programs of instruction by the applicable state education agencies in the states in which it is physically located or otherwise have a physical presence as defined by the state;
- Able to meet the state education agency requirements to legally offer postsecondary distance education in any state in which the school is not physically located;
- Accredited by an accrediting agency recognized by the Secretary of the U.S. Department of Education (“DOE”); and
- Certified as an eligible institution by DOE.

Collectively, state education agencies, accrediting agencies, and the DOE comprise the higher education regulatory triad. We cannot predict the actions that any entity in the higher education regulatory triad, Congress, or the Administration may take or their effect on our schools.

State Authorization

As institutions of higher education that grant degrees and certificates, we are required to be authorized by applicable state education authorities, which exercise regulatory oversight of our schools. In addition, in order to participate in the Title IV Programs, we must be authorized by the applicable state education agencies.

Because we are subject to extensive regulations by the states in which we become authorized or licensed to operate, we must abide by state laws that typically establish standards for instruction, qualifications of faculty, administrative procedures, marketing, recruiting, financial operations and other operational matters. State laws and regulations may limit our ability to offer educational programs and to award degrees. Some states may also prescribe financial regulations that are different from those of the DOE. If we fail to comply with state licensing requirements, we may lose our state licensure, authorization, or exemption, which in turn would result in a loss of accreditation and access to Title IV funds.

States in which AGI operates may also make material changes to their authority and structure at any time, so AGI must constantly assess the regulations of its state oversight agencies to ensure compliance.

Licensure of Online Programs

The DOE released final regulations on accreditation and state authorization of distance education on November 1, 2019, which took effect July 1, 2020 (the “July 2020 Regulations”). The July 2020 Regulations require Title IV Program institutions, like ours, that offer postsecondary education through distance education to students in a state in which the institution is not physically located or in which it is otherwise subject to state jurisdiction as determined by that state, to meet any state requirements to offer postsecondary education to students who are located in that state.

Under the July 2020 Regulations, institutions may meet the authorization requirements by obtaining such authorization directly from any state that requires it or through a state authorization reciprocity agreement, such as the State Authorization Reciprocity Agreement (“SARA”). SARA is intended to make it easier for students to take online courses offered by postsecondary institutions based in another state. SARA is overseen by a National Council (“NC-SARA”) and administered by four regional education compacts.

Effective July 1, 2024, the DOE requires institutions to confirm for each Title IV program, in each State in which the institution is located or in which students enrolled by the institution are located, that the program satisfies any required programmatic accreditation, professional licensure, and consumer protection laws relating to “closure, recruitment, and misrepresentations, including both generally applicable State laws and those specific to educational institutions.” It mandates compliance with certain State authorization laws, even for institutions participating in SARA.

Since February 2022, AU is not a NC-SARA participating institution and has been seeking individual state authorizations in order to continuing serving its students. AU has successfully secured full approval, exemption, or confirmed that authorization is not required in 47 states. In the remaining states where authorization has not been obtained, or will not be pursued due to cost considerations, AU has received limited approval permitting currently enrolled students to complete their degree programs. Collectively, students in these states account for more than 99% of the current student body.

On March 25, 2025, USU received a Certificate of Authorization issued for all programs for the Georgia location by the Georgia Non-Public Postsecondary Education Commission. Thereafter, USU applied to NC-SARA. USU received State Authorization Reciprocity Approval on August 25, 2025, through the Georgia SARA State Portal Entity (GA-SARA).

Individual state laws establish standards, some of which are different than the standards prescribed by the Arizona State Board for Private Postsecondary Education (“Arizona Board”), the Texas Higher Education Coordinating Board (“Texas Board”), the Tennessee Higher Education Commission (“Tennessee Commission”), the Florida

Commission on Independent Education (“Florida Commission”), Georgia Non-Public Postsecondary Education Commission (“Georgia Board”) and the California Bureau for Private Postsecondary Education (“California Bureau”). Laws in some states limit the ability of schools to offer educational programs and award degrees to residents of those states. Some states also prescribe financial regulations that are different from those of the DOE, and many require the posting of surety bonds. Laws, regulations, or interpretations related to online education could increase our cost of doing business and affect our ability to recruit students in particular states, which could, in turn, negatively affect enrollments and revenues and have a material adverse effect on our business.

State Approval of Physical Locations

The HEA and certain state laws require our institutions to be legally authorized to provide educational programs in states in which our schools have a physical location or otherwise have a physical presence as defined by the state. Due to its physical presence in Arizona, AU is authorized to provide educational programs in Arizona by the Arizona Board. USU is authorized by the Georgia Non-Public Postsecondary Education Commission to operate as a degree-granting institution for all degrees. Failure to comply with state requirements could result in AU losing its authorization from the Arizona Board; and USU losing its authorization from the Georgia Board. In such an event, the schools would lose their eligibility to participate in Title IV Programs, or their ability to offer certain educational programs, any of which may force us to cease the school’s operations.

Additionally, AU and USU are Delaware corporations. Delaware law requires an institution to obtain approval from the Delaware Department of Education, or Delaware DOE, before it may incorporate with the power to confer degrees. In July 2012, AU received notice from the Delaware DOE that it was granted provisional approval status effective until June 30, 2015. On April 25, 2016, the Delaware DOE informed AU it was granted full approval to operate with degree-granting authority in the State of Delaware. With Aspen’s removal as an active institutional member of NC-SARA in May 2022, Aspen sought to obtain initial authorization in the State of Delaware; its application is in process. On June 6, 2018, the Delaware DOE granted an initial operating license to USU until June 30, 2023; its renewal became effective in August 2023.

Accreditation

AU is institutionally accredited by the Distance Education Accrediting Commission (“DEAC”), an accrediting agency recognized by the Council for Higher Education Accreditation (“CHEA”) and the DOE. USU is institutionally accredited by the Western Association of Schools and Colleges (“WASC”) Senior College and University Commission (“WSCUC”), an accrediting agency also recognized by CHEA and the DOE. Accreditation is a non-governmental system for evaluating educational institutions and their programs in areas including student performance, governance, integrity, educational quality, faculty, physical resources, administrative capability and resources, and financial stability. In the U.S., this recognition comes primarily through private voluntary associations that accredit institutions and programs. To be recognized by the DOE, accrediting agencies must adopt specific standards for their review of educational institutions. Accrediting agencies establish criteria for accreditation, conduct peer-review evaluations of institutions and programs for accreditation, and publicly designate those institutions or programs that meet their criteria. Accredited institutions are subject to periodic review by accrediting agencies to determine whether such institutions maintain the performance, integrity and quality required for accreditation.

Accreditation is important to our schools for several reasons. Accreditation provides external recognition and status. Employers rely on the accredited status of institutions when evaluating an employment candidate's credentials. Corporate and government sponsors under tuition reimbursement programs look to accreditation for assurance that an institution maintains quality educational standards. Other institutions depend, in part, on our accreditation in evaluating transfers of credit and applications to graduate schools. Additionally, in most states, accreditation is required to obtain authorization in the state to grant degrees.

Moreover, institutional accreditation awarded from an accrediting agency recognized by DOE is necessary for eligibility to participate in the Title IV Programs. Effective July 1, 2020, the DOE amended regulations relating to the recognition of accrediting agencies. Those regulations amended the DOE's process for recognition and review of accrediting agencies, including the criteria used by the DOE to recognize accrediting agencies, and the DOE's requirements for accrediting agencies' policies and standards that are applied to institutions and programs. Accrediting agencies are under heightened scrutiny due to perceived shortcomings of certain agencies and their oversight of closed institutions. In response, accreditors are increasing their scrutiny of institutions. We are unclear of the effect a change in the federal Administration may have on accreditation. From time to time, accrediting agencies adopt or make changes to their policies, procedures and standards. If our schools fail to comply with any of these requirements, the non-complying school's accreditation status could be at risk.

In addition to institutional accreditation, there are numerous specialized accreditors that accredit specific programs or schools within their jurisdiction, many of which are in healthcare and professional fields. USU's and AU's baccalaureate and master's degree programs in nursing are accredited by the Commission on Collegiate Nursing Education (CCNE), and AU's doctoral nursing degree is currently CCNE-accredited. CCNE is officially recognized by CHEA and the DOE and provides accreditation for nursing programs. Accreditation by CCNE signifies that those programs have met the professional standards of that agency. We are also pleased that AU's School of Business and Technology has been awarded Accreditation by the International Accreditation Council for Business Education (IACBE) for its baccalaureate and master's business degree programs. Finally, USU's Teacher Credentialing programs are approved by the California Commission on Teacher Credentialing (CTC).

If we fail to satisfy the standards of specialized accreditors, we could lose the specialized accreditation for the affected programs, which could result in materially reduced student enrollments in those programs and prevent our students from seeking and obtaining appropriate licensure in their fields.

State Professional Licensure

States have specific requirements that an individual must satisfy in order to be licensed or certified as a professional in specific fields. For example, graduates from some USU and AU nursing programs typically seek professional licensure in their field because they are legally required to do so in order to work in that field or because obtaining licensure enhances employment opportunities. Success in obtaining licensure depends on several factors, including each individual's personal and professional qualifications as well as other factors related to the degree or program completed, where applicable including:

- whether the institution and the program were approved by the state in which the graduate seeks licensure, or by a professional association;
- whether the program from which the applicant graduated meets all state requirements; and
- whether the institution and/or the program is accredited by a CHEA and DOE-recognized agency.

Professional licensure and certification requirements can vary by state and may change over time.

In addition, the July 2020 Regulations require institutions to make readily available disclosures to enrolled and prospective students regarding whether programs leading to professional licensure or certification meet state educational requirements for that professional license or certification. These disclosures apply to both on-ground and online programs that lead to professional licensure or certification or are advertised as leading to professional licensure or certification. Under the regulations, institutions must determine the state in which current and prospective students are located, and then must: (1) determine whether such program's curriculum meets the educational requirements for licensure or certification in that state; (2) determine whether such program's curriculum does not meet the educational requirements for licensure or certification in that state; or (3) choose not to make a determination as to whether such program's curriculum meets the educational requirements for licensure or certification in that state. Institutions must also provide direct disclosures in writing to prospective students and current students under certain circumstances. Institutions must provide direct disclosures in writing to prospective students if the institution has determined the program in which the student intends to enroll does not meet the educational requirements for licensure or certification in the state in which the student is located or if the institution has not made any determination. Institutions must provide direct disclosures in writing to current students, but only if the institution has determined the program in which the student is enrolled does not meet the educational requirements for licensure in the state in which the student is located. Both of our schools have made the applicable curricular determinations and disclosures.

Nature of Federal, State and Private Financial Support for Postsecondary Education

The federal government provides a substantial part of its support for postsecondary education through the Title IV Programs, in the form of grants and loans to students. Students can use those funds at any institution that has been certified by DOE to participate in the Title IV Programs. Grant aid under Title IV Programs is primarily awarded on the basis of financial need, generally defined as the difference between the cost of attending the institution and the amount a student can reasonably contribute to that cost. All recipients of Title IV Program funds must maintain satisfactory academic progress and must progress in a timely manner toward completion of their program of study. In addition, each school must ensure that Title IV Program funds are properly accounted for and disbursed in the correct amounts to eligible students.

Our institutional missions manifest themselves through offering students the opportunity to fund their education without relying solely on student loans. Instead, both AU and USU offer monthly payment plans.

When AU and USU students seek funding from the federal government, they may be eligible to receive loans and grants to fund their education under the following Title IV Programs: (1) the Federal Direct Loan program, and (2) the Federal Pell Grant and Supplemental Educational Opportunity Grant (SEOG) programs. Graduate students are only eligible to participate in the Direct Loan program and not all undergraduate students receive a Pell Grant or SEOG as those are need based awards. The majority of students who seek funding from the federal government receive at least one Direct Loan that must be repaid with interest starting approximately six months after the student leaves school.

Additionally, some students may receive full or partial tuition reimbursement from their employers. Eligible credit-worthy students can also access private loans through a number of different lenders for funding at current market interest rates.

Under the Direct Loan program, the DOE makes loans directly to students. The Direct Loan Program includes the Direct Subsidized Loan, the Direct Unsubsidized Loan, and the Direct PLUS Loan for credit-worthy parents of dependent undergraduate students and credit-worthy graduate and professional students.

Effective July 4, 2025, Congress passed the One Big Beautiful Bill Act, which included the following changes: (a) Student Loan Program (effective July 2026), including the elimination of Grad PLUS loans, a cap on Parent PLUS loans at $65,000 per student (previously uncapped), a cap on graduate/professional direct loans at $100,000 for graduate students and $200,000 for professional students, (b) Repayment Plan Simplification, including the consolidation of repayment plans for future borrowers and elimination of certain deferments such as the sunset of economic hardship and unemployment deferments, (c) Pell Grant Changes, including projections of possible funding shortfall in FY25 that would apply to the 2025-26 school year and that students cannot receive both regular Pell and Workforce Pell simultaneously, and (d) Accountability with Risk-Sharing Framework, including universities must make annual payments to the DOE based on a calculation of the non-repayment balances of their student loan cohorts.

Regulation of Federal Student Financial Aid Programs

The substantial amount of federal funds disbursed through Title IV Programs, the large number of students and institutions participating in these programs, and allegations of fraud and abuse by certain for-profit institutions have prompted the DOE to exercise considerable regulatory oversight over for-profit institutions of higher learning. Accrediting agencies and state education agencies also have responsibilities for overseeing compliance of institutions in connection with Title IV Program requirements. As a result, our institutions are subject to extensive oversight and review. Because the DOE periodically revises its regulations and changes its interpretations of existing laws and regulations, we cannot predict how the Title IV Program requirements will be applied in all circumstances.

In addition to the state authorization requirements and other regulatory requirements described herein, other significant factors relating to Title IV Programs that could adversely affect us include the following legislative action and regulatory changes:

Congressional Action. Congress reauthorizes the HEA approximately every five to six years. Congress most recently reauthorized the Act in August 2008 through the end of 2013 (when it was renamed the Higher Education and Opportunity Act) and the law has been extended since that date. Congress has held hearings regarding the reauthorization of the HEA and has continued to consider new legislation regarding the passage of the HEA. Congress enacted a small package of HEA changes as part of the larger Consolidated Appropriations Act of 2021 legislation signed into law in December 2020, which became effective between 2021 and 2023. The significant rules in this legislation were focused on the simplification of the federal aid application and determination of student eligibility. We cannot yet predict the impact of these new laws on our students, nor can we predict whether or when Congress might act to amend further the HEA. The elimination of additional Title IV Programs, material changes in the requirements for participation in such programs, or the substitution of materially different programs could increase our costs of compliance and could reduce the ability of certain students to finance their education at our institutions.

Recent Federal Rulemaking. On May 24, 2021, the DOE published a Federal Register notice indicating its intent to convene multiple committees to develop proposed regulations in three broad areas under Title IV of the Higher Education Act: affordability of postsecondary education, institutional accountability, and Federal student loans.

Impact of Federal Regulations Effective July 1, 2024

Administrative Capability. The DOE regulations specify extensive criteria by which an institution must establish that it has the requisite “administrative capability” to participate in Title IV Programs. Failure to satisfy any of the standards may lead DOE to find the institution ineligible to participate in Title IV Programs or to place the institution on provisional certification as a condition of its participation. To meet the administrative capability standards, an institution must, among other things:

- Comply with all applicable Title IV Program regulations;
- Have capable and sufficient personnel to administer the federal student financial aid programs;
- Have acceptable methods of defining and measuring the satisfactory academic progress of its students;
- Have cohort default rates below specified levels;
- Have various procedures in place for safeguarding federal funds;
- Not be, and not have any principal or affiliate who is, debarred or suspended from federal contracting or engaging in activity that is cause for debarment or suspension;
- Provide financial aid counseling to its students;
- Refer to the DOE’s Office of Inspector General any credible information indicating that any applicant, student, employee, or agent of the institution, has been engaged in any fraud or other illegal conduct involving Title IV Programs;

- Report annually to the Secretary of Education on any reasonable reimbursements paid or provided by a private education lender or group of lenders to any employee who is employed in the institution’s financial aid office or who otherwise has responsibilities with respect to education loans;
- Develop and apply an adequate system to identify and resolve conflicting information with respect to a student’s application for Title IV aid;
- Submit in a timely manner all reports and financial statements required by the regulations; and
- Not otherwise appear to lack administrative capability.

The DOE regulations also add an administrative capability standard related to the existing requirement that students must have a high school diploma or its recognized equivalent in order to be eligible for Title IV Program aid. Under the administrative capability standard, institutions must develop and follow procedures for evaluating the validity of a student’s high school diploma if the institution or the Secretary of Education has reason to believe that the student’s diploma is not valid.

If an institution fails to satisfy any of these administrative capability criteria or any other DOE regulation, the DOE may:

- Require the repayment of Title IV Program funds;
- Transfer the institution from the “advance” system of payment of Title IV Program funds to heightened cash monitoring status (HCM1) or to the “reimbursement” system of payment (HCM2);
- Place the institution on provisional certification status; or
- Commence a proceeding to impose a fine or to limit, suspend or terminate the participation of the institution in Title IV Programs.

Additional proposed regulations were completed and published on November 1, 2023, with a July 1, 2024, effective date. The regulations specify required elements to be included in financial aid communications and add additional requirements for institutions to provide adequate career services for its students, and geographical clinical or externship opportunities for its students where it relates to their program.

Additional administrative capability requirements now include:

- that no institution, affiliate, or any individual who exercises substantial control has been subject to specified negative actions, crime, or fraud;
- that an institution must not have been subject to a significant negative action by a State or Federal agency, a court, or an accrediting agency and has not lost eligibility to participate in another Federal educational assistance program due to an administrative action against the institution;
- that institutions strengthen the requirements to evaluate high school diplomas;
- that institutions disburse funds to students in a timely manner consistent with student needs
- that for institutions that offer GE programs, less than half of their total Title IV, HEA revenue come from programs that are "failing" under subpart S; and
- that an intuition does not engage in substantial misrepresentation or aggressive and deceptive student recruitment practices.

Financial Responsibility. The HEA and its implementing regulations establish extensive standards of financial responsibility that institutions such as AU and USU must satisfy to participate in the Title IV Programs. These standards generally require that an institution provide the resources necessary to comply with Title IV Program requirements and meet all of its financial obligations, including required refunds and any repayments to the DOE for liabilities incurred in programs administered by the DOE.

The DOE evaluates institutions on an annual basis for compliance with specified financial responsibility standards that include a complex formula that uses line items from the institution's audited financial statements. In addition, the financial responsibility standards require an institution to receive an unqualified opinion from its accountants on its audited financial statements, maintain sufficient cash reserves to satisfy refund requirements, meet all of its financial obligations, and remain current on its debt payments. The formula focuses on three financial ratios: (1) equity ratio (which measures the institution's capital resources, financial viability, and ability to borrow); (2) primary reserve ratio (which measures the institution's viability and liquidity); and (3) net income ratio (which measures the institution's profitability or ability to operate within its means). An institution's financial ratios must yield a composite score of at least 1.5 on a scale of -1.0 to 3.0 for the institution to be deemed financially responsible without the need for further federal oversight. Institutions with a composite score of 1.0 – 1.4 may continue to participate under the "Zone Alternative" while institutions below 1.0 are subject to Provisional Certification and the provision of surety, generally through a Letter of Credit. The DOE may also apply such measures of financial responsibility to the operating company and ownership entities of an eligible institution.

Both institutions and their corporate parent (AGI) met the minimum composite score necessary to meet the financial ratio standard for fiscal year 2024 and 2023. If an eligible institution (or its parent company, if financials are consolidated as ours are) does not meet the DOE financial responsibility standards, it may continue to establish financial responsibility on an alternative basis.

As noted above, institutions with a score between 1.0 and 1.4 may continue to participate under the Zone Alternative, which includes:

- making disbursements to eligible students and parents under either the heightened cash monitoring or reimbursement payment method
- requiring the institution to provide timely information regarding certain oversight and financial events within 10 days of occurrence
- may require the institution to submit its financial statement and compliance audits earlier than the standard timelines
- may require the institution to provide information about its current operations and future plans
- as part of its compliance audit, require its auditor to express an opinion on the institution's compliance with the requirements under the zone alternative, including the institution's administration of the payment method under which the institution received and disbursed Title IV funds.

If an institution's composite score is below 1.0, the alternative bases for continued participation include, for example:

- operating under Provisional Certification requirements.
- complying with all the requirements under the Zone Alternative.
- posting a letter of credit in an amount equal to at least 10% of Title IV Program funds received in the prior year.
- complying with additional the DOE monitoring requirements.

On May 6, 2022, the DOE fully certified USU and issued a new Program Participation Agreement (PPA), effective through December 31, 2025. USU will submit its reapplication for a subsequent PPA in September 2025.

On April 16, 2021, the DOE granted AU provisional certification for a two-year timeframe and set a subsequent program participation reapplication date of September 30, 2023. The application for recertification was submitted on August 16, 2023. Certification continues month to month until a final decision is made by the DOE.

The DOE published additional factors that would be viewed as indicators of an institution's lack of financial responsibility on November 1, 2023, with an effective date of July 1, 2024. Highlights of the regulations include:

- that institutions must submit audit reports by the earlier of 30 days after the completion of the report or six months after the end of the institution's fiscal year. Additionally, submitted financial statements must match the fiscal year of return(s) submitted to the Internal Revenue Service;
- that institutions must provide documentation on those persons or entities who have voting or ownership rights;
- that institutions specify additional events that are deemed to constitute a failure to meet institutional financial and administrative obligations, including failure to pay Title IV credit balances, failure to make debt payments for more than 90 days, failure to make payroll obligations, or borrowing from employee retirement plans without authorization;
- that the set of conditions that require an institution to post financial protection are amended, if applicable, if certain events occur. These mandatory triggers are certain external events, financial circumstances that may not be reflected in the institution's regular financial statements, and financial circumstances that are not yet reflected in the institution's composite score. Some existing mandatory triggers have been modified while some existing discretionary triggers have been redesignated as mandatory. Discretionary triggers are external events or financial circumstances that may not appear in the institution's regular financial statements and are not yet reflected in the institution's calculated composite score. The DOE has modified some existing discretionary triggers, redesignated others as mandatory, and added some new discretionary triggers.
- that after ownership changes, a new section has been added which require letters of credit, review of new owner financials, and for the first time, DOE will evaluate the selling school's financial results for its two most recent fiscal years using various tests. It also gives DOE discretion to require a letter of credit if it believes the transaction structure places excessive debt on the seller school.

Failure to meet the DOE's "financial responsibility" requirements, either because we do not meet the DOE's financial responsibility standards or are unable to establish financial responsibility on an alternative basis, would cause us to lose access to Title IV Program funding or be subject to other consequences. AU and USU are complying with the above new regulations, including submitting its disclosure before July 22, 2024, and will continue to submit timely disclosures, as applicable, within the 21-day time limit as required.

Financial Value Transparency/Gainful Employment (FVT/GE). Originally under the Higher Education Act, only proprietary school educational programs that lead to gainful employment in a recognized occupation are eligible to participate in Title IV Program funding.

The DOE issued a final rule that was published on November 1, 2023, and became effective July 1, 2024, with the first data component due to the DOE on October 6, 2024. The deadline was extended to January 15, 2025. FV/GE is comprised of a two-part test where universities must meet both tests. The first test is an annual debt-to-earnings ratio and the second is an earnings premium metric ratio. Considering the delay in the due date for the first data component, the DOE has not issued its first rounds of determination which were expected to be issued in June 2025. AU and USU submitted the required reporting in 2024. AU and USU are currently working to comply with the second year of reporting due October 2025.

Eligibility and Certification Procedures. Each institution must periodically apply to the DOE for continued certification to participate in Title IV Programs. Such recertification is typically required every six years, but may be required earlier, including, but not limited to, when an institution undergoes a change of control. An institution may come under the DOE's review when it expands its activities in certain ways, such as opening an additional location, adding a new program, or, in certain cases, when it modifies academic credentials that it offers.

The DOE may place an institution on provisional certification status if it finds that the institution does not fully satisfy all of the eligibility and certification standards, such as the requirements for financial responsibility, and in certain other circumstances, such as when it undergoes a change in ownership and control. The DOE may more closely review an institution that is provisionally certified if it applies for approval to open a new location, add an educational program, acquire another school, or make any other significant change.

In addition, during the period of provisional certification, the institution must comply with any additional conditions included in its program participation agreement. If the DOE determines that a provisionally certified institution is unable to meet its responsibilities under its program participation agreement, it may seek to revoke the institution's certification to participate in Title IV Programs with fewer due process protections for the institution than if it were fully certified. Students attending provisionally certified institutions remain eligible to receive Title IV Program funds.

On April 16, 2021, the DOE granted AU provisional certification for a two-year timeframe, and set a subsequent program participation reapplication date of September 30, 2023. The application for recertification was submitted on August 16, 2023. Certification continues month to month until a final decision is made by the DOE. On May 6, 2022, USU was issued a new program participation agreement and has full certification until December 31, 2025.

Other Federal Regulatory Impacts

Third-Party Servicers. DOE regulations permit an institution to enter into a written contract with a third-party servicer for the administration of any aspect of the institution's participation in Title IV Programs. The third-party servicer must, among other obligations, comply with Title IV Program requirements and be jointly and severally liable with the institution to the Secretary of Education for any violation by the servicer of any Title IV Program provision. An institution must report to the DOE new contracts with or any significant modifications to contracts with third-party servicers as well as other matters related to third-party servicers. AU contracts with a third-party servicer which performs certain activities related to our participation in Title IV Programs. If our third-party servicer does not comply with applicable statutes and regulations including the Higher Education Act, we may be liable for their actions, and we could lose our eligibility to participate in Title IV Programs.

Return of Title IV Program Funds. Under the DOE's return of funds regulations, when a student withdraws, an institution must return unearned funds to the DOE in a timely manner. An institution must first determine the amount of Title IV Program funds that a student "earned." If the student withdraws during the first 60% of any period of enrollment or payment period, the amount of Title IV Program funds that the student earned is equal to a pro rata portion of the funds for which the student would otherwise be eligible. If the student withdraws after the 60% threshold, then the institution has earned 100% of the Title IV Program funds. The institution must return to the appropriate Title IV Programs any unearned Title IV Program funds no later than 45 days after the date of the institution's determination that a student withdrew. If such payments are not timely made, an institution may be subject to adverse action, including being required to submit a letter of credit equal to 25% of the refunds the institution should have made in its most recently completed fiscal year. Under the DOE regulations, late returns of Title IV Program funds for 5% or more of students sampled in the institution's annual compliance audit or a DOE program review constitutes material non-compliance with the Title IV Program requirements and may result in the posting of a letter of credit.

Subsequent to a compliance audit for Fiscal Year 2023, AU recognized that it had not fully complied with all requirements for calculating and making timely returns of Title IV funds and was required to maintain a letter of credit in the amount of $88,002 as a result of this finding. On April 19, 2024, the letter of credit was provided to the DOE by AU. The compliance audit for Fiscal Year 2024 resulted in an unqualified opinion in compliance with all requirements for calculating and making timely returns of Title IV funds.

The "90/10 Rule." A requirement of the Higher Education Act commonly referred to as the "90/10 Rule," applies only to "proprietary institutions of higher education." An institution is subject to loss of eligibility to participate in the Title IV Programs if it derives more than 90% of its revenues (calculated on a cash basis and in accordance with a DOE formula) from Title IV Programs for two consecutive fiscal years. An institution whose rate exceeds 90% for any single fiscal year will be placed on provisional certification for at least two fiscal years and may be subject to other conditions specified by the Secretary of Education.

Effective on July 1, 2023, under a provision in ARP, the HEA was modified to change the formula from counting only Title IV program funds on the "90 side" to include instead all ''federal funds that are disbursed or delivered to or on behalf of a student to be used to attend such institution" or collectively "federal education assistance funds." This is a substantial change, because all federal funds, including Veterans Education benefits, Department of Defense Military Tuition Assistance program, and the federal-funded portion of any Workforce Innovation and Opportunity Act and Trade Adjustment Assistance, is also included in the new definition of federal education assistance.

The DOE issued an interpretive rule, ''Classification of Revenue Under Title IV,'' published in the Federal Register on July 7, 2025, stating that this preamble language is non-binding, because the Department did not incorporate it through changes to the regulatory text. The interpretive rule further rescinded that non-binding language in the preamble and made clear that the Department believes ineligible distance education program revenue may be included in the 90/10 revenue calculation. This is a reversal of its 2022 position. The Department confirms that proprietary institutions can include revenue from non-Title IV eligible programs delivered through distance education in their 90/10 calculations. This applies to programs that meet one of the following criteria:

- Are approved or licensed by the appropriate state agency
- Are accredited by a Department-recognized accrediting agency
- Provide an industry-recognized credential or certification

For the fiscal year ended April 30, 2024, 19.20% of Aspen's revenue and 23.21% of USU's revenue were derived from Title IV and other Federal Programs.

Student Loan Defaults. Under the Higher Education Act, an education institution may lose its eligibility to participate in some or all of the Title IV Programs if defaults on the repayment of Direct Loan Program loans by its students exceed certain levels. For each federal fiscal year, a rate of student defaults (known as a "cohort default rate") is calculated for each institution with 30 or more borrowers entering repayment in a given federal fiscal year by determining the rate at which borrowers who become subject to their repayment obligation in that federal fiscal year default by the end of the following two federal fiscal years. For such institutions, the DOE calculates a single cohort default rate for each federal fiscal year that includes in the cohort all current or former student borrowers at the institution who entered repayment on any Direct Loan Program loans during that year.

If an institution's cohort default rate equals or exceeds 30% in any single year, the institution may be placed on provisional certification status. Provisional certification does not limit an institution's access to Title IV Program funds; however, an institution with provisional status is subject to closer review by the DOE, oftentimes including certain growth limitations, and may be subject to summary adverse action if it violates Title IV Program requirements. If an institution's default rate exceeds 40% for one federal fiscal year, the institution may lose eligibility to participate in some or all Title IV Programs. AU's current official 3-year cohort default rates are as follows: FY 2021 (0%); FY2020 (0%), and FY2019 (0.4%). USU's current official 3-year cohort default rates are as follows: FY2021 (0%), FY2020 (0%), and FY2019 (1.2%). These rates are significantly below both the Proprietary-4 years+ and the national default rates.

Incentive Compensation Rule. As a part of an institution's program participation agreement with the DOE and in accordance with the HEA, an institution may not provide any commission, bonus or other incentive payment to any person or entity engaged in any student recruitment, admissions or financial aid awarding activity based directly or indirectly on success in securing enrollments or financial aid. Failure to comply with the incentive payment rule could result in termination of participation in Title IV Programs, limitation on participation in Title IV Programs, or financial penalties. AGI believes its schools are in compliance with the Incentive Compensation Rule (the “IC Rule”).

In recent years, other postsecondary educational institutions have been named as defendants in whistleblower lawsuits, known as “qui tam” cases, brought by current or former employees pursuant to the Federal False Claims Act, alleging that their institution’s compensation practices did not comply with the IC Rule. A qui tam case is a civil lawsuit brought by one or more individuals, referred to as a relator, on behalf of the federal government for an alleged submission to the government of a false claim for payment. The relator, often a current or former employee, is entitled to a share of the government’s recovery in the case, including the possibility of treble damages. A qui tam action is always filed under seal and remains under seal until the government decides whether to intervene in the case. If the government intervenes, it takes over primary control of the litigation. If the government declines to intervene in the case, the relator may nonetheless elect to continue to pursue the litigation at his or her own expense on behalf of the government. Any such litigation could be costly and could divert management’s time and attention away from the business, regardless of whether a claim has merit.

In 2022, the U.S. Government Accountability Office (the “GAO”) released a report finding that the DOE has inadequately enforced the current ban on incentive payments. In response, the DOE has undertaken to increase its enforcement efforts by, among other approaches, strengthening procedures provided to auditors reviewing institutions for compliance with the IC Rule and updating its internal compliance guidance in light of the GAO findings.

<u>Code of Conduct Related to Student Loans</u>. As part of an institution’s program participation agreement with the DOE, the HEA requires that institutions that participate in Title IV Programs adopt a code of conduct pertinent to student loans. For financial aid officers or other employees who have responsibility related to education loans, the code must forbid, with limited exceptions, gifts, consulting arrangements with lenders, and advisory board compensation other than reasonable expense reimbursement. The code also must ban revenue-sharing arrangements, “opportunity pools” that lenders offer in exchange for certain promises, and staffing assistance from lenders. The institution must post the code prominently on its website and ensure that its officers, employees, and agents who have financial aid responsibilities are informed annually of the code’s provisions. Aspen has adopted a code of conduct under the HEA which is posted on its website. In addition to the code of conduct requirements that apply to institutions, HEA contains provisions that apply to private lenders, prohibiting such lenders from engaging in certain activities as they interact with institutions. Failure to comply with the code of conduct provision could result in termination of our participation in Title IV Programs, limitations on participation in Title IV Programs, or financial penalties.

<u>Misrepresentation</u>. The HEA and current regulations authorize the DOE to take action against an institution that participates in Title IV Programs for any “substantial

misrepresentation" made by that institution regarding the nature of its educational program, its financial charges, or the employability of its graduates. The DOE regulations define "substantial misrepresentation" to cover additional representatives of the institution and additional substantive areas and expands the parties to whom a substantial misrepresentation cannot be made. The regulations also augment the actions the DOE may take if it determines that an institution has engaged in substantial misrepresentation, which include revoking an institution's program participation agreement or imposing limitations on an institution's participation in Title IV Programs. Substantial misrepresentation also serves as one of the bases on which a student can file for a federal loan discharge under the Borrower Defense to Repayment rules, discussed below.

Credit Hours. The Higher Education Act and current regulations use the term "credit hour" to define an eligible program and an academic year and to determine enrollment status and the amount of Title IV Program aid an institution may disburse for particular programs. There are different regulatory definitions for a credit hour for degree and non-degree programs that do not transfer to a degree. Recently, both Congress and the DOE have increased their focus on institutions' policies for awarding credit hours. The credit value for degree program courses is generally monitored by an institution's accreditor. The DOE regulations contain specific formulas for Title IV eligible credits for non-degree programs that do not transfer to a degree. DOE regulations define the term "credit hour" in terms of a certain amount of time in class and outside class, or an equivalent amount of work. If the DOE determines that an institution is out of compliance with the credit hour definition, the DOE could require the institution to repay the incorrectly awarded amounts of Title IV Program aid. In addition, if the DOE determines that an institution has significantly overstated the amount of credit hours assigned to a program, the DOE may fine the institution, or limit, suspend, or terminate its participation in the Title IV Programs.

Compliance Reviews. We are subject to announced and unannounced compliance reviews and audits by various external agencies, including the DOE, its Office of Inspector General, state licensing agencies, and accrediting agencies. As part of the DOE's ongoing monitoring of institutions' administration of Title IV Programs, the HEA and the DOE regulations require institutions to submit annually a compliance audit conducted by an independent certified public accountant in accordance with Government Auditing Standards and applicable audit standards of the DOE, which were updated effective for fiscal years beginning after January 1, 2023 (which supersedes the 2016 version). In addition, to enable the DOE to make a determination of financial responsibility, institutions must annually submit audited financial statements prepared in accordance with the DOE regulations. Furthermore, the DOE regularly conducts program reviews of education institutions that are participating in the Title IV Programs, and the Office of Inspector General of the DOE regularly conducts audits and investigations of such institutions.

On January 6, 2023, AU received notice from the DOE that an off-site program review would begin on February 13, 2023, related exclusively to the Bachelor of Science in Nursing (Pre-licensure) degree program. The review is designed to assess the AU's administration of the Title IV, HEA programs in which it participates, covering the 2021-2022 and 2022-2023 award years. AU provided requested documentation in a timely manner in a variety of areas. AU received notice on July 2, 2025, that the DOE issued the Expedited Determination Letter dated July 1, 2025, stating that the program review of the institution was closed.

Potential Effect of Regulatory Violations. If we fail to comply with the regulatory standards governing Title IV Programs, the DOE could impose one or more sanctions, including transferring the non-complying school to the reimbursement or cash monitoring system of payment, seeking to require repayment of certain Title IV Program funds, requiring AU or USU to post a letter of credit in favor of the DOE as a condition for continued Title IV certification, taking emergency action against us, referring the matter for criminal prosecution or initiating proceedings to impose a fine or to limit, condition, suspend or terminate our participation in Title IV Programs. In addition, the failure to comply with the Title IV Program requirements by one institution could increase DOE scrutiny of the other institution and could impact the other institution's participation in Title IV Programs.

We also may be subject, from time to time, to complaints and lawsuits relating to regulatory compliance brought not only by our regulatory agencies, but also by other government agencies and third parties, such as state attorneys general, federal and state consumer protection agencies, present or former students or employees and other members of the public.

Restrictions on Adding Educational Programs. State requirements and accrediting agency standards may, in certain instances, limit our ability to establish additional educational programs. Many states require approval before institutions can add new programs under specified conditions.

DEAC and WSCUC require pre-approval of new courses, programs, and degrees that are characterized as a "substantive change." An institution must obtain written notice approving such change before it may be included in the institution's scope of accreditation. An institution is further prohibited from advertising or posting on its website information about the course or program before it has received approval. The process for obtaining approval generally requires submission of a report and course materials and may require a follow-up on-site visit by an examining committee.

Borrower Defense to Repayment ("BDTR"). In 1993 when the Direct Loan Program was created, DOE included a provision in statute allowing a borrower to claim a defense to repayment based on the acts or omissions of the institution. A student borrower may assert a defense to repayment if: (1) the student borrower obtained a state or federal court judgment against the institution; (2) the institution failed to perform on a contract with the student; and/or (3) the institution committed a "substantial misrepresentation" on which the borrower reasonably relied to his or her detriment.

These defenses were asserted through claims submitted to the DOE, and the DOE has the authority to issue a final decision in which it may discharge all or part of a borrower's Direct Loan. In addition, the regulation permitted the DOE to grant relief to an individual or group of individuals, including individuals who have not applied to the DOE seeking relief. If a defense was successfully raised, the DOE had discretion to initiate action to collect from an institution the amount of losses incurred based on the borrower defense discharge.

On August 1, 2023, an injunction against the BDTR Rule was filed in the U.S. Court of Appeals for the Fifth Circuit. The injunction does not prevent a borrower from filing a claim to seek discharge or the DOE from seeking recoupment from an institution. Both AU and USU were presented with BDTR claims by the DOE in December 2023 and responded to them timely. Both await final determinations.

Change in Ownership Resulting in a Change of Control. In addition to school acquisitions, other types of transactions can also cause a change of control. The DOE, accrediting agencies, and most state education agencies, all have standards pertaining to the change of control of schools, but those standards are not uniform. The DOE regulations describe some transactions that constitute a change of control, including the transfer of a controlling interest in the voting stock of an institution or the institution’s parent corporation. The DOE regulations provide that a change of control of a publicly-traded corporation occurs in one of two ways: (i) if there is an event that would obligate the corporation to file a Current Report on Form 8-K with the Securities and Exchange Commission, or the SEC, disclosing a change of control or (ii) if the corporation has a shareholder that owns at least 25% of the total outstanding voting stock of the corporation and is the largest shareholder of the corporation, and that shareholder ceases to own at least 25% of such stock or ceases to be the largest shareholder. A significant purchase or disposition of our voting stock could be determined by the DOE to be a change of control under this standard. Many states include the sale of a controlling interest of common stock in the definition of a change of control requiring approval. A change of control under the definition of one of these agencies would require us to seek approval of the change in ownership and control to maintain our accreditations, state authorization or licensure. The requirements to obtain such approval from the states and our accrediting agencies vary widely. In some cases, approval of the change of ownership and control cannot be obtained until after the transaction has occurred.

When a change of ownership resulting in a change of control occurs at a for-profit institution, the DOE applies a different set of financial tests to determine the financial responsibility of the institution in conjunction with its review and approval of the change of ownership. The institution generally is required to submit an audited same-day balance sheet reflecting the financial condition of the institution or its parent corporation immediately following the change in ownership. The institution’s same-day balance sheet must demonstrate an acid test ratio of at least 1:1, which is calculated by adding cash and cash equivalents to current accounts receivable and dividing the sum by total current liabilities (and excluding all unsecured or uncollateralized related party receivables). The same-day balance sheet must also demonstrate positive tangible net worth. If the institution does not satisfy either of these requirements, the DOE may condition its approval of the change of ownership on the institution’s agreeing to post a letter of credit, provisional certification, and/or additional monitoring requirements, as described in the above section on Financial Responsibility, including change of ownership regulations that went into effect July 1, 2024.

A change of control also could occur as a result of future transactions in which the Company is involved. Some corporate reorganizations and some changes in the composition of the Board are examples of such transactions. Moreover, the potential adverse effects of a change of control could influence future decisions by us and our shareholders regarding the sale, purchase, transfer, issuance or redemption of our stock. In addition, the regulatory burdens and risks associated with a change of control also could discourage bids for our shares of common stock and could have an adverse effect on the market price of our shares. The time required for the DOE to act on a change in ownership and control application may vary substantially. In some such recent transactions, institutions have experienced extensive delays in this review process, in some cases exceeding 18-24 months.

Clery Act. Both USU and AU publish the required Annual Crime and Security Reports to comply with the requirements of the federal Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act ("Clery Act"). USU publishes separate reports for its Sandy Springs, GA, San Diego, CA, and Phoenix, AZ locations; and AU publishes separate reports for its Phoenix, AZ location each year by October 1st deadline. Both universities are committed to providing students, faculty, staff, and guests a safe and secure environment. The reports identify policies and procedures for security and crime prevention, substance abuse, sexual misconduct/harassment (Title IX), and emergency response and evacuation.

Title IX. Title IX of the Education Amendments of 1972 protects individuals from discrimination based on sex in any educational program or activity operated by recipients of federal financial assistance.

On January 9, 2025, a federal district court vacated the Biden administration's 2024 Title IX regulations, reverting enforcement back to the 2020 regulations for most states. On January 20, 2025, the Trump Administration issued an executive order directing agencies to define sex as strictly binary and reject the expanded definitions, including sexual orientation and gender identity, adopted under the Biden administration. The U.S. Department of Education officially announced it would return to enforcing the 2020 Title IX Rule.

U.S. Departments of Defense and Veterans Affairs. The U.S. Department of Defense and the U.S. Department of Veterans Affairs (the "VA") regulate our participation in the military's tuition assistance program and the VA's veterans' education benefits program, respectively. The laws, regulations, standards and policies of these agencies cover the vast majority of our operations, including our educational programs, facilities, instructional and administrative staff, administrative procedures, marketing, recruiting, financial operations and financial condition. These regulatory requirements can also affect our ability to add new or expand existing educational programs and to change our corporate structure and ownership.

AU is approved by the Arizona State Approving Agency, Arizona Department of Veterans' Affairs to provide education to students using VA Education and Training Benefits until August 31, 2026.

USU is approved by the Georgia Department of Veterans' Affairs to provide education to students using VA Education and Training Benefits until July 31, 2026. USU also maintains approval by the California State Approving Agency for Veterans Education to provide education to students using VA Education and Training Benefits until July 31, 2026.

Update to Telemarketing and Agency Rules. New regulations related to the Telephone Consumer Protection Act, amended and effective as of March 24, 2024, require schools to obtain prior express written consent that is clear and conspicuous to place calls/texts that constitute "telemarketing," which means the "initiation of a telephone call or message for the purpose of encouraging the purchase of goods or services." Examples include schools contacting prospective students about interest in degree programs and enrolling current students in advanced degree programs. It also requires schools to verify the national do-not-call registry before calling students.

Effective May 15, 2024, the Federal Trade Commission's (FTC) new record-keeping requirement, among others, requires schools to maintain records for 5 years (an increase from 2 years), which includes unique campaigns, scripts, brochures, advertisements, promotions, detailed records for each telemarking call, records of consent obtained, and do-not-call records.

The Federal Communications Commission's (FCC) new consent rule regarding one-to-one consent, effective January 26, 2025, requires schools to obtain prior written consent from the individual, which impacts lead generator transfers to their marketing affiliates. The FCC's additional new rule "revocation of consent" means that schools cannot limit the methods by which students may revoke consent to receive calls or texts and allows revocation via "any reasonable method."

AU and USU have reviewed their policies and procedures to ensure compliance with these new regulations.

6. *an estimate of the amount spent during each of the last two fiscal years on research and development activities, and, if applicable, the extent to which the cost of such activities were borne directly by customers;*

   Answer: Fiscal 2025 estimated R&D expenditures which are capitalized software costs were $1,019,789

   Fiscal 2024 estimated R&D expenditures which are capitalized software costs were $1,124,649

7. *costs and effects of compliance with environmental laws (federal, state and local); and*

   Answer: None

8. *the number of total employees and number of full-time employees.*

   Answer: As of April 30, 2025 the Company had 179 full time employees and 469 part-time adjunct professors.

For issuers engaged in mining, oil and gas production and real estate activities, substantial additional disclosure of the issuer's business is required. Contact OTC Markets Group for more information.

Item 9 The nature of products or services offered.

In responding to this item, please describe the following so that a potential investor can clearly understand the products and services of the issuer:

A. principal products or services, and their markets;

Answer:

Aspen online nursing programs

Aspen is an Industry-leader in nursing education that leverages a sophisticated technological infrastructure and unparalleled expertise to provide affordable, debt-minimizing education through lower tuition costs and monthly payment plans. Aspen's comprehensive learning programs include Associate's, Bachelor's, Master's, and Doctoral degree programs that span multiple programs of study with a concentrated focus on nursing, representing 84% of students. Asynchronous-synchronous on-line delivery model creates a differentiated experience for learners requiring additional flexibility.

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

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

Answer: See answer to Item 9A. above.

B. status of any publicly announced new product or service;

Answer: N/A

C. competitive business conditions, the issuer's competitive position in the industry, and methods of competition;

Answer:

Industry Overview

According to the DOE National Center for Education Statistics, in Fall 2023, among postbaccalaureate students that study exclusively online, the percentage of students at private for-profit institutions was higher (89%), than that of students at public institutions (37%) and private nonprofit institutions (39%). In particular, the percentage of undergraduate students who took distance education courses exclusively was highest at private for-profit four-year institutions (72%) which, despite enrolling a small share of undergraduates, accounted for 10% of undergraduates who were enrolled exclusively in distance education courses.

In terms of the nursing sector, job opportunities for registered nurses are expected to grow about as fast as the average growth for all occupations, or approximately 5%, between 2024 and 2034, according to the U.S. Bureau of Labor Statistics' Occupational Outlook Handbook, 2025 Edition. However, despite the anticipated growth in job opportunities, in 2024 65,393 qualified applications were not accepted by entry-level baccalaureate and graduate nursing programs according to the 2024-2025 Enrollment and Graduations in Baccalaureate and Graduate Programs in Nursing report from the American Association of Colleges of Nursing (https://www.aacnnursing.org/news-data/fact-sheets/nursing-shortage). These statistics suggest there continues to be unmet demand from qualified students for nursing educational programs. Over a million RNs are expected to leave the profession by 2030 as they reach retirement age or due to pandemic-induced job fatigue. This supply-side trend, coupled with the rising demand for healthcare to support the aging U.S. population, is expected to perpetuate a nursing shortage through 2034. Given the growing demand for healthcare services across a multitude of specialties, the Occupational Outlook Handbook projects that almost 1.9 million new registered nurses (RNs) will be needed by 2034 to address the current shortage.

Competitive Strengths

Proprietary Education Technology Platform – Traditionally, a University or Online Program Manager (OPM) offering online education has three core systems that serve as the backbone of their technology stack: (i) a Customer Relationship Management (CRM) system used by the enrollment team to manage prospective students; (ii) a student information system (or SIS) that the university uses to manage its student body, and (iii) a learning management system (or LMS) which serves as the online classroom.
In each of these categories, there are a number of software as a service ("SaaS") companies that offer solutions for higher education. Most universities and OPMs license one or all of these systems. In studying these systems, we concluded that there was no reasonable way to have these three separately licensed systems fluently communicate with to each other to achieve our end goal of having real-time data on every aspect of a student's career – whether it be academic in nature or personal, financial or other behavioral aspects.

As a result, several years ago we built an in-house Student Information System and connected it to our Learning Management System, D2L. We subsequently built and launched a proprietary CRM system that was designed for the enrollment departments at AU and USU.

The first-phase CRM included an algorithm that recommends to Enrollment Advisors (EAs), in priority order, the follow-up calls that should be made in a given day to complete the enrollment process for prospective students in that EAs individually designated database. The algorithm was created by studying the daily habits and activities of the three most productive EAs in AGI history. This recommendation engine then automatically updates in real-time after each follow-up/action is conducted by an EA. To our knowledge, these advanced features are not offered by any CRM software company in the industry. For example, this recommendation engine has boosted our lead conversion rates at USU for our online nursing programs to approximately 21% vs. <10% prior to launch.

Emphasis on Online Education - The curriculum for all courses at AGI's universities is designed primarily for online delivery. USU's MSN-FNP hybrid (online/on-campus) nursing program is the exception and requires clinical practice. In USU's Education degrees, the Teacher Credentialing tracks require field experience/student teaching and their internship tracks require active employment. Online, we provide students the flexibility to study and interact at times that suit their schedules. We design our online/on-campus sessions and materials to be interactive, dynamic and user friendly.

Debt Minimization - We are committed to offering among the lowest tuition rates in the sector. Our tuition rates combined with our monthly payment plan payment option for our post licensure online nursing programs has alleviated the need for a significant majority of our students to take out federal financial aid loans to fund their tuition and fees requirements.

Commitment to Academic Excellence - We are committed to continuously improving our academic programs and services, as evidenced by the level of attention and resources we apply to instruction and educational support. We are committed to achieving high graduation rates compared to competitive distance learning, for-profit schools. Regular and substantive interaction and one-on-one student contact with our highly experienced faculty brings knowledge and great perspective to the learning experience. Faculty members are available by telephone, video conference and email to answer questions, discuss assignments and provide help and encouragement to our students.

Highly Scalable and Profitable Business Model - We believe our education model, our relatively low student acquisition costs, and our flexible faculty cost model enable us to expand our operating margins. As we increase our student body, we are able to scale our online business on a variable basis through growing the number of full-time and adjunct faculty members after we reach certain enrollment metrics (not before). A single adjunct faculty member can work with as little as one student or as many as 50 at any given time. A full-time faculty member works with a maximum of 110 students at any given time. Additionally, we have invested in a corporate shared-services infrastructure that supports the operations of our two universities. As our student body grows, we are able to more efficiently utilize this infrastructure further increasing operating margins.

Industry conditions support future growth in our on-line post licensure nursing programs. According to AACN's report on 2023-2024 Enrollment and Graduations in Baccalaureate and Graduate Programs in Nursing, U.S. nursing schools turned away 65,766 qualified applications from baccalaureate and graduate nursing programs in 2021 due to an insufficient number of faculty, clinical sites, classroom space, clinical preceptors and budget constraints.

(https://www.aacnnursing.org/news-data/fact-sheets/nursing-shortage).

"One Student at a Time" Personal Care - We are committed to providing our students with highly responsive and personal individualized support. Every student is assigned an Academic Advisor who becomes an advocate for the student's success. Our one-on-one approach assures contact with faculty members when a student needs it and monitoring to keep them on course. Our administrative staff is readily available to answer any questions and work with a student from initial interest through the application process and enrollment, and most importantly while the student is pursuing their studies.

Admissions

In considering candidates for acceptance into any of our certificate or degree programs, we look for those who are serious about pursuing – or advancing in – a professional career, and who want to be both prepared and academically challenged in the process. We strive to maintain the highest standards of academic excellence, while maintaining a friendly learning environment designed for educational, personal, and professional success. A desire to meet those standards is a prerequisite. Because our programs are designed for self-directed learners, successful students have a basic understanding of time management principles and practices, as well as good writing and research skills. Admission to both AU and USU is based on a thorough assessment of each applicant's potential to complete the program successfully.

Competition

According to the most recent 2022 Digest of Education Statistics (nces.ed.gov), there are more than 5,900 U.S. colleges and universities serving traditional college-age students and adult students. Any reference to universities herein also includes colleges. Competition is highly fragmented and varies by geography, program offerings, delivery method, ownership, quality level, and selectivity of admissions. No one institution has a significant share of the total postsecondary market. While we compete in a sense with traditional "brick and mortar" universities, our primary competitors are universities that primarily enroll online students. Our primarily online university competitors include American Public Education, Inc. (Nasdaq: APEI), Adtalem Global Education (NYSE: ATGE), Apollo Education Group, Inc., Grand Canyon Education, Inc. (Nasdaq: LOPE), Strategic Education, Inc. (Nasdaq: STRA), and Western Governors University.

We believe that these competitors have degreed enrollments ranging from approximately 38,000 to over 150,000 students. As of April 30, 2025, 4,860 of 5,809 or 84% of all active students across both universities are degree-seeking nursing students. Of the students seeking nursing degrees, 2,606 are at AU and 2,254 at USU.

The primary mission of most traditional accredited four-year universities is to serve full-time students and conduct research. Most online universities serve working adults. AGI acknowledges the differences in the educational needs between working and full-time students at "brick and mortar" schools and provides programs and services that allow our students to earn their degrees without major disruption to their personal and professional lives.

We also compete with public and private degree-granting regionally and nationally accredited universities. An increasing number of universities enroll working students in addition to the traditional 18 to 24-year-old students, and we expect that these universities will continue to modify their existing programs to serve working learners more effectively, including by offering more distance learning programs. We believe that the primary factors on which we compete are the following:

- Active and relevant curriculum that considers the needs of employers;
- The ability to provide flexible and convenient on-line access to classes;
- Cost of the program;
- Monthly payment plan options;
- High-quality courses and services;
- Comprehensive student support services;
- Breadth of programs offered;
- The time necessary to earn a degree;
- Qualified and experienced faculty;
- Reputation of the institution and its programs;
- Name recognition; and
- Convenience

D. sources and availability of raw materials and the names of principal suppliers;

Answer: N/A

E. dependence on one or a few major customers;

Answer: See answer to Item 9A. above.

F. patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts, including their duration; and

Answer:

In the ordinary course of our business, we develop intellectual property of many kinds that is or will be the subject of copyright, trademark, service mark, trade secret or other protections. This intellectual property includes but is not limited to courseware materials, business know-how and internal processes and procedures developed to respond to the requirements of operating and various education regulatory agencies. We rely on a combination of copyrights, trademarks, service marks, trade secrets, domain names, agreements and registrations to protect our intellectual property. We rely on service mark and trademark protection in the U.S. to protect our rights to the mark ASPEN UNIVERSITY and the mark UNITED STATES UNIVERSITY as well as distinctive logos and other marks associated with our services. We rely on agreements under which we obtain rights to use course content developed by faculty members and other third-party content experts.

Intangible assets represent both indefinite-lived and definite-lived assets. Acquired 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. 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.

Entity	Intangible Asset	Net Book Value	Life
[●]	[●]	[●]	[●]
Aspen	Courseware	$34,187	5-years
Aspen	Accreditation	$26,279	5-years
USU	Trademark / Tradename	$1,700,000	Indefinite
USU	Courseware	$196,528	5-years
USU	Accreditation	$6,200,000	Indefinite

G. the need for any government approval of principal products or services and the status of any requested government approvals.

Answer: See Answer to Item 8. B.5 above.

Item 10 The nature and extent of the issuer's facilities.

Please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

Answer:

As of April 30, 2025, we lease approximately 157,321 square feet of office and classroom space in Phoenix, San Diego, Austin, Tampa, Nashville and Atlanta. The Denver lease ended May 31, 2024, the New York City lease ended January 31, 2024; and the New Brunswick Province in Canada lease ended December 31, 2023. The Company's lease expense for the fiscal year ending April 30, 2025 was approximately $3.3 million.

Complete Address	Condition	Expiration Date	Use of Property
[●]	[●]	[●]	[●]
4605 and 4615 ELWOOD ST, STE 100, 110, 300, 400, PHOENIX, AZ Maricopa County	Excellent	April 30, 2028	Chief executive office / education
404 CAMINO DEL RIO S, SAN	Excellent	November 30, 2027	Education

DIEGO, CA San Diego County			
1809 DABBS AVE, NASHVILLE, TN Davidson County	Excellent	March 31, 2030	Vacant
101 W LOUIS HENNA BLVD, STE 100, AUSTIN, TX Travis County	Excellent	October 31, 2028	Education
12802 TAMPA OAKS BLVD, STE 150 and 450, TAMPA, FL Hillsborough County	Excellent	April 30, 2032	Vacant
859 MT VERNON HWY NE, STE 100, SANDY SPRINGS, GA Fulton County	Excellent	February 28, 2030	Education

Aspen University Subleases

Aspen University subleased a portion of its Austin campus, which commenced on February 1, 2024, and portions of its Phoenix campus, which commenced in September 2024 and in January 2025.

Part D Management Structure and Financial Information

Item 11 Company Insiders (Officers, Directors, and Control Persons).

Please give a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant shareholders.

A. Officers and Directors. In responding to this item, please provide the following information for each of the issuer's executive officers, directors, general partners, as of the date of this information statement:

Answer: See table below for Executive and Director Information:

1. Full name;
2. Officer/Director Title:
3. Business address;
4. Employment history (which must list all previous employers for the past 5 years, positions held, responsibilities and employment dates);
5. Board memberships and other affiliations;
6. Compensation by the issuer; and

Answer: See tables below:

7. Number and class of the issuer's securities beneficially owned by each such person.

Answer: See tables below:

Name (First, Last)	Position/company affiliation (ex: CEO, 5% control person)	Business address	Number of shares owned (list common, preferred, warrants and options separately)	Class of shares owned	Percentage of class of shares owned (undiluted)
Michael Mathews	CEO and Chairman	4605 ELWOOD ST, STE 300, PHOENIX, AZ	970,187	Common	3.2%
Matthew LaVay	Chief Financial Officer	4605 ELWOOD ST, STE 300, PHOENIX, AZ	375,001	Common	1.3%
Cheri St. Arnauld (resigned September 12, 2025)	Former Chief Academic Officer	4605 ELWOOD ST, STE 400, PHOENIX, AZ	149,407	Common	0.5%
Sanford Rich	Director	NYC Board of Education Retirement System, 55 Water Street, 50th floor, New York, New York 10041	163,174	Common	0.5%
Andrew Kaplan	Director	Education Growth Partners, 201 Broad Street, Suite 1003, Stamford CT 07901	129,376	Common	0.4%
Mike Koehneman	Director	245 Terry Road, Augusta MO 63332	46,160	Common	0.2%

Name (First, Last)	Compensation by Issuer (Fiscal 2025)	Employment history (last 5 years)	Board memberships and other affiliations
Michael Mathews	$434,000	Aspen Group, Inc, CEO, March 2012 – present	Aspen Group, Director, Board Chairman RPM Interactive, Inc., Chairman
Matthew LaVay	$416,250	Aspen Group, Inc, CFO, August 2021 – present Amerit Fleet Solutions, CFO, August 2018 – July 2021	None
Cheri St. Arnauld	$323,937	Aspen Group, Inc, Chief Academic Officer, 2014 – September 2025 (Resigned) Aspen University, President, 2014 - present	None
Sanford Rich	$47,333	NYC Board of Education Retirement System, Executive Director, January 2016 - present	Aspen Group, Director, Audit Committee Chairman, Executive Committee PCAOB Investor Advisory Group, member Unusual Machines, UMAC, Audit Committee Chairman
Andrew Kaplan	$47,333	Education Growth Partners, Managing General Partner, responsible for co-managing the firm and our private equity investments, January 2015 - present	Aspen Group, Director, Audit Committee, Executive Committee Modo Labs, Director AllCampus, Director Kangarootime, Director Edmentum, Board Observer Congregation Beth Hatikvah, Treasurer Kleo, Director Vivvi, Director
Mike Koehneman	$47,333	Retired since June 30, 2020 PwC, Global Advisory Chief Operating Officer and Human Capital Leader, 2016-2019; U.S. Advisory Operations Leader, 2005-2016; and Lead Engagement Partner for Financial Statement Audits and Internal Control and Security Reviews, 1993 through 2004	Aspen Group, Director, Audit Committee, Regulatory Committee AuthID.ai, Director, Audit Committee Chair

B. Other Control Persons. In responding to this item, please provide the following information for all persons beneficially owning more than five percent (5%) of any class of the issuer's equity securities as of the date of this information statement. Do not include Officers or Directors previously listed.

1. Full name;
2. Address; and
3. Number and class of the issuer's securities beneficially owned.

Answer: See table below for 1 – 3 above.

Name (First, Last)	Position/company affiliation (ex: CEO, 5% control person)	City and State (and Country if outside US)	Number of Shares Owned (list common, preferred, warrants and options separately)	Class of shares owned	Percentage of Class of Shares Owned (undiluted)
Leon Cooperman	5% owner	Boca Raton, FL	4,227,957 [1]	Common	14.5%
Leon Cooperman	5% Owner	Boca Raton, FL	5,000 [2]	Preferred	50.0%
Leon Cooperman	5% Owner	Boca Raton, FL	150,000 [3]	Warrants	N/A
Calm Waters Partnership (Richard Strong, Managing Partner)	5% owner	Milwaukee, WI	3,785,459	Common	13.3%
Calm Waters Partnership (Richard Strong, Managing Partner)	5% Owner	Milwaukee, WI	5,000 [4]	Preferred	50.0%
Calm Waters Partnership (Richard Strong, Managing Partner)	5% Owner	Milwaukee, WI	100,000 [5]	Warrants	N/A
JGB Management, Inc. (Brett Cohen, President)	5% Owner	Westport, CT	7,194,002 [5]	Warrants	N/A

[1] Consists of 2,867,957 shares owned by The Leon & Toby Cooperman Family Foundation (the "Foundation") and 1,360,000 shares owned by Omega Capital Partners. The Company believes that Mr. Leon Cooperman controls each of these shareholders.
[2] Owned by the Foundation. Each share of Series A is convertible into 2,000 shares of AGI common stock at a conversion price of $0.50 based on the stated value. The preferred stock converts into 24.99% of the Company, which limitation includes any common stock owned or issuable upon exercise of the warrants.
[3] Owned by the Foundation. The Company issued warrants to purchase shares of the Company's common stock exercisable for five years from issuance date at an exercise price of $0.01 per share.
[4] Each share of Series A is convertible into 2,000 shares of AGI common stock at a conversion price of $0.50 based on the stated value. The preferred stock converts into 24.99% of the Company, which limitation includes any common stock owned or issuable upon exercise of the warrants.
[5] The Company issued warrants to purchase shares of the Company's common stock exercisable for five years from issuance date at an exercise price of $0.01 per share.

To the extent not otherwise disclosed, if any of the above shareholders are corporations or other legal entities rather than individuals, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agent of each corporate shareholder.

B. <u>Legal/Disciplinary History</u>. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

Answer: No

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

   Answer: No

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

   Answer: No

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

   Answer: No

C. Disclosure of Family Relationships. Describe any family relationships[7] among and between the issuer's directors, officers, persons nominated or chosen by the issuer to become directors or officers, or beneficial owners of more than five percent (5%) of the any class of the issuer's equity securities.

Answer: None

D. Disclosure of Related Party Transactions. Describe any transaction during the issuer's last two full fiscal years and the current fiscal year or any currently proposed transaction, involving the issuer, in which (i) the amount involved exceeds the lesser of $120,000 or one percent of the average of the issuer's total assets at year-end for its last three fiscal years and (ii) any related person had or will have a direct or indirect material interest. Disclose the following information regarding the transaction:

Answer:

On January 31, 2024, the Company received a $200,000 non-interest bearing loan from the Company's Chief Executive Officer. This loan was for a short-term period until the receipt of the fifth financial aid payments under HCM2. On February 8, 2024, the fifth financial aid payment under HCM2 reimbursement was received and utilized to pay down the loan in full.

Lee Cooperman and Calm Waters Partnerships are each a 5% shareholder and each previously held a $5 million convertible note, which was exchanged for Series A Preferred Shares. Further details are not disclosed according to 4. b. in the instructions below.

1. The name of the related person and the basis on which the person is related to the issuer;

2. The related person's interest in the transaction;

3. The approximate dollar value involved in the transaction (in the case of indebtedness, disclose the largest aggregate amount of principal outstanding during the time period for which disclosure is required, the amount thereof outstanding as of the latest practicable date, the amount of principal and interest paid during the time period for which disclosure is required, and the rate or amount of interest payable on the indebtedness);

4. The approximate dollar value of the related person's interest in the transaction; and

5. Any other information regarding the transaction or the related person in the context of the transaction that is material to investors in light of the circumstances of the particular transaction.

Instruction to paragraph D of Item 11:

1. *For the purposes of paragraph D of this Item 11, the term "related person" means any director, executive officer, nominee for director, or beneficial owner of more than five percent (5%) of any class of the issuer's equity securities, immediate family members[8]*

of any such person, and any person (other than a tenant or employee) sharing the household of any such person.

2. *For the purposes of paragraph D of this Item 11, a "transaction" includes, but is not limited to, any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangements or relationships.*

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[7] The term "family relationship" means any relationship by blood, marriage or adoption, not more remote than first cousin.

[8] "Immediate family members" means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law.

3. *The "amount involved in the transaction" shall be computed by determining the dollar value of the amount involved in the transaction in question, which shall include:*

   a. In the case of any lease or other transaction providing for periodic payments or installments, the aggregate amount of all periodic payments or installments due on or after the beginning of the issuer's last fiscal year, including any required or optional payments due during or at the conclusion of the lease or other transaction providing for periodic payments or installments; and

   b. In the case of indebtedness, the largest aggregate amount of all indebtedness outstanding at any time since the beginning of the issuer's last fiscal year and all amounts of interest payable on it during the last fiscal year.

4. *In the case of a transaction involving indebtedness:*

   a. The following items of indebtedness may be excluded from the calculation of the amount of indebtedness and need not be disclosed: amounts due from the related person for purchases of goods and services subject to usual trade terms, for ordinary business travel and expense payments and for other transactions in the ordinary course of business; and

   b. Disclosure need not be provided of any indebtedness transaction for beneficial owners of more than five percent (5%) of any class of the issuer's equity securities or such person's family members.

5. *Disclosure of an employment relationship or transaction involving an executive officer and any related compensation solely resulting from that employment relationship or transaction need not be provided. Disclosure of compensation to a director also need not be provided.*

6. *A person who has a position or relationship with a firm, corporation, or other entity that engages in a transaction with the issuer shall not be deemed to have an indirect material interest for purposes of paragraph D of this Item 11 where:*

   a. The interest arises only:

      i. From such person's position as a director of another corporation or organization that is a party to the transaction; or

      ii. From the direct or indirect ownership by such person and all other related persons, in the aggregate, of less than a ten percent (10%) equity interest in another entity (other than a partnership) which is a party to the transaction; or

      iii. From both such position and ownership; or

   b. The interest arises only from such person's position as a limited partner in a partnership in which the person and all other related persons have an interest of less than ten percent (10%), and the person is not a general partner of and does not hold another position in the partnership.

7. *Disclosure need not be provided pursuant to paragraph D of this Item 11 if:*

   a. *The transaction is one where the rates or charges involved in the transaction are determined by competitive bids, or the transaction involves the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority;*

   b. *The transaction involves services as a bank depositary of funds, transfer agent, registrar, trustee under a trust indenture, or similar services; or*

   c. *The interest of the related person arises solely from the ownership of a class of equity securities of the issuer and all holders of that class of equity securities of the issuer received the same benefit on a pro rata basis.*

8. *Include information for any material underwriting discounts and commissions upon the sale of securities by the issuer where any of the specified persons was or is to be a principal underwriter or is a controlling person or member of a firm that was or is to be a principal underwriter.*

E. Disclosure of Conflicts of Interest. Describe any conflicts of interest. Describe the circumstances, parties involved and mitigating factors for any executive officer or director with competing professional or personal interests.

Answer: None.

Item 12 Financial information for the issuer's most recent fiscal period.

Instruction to Item 12: The issuer shall post the financial statements required by this Item 12 through www.OTCIQ.com under the appropriate report name for the applicable period end. (If the financial statements relate to a fiscal year end, publish it as an "*Annual Report,*" or if the financial statements relate to a quarter end, publish it as a "*Quarterly Report*" or "*Interim Financial Report*") **The issuer must state in its disclosure statement that such financial statements are incorporated by reference.** The issuer must also (i) provide a list in the disclosure statement describing the financial statements that are incorporated by reference, (ii) clearly explain where the incorporated documents can be found, and (iii) provide a clear cross-reference to the specific location where the information requested by this Item 12 can be found in the incorporated documents.

The issuer shall provide the following financial statements for the most recent fiscal period (whether fiscal quarter or fiscal year).

1) balance sheet;
2) statement of income;
3) statement of cash flows;
4) statement of changes in stockholders' equity (for Annual Reports only);
5) financial notes; and
6) audit letter, if period ending is fiscal year

The financial statements requested pursuant to this item shall be prepared in accordance with generally accepted accounting principles (U.S. GAAP or IFRS, as applicable) by persons with sufficient financial skills.

Information contained in annual financial statements will not be considered current more than 90 days after the end of the issuer's fiscal year immediately following the fiscal year for which such statements are provided, or with respect to quarterly financial statements, more than 45 days after the end of the quarter immediately following the quarter for which such statements are provided.

Additionally, if the issuer is an insurance company, the issuer shall also post its most recent "**Insurance Company Annual Regulatory Statement**" required to be filed with the Commissioner of Insurance (or other officer or agency performing a similar function) of its domiciliary state, per section 12(g)(2)(G)(i) of the Securities Exchange Act of 1934. This statement shall be posted through www.OTCIQ.com.

Answer: The fiscal year-end April 30, 2025 financial statements are attached at the end of this Annual Update. Refer to the sections below:

- Report of Independent Registered Public Accounting Firm
- Consolidated Balance Sheets as of April 30, 2025 and 2024
- Consolidated Statements of Operations for the years ended April 30, 2025 and 2024
- Consolidated Statements of Changes in Stockholders' Equity for the years ended April 30, 2025 and 2024
- Consolidated Statements of Cash Flows for the years ended April 30, 2025 and 2024
- Notes to Consolidated Financial Statements

Item 13 Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence.

Please provide the financial statements described in Item 12 above for the issuer's two preceding fiscal years.

Instruction to Item 13: The issuer shall either (i) attach the financial statements required by this Item 13 to its initial disclosure or (ii) post such financial statements through www.OTCIQ.com as a separate report under the name of "*Annual Report*" for the applicable fiscal year end. **The issuer must state in its disclosure statement that such financial statements are incorporated by reference.** The issuer must also (x) provide a list in the disclosure statement describing the financial statements that are incorporated by reference, (y) clearly explain where the incorporated documents can be found, and (z) provide a clear cross-reference to the specific location where the information requested by this Item 13 can be found in the incorporated documents.

Answer:
The fiscal year-end April 30, 2025 financial statements are attached at the end of this Annual Update. Refer to the sections below:

- Report of Independent Registered Public Accounting Firm
- Consolidated Balance Sheets as of April 30, 2025 and 2024

- Consolidated Statements of Operations for the years ended April 30, 2025 and 2024
- Consolidated Statements of Changes in Stockholders' Equity for the years ended April 30, 2025 and 2024
- Consolidated Statements of Cash Flows for the years ended April 30, 2025 and 2024
- Notes to Consolidated Financial Statements

Item 14 The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to operations, business development and disclosure:

1. Investment Banker

   Answer: N/A

2. Promoter
   Answer: N/A

3. Securities Counsel

   Answer: Nason, Yeager, Gerson, Harris & Fumero, P.A.
   3001 PGA Boulevard, Suite 305, Palm Beach Gardens, FL 33410
   561-471-3507
   MHarris@nasonyeager.com

4. Accountant or Auditor - the information shall clearly (i) describe if an outside accountant provides audit or review services, (ii) state the work done by the outside accountant and (iii) describe the responsibilities of the accountant and the responsibilities of management (i.e. who audits, prepares or reviews the issuer's financial statements, etc.). The information shall include the accountant's phone number and email address and a description of the accountant's licensing and qualifications to perform such duties on behalf of the issuer.

   Answer:

   Salberg & Company, P.A.
   2295 NW Corporate Blvd., Suite 240, Boca Raton, FL 33431-7328
   561-995-8270
   scottsalberg@salbergco.com

   Services provided:
   1) Audit services for annual financial statements for consolidated Aspen Group, Inc. entity
   2) Annual audit services for Aspen University and United States University subsidiaries

   Answer: Management is responsible for closing the books and preparing the financial statements. The Auditors are responsible for independent audit and services

Licensing and qualifications:

Salberg & Company, P.A. is registered with the Public Company Accounting Oversight Board and the firm is licensed in Florida along with multiple other states.

5. Public Relations Consultant

   Answer: N/A

6. Investor Relations Consultant

   Answer:

   Hayden IR
   7320 E. Butchers Drive, Scottsdale, AZ 85260
   646-536-7331
   kim@haydenir.com

7. Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement - the information shall include the name, address, telephone number and email address of each advisor.

   Answer: N/A

Item 15 Management's Discussion and Analysis or Plan of Operation.

Answer:
The fiscal year-end April 30, 2025 financial statements are attached at the end of this Annual Update. Refer to section Item 15. Management's Discussion and Analysis or Plan of Operations.

Instructions to Item 15

Issuers that have not had revenues from operations in each of the last two fiscal years, or the last fiscal year and any interim period in the current fiscal year for which financial statements are furnished in the disclosure statement, shall provide the information in paragraphs A and C of this item. All other issuers shall provide the information in paragraphs B and C of this item.

The discussion and analysis shall focus specifically on material events and uncertainties known to management that would cause reported financial information not to be necessarily indicative of future operating results or of future financial condition.

Issuers are not required to supply forward-looking information. This is distinguished from presently known data that will impact upon future operating results, such as known future increases in costs of labor or materials. This latter data may be required to be disclosed.

A. Plan of Operation.

1. Describe the issuer's plan of operation for the next twelve months. This description should include such matters as:

i. a discussion of how long the issuer can satisfy its cash requirements and whether it will have to raise additional funds in the next twelve months;

ii. a summary of any product research and development that the issuer will perform for the term of the plan;

iii. any expected purchase or sale of plant and significant equipment; and

iv. any expected significant changes in the number of employees.

B. Management's Discussion and Analysis of Financial Condition and Results of Operations.

1. *Full fiscal years.* Discuss the issuer's financial condition, changes in financial condition and results of operations for each of the last two fiscal years. This discussion should address the past and future financial condition and results of operation of the issuer, with particular emphasis on the prospects for the future. The discussion should also address those key variable and other qualitative and quantitative factors that are necessary to an understanding and evaluation of the issuer. If material, the issuer should disclose the following:
The fiscal year-end April 30, 2025 financial statements are attached at the end of this Annual Update. Refer to section Item 15. Management's Discussion and Analysis or Plan of Operations.

Answer: The fiscal year-end April 30, 2025 financial statements are attached at the end of this Annual Update. Refer to section Item 15. Management's Discussion and Analysis or Plan of Operations. for i – vii below:

i. Any known trends, events or uncertainties that have or are reasonably likely to have a material impact on the issuer's short-term or long-term liquidity;

ii. Internal and external sources of liquidity;

iii. Any material commitments for capital expenditures and the expected sources of funds for such expenditures;

iv. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations;

v. Any significant elements of income or loss that do not arise from the issuer's continuing operations;

vi. The causes for any material changes from period to period in one or more line items of the issuer's financial statements; and

vii. Any seasonal aspects that had a material effect on the financial condition or results of operation.

2. *Interim Periods.* Provide a comparable discussion that will enable the reader to assess material changes in financial condition and results of operations since the end of the last fiscal year and for the comparable interim period in the preceding year.

C. <u>Off-Balance Sheet Arrangements</u>*.*

Answer: There are no off-balance sheet arrangements.

1. In a separately-captioned section, discuss the issuer's off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the issuer's financial condition, changes in financial condition, revenues or expenses,

results of operations, liquidity, capital expenditures or capital resources that is material to investors. The disclosure shall include the items specified in paragraphs C(1)(i), (ii), (iii) and (iv) of this Item 15 to the extent necessary to an understanding of such arrangements and effect and shall also include such other information that the issuer believes is necessary for such an understanding.

i. The nature and business purpose to the issuer of such off-balance sheet arrangements;

ii. The importance to the issuer of such off-balance sheet arrangements in respect of its liquidity, capital resources, market risk support, credit risk support or other benefits;

iii. The amounts of revenues, expenses and cash flows of the issuer arising from such arrangements; the nature and amounts of any interests retained, securities issued and other indebtedness incurred by the issuer in connection with such arrangements; and the nature and amounts of any other obligations or liabilities (including contingent obligations or liabilities) of the issuer arising from such arrangements that are or are reasonably likely to become material and the triggering events or circumstances that could cause them to arise; and

iv. Any known event, demand, commitment, trend or uncertainty that will result in or is reasonably likely to result in the termination, or material reduction in availability to the issuer, of its off-balance sheet arrangements that provide material benefits to it, and the course of action that the issuer has taken or proposes to take in response to any such circumstances.

2. As used in paragraph C of this Item 15, the term off-balance sheet arrangement means any transaction, agreement or other contractual arrangement to which an entity unconsolidated with the issuer is a party, under which the issuer has:

i. Any obligation under a guarantee contract that has any of the characteristics identified in Financial Accounting Standards Board(“FASB”) Accounting Standards Codification (“ASC”) Topic 460-10, Guarantees; formerly FIN 45;

ii. A retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to such entity for such assets;

iii. Any obligation, including a contingent obligation, under a contract that would be accounted for as a derivative instrument, except that it is both indexed to the issuer's own stock and classified in stockholders' equity in the issuer's statement of financial position, and therefore excluded from the scope of FASB ASC 815, Derivatives and hedging; formerly FAS 133; or

iv. Any obligation, including a contingent obligation, arising out of a variable interest (as referenced in FASB ASC 810, Consolidation; formerly FIN 46R) in an unconsolidated entity that is held by, and material to, the issuer, where such entity provides financing, liquidity, market risk or credit risk support to, or engages in leasing, hedging or research and development services with, the issuer.

Instructions to paragraph C of Item 15

i. No obligation to make disclosure under paragraph C of this Item 15 shall arise in respect of an off-balance sheet arrangement until a definitive agreement that is unconditionally binding or subject only to customary closing conditions exists or, if there is no such agreement, when settlement of the transaction occurs.

ii. Issuers should aggregate off-balance sheet arrangements in groups or categories that provide material information in an efficient and understandable manner and should avoid repetition and disclosure of immaterial information. Effects that are common or similar with respect to a number of off-balance sheet arrangements must be analyzed in the aggregate to the extent the aggregation increases understanding. Distinctions in arrangements and their effects must be discussed to the extent the information is material, but the discussion should avoid repetition and disclosure of immaterial information.

iii. For purposes of paragraph C of this Item 15 only, contingent liabilities arising out of litigation, arbitration or regulatory actions are not considered to be off-balance sheet arrangements.

iv. Generally, the disclosure required by paragraph C of this Item 15 shall cover the most recent fiscal year. However, the discussion should address changes from the previous year where such discussion is necessary to an understanding of the disclosure.

In satisfying the requirements of paragraph C of this Item 15, the discussion of off-balance sheet arrangements need not repeat information provided in the footnotes to the financial statements, provided that such discussion clearly cross-references to specific information in the relevant footnotes and integrates the substance of the footnotes into such discussion in a manner designed to inform readers of the significance of the information that is not included within the body of such discussion.

Part E Issuance History

Item 16 List of securities offerings and shares issued for services in the past two years.

A. List below any events, in chronological order, that resulted in direct changes to the total shares outstanding by the issuer (1) within the two-year period ending on the last day of the issuer's most recent fiscal year and (2) since the last day of the issuer's most recent fiscal year.

Answer: List of securities offerings and securities issued in the past two years:

Date of Transaction	Class of Securities/ Description of Issuance	Name	Services Provided	Jurisdictions where the offering was registered or qualified	Number of shares offered	Number of shares sold	Price at which the shares were offered, and amount paid to the Issuer	Trading status of the shares (Restricted/Not Restricted)
5-10-2023	Share Issuance	Lampert Capital Advisors LLC	Investment Banking Fee	N/A	25,000	25,000	$0.0743	Restricted
5-17-2023	RSUs vesting	Rob Alessi	Former Chief Accounting Officer	N/A	36,667	36,667	$0.07	Restricted
7-11-2023	RSUs vesting	Michael Mathews	CEO and Chairman	N/A	15,157	15,157	$0.14	Restricted
7-11-2023	RSUs vesting	Cheri St. Arnauld	Chief Academic Officer	N/A	13,991	13,991	$0.14	Restricted
2-4-2024	RSUs vesting	Michael Mathews	CEO and Chairman	N/A	65,000	65,000	$0.18	Restricted
2-4-2024	RSUs vesting	Cheri St. Arnauld	Chief Academic Officer	N/A	48,750	48,750	$0.18	Restricted
4-29-2024	Series A	The Leon and Toby Cooperman Family Foundation	Former lender – debt conversion	Florida	5,000	5,000	(3)	Free Trading (3)
4-29-2024	Series A	Calm Waters Partnership	Former lender – debt conversion	Wisconsin	5,000	5,000	(3)	Free Trading (3)
5-2-2024	Common Stock Dividend	The Leon and Toby Cooperman Family Foundation	Former lender – debt conversion	Florida	115,069	115,069	$0.50	Restricted
5-2-2024	Common Stock Dividend	Calm Waters Partnership	Former lender – debt conversion	Wisconsin	115,069	115,069	$0.50	Restricted
8-15-2024	Common Stock Dividend	The Leon and Toby Cooperman	Former lender – debt	Florida	352,879	352,879	$0.50	Restricted

		Family Foundation	conversion					
8-15-2024	Common Stock Dividend	Calm Waters Partnership	Former lender – debt conversion	Wisconsin	352,879	352,879	$0.50	Restricted
9-4-2024	RSUs vesting	Cheri St. Arnauld	Chief Academic Officer	N/A	26,667	26,667	$0.20	Restricted
9-4-2024	RSUs vesting	Matthew LaVay	Chief Financial Officer	N/A	41,667	41,667	$0.19	Restricted
9-4-2024	RSUs vesting	Matthew LaVay	Chief Financial Officer	N/A	166,667	166,667	$0.14	Restricted
10-28-2024	RSUs vesting	Cheri St. Arnauld	Chief Academic Officer	N/A	33,333	33,333	$0.01	Restricted
11-4-2024	Common Stock Dividend	The Leon and Toby Cooperman Family Foundation	Former lender – debt conversion	Florida	352,879	352,879	$0.50	Restricted
11-4-2024	Common Stock Dividend	Calm Waters Partnership	Former lender – debt conversion	Wisconsin	352,879	352,879	$0.50	Restricted
2-5-2025	Common Stock Dividend	The Leon and Toby Cooperman Family Foundation	Former lender – debt conversion	Florida	352,879	352,879	$0.50	Restricted
2-5-2025	Common Stock Dividend	Calm Waters Partnership	Former lender – debt conversion	Wisconsin	352,879	352,879	$0.50	Restricted
5-1-2025	Common Stock Dividend	The Leon and Toby Cooperman Family Foundation	Former lender – debt conversion	Florida	341,372	341,372	$0.50	Restricted
5-1-2025	Common Stock Dividend	Calm Waters Partnership	Former lender – debt conversion	Wisconsin	341,372	341,372	$0.50	Restricted
8-4-2025	Common Stock Dividend	The Leon and Toby Cooperman Family Foundation	Former lender – debt conversion	Florida	352,879	352,879	$0.50	Restricted

8-4-2025	Common Stock Dividend	Calm Waters Partnership	Former lender – debt conversion	Wisconsin	352,879	352,879	$0.50	Restricted
9-9-2025	RSUs vesting	Matthew LaVay	Chief Financial Officer	N/A	166,667	166,667	$0.07	Restricted

(1) The securities were issued pursuant to the issuer's registration statement on Form S-8.
(2) Represents the average price per share sold. The shares were sold at varying prices through Northland Securities, Inc., the selling agent, in an "at-the-market" offering of our common stock pursuant to the issuer's registration statement on Form S-3.
(3) Each share of Series A is convertible into 2,000 shares of AGI common stock at a conversion price of $0.50 based on the stated value.

The list shall include all offerings of securities, including debt convertible into equity securities, whether private or public, and shall indicate:

(i) The nature of each offering (e.g., Securities Act Rule 504, intrastate, etc.);

(ii) Any jurisdictions where the offering was registered or qualified;

(iii) The number of shares offered;

(iv) The number of shares sold;

(v) The price at which the shares were offered, and the amount actually paid to the issuer;

(vi) The trading status of the shares, whether they are restricted or unrestricted; and

(vii) Whether the certificates or other documents that evidence the shares contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

The list shall also include all shares or any other securities or options to acquire such securities issued for services in the past two fiscal years and any interim periods, describing (1) the securities, (2) the persons or entities to whom such securities were issued and (3) the services provided by such persons or entities.

With respect to private offerings of securities, the list shall also indicate the identity of the persons who purchased securities in such private offering; *provided*, *however*, that in the event that any such person is an entity, the list shall also indicate (a) the identity of each natural person beneficially owning, directly or indirectly, more than five percent (5%) of any class of equity securities of such entity and (b) to the extent not otherwise disclosed, the identity of each natural person who controlled or directed, directly or indirectly, the purchase of such securities for such entity.

B. List below and describe any issuance of Promissory Notes, Convertible Notes, or Convertible Debentures. In responding to this item, please provide the date of execution of the Note or the Agreement, a description of the reason for the issuance, the outstanding balance and any interest accrued. Provide the maturity dates for each Note or Agreement, their conversion terms, names of beneficial owners or holders and the exact class of security such Notes or Agreement may be converted to. Also, specify if the Note is Secured or Unsecured and whether or not it is in Default.

Answer: None

(1) Convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Stock (no issuance of common stock). Per the Third Amendment to the 15% Debentures, the 15% Debentures include a voluntary conversion feature to common stock of AGI. The number of common shares issuable upon a conversion is determined by dividing the outstanding principal amount of the 15% Debentures by the $0.50 conversion price.

Part F Exhibits

The following exhibits must be either described in or attached to the disclosure statement:

Item 17 Material Contracts.

A. Every material contract, not made in the ordinary course of business, that will be performed after the disclosure statement is posted through www.OTCIQ.com or was entered into not more than two years before such posting. Also include the following contracts:

1) Any contract to which directors, officers, promoters, voting trustees, security holders named in the disclosure statement, or the Designated Advisor for Disclosure are parties other than contracts involving only the purchase or sale of current assets having a determinable market price, at such market price;

Answer: See answer to Item 16. B above.

2) Any contract upon which the issuer's business is substantially dependent, including but not limited to contracts with principal customers, principal suppliers, and franchise agreements;

Grantor	Name	Nature and Scope
AGI	UNISA, INC.	Service AU and USU students' accounts receivable
AGI	Vonage	Master sales agreement - phone systems
AGI	Microsoft	Cloud computing services

AGI	Fortinet	Firewall
AU	Educational Compliance Management Inc.	Financial aid services agreement
AU	D2L Ltd	Online learning platform
AU	FA Solutions LLC	Enhance student financial aid experience
AU	Akcia Inc	Software as a service agreement
USU	Anthology Inc	Campus management service agreement
USU	Advanced Practice Education Associates	Online learning platform
USU	Elsevier, Inc. dba HESI	Review and testing solution that prepares students for licensure/certification exam success
USU	D2L Ltd	Online learning platform
USU	Akcia Inc	Software as a service agreement

3) Any contract for the purchase or sale of any property, plant or equipment for consideration exceeding 15 percent of such assets of the issuer; or

Answer: None

4) Any material lease under which a part of the property described in the disclosure statement is held by the issuer.

Answer: None

B. Any management contract or any compensatory plan, contract or arrangement, including but not limited to plans relating to options, warrants or rights, pension, retirement or deferred compensation or bonus, incentive or profit sharing (or if not set forth in any formal document, a written description thereof) in which any director or any executive officer of the issuer participates shall be deemed material and shall be included; and any other management contract or any other compensatory plan, contract, or arrangement in which any other executive officer of the issuer participates shall be filed unless immaterial in amount or significance.

Answer:

Name and Principal Positions	Fiscal Year	Salary $	Bonus $	Stock Awards $	All Other Compensati on $	Total $
Michael Mathews	2024	$ 350,000	$ —	$ 160,000	$ 88,240	$ 598,240
Chief Executive	2025	$ 350,000	$ —	$ —	$ 84,000	$ 434,000
Matthew LaVay	2024	$ 325,000	$ —	$ 65,000	$ 60,000	$ 450,000
Chief Financial	2025	$ 325,000	$ —	$ 31,250	$ 60,000	$ 416,250
Cheri St. Arnauld	2024	$ 318,270	$ —	$ 16,000	$ —	$ 334,270
Chief Academic Officer	2025	$ 318,270	$ —	$ 5,667	$ —	$ 323,937

C. The following management contracts or compensatory plans need not be included:

1) Ordinary purchase and sales agency agreements;
2) Agreements with managers of stores in a chain organization or similar organization;
3) Contracts providing for labor or salesmen’s bonuses or payments to a class of security holders, as such; and
4) Any compensatory plan that is available to employees, officers or directors generally and provides for the same method of allocation of benefits between management and non-management participants

Item 18 Articles of Incorporation and Bylaws.

A. A complete copy of the issuer’s articles of incorporation or in the event that the issuer is not a corporation, the issuer’s certificate of organization. Whenever amendments to the articles of incorporation or certificate of organization are filed, a complete copy of the articles of incorporation or certificate of organization as amended shall be filed.

Answer: EXHIBIT A

B. A complete copy of the issuer’s bylaws. Whenever amendments to the bylaws are filed, a complete copy of the bylaws as amended shall be filed.

Answer: EXHIBIT B

Item 19 Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

A. In the following tabular format, provide the information specified in paragraph (B) of this Item 20 with respect to any purchase made by or on behalf of the issuer or any "Affiliated

Purchaser" (as defined in paragraph (C) of this Item 19) of shares or other units of any class of the issuer's equity securities.

Answer: None

ISSUER PURCHASES OF EQUITY SECURITIES				
Period	**Column (a)** Total Number of Shares (or Units) Purchased	**Column (b)** Average Price Paid per Share (or Unit)	**Column (c)** Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	**Column (d)** Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
Month #1 (identify beginning and ending dates)				
Month #2 (identify beginning and ending dates)				
Month #3 (identify beginning and ending dates)				
Total				

B. The table shall include the following information for each class or series of securities for each month included in the period covered by the report:

1. The total number of shares (or units) purchased (Column (a)). Include in this column all issuer repurchases, including those made pursuant to publicly announced plans or programs and those not made pursuant to publicly announced

plans or programs. Briefly disclose, by footnote to the table, the number of shares purchased other than through a publicly announced plan or program and the nature of the transaction (e.g., whether the purchases were made in open-market transactions, tender offers, in satisfaction of the company's obligations upon exercise of outstanding put options issued by the company, or other transactions).

2. The average price paid per share (or unit) (Column (b)).

3. The total number of shares (or units) purchased as part of publicly announced repurchase plans or programs (Column (c)).

4. The maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs (Column (d)).

Instructions to paragraphs (B)(3) and (B)(4) of this Item 20:

a. In the table, disclose this information in the aggregate for all plans or programs publicly announced.

b. By footnote to the table, indicate:

i. The date each plan or program was announced;

ii. The dollar amount (or share or unit amount) approved;

iii. The expiration date (if any) of each plan or program;

iv. Each plan or program that has expired during the period covered by the table; and

v. Each plan or program the issuer has determined to terminate prior to expiration, or under which the issuer does not intend to make further purchases.

C. For purposes of this Item 19, “Affiliated Purchaser” means:

1. A person acting, directly or indirectly, in concert with the issuer for the purpose of acquiring the issuer's securities; or

2. An affiliate who, directly or indirectly, controls the issuer's purchases of such securities, whose purchases are controlled by the issuer, or whose purchases are under common control with those of the issuer; *provided, however*, that “Affiliated Purchaser” shall not include a broker, dealer, or other person solely by reason of such broker, dealer, or other person effecting purchases on behalf of the issuer or for its account, and shall not include an officer or director of the issuer solely by reason of that officer or director's participation in the decision to authorize purchases by or on behalf of the issuer.

Item 20 Issuer's Certifications.

I, Michael Mathews, certify that:

1. I have reviewed this annual disclosure statement of Aspen Group, Inc.;

2. Based on my knowledge, this disclosure statement 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 disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: September 15, 2025

/s/ Michael Mathews
Chief Executive Officer

The certifications shall follow the format below:

I, Matthew LaVay, certify that:

4. I have reviewed this annual disclosure statement of Aspen Group, Inc.;

5. Based on my knowledge, this disclosure statement 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 disclosure statement; and

6. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: September 15, 2025

/s/ Matthew LaVay
Chief Financial Officer

Annual Reporting Obligations

In order to be considered as having adequate current information publicly available, issuers must also publish Annual Updates to their initial disclosure through www.OTCIQ.com, no later than 90 days after the end of each fiscal year.

Instruction relating to the preparation of Annual Updates:

> Issuers shall prepare a document that responds to each item and sub-item of Section One of the Guidelines and shall include in its response to a particular item (i) whether a particular item is not applicable or unavailable and (ii) the reason it is not applicable or unavailable. Each Annual Update must contain complete responses to all of the items required by Section One of these Guidelines, even if no changes have occurred since the last Annual Update.
>
> Annual Updates should be published under the report name of "*Annual Report*" for the appropriate fiscal year end.

Specific Note relating to Annual Updates: The "*Instruction to Item 12"* contained in Section One of these Guidelines should not be followed with respect to Annual Updates; instead issuers should follow the instruction set forth below.

> *Instructions to Item 12:* The fiscal year-end financial statements required by Item 12 may either be included in text of the Annual Update under the heading of Item 12 or attached at the end of the Annual Update. If attached at the end of the Annual Update, the disclosure under Item 12 must (i) state that the fiscal year-end financial statements are attached at the end of this Annual Update, (ii) contain a list describing the financial statements that are attached and (iii) contain a clear cross-reference to the specific location where the information requested by Item 12 can be found.

Instructions relating to the preparation of Annual Updates for certain non-U.S. companies:

Companies listed on a Qualified Foreign Exchange that are exempt from SEC registration under a rule other than Exchange Act Rule 12g3-2(b) should provide the following information:

1. Publish the company's English-language Annual Report in conjunction with the filing deadlines of the Qualified Foreign Exchange. Upload these documents via www.OTCIQ.com under the report name of "Annual Report" for the appropriate fiscal year end.
2. Annually Publish a Supplemental Report via www.OTCIQ.com that contains all of the information required under the "Catch All provision" of SEC Rule 15c2-11. Such a report must be available for a period within the previous 12 months at all times. See www.otcmarkets.com/files/Catchall.pdf.

ASPEN GROUP, INC.

State of Incorporation: Delaware
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Phoenix, AZ 85040
(646) 448-5144
www.aspu.com
ir@aspen.edu

SIC Code: 8200

Annual Report
Items 12, 13 and 15

For the period ending April 30, 2025
(the "Reporting Period")

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SALBERG & COMPANY, P.A.
Certified Public Accountants and Consultants

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of:
Aspen Group, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Aspen Group, Inc. and Subsidiaries (the "Company") as of April 30, 2025 and 2024, the related consolidated statements of operations, changes in stockholders' equity, and cash flows, for each of the two years in the period ended April 30, 2025, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of April 30, 2025 and 2024, and the consolidated results of its operations and its cash flows for each of the two years in the period ended April 30, 2025, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

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Valuation of Accounts Receivable

As described in footnote 2 “Accounts Receivable and Allowance for Credit Losses” and in footnote 3, to the consolidated financial statements, the Company’s consolidated accounts receivable balances, both current and long-term contractual accounts receivable net of the related allowance for credit losses of $5,731,139, was $37,014,169 at April 30, 2025. Accounts receivable balances are evaluated by management for collectability periodically and at year end. The determination of the valuation of these balances requires management to make significant estimates and assumptions related to the intent and ability of the debtor to pay the amounts due to the Company.

We identified the valuation of accounts receivable as a critical audit matter. Auditing management’s judgments regarding the intent and ability of the debtors to pay the amounts due to the Company involved a high degree of subjectivity.

The primary procedures we performed to address this critical audit matter included (a) reviewed management’s process for developing an estimate of the allowance to be recorded, (b) performed accuracy and completeness tests related to system generated data utilized to develop management’s estimates, (c) tested management’s significant assumptions, (d) reviewed and verified the historical and subsequent collection history and the age of these receivables through the date of our procedures, and (e) performed attribute testing on select data utilized by management in developing an estimate of the allowance to be recorded. We agreed with management’s conclusions.

Salberg & Company, P.A.

SALBERG & COMPANY, P.A.
We have served as the Company’s auditor since 2012
Boca Raton, Florida
September 15, 2025

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Items 12. Financial information for the issuer's most recent fiscal period
Item 13. Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence.

ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	April 30, 2025	April 30, 2024
Assets		
Current assets:		
Cash and cash equivalents	$ 736,871	$ 1,531,425
Restricted cash	338,002	1,088,002
Accounts receivable, net of allowance of $5,731,139 and $4,560,378, respectively	17,167,346	19,686,527
Prepaid expenses	443,366	502,751
Other current assets	518,171	1,785,621
Total current assets	19,203,756	24,594,326
Property and equipment:		
Computer equipment and hardware	894,251	886,152
Furniture and fixtures	1,974,271	1,974,271
Leasehold improvements	5,621,087	6,553,314
Instructional equipment	529,299	529,299
Software	7,527,066	8,784,996
	16,545,974	18,728,032
Accumulated depreciation and amortization	(9,907,309)	(9,542,520)
Property and equipment, net	6,638,665	9,185,512
Goodwill	5,011,432	5,011,432
Intangible assets	7,900,000	7,900,000
Courseware and accreditation, net	256,994	363,975
Long-term contractual accounts receivable	19,846,823	17,533,030
Operating lease right-of-use assets, net	7,250,407	10,639,838
Deposits and other assets	657,850	718,888
Total assets	$ 66,765,927	$ 75,947,001

(Continued)

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

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

	April 30, 2025	April 30, 2024
Liabilities and Stockholders' Equity		
Liabilities:		
Current liabilities:		
Accounts payable	$ 2,055,173	$ 2,311,360
Accrued expenses	2,483,520	2,880,478
Advances on tuition	2,235,332	2,030,501
Deferred tuition	2,535,533	4,881,546
Due to students	2,115,581	2,558,492
Operating lease obligations, current portion	2,811,471	2,608,534
Debt, current portion	2,000,000	2,284,264
Other current liabilities	185,296	86,495
Total current liabilities	16,421,906	19,641,670
Long-term debt, net	5,224,524	6,776,506
Operating lease obligations, less current portion	12,398,678	14,999,687
Warrant liabilities	1,427,521	1,964,593
Other long-term liabilities	327,402	287,930
Total liabilities	35,800,031	43,670,386
Commitments and contingencies - See Note 9		
Stockholders' equity:		
Preferred stock, $0.001 par value; 1,000,000 shares authorized, 10,000 issued and outstanding at both April 30, 2025 and 2024, respectively	10	10
Common stock, $0.001 par value; 85,000,000 shares authorized, 28,389,531 and 25,701,603 issued and outstanding at April 30, 2025 and 2024, respectively	28,390	25,702
Additional paid-in capital	122,152,533	121,921,048
Accumulated deficit	(91,215,037)	(89,670,145)
Total stockholders' equity	30,965,896	32,276,615
Total liabilities and stockholders' equity	$ 66,765,927	$ 75,947,001

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

ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended April 30,	
	2025	2024
Revenue, net	$ 45,302,082	$ 51,395,302
Operating expenses:		
Cost of revenue (exclusive of depreciation and amortization shown separately below)	12,190,949	16,232,385
General and administrative	26,889,423	33,497,456
Impairments of right-of-use assets and tenant leasehold improvements	1,848,209	1,526,410
Loss on asset dispositions	35,984	308,055
Provision for credit losses	1,950,000	2,094,661
Depreciation and amortization	3,055,568	3,718,621
Total operating expenses	45,970,133	57,377,588
Operating loss	(668,051)	(5,982,286)
Other income (expense):		
Interest expense	(1,368,892)	(4,979,507)
Loss on debt extinguishment	—	(2,053,417)
Change in fair value of put warrant liability	537,072	(505,989)
Other income, net	11,128	20,817
Total other expense, net	(820,692)	(7,518,096)
Loss before income taxes	(1,488,743)	(13,500,382)
Income tax expense	56,149	78,374
Net loss	(1,544,892)	(13,578,756)
Dividends attributable to preferred stock	(370,600)	(59,836)
Net loss available to common stockholders	$ (1,915,492)	$ (13,638,592)
Net loss per share - basic and diluted available to common stockholders	$ (0.07)	$ (0.53)
Weighted average number of common shares outstanding - basic and diluted	27,140,245	25,590,919

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

ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED APRIL 30, 2025 AND 2024

	Preferred Stock		Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance as of April 30, 2023	**—**	**$ —**	**25,592,802**	**$ 25,593**	**$113,429,992**	**$(1,817,414)**	**$ (76,091,389)**	**$ 35,546,782**
Stock-based compensation	—	—	—	—	677,392	—	—	677,392
Common stock issued for vested restricted stock units	—	—	239,287	239	(239)	—	—	—
Common stock issued for services	—	—	25,000	25	1,833	—	—	1,858
Cancellation of treasury stock	—	—	(155,486)	(155)	(1,817,259)	1,817,414	—	—
Amortization of warrant-based cost issued for services	—	—	—	—	28,000	—	—	28,000
Accrued dividends	—	—	—	—	(59,836)	—	—	(59,836)
Conversion of Convertible Notes into preferred stock	10,000	10	—	—	9,999,990	—	—	10,000,000
Relative fair value of warrants issued in connection with the 15% Debentures	—	—	—	—	154,000	—	—	154,000
Reclassification of warrants to put liability	—	—	—	—	(500,825)	—	—	(500,825)
Warrant modifications	—	—	—	—	8,000	—	—	8,000
Net loss	—	—	—	—	—	—	(13,578,756)	(13,578,756)
Balance as of April 30, 2024	**10,000**	**$ 10**	**25,701,603**	**$ 25,702**	**$121,921,048**	**$ —**	**$ (89,670,145)**	**$ 32,276,615**
Stock-based compensation	—	—	—	—	256,786	—	—	256,786
Common stock issued for vested restricted stock units	—	—	340,516	341	(341)	—	—	—
Amortization of warrant-based cost issued for services	—	—	—	—	7,000	—	—	7,000
Warrants issued in connection with the 15% Debentures Amendment #6	—	—	—	—	12,965	—	—	12,965
Common Stock issued for accrued dividends	—	—	2,347,412	2,347	(2,347)	—	—	—
Accrued dividends	—	—	—	—	(42,578)	—	—	(42,578)
Net loss	—	—	—	—	—	—	(1,544,892)	(1,544,892)
Balance as of April 30, 2025	**10,000**	**$ 10**	**28,389,531**	**$ 28,390**	**$122,152,533**	**$ —**	**$ (91,215,037)**	**$ 30,965,896**

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

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

	Years Ended April 30,	
	2025	**2024**
Cash flows from operating activities:		
Net loss	$ (1,544,892)	$ (13,578,756)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Provision for credit losses	1,950,000	2,094,661
Depreciation and amortization	3,055,568	3,718,621
Stock-based compensation	256,786	677,392
Change in fair value of put warrant liability	(537,072)	505,989
Amortization of warrant-based cost	7,000	28,000
Warrant modification	—	8,000
Amortization of debt issuance costs	53,160	1,275,377
Amortization of debt discounts	—	405,342
Loss on debt extinguishment	—	2,053,417
Common stock issued for services	—	1,858
Loss on asset dispositions	35,984	308,055
Non-cash lease benefit	(318,971)	(850,467)
Impairments of right-of-use assets and tenant leasehold improvements	1,848,209	1,526,410
Changes in operating assets and liabilities:		
Accounts receivable	(1,744,612)	(4,188,553)
Prepaid expenses	59,385	107,149
Other current assets	1,267,450	1,283,297
Deposits and other assets	61,038	(508,352)
Accounts payable	(256,187)	60,458
Accrued expenses	(396,958)	415,503
Due to students	(442,911)	(66,339)
Advances on tuition and deferred tuition	(2,141,182)	1,044,034
Other current liabilities	98,801	(22,833)
Other long-term liabilities	39,472	37,930
Net cash provided by (used in) operating activities	1,350,068	(3,663,807)
Cash flows from investing activities:		
Purchases of courseware and accreditation	(57,210)	(182,750)
Purchases of property and equipment	(960,969)	(1,147,429)
Net cash used in investing activities	(1,018,179)	(1,330,179)
Cash flows from financing activities:		
Repayment of portion of 15% Senior Secured Debentures	(1,721,066)	(3,328,973)
Payments of debt issuance costs	(155,377)	(233,161)
Proceeds from 15% Senior Secured Debentures, net of original issuance discount and fees	—	10,451,080
Repayment of 2018 Credit Facility	—	(5,000,000)
Advance from related party	—	200,000
Repayment of advance from related party	—	(200,000)
Net cash (used in) provided by financing activities	(1,876,443)	1,888,946
Net decrease in cash and cash equivalents	(1,544,554)	(3,105,040)
Cash, cash equivalents and restricted cash at beginning of year	2,619,427	5,724,467
Cash, cash equivalents and restricted cash at end of year	$ 1,074,873	$ 2,619,427

(Continued)

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

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

	Years Ended April 30,	
	2025	2024
Supplemental disclosure cash flow information:		
Cash paid for interest	$ 1,315,733	$ 3,289,824
Cash paid for income taxes	$ 56,149	$ 98,343
Supplemental disclosure of non-cash investing and financing activities:		
Accrued dividends	$ 102,412	$ 59,836
Relative fair value of warrants issued as part of the 15% Senior Secured Debentures	$ 12,965	$ 154,000
Common stock issued for accrued dividends	$ 328,025	$ —
Reclassification of put warrants issued as part of the 15% Senior Secured Debentures from equity to liabilities	$ —	$ 500,825
Issuance of put warrants as part of the 15% Senior Secured Debentures	$ —	$ 1,964,593
Exchange of $10 million Convertible Notes from debt to equity	$ —	$ 10,000,000

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the consolidated balance sheet that sum to the same such amounts shown in the consolidated statement of cash flows:

	April 30,	
	2025	2024
Cash and cash equivalents	$ 736,871	$ 1,531,425
Restricted cash	338,002	1,088,002
Total cash and cash equivalents and restricted cash	$ 1,074,873	$ 2,619,427

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

Note 1. Nature of Operations

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

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

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

Since 1993, AU has been institutionally accredited by the Distance Education Accrediting Commission (“DEAC”), an accrediting agency recognized by the United States Department of Education (the “DOE”), and AU is accredited through January 2029.

Since 2009, USU has been institutionally accredited by WASC Senior College and University Commission (“WSCUC”), an accrediting agency recognized by the DOE, and USU is accredited through 2030.

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 received full certification on May 6, 2022, and a new Program Participation Agreement ("PPA") was issued with an effective period until December 31, 2025. Aspen University is also certified to participate under the Title IV and HEA Programs. AU applied for recertification on August 16, 2023, and provisional certification will continue until the receipt of a final certification from the DOE. Certification continues month to month until a final decision is made by the DOE. Title IV eligibility is considered a tremendous milestone for any educational institution to achieve, as the degrees earned from these institutions are often regarded as more valuable given their backing by the DOE. See Note 9. Commitments and Contingencies for additional information.

The Company has made the decision to merge AU into USU, with USU as the surviving entity. See Note 16. Subsequent Events for details.

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 credit losses, the valuation of lease liabilities and the carrying value of the related right-of-use assets ("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 the put warrant liability, valuation of stock-based compensation and the valuation allowance on deferred tax assets.

Additionally, at each reporting period, accounts receivable is adjusted for the impact of any 25% discount programs offered to students, as discussed in Note 3. Accounts Receivable and Allowance for Credit Losses. The estimated adjustment is based on the 25% discount applied to the historical student participation rate in the offer, and it results in a reduction of reported accounts receivable balance in the consolidated balance sheet and a related reduction of revenue in the consolidated statement of operations.

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.

	April 30,	
	2025	2024
Cash and cash equivalents	$ 736,871	$ 1,531,425
Restricted cash:		
Collateral for surety bond at AU	250,000	1,000,000
Letter of credit for Title IV with DOE at AU	88,002	88,002
Total restricted cash	338,002	1,088,002
Total cash, cash equivalents and restricted cash as shown on the statement of cash flows	$ 1,074,873	$ 2,619,427

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 April 30, 2025. At April 30, 2025 and 2024, the Company maintained deposits exceeding federally insured limits by $293,258 and $1,192,501, respectively, held in two separate institutions.

Goodwill and Intangibles

The Company assesses goodwill on its one reporting unit and indefinite-lived intangible assets for impairment annually as of April 30, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit or the fair value of an indefinite-lived intangible asset below its carrying value.

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.

When evaluating the potential impairment of goodwill, management first assesses 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 the Company's reporting unit. 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.

During quantitative impairment testing, the Company compares 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, the Company arrives at 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. Acquired 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.

Fair Value Measurements and Fair Value of Financial Instruments

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 and long-term accounts receivable approximate fair value since there is not a significant finance component (see below).

The Company's non-financial assets, such as goodwill, intangible assets, ROU assets, and property and equipment, are adjusted to fair value only when an impairment is recognized. Such fair value measurements are based predominantly on Level 3 inputs**.**

A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The table below summarize the fair values of the Company's financial assets and liabilities as of April 30, 2025 and 2024 that are not valued at historical cost:

	April 30, 2025			
	Level 1	Level 2	Level 3	Total Fair Value Measurements
Warrant Liability	$ —	$ —	$ 1,427,521	$ 1,427,521

	April 30, 2024			
	Level 1	Level 2	Level 3	Total Fair Value Measurements
Warrant Liability	$ —	$ —	$ 1,964,593	$ 1,964,593

The Company's put warrant liability is measured at fair value on a recurring basis using significant unobservable inputs (Level 3). The following table provides a reconciliation of the beginning and ending balance and gains or losses recognized during the years ended April 30, 2025 and 2024:

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Beginning balance, April 30, 2023	$	—
Re-measurement adjustments:		
Reclassification from additional paid-in capital		500,825
Initial valuation of warrant liability		957,779
Change in fair value of put warrant liability		505,989
Beginning balance, April 30, 2024	$	1,964,593
Re-measurement adjustments:		
Change in fair value of put warrant liability		(537,072)
Ending balance, April 30, 2025	$	1,427,521

Significant unobservable inputs used in the fair value measurements of the Company's derivative liabilities designated as Level 3 are as follows:

	April 30, 2025	
Fair value	$	1,427,521
Valuation technique	Monte Carlo Analysis*	
Significant unobservable input	Time to maturity and volatility	

*The Monte Carlo Simulation inputs include the minimum payment per 1% of equity, $100,000; risk-free rate, 3.58%; cost of debt, 15%; selected volatility, 110%; remaining warrants term (weighted) (years), 3.44; the Company's stock price as of April 30, 2025, $0.15; and exercise price, $0.01.

Accounts Receivable and Allowance for Credit Losses

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. The monthly payment plan represents the majority 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, the student often selects personal cash as the secondary option. If a student who has selected financial aid as the student's 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 the student's 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 and payors other than students, AGI records an allowance for credit losses in accordance with ASC 326, which was adopted on May 1, 2023 (and under ASC 310 previously), for estimated losses resulting from the inability, failure or refusal of its students or other payors 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 in accordance with ASC 326. AGI estimates the amounts to adjust the allowance based upon the risk presented by the age of the receivables, student status, payment type, program and earned revenue along with market conditions and reasonable and supportable forecasts of future economic conditions to form adjustments to historical loss patterns. 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.

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 until revenue is earned 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 contractual accounts receivable in the accompanying consolidated balance sheets. The Company has determined that the long-term contractual 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. Repairs and maintenance costs are expensed in the period incurred. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the related assets, or, in the case of leasehold improvements, the lease term, if shorter.

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.

At times, the Company has construction in progress which includes property and equipment amounts for new campuses. These assets are not depreciated until they are completed and reclassified to the appropriate category within property and equipment.

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 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

Long-lived assets, which consist of ROU assets, property and equipment, and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. The carrying value 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. If the carrying value is deemed not to be recoverable, an impairment loss is recorded equal to the amount by which the carrying value of the long-lived asset exceeds its fair value. Amortization of definite-lived intangible assets is computed either on a straight-line basis or based on the pattern in which the economic benefits of the asset will be realized.

Due to Students

Due to students represents the remaining balances owed to students after deducting tuition and fees.

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 payment for the remaining balances to the students. Due to students may also include inactive or graduated students who may have made overpayments towards their tuition and fees and the Company reimburses the remaining balances due to the students.

Leases

The Company accounts for leases in accordance with FASB issued ASU No. 2016-2, *Leases (Topic 842).* 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 included in the balance sheet as operating lease right-of use assets/liabilities. The Company expenses any additional payments under its operating leases for taxes, insurance or other operating expenses as incurred.

Lease incentives received are deducted from the ROU assets and classified as leasehold improvements. The asset reduction due to incentives is classified within cash flows from operations. The corresponding leasehold improvement is amortized over the life of the lease term and classified within cash flows from investing activities.

ROU assets are subject to impairment evaluation similar to other long-lived assets.

Disclosures related to the amount, timing, and uncertainty of cash flows arising from leases are included in Note 11. Leases.

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, Advances on Tuition and Deferred Tuition

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

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

Deferred tuition liability represents student billings in excess of revenues recognized for courses that started as of the balance sheet date for which the related accounts receivable have not yet been collected.

Advances on tuition liability represents student billings in excess of revenues recognized for courses that started as of the balance sheet date for which the related accounts receivable have already been collected.

The Company's disaggregated revenue disclosures are presented in Note 12. Revenue.

Cost of Revenue

Cost of revenue 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 revenue. Total instructional costs and services were $11,680,244 and $15,515,300 for the years ended April 30, 2025 and 2024, respectively, and are included in cost of revenue.

Marketing and Promotional Costs

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 efforts, and expenditures on advertising initiatives for new and existing academic programs. The Company's non-direct response advertising activities are expensed as incurred, or the first time the advertising takes place, depending on the type of advertising activity. Total marketing and promotional costs were $510,705 and $717,085 for the years ended April 30, 2025 and 2024, respectively, and are included in cost of revenue.

General and Administrative

General and administrative expenses include 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, human resources, recruiting, fees for professional services, financial aid processing costs, non-capitalizable courseware and software costs, certain taxes, and facilities costs.

Legal Expenses

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

Income Taxes

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.

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 typically the vest term and is included in general and administrative expense in the consolidated statement of operations. For employee stock option 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 option 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 option based awards represent the Company's best estimates, but these estimates involve inherent uncertainties and the application of management judgment. Stock option based awards are expensed as stock-based compensation over the requisite service period, which is typically the vesting term, which is included in general and administrative expense in the consolidated statement of operations.

For non-employee stock option based awards, the Company follows ASU 2018-7, which substantially aligns share based compensation for employees and non-employees.

Restricted stock units ("RSUs") are awards in the form of shares denominated in the equivalent number of shares of AGI common stock. 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 fair value is typically measured on the grant date as market value of AGI common stock and expensed as stock-based compensation over the requisite service period, which is typically the vesting term and is included in general and administrative expense in the consolidated statements of operations.

Net Loss Per Share

Net loss per share is based on the weighted average number of shares of common stock outstanding during each period. Summarized below are shares not included in the computation of diluted net loss per share because the effects would have been anti-dilutive. The options, warrants, RSUs and convertible notes 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. See Note 10. Stockholders' Equity.

	April 30,	
	2025	2024
Options to purchase common shares	—	87,433
Warrants to purchase common shares	7,417,479	6,121,018
Unvested restricted stock units	1,538,505	1,869,888
Convertible 15% Debentures	14,679,408	18,121,540

Segment Information

Operating segments are defined as components of a business for which separate discrete financial information is available for evaluation by the chief operating decision maker in deciding how to allocate resources and assess performance. The Company operates as a single operating and reporting 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. In accordance with ASC 280, the Company's chief operating decision makers (CODM), its Chief Executive Officer, Chief Financial Officer and Chief Academic Officer, manage the Company's operations as a whole and are responsible for assessing the Company's performance and making resource allocation decisions. The CODM evaluates financial information on a consolidated basis, focusing on key metrics. Existing guidance, which is based on a management approach to segment reporting, establishes requirements to report selected segment information quarterly and to report annually entity-wide disclosures about products and services, major customers, and the countries in which the entity holds material assets and reports revenue. All material operating units qualify for aggregation under "Segment Reporting" due to their similarities in economic characteristics such as nature of services. The CODM allocates resources based on the Company's available cash resources, forecasted cash flow, and expenditures on a consolidated basis, as well as an assessment of the probability of success of its business activities. Resource allocation decisions are informed by budgeted and forecasted information, along with actual operating results incurred to date. The measure of segment assets is reported on the balance sheet as total assets. Disaggregated profit or loss information at the program or functional level is *not* regularly provided to or relied upon by the CODM, as our integrated operating model emphasizes shared resources and centralized decision-making. Since the Company operates in one segment, all financial information required by "Segment Reporting" can be found in the accompanying notes to consolidated financial statements.

Recent Accounting Pronouncements

Recent Accounting Pronouncements Adopted by the Company

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures,* which requires entities to report incremental information about significant segment expenses included in a segment's profit or loss measure as well as the title and position of the chief operating decision maker ("CODM"). The new standard also requires interim disclosures related to reportable segment profit or loss and assets that had previously only been disclosed annually. The Company adopted ASU 2023-07 effective May 1, 2024 on a retrospective basis.

Recent Accounting Pronouncements Adopted by the Company Not Yet Adopted

ASU No. 2023-09—Income Taxes (Topic 740)—Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU No. 2023-09, which establishes required categories and a quantitative threshold to the annual tabular rate reconciliation disclosure and disaggregated jurisdictional disclosures of income taxes paid. The guidance's annual requirements are effective for the Company beginning with the fiscal year ended April 30, 2026 reporting period. Early adoption is permitted, and ASU No. 2023-09 may be applied either prospectively or retrospectively. The Company is currently assessing ASU No. 2023-09, its impact on its income tax disclosures and method of adoption. ASU No. 2023-09 does affect the Company's results of operations, financial condition or cash flows. The Company does not plan to adopt ASU No. 2023-09 early.

ASU No. 2024-03—Income Statement-Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)—Disaggregation of Income Statement Expenses

In November 2024, the FASB issued ASU No. 2024-03, which is intended to provide users of financial statements with more decision-useful information about expenses of a public business entity, primarily through enhanced disclosures of certain components of expenses commonly presented within captions on the statement of operations, such as purchases of inventory, employee compensation, depreciation and amortization, as well as a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively. ASU No. 2024-03 also requires disclosure of the total amount of selling expenses and, in annual reporting periods, the definition of selling expenses. ASU No. 2024-03 is effective for fiscal years beginning after December 15, 2026 and for interim periods beginning after December 15, 2027. Early adoption is permitted, and ASU No. 2024-03 may be applied either prospectively or retrospectively. The Company is currently assessing ASU No. 2024-03, its impact on its disclosures and the timing and method of adoption. ASU No. 2024-03 does not affect the Company's results of operations, financial condition or cash flows. The Company does not plan to adopt ASU No. 2024-03 early.

Note 3. Accounts Receivable and Allowance for Credit Losses

Accounts receivable consisted of the following at April 30, 2025 and 2024:

	April 30,	
	2025	2024
Total accounts receivable, gross	$ 42,745,308	$ 41,779,935
Long-term contractual accounts receivable	(19,846,823)	(17,533,030)
Accounts receivable, gross	22,898,485	24,246,905
Less: allowance for credit losses	(5,731,139)	(4,560,378)
Accounts receivable, net	$ 17,167,346	$ 19,686,527

During the years ended April 30, 2025 and 2024, AU and USU offered opportunities for graduates/alumni still making payments under the monthly payment plan ("MPP"), and all other payment types including financial aid, to reduce their outstanding balance by 25% if the balance was paid within the time period specified in the offer. The amounts collected under the program is summarized in the table below:

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	Years Ended April 30,	
	2025	2024
Aspen University	$1.7 million	$1.3 million
United States University	$2.5 million	$2.3 million
Total cash collected under the program	$4.2 million	$3.6 million

For the years ended April 30, 2025 and 2024, $1.3 million and $1.4 million, respectively, of consolidated accounts receivable were written off under the program and was recorded as a reduction of revenue in the accompanying consolidated statement of operations.

Provision for credit losses for the years ended April 30, 2025 and 2024, was $1,950,000 and $2,094,661, respectively. The following table presents the changes in the allowance for credit losses:

	April 30,	
	2025	2024
Balance at May 1	$ 4,560,378	$ 3,506,895
Current period provision for credit losses	1,950,000	2,094,661
Write-offs charged against the allowance	(1,014,396)	(1,428,477)
Recoveries collected	235,157	387,299
Balance at April 30	$ 5,731,139	$ 4,560,378

Note 4. Property and Equipment

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

When assets are disposed of before reaching the end of their useful lives both the recorded cost of the fixed asset and the corresponding amount of accumulated depreciation is reversed. Any remaining difference between the two, net of proceeds, is recognized as either other income or expense. For the years ended April 30, 2025 and 2024, a de minimis amount and $0.3 million, respectively, of net fixed assets were written off and are included in "Loss on asset dispositions" in the consolidated statements of operations. For the years ended April 30, 2025 and 2024, $0.6 million and $0.4 million, respectively, of leasehold improvements were written off and included in "Impairments of right-of-use assets and tenant leasehold improvements" in the consolidated statements of operations.

Software included in property and equipment consisted of the following:

	April 30,	
	2025	2024
Software	$ 7,527,066	$ 8,784,996
Accumulated amortization	(4,379,277)	(4,933,312)
Software, net	$ 3,147,789	$ 3,851,684

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

	Years Ended April 30,	
	2025	2024
Depreciation and amortization expense:		
Property and equipment, excluding software	$ 1,264,747	$ 1,765,301
Software	$ 1,661,664	$ 1,843,108

The following is a schedule of estimated future amortization expense of software at April 30, 2025 (by fiscal year):

	Future Expense
2026	$ 1,295,708
2027	883,449
2028	558,777
2029	317,072
2030	92,784
Total	$ 3,147,789

Note 5. Goodwill and Intangible Assets

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 is shown as "Goodwill" in the consolidated balance sheets.

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 acquired accreditation and regulatory approvals and the trade name and trademarks of $7.9 million, 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.

Note 6. Courseware and Accreditation

As courseware and accreditation reach the end of their useful life, they are written off against the accumulated amortization. Write-offs for the years ended April 30, 2025 and 2024, $35,984 and $308,055, respectively, which is included in "Loss on asset dispositions" expense in the consolidated statements of operations.

Courseware and accreditation consisted of the following:

	April 30,	
	2025	2024
Courseware	$ 510,561	$ 820,152
Accreditation	106,750	106,750
	617,311	926,902
Accumulated amortization	(360,317)	(562,927)
Courseware and accreditation, net	$ 256,994	$ 363,975

Amortization expense of courseware and accreditation is as follows:

	Years Ended April 30,	
	2025	2024
Courseware and accreditation amortization expense	$ 129,157	$ 110,212

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

The following is a schedule of estimated future amortization expense of courseware and accreditation at April 30, 2025 (by fiscal year):

	Future Expense
2026	$ 106,785
2027	63,739
2028	46,680
2029	26,182
2030	13,608
Total	$ 256,994

Note 7. Accrued Expenses

	April 30, 2025	April 30, 2024
Accrued compensation	$ 1,045,082	$ 1,031,733
Accrued foreign taxes	528,356	528,356
Accrued professional fees	321,434	513,580
Accrued dividend	102,412	59,836
Other accrued expenses	486,236	746,973
Accrued expenses	$ 2,483,520	$ 2,880,478

Note 8. Debt

	April 30, 2025	April 30, 2024
15% Senior Secured Debentures due May 12, 2026 (the "15% Debentures"); interest payable monthly	$ 7,339,704	$ 9,060,770
Less: debt issuance costs	(115,180)	—
Less: current portion of long-term debt	(2,000,000)	(2,284,264)
Total long-term debt, net	$ 5,224,524	$ 6,776,506

15% Debentures

On May 12, 2023, Aspen Group, Inc. completed a private offering of approximately $12.4 million aggregate principal amount of 15% Senior Secured Debentures ("15% Debentures") due May 2026. Of the $12.4 million of principal, approximately $10.5 million was funded with the remainder recorded as debt discount. A portion of the proceeds from the 15% Debentures ($5 million plus accrued interest) were used to fully repay the outstanding borrowings under the 2018 Credit Facility, in addition to paying expenses associated with this offering; the remaining proceeds were used for working capital needs. The Company also reimbursed the investors for expenses incurred in relation to legal expenses, due diligence and investment documentation of $90,000 in advance of entering into the 15% Debentures. After the discount, fees, expenses, discussed below, and the repayment of the 2018 Credit Facility, $3.4 million was made available to the Company as unrestricted cash, and $2.0 million was deposited into a restricted cash account. The $2.0 million restricted cash deposit was subsequently used to prepay a portion of the outstanding balance (see Second and Third Amendment discussions below).

At closing of the 15% Debentures, the Company paid the investment bank fees, lender fees and legal expenses of $0.8 million, which were recorded as debt issuance costs and recorded a $1.4 million original issue discount, both of which were being amortized over a three-year period in "interest expense" in the accompanying consolidated statement of operations. In the fourth quarter of Fiscal 2024, in connection with the Third Amendment discussed below, the Company recorded a loss on debt extinguishment, which consisted of $0.8 million of debt issuance costs, a $250,000 exit fee and $1.0 million of original issue discount. During Fiscal 2025, the Company paid $155,377 of investment bank fees related to the 15% Debentures. During Fiscal 2025 and 2024, the Company recorded $53,160 and $1,275,377 of amortization of debt issuance costs and $0 and $405,342 of amortization of original issue discount, respectively, which are included in "Interest expense" in the consolidated statement of operations. The unamortized debt issuance costs during Fiscal 2025 were $0.1 million. During the years April 30, 2025and 2024, the Company recorded interest expense of $1.3 million and $1.7 million, respectively, for the 15% Debentures, which is included in "Interest expense" in the consolidated statement of operations.

The 15% Debentures bear cash interest from May 12, 2023 at an annual rate of 15% payable monthly in arrears on the last business day of each month, beginning May 2023. The interest rate is subject to increase to 20% upon the occurrence of an event of default. The 15% Debentures will mature on May 12, 2026 unless earlier redeemed. The 15% Debentures were subject to monthly redemptions beginning in November 2023 of approximately $290,000 (subsequently amended as discussed in the Sixth Amendment below).

The Company had the option to prepay the 15% Debentures at any time after May 12, 2024 at 105%; but did not make this election.

As part of the offering, the Company also issued warrants to purchase 2.2 million shares of common stock, representing 6% of the outstanding common stock at closing, at an exercise price of $0.01 per share ("May 2024 Warrants"). The fair value of the warrants was $154,000 and was being amortized over a three-year term. The warrants contain anti-dilution protection. In connection with the Second Amendment, described below and discussed in Note 10. Stockholders' Equity, these warrants were reclassified to liabilities in the third quarter of Fiscal 2024. See Note 10. Stockholders' Equity for additional information.

The 15% Debentures contain covenants that required the Company to maintain $2.0 million of restricted cash (subsequently amended as discussed in the Second and Third Amendments below), maintain at least $20.0 million of accounts receivable at all times, and achieve enumerated quarterly revenue and quarterly Adjusted EBITDA targets, which is defined as EBITDA excluding: (1) stock-based compensation; and (2) non-recurring charges (subsequently amended as discussed in the Third Amendment below).

First Amendment

On August 1, 2023, the Company entered into an amendment with the purchasers pursuant to the 15% Debentures to unrestrict $750,000 of the $2.0 million restricted cash, required to be maintained as part of the covenants, until the earlier of August 22, 2023 or next Heightened Cash Monitoring 2 ("HCM2") funding, discussed in Note 9. Commitments and Contingencies. On August 9, 2023, the Company replenished the restricted cash balance to $2.0 million and paid $100,000 of principal along with a $5,000 fee.

Second Amendment

On October 31, 2023, the Company entered into a Second Amendment with the purchasers pursuant to the 15% Debentures to unrestrict $1.5 million of the $2.0 million restricted cash which was accounted for as a debt modification. Upon receipt of the fifth HCM2 reimbursement on February 8, 2024, the Company was required to prepay $1.5 million of the outstanding principal of the 15% Debentures (“Mandatory Prepayment”). Additionally, the Company paid a prepayment premium of $250,000, which was recorded as loss on debt extinguishment. Monthly redemptions which began in November 2023 were reduced by 10% following the Mandatory Prepayment to approximate $260,000. As part of the Second Amendment, the Company also issued additional warrants to purchase Common Stock. See Note 10. Stockholders' Equity for additional information on the warrants.

Third Amendment

On April 16, 2024, the Company entered into a Third Amendment with the holders of its outstanding 15% Debentures to:

(i) utilize the remaining $500,000 of restricted cash to prepay outstanding principal on April 18, 2024;

(ii) pay an exit fee of $250,000 on or prior to the earlier of the maturity date and repayment in full of the outstanding balance of the 15% Debentures which was accrued in "Other long-term liabilities" in the accompanying consolidated balance sheets;

(iii) reduce the monthly principal payments to $50,000 for the calendar months of March, April, May, June, July, and August 2024;

(iv) reduce the required minimum Revenue and Adjust EBITDA covenants; and

(v) include a voluntary $0.50 conversion feature to common stock of AGI.

The above conversion feature of $0.50 triggered price protection in certain prior warrant grants. See Note 10. Stockholders' Equity.

Fourth Amendment

On April 29, 2024, the Company entered into a Fourth Amendment with the holders of its outstanding 15% Debentures to:

(i) approve the exchange of the 2022 Convertible Notes held by the holders in exchange for the Series A Convertible Preferred Stock ("Series A") pursuant to the Exchange Agreement and the terms of the Series A set forth in the Certificate of Designation;

(ii) revise certain negative covenants in the 15% Debentures to permit the issuance of the Dividend Shares (see Note 10. Stockholders' Equity) and carve-out the issuance of the Dividend Shares from triggering any adjustments pursuant to negative covenants in the 15% Debentures;

(iii) clarify that the issuance of the Dividend Shares is an “Exempt Issuance” under the 15% Debentures;

(iv) agree that if the Series A are exchanged for new convertible notes on similar terms as the original 2022 Convertible Notes (other than a $0.50 per share conversion price), such notes would be “Permitted Indebtedness” (as defined in the 15% Debentures); and

(v) enter into an agreement to terminate the subordination agreement.

Fifth Amendment

On July 19, 2024, the Company entered into a Fifth Amendment to amend certain prior events of default.

Sixth Amendment

On October 31, 2024, the Company entered into a Sixth Amendment with the holders of its outstanding 15% Debentures. The Amendment provides that effective Q3 Fiscal 2025, required monthly loan principal payments, as noted above, will be converted to quarterly payments of $500,000. The first quarterly principal payment was made on January 31, 2025, with subsequent payments due each 90 days thereafter. As part of the Sixth Amendment, the Company issued the holders of the 15% Debentures additional warrants to purchase common stock equal to 5% of outstanding shares of common stock on the Sixth Amendment effective date of October 31, 2024. See Note 10. Stockholders' Equity for additional information.

2022 Convertible Notes

On March 14, 2022, the Company issued $10 million in principal convertible notes (the "2022 Convertible Notes") to two unaffiliated lenders (individually a "Lender" and collectively, the "Lenders") in exchange for $5 million convertible notes to each of the two unaffiliated Lenders. The proceeds were used for general corporate purposes, including funding the Company’s previous expansion of its BSN Pre-licensure nursing degree program. The key terms of the 2022 Convertible Notes are as follows:

- At any time after issuance date, the Lenders had the right to convert the principal into shares of the Company's common stock at a conversion price of $1.00 per share;
- The Convertible Notes automatically convert at $1.00 per share into shares of the Company's common stock if the average closing price of the common stock is at least $2.00 over a 30 consecutive trading day period. This mandatory conversion is subject to each Lender's 9.9% beneficial ownership limitation;
- The Convertible Notes are due March 14, 2027 or approximately five years from the closing;
- The interest rate of the Convertible Notes was 12% per annum (payable monthly in arrears), which increased to 14% per annum on May 12, 2023 as consideration to the Lenders who agreed to subordinate their security interests therein to the security interests granted to the holders of the 15% Debentures;
- The Convertible Notes are secured by a lien in all current and future accounts receivable of the Company's subsidiaries, certain of the deposit accounts of the Company and its subsidiaries and a pledge of the common stock of the Company held by its Chief Executive Officer (the "2022 Collateral"). The lien is subordinate to the blanket lien security interests on all of the assets of the Company granted to the holders of the 15% Debentures.
- At closing of the 2022 Convertible Notes, the Company agreed to pay each Lender's legal fees arising from this transaction of $135,562 and another $60,833 incurred during August 2022, which was recorded as a debt issuance costs and was being amortized over a one-year period in "interest expense" in the accompanying consolidated financial statements.

On April 29, 2024, the Lenders exchanged their notes for 10,000 shares of the Company's Series A Convertible Preferred Stock relinquishing all other rights under the 2022 Convertible Notes. See Note 10. Stockholders' Equity.

2018 Credit Facility

On November 5, 2018, the Company entered into the 2018 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 "2018 Credit Facility") evidenced by a revolving promissory note (the "Revolving Note"). Borrowings under the 2018 Credit Facility Agreement bear interest at 12% per annum. Interest payments are due monthly through the term of the 2018 Credit Facility.

On August 31, 2021, the Company extended the 2018 Credit Facility Agreement with the Foundation by one year from November 4, 2021, to November 4, 2022 (see below, which were extended by one year). In conjunction with the extension of the 2018 Credit Facility on August 31, 2021, the Company drew down funds of $5,000,000. On March 14, 2022, the Company extended the 2018 Credit Facility by one year to November 4, 2023, at an increased interest rate from 12% to 14% per annum. At April 30, 2023, there were $5,000,000 outstanding borrowings under the 2018 Credit Facility. On May 12, 2023, the 2018 Credit Facility was repaid with the proceeds from the closing of the 15% Debentures as discussed above.

Additionally, on August 31, 2021, the Company issued to the Foundation warrants, as an extension fee, to purchase 50,000 shares of the Company's common stock exercisable for five years from the date of issuance at an original exercise price of $5.85 per share subject to adjustment. The fair value of the warrants is $137,500 and was amortized to interest expense through the maturity date of November 4, 2023, as extended on March 14, 2022. The fair value of the warrants was recorded as deferred financing costs, a non-current asset, in the accompanying consolidated balance sheets. Total unamortized costs at April 30, 2024 were $0. In connection with repayment of the 2018 Credit Facility on May 12, 2023, the remaining fair value of these warrants was accelerated and fully expensed. See Note 10. Stockholders' Equity for additional information related to these warrants.

Note 9. Commitments and Contingencies

Operating Leases

The Company leases space for its campus and corporate operations. (See Note 11. Leases)

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, AU was served with a class action claim in Arizona Superior Court, alleging violations of the Arizona Consumer Fraud Act and Unjust Enrichment, based on the class representative's claims that AU misstated the quality of its pre-licensure nursing program. This complaint was likely in response to the Arizona State Board of Nursing actions against AU relating to the program, as outlined below. The complaint was transferred to the United States District Court, District of Arizona. The plaintiff's attorneys requested arbitration (Rule 408 settlement meeting), which occurred on June 29, 2023. A Stipulation of Settlement agreement was reached whereby the Company agreed to pay $550,000 in exchange for release of all claims of the Settlement Class inclusive of attorneys' fees and costs. The payment was covered by AU's errors and omissions insurance policy that provided a $500,000 limit of liability (each claim). The Settlement Class includes 53 students who were precluded from entering the BSN Pre-licensure Core Program and first year students who completed more than 15 credit hours toward their pre-requisites who have not been refunded for courses that did not transfer. The settlement agreement was approved by the Arizona District Court judge on January 10, 2024, the class notice process is complete, and the Escrow account was funded and $50,000 was expensed in Fiscal 2024, which was included in "General and administrative" expense in the accompanying consolidated statements of operations. On November 18, 2024, the Court approved a final summary accounting of escrowed settlement funds and the disposition of those funds. The case is now closed.

In November 2020, USU, Aspen Group, Inc., and the former President of USU (subsequently deceased), were sued in San Diego County, CA, Supreme Court ("the Court") by a former employee (subsequently deceased), alleging discrimination (age/gender/disability), failure to prevent harassment, and breach of contract, among others. A mandatory settlement conference occurred on March 12, 2024. A settlement agreement was reached on April 9, 2024 for a payment of $54,000, which was paid on May 10, 2024 and is included in "General and administrative" expense in the accompanying consolidated statements of operations. USU received final disposition of dismissal by the Court on June 9, 2024. The case is now closed.

Regulatory Matters

In July 2025, legislative changes were passed regarding the (a) Student Loan Program (effective July 2026), including the elimination of Grad PLUS loans, a cap on Parent PLUS loans at $65,000 per student (previously uncapped), a cap on graduate/professional direct loans at $100,000 for graduate students and $200,000 for professional students, (b) Repayment Plan Simplification, including the consolidation of repayment plans for future borrowers and elimination of certain deferments such as the sunset of economic hardship and unemployment deferments, (c) Pell Grant Changes, including projections of a possible funding shortfall in FY25 that would apply to the 2025-26 school year and that students cannot receive both regular Pell and Workforce Pell simultaneously, (d) Accountability with Risk-Sharing Framework, including universities must make annual payments to the DOE based on a calculation of the non-repayment of balances of their student loan cohorts, and (e) Limitation of Authority, including limits of the DOE to propose or issue regulations related to federal student aid programs. The following did not make the final Big Beautiful Bill, even though early versions had proposed modification: 90/10, Gainful Employment (GE), Public Service Loan Forgiveness (PSLF), and the Median Cost of College (MCOC).

In April 2025, the following six executive orders were signed in relation to higher education: Restoring Equality of Opportunity and Meritocracy, Preparing Americans for High-Paying Skilled Trade jobs of the Future, White House Initiative to Promote Excellence and Innovation at Historically Black Colleges and Universities (HBCU), Transparency Regarding Foreign Influence at American Universities, Advancing Artificial Intelligence Education for American Youth, and Reforming Accreditation to Strengthen Higher Education. Also in April 2025, the Office of Federal Student Aid resumed collections on defaulted federal student loans.

In early March 2025, the DOE reportedly cut staff by approximately 50% and eliminated certain higher education administrative regions as part of the layoffs. A deregulatory environment and lack of staff resources could present risks such as delays in receipt of payments under the financial student aid (FSA) loan programs, as well as delays in providing administrative guidance.

AU and USU, are subject to extensive regulation by Federal and State governmental agencies and accrediting bodies. In particular, 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.

Several new Title IV-related regulations became effective July 1, 2024, with initial data or disclosure components required on July 1, 2024; August 1, 2024; October 1, 2024; and/or January 1, 2025. These include regulations on Financial Value Transparency and Gainful Employment (88 Fed. Reg. 70004) and Financial Responsibility, Certification Procedures for Title IV Participation, Standards of Administrative Capability, and State-defined Processes for Ability to Benefit (88 Fed. Reg. 74568; the “2024 Rule”). While there have been litigation challenges to the rules, both AU and USU reviewed the new regulations and implemented plans for timely compliance.

In compliance with the FR-A23, Financial Responsibility - Questions and Answers, FR-Q6 (May 17, 2024) related to the 2024 Rule, AU and USU submitted their required financial disclosures and documentation regarding events pre-dating the 2024 Rule. These events were not considered reportable prior to July 1, 2024, but were considered reportable under the new 2024 Rule, and were reported on July 19, 2024, by the required deadline.

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.

Several component parts of the telemarketing Consent Requirements related to the Federal Communications Commission’s Telephone Consumer Protection Act (TCPA) were amended, with sections effective May 16, 2024; October 15, 2024; and January 26, 2025. Additionally, updated Federal Trade Commission recordkeeping requirements related to telemarketing became effective in May 2024, with compliance required in October 2024. AU and USU reviewed the new regulations and implemented plans for timely compliance.

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.

Aspen University Regulatory Matters

Federal Financial Aid

AU is certified to participate under the Title IV and HEA Programs. AU applied for recertification on August 16, 2023, and provisional certification will continue until the receipt of a final certification from the DOE. Management does not know of any reason why its qualifications under Title IV and the HEA Program would not be renewed.

BSN Pre-licensure Nursing Program

AU is also subject to regulation by self-regulatory bodies such as accreditors and by state regulators in certain states including states where AU has a physical presence. AU’s first-time pass rates for its BSN pre-licensure students taking the NCLEX-RN® test in Arizona fell from 80% in 2020 to 58% in 2021, which is below the minimum 80% standard set by the Arizona State Board of Nursing (“AZ BON”). As a result of the decline in NCLEX pass rates and other issues, and in alignment with a recommendation from the AZ BON, the university voluntarily suspended BSN pre-licensure enrollments and the formation of new cohorts at its two Phoenix pre-licensure locations, effective February 2022.

In March 2022, AU entered into a Consent Agreement ("Consent Agreement") with AZ BON. On September 20, 2022, AU and the AZ BON entered into a revised Consent Agreement under which AU agreed to voluntarily surrender its program approval for its pre-licensure nursing program in Phoenix, Arizona.

Having entered into the revised Consent Agreement with the AZ BON, AU suspended new enrollments to its pre-licensure nursing program in Florida, Georgia, Tennessee, and Texas, and it agreed to complete instruction for currently enrolled Core nursing students.

The Arizona-based students completed their teach-out in January 2024. As a result, AU concluded its required monthly reporting to the AZ BON as of February 2024. The Tennessee Board of Nursing was noticed of the program closure on May 24, 2024. Texas- and Florida-based students completed their teach-out in September 2024 as scheduled. On September 9, 2024, program closure notification was provided to the Texas Board of Nursing. On September 20, 2024, the AZ BON recognized the closure of all AU BSN Pre-licensure locations.

Arizona State Board for Private Postsecondary Education

On March 8, 2022, AU entered into a Stipulated Agreement with the Arizona State Board for Private Postsecondary Education (the "AZPPSE"), which required the AU to post a surety bond for $18.3 million in the fourth quarter of fiscal year 2022. The Stipulated Agreement required the cessation of enrollment in both the pre-professional nursing and core components of the BSN pre-licensure program in Arizona, the submission of student records monthly, the removal of Arizona start date information from websites and catalogs, and monthly reporting to the Board staff. The collateral of $5.0 million for this surety bond was included in "Restricted cash" in the consolidated balance sheet at April 30, 2022.

AZPPSE held a series of meetings in 2022 and 2023 during which revised Stipulated Agreements were completed that incrementally lowered AU's surety bond requirement. As a result, cash collateral was returned to the Company reducing restricted cash. Most recently, AZPPSE held a meeting on September 13, 2024, during which the AZPPSE Finance Committee lowered AU's surety bond requirement to $0.7 million. As a result, on October 3, 2024, $750,000 of cash collateral for the surety bond was returned to the Company. At its meeting on October 24, 2024, the AZPPSE lowered the bond requirement to $500,000. At April 30, 2025, the Company's restricted cash balance related to the AZPPSE surety bond requirement was $250,000.

National Council of State Authorization Reciprocity Agreements

AU’s State Authorization Reciprocity Agreement ("SARA") annual approval through the Colorado SARA State Portal Entity, which is overseen by a National Council ("NC-SARA"), has to be renewed by January 30 each year. AU applied on January 18, 2022, and received its 2022 approval effective February 8, 2022. On February 23, 2022, AU 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 AU’s move from Colorado to Arizona. On March 29, 2022, AU received a Notification of Loss of Eligibility for SARA through Colorado which permitted continued SARA coverage for students enrolled for courses, until September 6, 2022.

AU has successfully secured full approval, exemption, or confirmed that authorization is not required in 47 states. In the remaining states where authorization has not been obtained, or will not be pursued due to cost considerations, AU has received limited approval permitting currently enrolled students to complete their degree programs. Collectively, students in these states account for more than 99% of the current student body.

USU received State Authorization Reciprocity Approval on August 25, 2025, through the Georgia SARA State Portal Entity (GA-SARA), which is overseen by the National Council ("NC-SARA").

DOE Program Review

On January 6, 2023, AU received notice from the Department of Education, Office of the Multi-Regional and Foreign Schools Participation Division, that an off-site Program Review would begin on February 13, 2023. The review is designed to assess the University’s administration of the Title IV, HEA programs in which it participates, covering the 2021-2022 and 2022-2023 award years. AU received notice on July 2, 2025, that the Department of Education issued the Expedited Determination Letter dated July 1, 2025, stating that the program review of the institution was closed.

Show Cause Directive by DEAC

On February 1, 2023, AGI received notification that AU had been issued a Show Cause Directive by DEAC requiring AU to prove why its current accreditation should not be withdrawn and to require AU to undergo a special visit by a team of DEAC evaluators. Show Cause is an enforcement action focused on specific areas of perceived non-compliance to which AU must respond through narrative, documentation, and other evidence within the specific remediation timeframe.

During the show cause remediation period, AU remained fully accredited.

ASPEN GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2025 and 2024

On July 19, 2024, AU received notification from DEAC that on June 21, 2024, the Commission voted to vacate the show cause directive.

The Commission reviewed the additional reaccreditation documentation submitted by AU for consideration of its reaccreditation at its January 2025 meeting. On February 24, 2025, AU received notification from DEAC that the Commission renewed AUs accreditation for the full five years, through January 2029. They also approved the new Doctor of Public Health Program.

Heightened Cash Monitoring 2

On February 8, 2023, AU received notification from the DOE that effective February 7, 2023 the DOE had placed AU on Heightened Cash Monitoring 2 ("HCM2"). HCM2 is a step that the DOE can take with institutions to provide additional oversight for a number of financial or federal compliance issues. The letter from the DOE stated that the DOE acted in response to the Show Cause Directive from DEAC. Under the HCM2 method of payment, AU obligated funds under the federal student financial assistance programs authorized by Title IV of HEA. A school placed on HCM2 no longer receives funds under the Advance Payment Method. After a school on HCM2 makes disbursements to students from its own institutional funds, a Reimbursement Payment Request must be submitted for those funds to the DOE.

By letter dated August 16, 2024, the DOE removed AU from HCM2 payment method and placed AU on HCM1. A school placed on HCM1 receives funds after a school makes disbursements to eligible students from institutional funds and submits disbursement records to the Common Origination and Disbursement System; it will then draw down financial aid funds to cover those disbursements in the same way as a school on the Advance Payment Method.

Due to the placement of AU on HCM1, at April 30, 2025, there was no longer an HCM2 receivable in the consolidated balance sheet. As of April 30, 2024, $1.5 million of HCM2 payments were due from the DOE and are included in "Other current assets" in the accompanying consolidated balance sheet.

AU received its financial aid payments under HCM2 as follows:

HCM2 Reimbursement	Date	Amount
HCM2 #1	June 2023	$1.0 million
HCM2 #2	August 2023	$2.9 million
HCM2 #3	September 2023	$1.9 million
HCM2 #4	November 2023	$2.3 million
HCM2 #5	February 2024	$3.8 million
HCM2 #6	April 2024	$2.4 million
HCM2 #7	June 2024	$1.3 million
HCM2 #8	July 2024	$1.1 million

United States University Regulatory Matters

On March 25, 2025, USU received a Certificate of Authorization issued for all programs for the Georgia location by the Georgia Non-Public Postsecondary Education Commission. The institution has met the requirements set forth by the Nonpublic Postsecondary Educational Institution Act of 1990 of O.C.G.A. § 20-3-250. The University's main/home campus and degree-granting authority is based in the state of Georgia.

On May 20, 2025, all USU's programs were registered as an out-of-state Bureau for Private Postsecondary Education (BPPE) approved institution. The Letter of Registration from BPPE indicates that the institution has met the qualifications for registration under the Act, pursuant to California Education Code (CEC) section 94801.5. (Out-of-state approval).

On August 21, 2024, the California Board of Registered Nursing agreed to the transition of USU's approved in-state MSN Family Nurse Practitioner program to an out-of-state approved MSN Family Nurse Practitioner program is based in Texas, which the Texas Higher Education Coordinating Board had approved as of October 23, 2023. USU stopped enrolling in this track in May 2025.

On March 27, 2023, USU received a request for information from its institutional accreditor, WSCUC, regarding information on the current financial and operational status of the university due to both AGI's voluntary delisting from NASDAQ and AU's Show Cause Directive from DEAC. USU provided the required information timely on April 4, 2023. WSCUC subsequently requested quarterly updates for the remainder of 2023 and a final update in mid-2024. Updates were sent on June 30, 2023, September 29, 2023, and December 15, 2023. WSCUC received a final update on June 18, 2024.

On May 14, 2019, USU was granted temporary provisional certification to participate in the Title IV Programs due to its acquisition by AGI. The provisional certification expired on December 31, 2020. The institution submitted its recertification application timely in October 2020, and received full certification on May 6, 2022, and a new PPA was issued with an effective period until December 31, 2025.

Title IV Funding and Other Federal Funds - AU and USU

AU and USU derive a portion of their revenue from financial aid received by students under programs authorized by Title IV of the HEA, which are administered by the DOE. When students seek funding from the federal government, they receive loans and grants to fund their education under the following Title IV Programs: (1) the Federal Direct Loan program, or Direct Loan; (2) the Federal Pell Grant program, or Pell; (3) Federal Work Study and (4) Federal Supplemental Opportunity Grants. For the fiscal year ended April 30, 2024, 19.20% of AU's and 23.21% of USU's cash-basis revenue for eligible tuition and fees was derived from Federal Fund Programs, which includes Student Title IV Revenue and Other Federal Funds (effective for Fiscal 2024 calculation).

Return of Title IV Funds - AU and USU

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.

Resulting from a compliance audit for Fiscal Year 2023, AU had not fully complied with all requirements for calculating and making timely returns of Title IV funds (R2T4) and was required to produce a letter of credit in the amount of $88,002 as a result of this finding. On April 19, 2024, the letter of credit was provided to the Department of Education by AU and the $88,002 is included in "Restricted cash" in the consolidated balance sheets at April 30, 2025 and 2024.

Approval to Confer Degrees - AU and USU

AU is a Delaware corporation and is authorized by the AZPPSE to operate as a degree-granting institution for all degrees.

USU is a Delaware corporation and is authorized by the Georgia Non-Public Postsecondary Education Commission to operate as a degree-granting institution for all degrees.

Note 10. Stockholders' Equity

Stock-based Incentive Plans

AGI maintains one stock-based incentive plan: the 2018 Equity Incentive Plan (the "2018 Plan") that provides for the grant of shares in the form of incentive stock options, non-qualified stock options, restricted shares, stock appreciation rights and RSUs to employees, consultants, officers and directors.

As of April 30, 2025 and 2024, there were 224,584 and 146,554 shares, respectively, remaining available for future issuance under the 2018 Plan.

Increase in Authorized Common Shares

On June 10, 2024, Company received approval for an amendment to the Certificate of Incorporation of the Company (the "Charter Amendment") to increase the number of shares of common stock authorized from to 60,000,000 to 85,000,000 shares. The Charter Amendment was approved by a majority of the Company's common stockholders, which was required to approve this proposal. The Charter Amendment was filed with the Secretary of State of the State of Delaware on June 10, 2024. This increase has been retrospectively adjusted to all periods in the accompanying consolidated financial statements.

OTC Markets Group Inc. Status

On September 18, 2024, the Company was moved from the OTCQB OTC Pink to the Expert Market. On January 22, 2025, the Company was moved back to the OTCQB effective for trading January 22, 2025. Aspen Group continues to trade under the ticker symbol "ASPU."

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 the Board of Directors. As of both April 30, 2025 and 2024, there were 10,000 shares of Series A preferred stock issued and outstanding.

On April 25, 2024, the Company's Board of Directors approved the designation of the Company's new series of preferred stock as Series A Convertible Preferred Stock ("Series A"). Accordingly, on April 26, 2024, the Company filed a Certificate of Designation of Preferences, Rights and Limitations of Series A Convertible Preferred Stock (the "Certificate of Designation") with the Delaware Secretary of State which was necessary to issue the Series A. On April 29, 2024, the Company and the holders of its outstanding $10 million of 2022 Convertible Notes entered into an Exchange Agreement where they exchanged the Convertible Notes for 10,000 shares of Series A with a total stated value of $10 million, which was equal to the total principal of the Convertible Notes.

Each share of Series A has a par value of $0.001 per share and an initial stated value of $1,000 per share. Retroactive to April 1, 2024, shares of the Series A are entitled to receive dividends at the rate of 14.0% per annum of the stated value payable solely in shares of AGI common stock. Such dividends accrue and are cumulative from and including April 1, 2024 and are payable quarterly in arrears on each dividend payment date, commencing May 1, 2024. Accruing and unpaid dividends are settled with common stock shares using a conversion price of $0.50 per share to determine the quantity of shares to be issued and then using the quoted trading price of the Company's common stock on the settlement date to determine the fair value of the dividend. Each share of Series A is convertible into 2,000 shares of AGI common stock at a conversion price of $0.50 based on the stated value. The Series A has a beneficial ownership limitation on the Common Stock of 24.99% per shareholder.

Dividends are settled with common stock shares and issued as follows:

Issuance Date	Number of Common Stock Issued	Fair Value of Dividend [1]
Activity during fiscal year 2025:		
May 1, 2024 (accrued at April 30, 2024)	230,138	$ 59,836
August 1, 2024	705,758	$ 141,152
November 1, 2024	705,758	$ 7,058
February 1, 2025	705,758	$ 119,979
Total	2,347,412	$ 328,025
Activity subsequent to fiscal year 2025:		
May 1, 2025 [2]	682,744	$ 102,412
August 1, 2025 [3]	705,758	$ 42,345

[1] Based on the quoted marketed price on the dividend settlement date.
[2] Accrued at April 30, 2025 and [3] Accrued at July 31, 2025. Since the Company does not have retained earnings, the fair value of the dividend is recorded as both a debit and credit to additional-paid-in capital resulting in no net effect in stockholders equity.

Common Stock

At both April 30, 2025 and 2024, the Company was authorized to issue 85,000,000 shares of common stock.

During fiscal year 2025, 2,347,412 common shares were issued to satisfy accrued dividends of $328,025. See table above.

In connection with the closing of the 15% Debentures, on May 10, 2023, the Company granted 25,000 shares of common stock to Lampert Capital Advisors for financial advisory services. The grant had a grant date fair value of approximately $2,000 based on a closing stock price of $0.08 per share, and it was fully vested on the grant date. The expense related to this grant of $2,000 was incurred during the year ended April 30, 2024.

Restricted Stock

As of both April 30, 2025 and 2024, there were no unvested shares of restricted common stock outstanding. There is no unrecognized compensation expense related to restricted stock as of April 30, 2025.

Restricted Stock Units

A summary of the Company's RSU activity granted under the 2018 Equity Incentive Plan, during the year ended April 30, 2025 is presented below:

Restricted Stock Units	Number of Shares	Weighted Average Grant Date Fair Value
Unvested balance outstanding, April 30, 2024	1,869,888	$ 0.40
Granted	10,000	0.02
Forfeits	(867)	0.02
Vested	(340,516)	0.12
Expired	—	—
Unvested balance outstanding, April 30, 2025	1,538,505	$ 0.15

<u>CEO RSUs</u>

On September 29, 2023, the Board of Directors approved a 1.0 million RSU grant to the Company's Chief Executive Officer ("CEO"). The grant has a grant date fair value of $180,000 based on a closing stock price of $0.18 per share. The amortization expense related to this grant for the years ended April 30, 2025 and 2024 was $90,000 and $52,500, respectively, which is included in "General and administrative expense" in the accompanying consolidated statements of operations.

CFO RSUs

On August 16, 2021, the Compensation Committee approved a grant of 125,000 RSUs to the Company's Chief Financial Officer ("CFO") as part of his employment agreement. The grant had a grant date fair value of $725,000 based on a closing stock price of $5.80 per share and was scheduled to vest annually over a period of three years and subject to continued employment as an officer of the Company on each applicable vesting date. As of December 22, 2022 and August 16, 2023, the vested portion of the underlying shares of common stock for 41,667 and 41,667 vested RSUs discussed above, respectively, had not been delivered to the CFO and were instead cancelled. The amortization expense related to this vested grant for the years ended April 30, 2025 and 2024 was $60,416 and $241,667, respectively, which is included in "General and administrative expense" in the accompanying consolidated statements of operations.

On August 29, 2023, the Board of Directors approved a 500,000 RSU grant to the CFO. The grant has a grant date fair value of $65,000 based on a closing stock price of $0.13 per share. The amortization expense related to this grant for the years ended April 30, 2025 and 2024 was $21,667 and $12,639, respectively, which is included in "General and administrative expense" in the accompanying consolidated statements of operations.

CAO RSUs

On August 12, 2021, the Compensation Committee approved a grant of 80,000 RSUs to the Company's Chief Academic Officer ("CAO"). The grant had a grant date fair value of $518,400 based on a closing stock price of $6.48 per share and was scheduled to vest annually over a period of three years and subject to continued employment as an officer of the Company on each applicable vesting date. As of August 16, 2023, the vested portion of underlying shares of common stock for 26,667 vested RSUs discussed above had not been delivered to the CAO and were instead cancelled. The amortization expense related to this vested grant for the years ended April 30, 2025 and 2024 was $43,200 and $172,800, respectively, which is included in "General and administrative expense" in the accompanying consolidated statements of operations.

On September 29, 2023, the Board of Directors approved a 100,000 RSU grant to the Company's Chief Academic Officer ("CAO"). The grant has a grant date fair value of $18,000 based on a closing stock price of $0.18 per share. The amortization expense related to this grant for the years ended April 30, 2025 and 2024 was $6,000 and $3,695, respectively, which is included in "General and administrative expense" in the accompanying consolidated statements of operations.

Other RSUs

Of the 1,538,505 unvested RSUs outstanding at April 30, 2025, 1.4 million shares are related to the CEO, CFO and CAO RSU grants. The remaining approximately 0.1 million unvested RSUs were employee grants subject to time-based vesting and continued employment, of which $35,503 was amortized during the year ended April 30, 2025.

At April 30, 2025, total unrecognized compensation expense related to unvested RSUs is $0.1 million and is expected to be recognized over a weighted-average period of approximately 2.59 years.

Warrants

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

A summary of the Company's warrant activity during the year ended April 30, 2025 is presented below:

Warrants	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance Outstanding, April 30, 2024	6,121,018	$ 0.06	3.97	$ 1,459,751
Granted	1,296,461	0.01	4.51	—
Exercised	—	—	—	—
Surrendered	—	—	—	—
Expired	—	—	—	—
Balance Outstanding, April 30, 2025	7,417,479	$ 0.09	3.57	$ 999,947
Exercisable, April 30, 2025	7,417,479	$ 0.09	3.57	$ 999,947

OUTSTANDING WARRANTS			EXERCISABLE WARRANTS		
Exercise Price	Weighted Average Exercise Price	Outstanding Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life In Years	Exercisable Number of Warrants
$0.01	$ 0.01	5,846,018	$0.01	3.45	5,846,018
$0.01	$ 0.01	1,296,461	$0.01	4.51	1,296,461
$0.50	$ 0.50	200,000	$0.50	1.99	200,000
$0.50	$ 0.50	50,000	$0.50	1.34	50,000
$6.99	$ 6.99	25,000	$6.99	1.22	25,000
		7,417,479			7,417,479

15% Debentures - Warrants

On May 12, 2023, as part of the 15% Debentures offering, the Company issued warrants to the investors to purchase 2.2 million shares of the Company's common stock exercisable for five years from the date of issuance at the exercise price of $0.01 per share (the "May 2023 Warrants"). See Note 8. Debt. The relative fair value of the warrants was $154,000, and they are amortized over a three-year term and contain anti-dilution protection. The relative fair value of the warrants was treated as a deferred financing cost. The Company recognized $34,222, of amortization expense in connection with the fair value of the warrants during Fiscal 2024, which is included in "interest expense" in the accompanying consolidated statement of operations. In connection with the Second Amendment, described below, the fair value of the warrants was reclassified to liabilities due to the addition of the cash repayment put option in accordance with ASC 480. As of April 30, 2024, the Company reclassified $500,825 from "Additional paid-in capital" to "Warrant liabilities" in the accompanying consolidated balance sheet; recorded $957,779 of initial grant date fair value as expense; and recognized a $505,989 loss of fair value adjustment in "Change in fair value of put warrant liability" in the accompanying consolidated statement of operations during the year ended April 30, 2024.

As part of the Second Amendment to the 15% Debentures, which is discussed in Note 8. Debt, the Company also issued warrants to purchase Common Stock at an exercise price of $0.01 based on the outstanding principal balances of the 15% Debentures, which are the same term as the May 2023 Warrants (collectively, the "New Warrants"):

a. on the effective date of the Second Amendment, New Warrants were issued to purchase 403,545 shares of Common Stock, which is equal to 1% of the Company's outstanding shares on a fully diluted basis, with a value of $91,280;

b. since the Mandatory Prepayment of $1.5 million was not made by December 30, 2023, on such date, New Warrants were issued to purchase 3% of the Company's issued and outstanding on a fully diluted basis. The Company issued an additional 1,210,634 warrants with a value of $324,937; and

c. since the Mandatory Prepayment of $1.5 million was not made by January 31, 2024, but rather on February 8, 2024, on such date, New Warrants were issued to purchase 5% of the Company's issued and outstanding on a fully diluted basis. The Company issued an additional 2,017,724 warrants with a value of $541,562.

The Second Amendment also provides that upon the first to occur of the (i) the 15% Debenture Maturity Date, (ii) after the occurrence and during the continuance of an event of default, or (iii) the repayment in full of the 15% Debentures, the Company shall, upon the written request, repurchase the May 2023 Warrants and the New Warrants for a purchase price of $100,000 in cash per one percentage point of ownership of the Company's issued and outstanding common stock on a fully diluted basis as of the date of the Second Amendment, which is 14% (subject to adjustment for stock splits, stock dividends, stock combinations, reverse stock splits, recapitalizations and similar transactions) (collectively the "put warrants"). At April 30, 2025, the total number of such warrants issued under the 15% Debentures was 5,846,018, and the fair value of these put warrants, valued using a Monte Carlo Simulation, was $1.4 million, which is included in "Warrant liabilities" in the accompanying consolidated balance sheet. See Note 2. Significant Accounting Policies.

As part of the Sixth Amendment to the 15% Debentures, which is discussed in Note 8. Debt, the Company issued additional warrants to purchase 1,296,461 shares of Common Stock, which is equal to 5% of the Company's outstanding shares on a fully diluted basis at October 31, 2024, exercisable for five years from the date of issuance at the exercise price of $0.01 per share. These warrants have no cash repayment put option in accordance with ASC 480. The relative fair value of the warrants was $12,965, and is being amortized over the term of the 15% Debentures.

2022 Convertible Notes - Warrants

On April 22, 2022, as consideration for amending the Intercreditor Agreement, the Company issued warrants to the each of the same two holders of the since exchanged $10 million Convertible Notes, to each purchase 100,000 shares of the Company's common stock exercisable for five years from the date of issuance at the exercise price of $1.00 per share. These warrants had price protection so as a result of making the 15% Debentures convertible in Fiscal 2024, as discussed in Note 8. Debt, the exercise price automatically was reduced to $0.50. The fair value of the warrants of $118,000 was treated as deferred financing costs, a non-current asset, and was fully amortized in prior years.

2018 Credit Facility Agreement - Warrants

On August 31, 2021, the Compensation Committee approved the issuance of warrants to the Leon and Toby Cooperman Family Foundation as an extension fee in connection with the extension of the 2018 Credit Facility Agreement. The warrants allow for the purchase of 50,000 shares of the Company's common stock and have an exercise price of $5.85. These warrants had price protection, so as a result of making the 15% Debentures convertible in Fiscal 2024, as discussed in Note 8. Debt, the exercise price automatically was reduced to $0.50. In addition, for regulatory reasons, a 24.99% beneficial ownership limitation was inserted into the warrants. The warrants have an exercise period of five years from the August 31, 2021 issuance date and will terminate automatically and immediately upon the expiration of the exercise period. The fair value of the warrants is $137,500. In connection with repayment of the 2018 Credit Facility on May 12, 2023, the remaining fair value of these warrants of $23,897 was fully expensed during the fiscal year ended April 30, 2024, which is included in "interest expense" in the accompanying consolidated statement of operations.

Former Member of the Board of Directors - Warrants

On July 21, 2021, the Executive Committee approved the issuance of warrants to a former member of the Board of Directors for the purchase of 25,000 shares of the Company's common stock with an exercise price of $6.99 per share. The warrants have an exercise period of five years from the July 21, 2021 issuance date and vest annually over a three-year period subject to continued service on the Company's Advisory Board on each applicable vesting date. The warrants will terminate automatically and immediately upon the expiration of the exercise period. The fair value of the warrants is $84,000 and was amortized over the three-year vesting period. The Company recognized $7,000 and $28,000, of amortization expense in connection with the fair value of the warrants for the years ended April 30, 2025 and 2024, respectively, which is included in "general and administrative" expense in the accompanying consolidated statement of operations.

Stock Option Grants to Employees and Directors

There were no stock options granted to employees during the years ended April 30, 2025 and 2024.

A summary of the Company's stock option activity for employees and directors during the year ended April 30, 2025, is presented below:

Options	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance Outstanding, April 30, 2024	87,433	$ 5.89	0.48	$ —
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited	(1,433)	0.01	—	—
Expired	(86,000)	$ 5.90	—	—
Balance Outstanding, April 30, 2025	—	$ —	—	$ —
Exercisable, April 30, 2025	—	$ —	—	$ —

As of April 30, 2025, there are no unrecognized compensation costs related to unvested stock options.

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

During the year ended April 30, 2025 and 2024, the Company's stock-based compensation expense was $256,786 and $677,392, respectively, which is included in "General and administrative" expense in the consolidated statement of operations. Fiscal 2025 expense includes a $548,333 reversal of forfeited accrued Board of Directors compensation.

Note 11. Leases

The Company determines if a contract contains a lease at inception. The Company entered into operating leases totaling approximately 157,321 square feet of office and classroom space in Phoenix, San Diego, New York City (lease ended January 31, 2024), Denver (lease ended May 31, 2024), Austin, Tampa, Nashville, Atlanta and the New Brunswick Province in Canada (lease ended December 31, 2023). 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. Since it is not reasonably certain that the leases would be renewed, the Company does not consider the renewal option in the lease term. 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.

AU subleased a portion of its Austin campus, which commenced on February 1, 2024.

On August 2, 2024, AU entered into a sublease for a portion of its Phoenix campus, which commenced on January 1, 2025 and is subject to the subtenant obtaining regulatory approvals to conduct its operations from the space. The sublease runs through the remainder of the term left on its master lease, which expires in April 2028. AU also entered into a sublease for a separate portion of its Phoenix campus for one year, which commenced on September 11, 2024 and extended another year through August 2026.

All sublease income is included as an offset to lease expense in general and administrative expense in the statement of operations.

As of April 30, 2025, our longer-term operating leases are located in Tampa, Phoenix, Austin, Nashville and Atlanta and are set to expire in three to six years. These leases make up approximately 95% of the total future minimum lease payments.

Operating lease ROU assets, 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 April 30, 2025 and 2024. 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 15% 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 years ended April 30, 2025 and 2024, the amortization expense for these tenant improvements was $0.6 million and $0.8 million, respectively.

Lease expense for operating leases is recognized on a straight-line basis over the lease term. Lease expense, net of sublease income, for the years ended April 30, 2025 and 2024, was $2.4 million and $3.8 million, respectively, which is included in "General and administrative" expenses in the consolidated statements of operations.

ROU assets are summarized below:

	April 30,	
	2025	2024
ROU assets - Operating facility leases	$ 16,143,478	$ 17,410,282
Less: accumulated amortization	(8,893,071)	(6,770,444)
Total ROU assets	$ 7,250,407	$ 10,639,838

At April 30, 2025 and 2024, the ROU assets balance includes the reduction associated with lease impairments on leased properties no longer able to be utilized in the BSN Pre-licensure operations (see Note 9. Commitments and Contingencies). In connection with the lease impairments, the Company also recorded tenant improvement impairments (see the table below).

	April 30,	
	2025	2024
Lease impairments	$ 1,266,803	$ 1,118,685
Tenant improvement impairments	581,406	407,725
Impairments of right-of-use assets and tenant improvements	$ 1,848,209	$ 1,526,410

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

	April 30,	
	2025	2024
Total lease liabilities	$ 26,058,494	$ 26,058,494
Reduction of lease liabilities	(10,848,345)	(8,450,273)
Total operating lease obligations	$ 15,210,149	$ 17,608,221

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 April 30, 2025 (by fiscal year).

Maturity of Lease Obligations	Lease Payments
2026	$ 4,677,145
2027	4,782,909
2028	4,809,323
2029	2,334,139
2030	1,518,860
Thereafter	1,064,970
Total future minimum lease payments	19,187,346
Less: imputed interest	(3,977,197)
Present value of operating lease liabilities	$ 15,210,149

	April 30,	
Balance Sheet Classification	**2025**	**2024**
Operating lease obligations, current portion	$ 2,811,471	$ 2,608,534
Operating lease obligations, less current portion	12,398,678	14,999,687
Total operating lease obligations	$ 15,210,149	$ 17,608,221

	April 30,	
Other Information	**2025**	**2024**
Weighted average remaining lease term (in years)	4.6	5.1
Weighted average discount rate	14 %	12 %

Note 12. Revenue

Revenue consists primarily of tuition and fees derived from courses taught by the Company online as well as from related educational resources that the Company provides to its students, such as access to its online materials and learning management system. 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 and exam fees are recognized as services are provided or when goods are received by the student.

The following table represents the Company's revenue disaggregated by the nature and timing of services:

	Years Ended April 30,	
	2025	**2024**
Tuition - recognized over period of instruction	$ 38,390,539	$ 43,447,153
Course fees - recognized over period of instruction	5,303,736	6,295,309
Exam fees - recognized at a point in time	297,101	476,992
Service fees - recognized at a point in time	1,310,706	1,175,848
Revenue	$ 45,302,082	$ 51,395,302

Contract Balances and Performance Obligations

The advances on tuition and deferred tuition balances as of April 30, 2025 and 2024, totaled $4,770,865 and $6,912,047, respectively. During the year ended April 30, 2025, the Company recognized $6,092,265 of revenue that was included in the balance as of April 30, 2024. The Company classifies advances on tuition and deferred tuition as current when the remaining term of the course, including affect to the refund policy, is one year or less.

As the Company provides the performance obligation through the instruction of a course, revenue is recognized resulting in the creation of accounts receivable. The Company accounts for receivables in accordance with ASC 326, Financial Instruments - Credit Losses. The Company uses the portfolio approach.

Cash Receipts

The Company's 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 veteran and military funding and grants, and cash payments. Most students elect to use the Company's monthly payment plan. This plan allows students to make fixed monthly payments over the length of the payment plan. Title IV and military funding typically arrive during the period of instruction. However, because of AU's placement on HCM2 from February 7, 2023 through August 16, 2024, discussed in Note 9. Commitments and Contingencies, AU made disbursements to students from its own institutional funds, and then a reimbursement payment request was submitted for those funds to the DOE. On August 16, 2024, the DOE removed AU from the HCM2 payment method and placed AU on HCM1. A school placed on HCM1 draws down financial aid funds to cover those disbursements in the same way as a school on the Advance Payment Method. 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 Judgment

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 recognized as advances on tuition, 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 3% and 2% of consolidated revenue for the years ended April 30, 2025 and 2024, respectively.

Teach-out of the Pre-licensure Nursing Program

For the years ended April 30, 2025 and 2024, less than 1% and 6% of total consolidated AGI revenue was earned from its BSN Pre-licensure program (see Note 9. Commitments and Contingencies).

Note 13. Income Taxes

The components of income tax expense are as follows:

	Years Ended April 30,	
	2025	**2024**
Current income tax expense:		
Federal	$ —	$ —
State	56,149	50,664
Foreign	—	27,710
Current income tax expense	56,149	78,374
Deferred income tax expense:		
Federal	—	—
State	—	—
Foreign	—	—
Deferred income tax expense	—	—
Income tax expense	$ 56,149	$ 78,374

Significant components of the Company's deferred income tax assets and liabilities are as follows:

	April 30, 2025	April 30, 2024
Deferred tax assets:		
Net operating loss carryforward	$ 20,465,090	$ 20,853,020
Allowance for credit losses	1,539,911	1,202,726
Lease obligations	4,592,956	4,643,884
Stock-based compensation	521,542	606,501
Contributions carryforward	3,151	7,906
Accrued compensation	144,129	122,640
Warrant liability fair value adjustments	383,563	—
Property and equipment	459,817	—
Interest expense limitation carryforward	2,764,175	2,740,890
Total deferred tax assets	30,874,334	30,177,567
Deferred tax liabilities:		
Property and equipment	—	(929,510)
Intangibles	(1,065,658)	(747,225)
Right-of-use assets	(2,448,533)	(2,806,085)
Total deferred tax liabilities	(3,514,191)	(4,482,820)
Deferred tax assets, net	$ 27,360,143	$ 25,694,747
Valuation allowance:		
Beginning of year	(25,694,747)	(22,965,950)
Increase during period	(1,665,396)	(2,728,797)
Ending balance	(27,360,143)	(25,694,747)
Net deferred tax asset	$ —	$ —

As of April 30, 2025, as part of its periodic evaluation of the necessity to maintain a valuation allowance against its deferred tax assets, and after consideration of all factors, including, among others, projections of future taxable income, current year net operating loss carryforward utilization and the extent of the Company's cumulative losses in recent years, the Company determined that, on a more likely than not basis, it would not be able to use remaining deferred tax assets. Accordingly, the Company has determined to maintain a full valuation allowance against its net deferred tax assets. As of April 30, 2025 and 2024, the valuation allowance was approximately $27.4 million and $25.7 million, respectively. In the future, the utilization of the Company's net operating loss carryforwards may be subject to certain change of control limitations. If the Company determines it will be able to use some or all of its deferred tax assets in a future reporting period, the adjustment to reduce or eliminate the valuation allowance would reduce its tax expense and increase after-tax income.

At April 30, 2025, the Company had approximately $76.2 million of net operating loss carryforwards, $28.2 million of which will expire from 2031 to 2038, the remainder will carryforward indefinitely. The Company believes its tax positions are all highly certain of being upheld upon examination. As such, the Company has not recorded a liability for unrecognized tax benefits. As of April 30, 2025, tax years 2022 through 2024 remain open for IRS audit. The Company has received no notice of audit from the Internal Revenue Service for any of the open tax years. A reconciliation of income tax computed at the U.S. statutory rate to the effective income tax rate is as follows:

The Company's effective income tax expense differs from the statutory federal income tax rate of 21% as follows:

	April 30,	
	2025	2024
Statutory Rate applied to net loss before income taxes	21.0 %	21.0 %
Increase (decrease) in income taxes resulting from:		
State income taxes, net of federal tax benefit	(0.2)%	4.6 %
Permanent Differences	(8.4)%	(1.7)%
Foreign income tax	— %	(0.2)%
Change in Tax Rates - States	32.5 %	1.6 %
Change in Valuation Allowance	(111.9)%	(20.2)%
Other	63.3 %	(5.7)%
Effective Income Tax Rate	(3.7)%	(0.6)%

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 filed 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 2023 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 Fiscal 2024 (through December 2024), the final year that permanent establishment is in place.

At April 30, 2025 and 2024, the Company recorded a reserve of approximately $0.5 million for the estimate of the 2013 through 2023 tax year foreign income tax liability during which a permanent establishment was in place in Canada. These reserves are included in "Accrued expenses" in the consolidated balance sheets. These amounts have not yet been remitted to the CRA.

Note 14. Related Party Transaction

On January 31, 2024, the Company received a $200,000 non-interest bearing loan from the Company's Chief Executive Officer. This loan was for a short-term period until the receipt of the fifth financial aid payments under HCM2. On February 8, 2024, the fifth financial aid payment under HCM2 reimbursement was received and utilized to pay down the loan in full.

Note 15. Quarterly Results (Unaudited)

ASPEN GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2025 and 2024

	Quarter Ended July 31	Quarter Ended October 31	Quarter Ended January 31	Quarter Ended April 30
2025	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	$ 11,328,837	$ 11,459,779	$ 10,943,968	$ 11,569,498
Cost of revenue (exclusive of depreciation and amortization)	3,347,225	2,885,895	3,032,138	2,925,691
Operating income (loss)	(615,726)	(1,756,775)	312,896	1,391,554
(Loss) income before income taxes	(128,071)	(1,011,197)	(975,736)	626,261
Net income (loss)	(127,863)	(1,057,421)	(976,456)	616,848
Net income (loss) per share allocable to common stockholders - basic and diluted	$ (0.01)	$ (0.04)	$ (0.04)	$ 0.04

	Quarter Ended July 31	Quarter Ended October 31	Quarter Ended January 31	Quarter Ended April 30
2024	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	$ 14,639,872	$ 13,828,847	$ 12,057,847	$ 10,868,736
Cost of revenue (exclusive of depreciation and amortization)	4,392,855	4,584,193	3,861,895	3,393,442
Operating income (loss)	362,927	(526,982)	(1,768,761)	(4,049,470)
Loss before income taxes	(555,267)	(1,571,737)	(3,851,906)	(7,521,472)
Net loss	(639,438)	(1,611,813)	(3,880,437)	(7,447,068)
Net loss per share allocable to common stockholders - basic and diluted	$ (0.03)	$ (0.06)	$ (0.15)	$ (0.29)

Note 16. Subsequent Events

In preparing these financial statements, the Company evaluated subsequent events through September 15, 2025, the date the consolidated financial statements were available to be issued.

AGI, the parent company of Aspen University (AU) and United States University (USU) commenced the process to merge AU with USU (the "Merger"), with USU as the surviving entity. This Merger is a strategic move to enhance institutional long-term sustainability and brings together the unique strengths and rich legacies of both institutions.

AU and USU are required to obtain regulatory approval for this merger, including with the U.S. Department of Education. During the regulatory approval process over the following months, AU students will continue their programs without disruption. However, once regulatory approval for the merger is obtained, AU students will become part of USU, and students will immediately become USU students.

See Note 10. Stockholders' Equity for additional share issuances subsequent to April 30, 2025.

Item 15. Management's Discussion and Analysis or Plan of Operation

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:

<u>**Operating Metrics**</u>

- **Lifetime Value ("LTV")** - is 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.

<u>**Operating costs and expenses**</u>

- **Cost of revenue** - consists of instructional costs and services and marketing and promotional costs.

    - **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 revenue.

    - **Marketing and promotional costs** - include costs associated with producing marketing materials and advertising, and outside sales costs. Such costs are generally affected by the cost of advertising media, the efficiency of the Company's marketing efforts, and expenditures on advertising initiatives for new and existing academic programs. We engage non-direct response advertising activities, which are expensed as incurred, or the first time the advertising takes place, depending on the type of advertising activity. These are included in cost of revenue.

- **General and administrative expense -** consists primarily of compensation expense (including stock-based compensation expense) and other employee-related costs for personnel engaged in executive and academic management and operations, finance, legal, tax, information technology, human resources, recruiting, fees for professional services, financial aid processing costs, non-capitalizable courseware and software costs, certain taxes, and facilities costs.

Non-GAAP financial measures:

- **Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") -** is a non-GAAP financial measure. See "Non-GAAP Financial Measures" for a reconciliation of net income (loss) to EBITDA for Q4 Fiscal 2025 and Q4 Fiscal 2024, and Fiscal 2025 and Fiscal 2024.

- **Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") -** is a non-GAAP financial measure. See "Non-GAAP Financial Measures" for the definition of Adjusted EBITDA and a reconciliation of net income (loss) to Adjusted EBITDA for Q4 Fiscal 2025 and Q4 Fiscal 2024, and Fiscal 2025 and Fiscal 2024.

Company Overview

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

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

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

Since 1993, AU has been institutionally accredited by the Distance Education Accrediting Commission ("DEAC"), an accrediting agency recognized by the United States Department of Education (the "DOE"), and AU is accredited through January 2029.

Since 2009, USU has been institutionally accredited by WASC Senior College and University Commission ("WSCUC"), an accrediting agency recognized by the DOE, and USU is accredited through 2030.

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 received full certification on May 6, 2022, and a new Program Participation Agreement ("PPA") was issued with an effective period until December 31, 2025. Aspen University is also certified to participate under the Title IV and HEA Programs. AU applied for recertification on August 16, 2023, and provisional certification will continue until the receipt of a final certification from the DOE. Certification continues month to month until a final decision is made by the DOE. Title IV eligibility is considered a tremendous milestone for any educational institution to achieve, as the degrees earned from these institutions are often regarded as more valuable given their backing by the DOE.

On September 18, 2024, the Company was moved from the OTCQB OTC Pink to the Expert Market. On January 22, 2025, the Company moved back to the OTCQB effective for trading January 22, 2025. Aspen Group continues to trade its common stock under the ticker symbol "ASPU."

Following consideration and approval by the Universities' boards, in September 2025, we commenced the process to merge AU with USU, with USU as the surviving entity. This merger is a strategic move to enhance institutional long-term sustainability and brings together the unique strengths and rich legacies of both institutions. By combining our resources, faculty, and academic programs, we will be able to provide students of both institutions with a wider array of courses, new research opportunities, and expanded career pathways.

AU and USU are required to obtain regulatory approval for this merger, including with the U.S. Department of Education. During the regulatory approval process over the following months, AU students will continue their programs without disruption. AGI resources will provide non-academic support under a shared services agreement. However, once regulatory approval for the merger is obtained, AU students will become part of USU, and students will immediately become USU students.

Effective September 12, 2025, the CAO resigned. As provided in her Employment Agreement, she will receive severance over a twelve-month period and accelerated vesting of any remaining unvested restricted stock units.

AGI Student Population Overview

AGI's active degree-seeking student body, including AU and USU, declined 18% year-over-year to 5,809 at April 30, 2025 from 7,048 at April 30, 2024. AU's total active student body decreased by 26% year-over-year to 3,375 at April 30, 2025 from 4,559 at April 30, 2024. On a year-over-year basis, USU's total active student body decreased by 2% to 2,434 at April 30, 2025 from 2,489 at April 30, 2024.

Total active student body for the past five quarters is shown below:

	Q4'24	Q1'25	Q2'25	Q3'25	Q4'25
Aspen University	4,559	4,145	3,827	3,564	3,375
USU	2,489	2,477	2,560	2,475	2,434
Total	7,048	6,622	6,387	6,039	5,809

AGI Nursing Student Population

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

	Q4'24	Q1'25	Q2'25	Q3'25	Q4'25
Aspen University	3,526	3,198	2,948	2,745	2,606
USU	2,262	2,254	2,300	2,297	2,254
Total	5,788	5,452	5,248	5,042	4,860

AGI New Student Enrollments

On a Company-wide basis, new student enrollments were down 24% year-over-year. New student enrollments at AU decreased 18% year-over-year and at USU decreased 30% year-over-year. New student enrollments were primarily impacted by our reduction of marketing spend to a maintenance level. As a result of the restructurings, increased instructional efficiencies and the debt refinancing (see liquidity discussion), we anticipate the resumption of marketing spend in Fiscal Q2 2026 at a level necessary to provide enrollments needed to grow the student body and allow for the generation of positive operating cash flow.

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

	Q4'24	Q1'25	Q2'25	Q3'25	Q4'25
Aspen University	427	413	508	359	350
USU	370	410	442	196	258
Total	797	823	950	555	608

Bookings Analysis and ARPU

On a year-over-year basis, Fiscal 2025 Bookings decreased 26%, to $35.5 million from $48.2 million in the prior year. The Bookings decrease was the result of lower enrollments from the reduction in marketing spend.

	Bookings and ARPU				
	FY'24 Enrollments	FY'24 Bookings	FY'25 Enrollments	FY'25 Bookings	Percent Change Total Bookings & ARPU
Aspen University	2,334	$ 19,165,650	1,630	$ 13,371,750	(30)%
USU	1,632	$ 29,082,240	1,244	$ 22,168,080	(24)%
Total	3,966	$ 48,247,890	2,874	$ 35,539,830	(26)%
ARPU		$ 12,165		$ 12,366	2 %

Accounts Receivable – Monthly Payment Plan ("MPP")

The Company offers several payment options to its students including a monthly payment plan ("MPP"), installment plans and financial aid. Our current and long-term accounts receivable balances are predominantly the result of students taking advantage of our groundbreaking monthly payment plan, which we introduced in Fiscal Year 2014 at AU and subsequently in Fiscal Year 2018 at USU. On April 30, 2025, gross MPP accounts receivable was 93% of total gross accounts receivable. Of gross AU and USU accounts receivable, approximately 85% and 97%, respectively, relates to MPP balances.

The MPP is a private education loan in the form of a retail installment contract with a 0% fixed rate of interest (0% APR) and no down payment. Each month the student will make one payment of $325, $375, $399, $415 or $450 (depending on the program) until the program tuition is paid in full. The attractive aspect of being able to pay for a degree over a fixed period of time with 0% interest fueled the growth of the MPP plan which also resulted in growth of our short-term and long-term accounts receivable. The MPP is designed so students can build the cost of their degree into their monthly budget.

Long-Term Accounts Receivable

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

As a result of the growing acceptance of our monthly payment plans, our long-term accounts receivable balance grew from $17.5 million at April 30, 2024 to $19.8 million at April 30, 2025. Generally, students in the USU MSN-FNP program make payments over a 72-month period, and as a result, a portion of USU's 76-month payment plan becomes long-term accounts receivable.

Accounts receivable is considered short-term to the extent the remaining payments are 12 months or less. Payments due in greater than 12 months are considered long-term. Here is a graphic of both short-term and long-term receivables, as well as contractual value:

A	B	C
The portion of remaining payments owed for classes taken under a monthly payment plan due in 12 months or less	The portion of remaining payments owed for classes taken under a monthly payment plan due in greater than 12 months	Expected future 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.

Results of Operations

The following discussion should be read in conjunction with "Item 12. Financial information for the issuer's most recent fiscal period" and "Item 13. Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence".

Set forth below is the discussion of the results of operations of the Company for the three months ended April 30, 2025 ("Q4 Fiscal 2025") compared to the three months ended April 30, 2024 ("Q4 Fiscal 2024"), and for the year ended April 30, 2025 ("Fiscal 2025") compared to the year ended April 30, 2024 ("Fiscal 2024").

During Fiscal 2025, our net loss was impacted by the $0.5 million non-cash gain related to the fair value adjustment of the put warrant liability and the $1.8 million non-cash right-of-use assets and tenant leasehold improvements impairment charge.

Restructuring Plan

In late Q1 Fiscal 2023, we implemented an initial restructuring plan that resulted in significant cash benefits for the Company starting in Q2 Fiscal 2023 and continuing for the remainder of the fiscal year. The restructuring resulted in the elimination of approximately 70 positions mostly within the general and administrative functions at AU and AGI. The resulting on-going quarterly compensation-related savings are approximately $1.0 million. Additionally, the Q2 Fiscal 2023 restructuring program temporarily decreased marketing advertising spend across all programs to maintenance levels. Further details are included in the following discussion of operating results.

In late Q4 Fiscal 2023, we implemented a second restructuring plan that resulted in additional significant cash benefits for the Company starting in Q1 Fiscal 2024. The restructuring resulted in the elimination of approximately 17 positions within AU and AGI, including our Chief Accounting Officer. The resulting additional on-going quarterly compensation-related savings are approximately $0.5 million effective Q1 Fiscal 2024.

In Q1 Fiscal 2025, we implemented a third restructuring plan that resulted in additional significant cash benefits for the Company starting in Q1 Fiscal 2025. The restructuring resulted in the elimination of approximately 12 positions within AU and AGI. The resulting additional on-going quarterly compensation-related savings are approximately $0.3 million effective late Q1 Fiscal 2025.

In Q2 Fiscal 2025, we implemented a fourth restructuring plan that result in additional cash benefits for the Company starting in Q3 Fiscal 2025, which reduced annual operating expenses by over $1.5 million in Q4 Fiscal 2025. The restructuring resulted in the elimination of approximately 27 positions within AU, USU and AGI.

On September 15, 2025, we implemented a fifth restructuring plan, that will result in additional cash benefits for the Company starting in late Q2 Fiscal 2026. The restructuring resulted in the elimination of approximately 80 positions within AU and AGI. The resulting additional on-going quarterly compensation-related savings will be approximately $1.7 million effective late Q2 Fiscal 2026.

As a result of the additional savings from the fifth restructuring, in addition to the benefits of prior restructurings, which resulted in positive net income and operating cash flow in Q4 Fiscal 2025, we believe we can pay our outstanding 15% Debentures due in May 2026. However, we may not be accurate in our assumptions. Further AU owes approximately $12 million in leases primarily from its former campus locations. Accordingly, we are seeking to raise capital in a combination of debt and equity. That capital will permit us to manage the lease liabilities and provide working capital for growth.

Our restructuring efforts were designed to achieve break-even to positive annual operating cash flows, which will permit the resumption of marketing spend at a level that we expect will renew growth in our post-licensure nursing student body.

Other Matters

On March 23, 2023, AU and the Arizona State Board of Nursing signed an Amendment to the September 2022 Consent Agreement (the "Consent Agreement") that permits the teach-out of the pre-licensure program to continue with heightened oversight and reporting. The signed Consent Agreement means that the Arizona-based students were permitted to be taught out through January 2024 (completed), Nashville-based students through May 2024 (completed), and Texas- and Florida-based students through September 2024 (completed).

In Q4 Fiscal 2024, the Company assessed whether an alternate future use exists for its remaining right-of-use assets relating to the pre-licensure campus leases in Arizona and Austin. As a result, the Company recorded impairments of right-of-use assets and tenant leasehold improvements of $1.4 million in Q4 Fiscal 2024.

In Q2 Fiscal 2025, the Company assessed whether an alternate future use exists for its remaining right-of-use assets relating to the pre-licensure campus lease in Tampa. As a result, the Company recorded impairments of right-of-use assets and tenant leasehold improvements of $1.8 million in Q2 Fiscal 2025.

At the end of Q2 Fiscal 2024, the Company resumed limited marketing spend, which is expected to increase to a rate of $0.5 million per quarter in Fiscal 2026.

Revenue

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

	Three Months Ended April 30,		Years Ended April 30,	
	2025	2024	2025	2024
Revenue	100 %	100 %	100 %	100 %
Operating expenses:				
Cost of revenue (exclusive of depreciation and amortization shown separately below)				
Instructional costs and services	24 %	29 %	26 %	30 %
Marketing and promotional costs	1 %	2 %	1 %	1 %
Total cost of revenue (exclusive of depreciation and amortization shown separately below)	25 %	31 %	27 %	32 %
General and administrative	51 %	75 %	59 %	65 %
Impairments of right-of-use assets and tenant leasehold improvements	— %	13 %	4 %	3 %
Loss on asset dispositions	— %	3 %	— %	1 %
Provision for credit losses	5 %	7 %	4 %	4 %
Depreciation and amortization	6 %	8 %	7 %	7 %
Total operating expenses	88 %	137 %	101 %	112 %
Operating income (loss)	12 %	(37)%	(1)%	(12)%
Other income (expense):				
Interest expense	(3)%	(9)%	(3)%	(10)%
Loss on debt extinguishment	— %	(19)%	— %	(4)%
Change in fair value of put warrant liability	(4)%	(6)%	1 %	(1)%
Other (expense) income, net	— %	2 %	— %	— %
Total other expense, net	(7)%	(32)%	(2)%	(15)%
Income (loss) before income taxes	5 %	(69)%	(3)%	(26)%
Income tax expense (benefit)	— %	(1)%	— %	— %
Net income (loss)	5 %	(70)%	(3)%	(26)%

The following table presents our revenue, both per subsidiary and in total:

	Three Months Ended April 30,				Years Ended April 30,			
	2025	$ Change	% Change	2024	2025	$ Change	% Change	2024
AU	$ 4,397,499	$ (708,651)	(14)%	$ 5,106,150	$18,393,585	$ (7,857,322)	(30)%	$26,250,907
USU	7,171,999	1,409,413	24%	5,762,586	26,908,497	1,764,102	7%	25,144,395
Revenue	$ 11,569,498	$ 700,762	6%	$ 10,868,736	$45,302,082	$ (6,093,220)	(12)%	$51,395,302

Q4 Fiscal 2025 compared to Q4 Fiscal 2024

AU and USU combined revenue increased 6% in Q4 Fiscal 2025 compared to Q4 Fiscal 2024.

The AU revenue decline year-over-year reflects the completion of the teach-out of the pre-licensure program and lower post-licensure enrollments from the effect of decreased marketing spend initiated late in Q1 Fiscal 2023. The active student body at AU decreased by 26% year-over-year to 3,375 at April 30, 2025 from 4,559 at April 30, 2024.

The USU revenue increase year-over-year was related to an increase in MSN-FNP program enrollments due to regular seasonality and strong organic leads during the quarter. Additionally, USU's performance was supported by strong demand from existing students returning from inactive status and higher revenue per student driven by more students entering their second year of the MSN-FNP program, which includes clinical rotations, and by tuition increases.

In Q4 Fiscal 2025 and Q4 Fiscal 2024, AU and USU offered an opportunity for graduates/alumni still making payments under the MPP, and all other payment types including financial aid, to reduce their outstanding balance by 25% if the balance was paid in full within 30 days of receiving the offer. Approximately $1.0 million and $3.6 million was collected under the program in each of Q4 Fiscal 2025 and Q4 Fiscal 2024. $0.5 million and $1.4 million of accounts receivable was written off under the program and was recorded as a reduction of revenue in the Q4 Fiscal 2025 and Q4 Fiscal 2024 Consolidated Statement of Operations, respectively.

During Q4 Fiscal 2025 and Q4 Fiscal 2024, excluding the impact of the 25% discount program opportunity, consolidated revenue would have been $12.0 million and $12.3 million, respectively.

Fiscal 2025 compared to Fiscal 2024

AU and USU combined revenue decreased 12% in Fiscal 2025 compared to Fiscal 2024.

The AU revenue decline year-over-year reflects the enrollment stoppage at the pre-licensure program campuses, which accounted for $3.1 million of the decrease, and the remainder of the decrease resulted from lower post-licensure enrollments from the effect of decreased marketing spend initiated late in Q1 Fiscal 2023.

The USU revenue increase year-over-year was related to an increase in MSN-FNP program enrollments due to regular seasonality and strong organic leads during the quarter. Additionally, USU's performance was supported by strong demand from existing students returning from inactive status and higher revenue per student driven by more students entering their second year of the MSN-FNP program, which includes clinical rotations, and by tuition increases.

The trend of decreased revenue at AU in Fiscal Year 2025 was expected given the Company's enrollment stoppage in its pre-licensure program associated with the related teach-out, which accounted for less than 1% of consolidated revenue in Fiscal 2025 as compared to 6% of consolidated revenue in Fiscal 2024, and the effect of the reduction of marketing spend initiated late in Q1 Fiscal 2023. The resumption of marketing spend of $0.5 million per quarter late in Fiscal 2026, and the effect of annual pricing increases at USU, which started in Fiscal 2024 and continued in Fiscal 2025 will resume revenue growth by the end of the year.

During Fiscal 2025 and Fiscal 2024, AU and USU offered opportunities for graduates/alumni still making payments under the MPP, and all other payment types including financial aid, to reduce their outstanding balance by 25% if the balance was paid in full within 30 days of receiving the offer. Approximately $4.2 million and $3.6 million was collected under the program in each of Fiscal 2025 and Fiscal 2024, respectively. $1.3 million and $1.4 million of accounts receivable was written off under the program and was recorded as a reduction of revenue in the Fiscal 2025 and Fiscal 2024 Consolidated Statement of Operations, respectively.

During Fiscal 2025 and Fiscal 2024, excluding the impact of the 25% discount program opportunity, consolidated revenue would have been $46.7 million and $52.8 million, respectively.

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

	Three Months Ended April 30,				Years Ended April 30,			
	2025	**$ Change**	**% Change**	**2024**	**2025**	**$ Change**	**% Change**	**2024**
Instructional costs and services	$ 2,828,656	$ (376,235)	(12)%	$ 3,204,891	$11,680,244	$ (3,835,056)	(25)%	$ 15,515,300
Marketing and promotional	97,035	(91,516)	(49)%	188,551	510,705	(206,380)	(29)%	717,085
Cost of Revenue (exclusive of depreciation and amortization shown separately below)	$ 2,925,691	$ (467,751)	(14)%	$ 3,393,442	$12,190,949	$ (4,041,436)	(25)%	$ 16,232,385

Instructional Costs and Services

Q4 Fiscal 2025 compared to Q4 Fiscal 2024

Consolidated instructional costs and services for Q4 Fiscal 2025 were 24% of revenue, which decreased from 29% of revenue for Q4 Fiscal 2024, as described below.

AU instructional costs and services were 26% and 26% of AU revenue for Q4 Fiscal 2025 and Q4 Fiscal 2024, respectively. As a percentage of revenue, instructional costs and services remained flat due to our ability to adjust the utilization of adjunct faculty to correspond to the active student population.

USU instructional costs and services were 23% of USU revenue for Q4 Fiscal 2025 and 33% of USU revenue for Q4 Fiscal 2024. As a percentage of revenue, instructional costs and services decreased due to increased efficiencies in the usage of faculty.

Fiscal 2025 compared to Fiscal 2024

Consolidated instructional costs and services for Fiscal 2025 were 26% of revenue, which decreased from 30% of revenue for Fiscal 2024, as described below.

AU instructional costs and services were 27% and 31% of AU revenue for Fiscal 2025 and Fiscal 2024, respectively. As a percentage of revenue, instructional costs and services decreased due primarily to the enrollment stoppage in the pre-licensure program and increased efficiencies in the usage of faculty.

USU instructional costs and services were 25% and 30% of USU revenue for Fiscal 2025 and Fiscal 2024, respectively. As a percentage of revenue, instructional costs and services decreased due to increased efficiencies in the usage of faculty.

Marketing and Promotional

Q4 Fiscal 2025 compared to Q4 Fiscal 2024

Consolidated marketing and promotional costs in Q4 Fiscal 2025 were $0.1 million or 1% of revenue compared to $0.2 million or 2% of revenue in Q4 Fiscal 2024. In Q1 Fiscal 2023, the Company decreased advertising spend across all programs to maintenance levels and is anticipated to increase to a quarterly target spend rate of $0.5 million in Fiscal 2026. A break-down of marketing expense by unit is as follows:

AU marketing and promotional costs represented 1% and 2% of AU revenue for Q4 Fiscal 2025 and Q4 Fiscal 2024, respectively.

USU marketing and promotional costs represented 1% and 1% of USU revenue for each Q4 Fiscal 2025 and Q4 Fiscal 2024, respectively.

There are no marketing and promotional costs at AGI.

Fiscal 2025 compared to Fiscal 2024

Consolidated marketing and promotional costs in Fiscal 2025 were $0.5 million or 1% of revenue compared to $0.7 million or 1% of revenue in Fiscal 2024. In Q1 Fiscal 2023, the Company decreased advertising spend across all programs to maintenance levels and is anticipated to increase to a quarterly target spend rate of $0.5 million in Fiscal 2026. A break-down of marketing expense by unit is as follows:

AU marketing and promotional costs represented 2% and 2% of AU revenue for Fiscal 2025 and Fiscal 2024, respectively.

USU marketing and promotional costs represented 1% and 1% of USU revenue for Fiscal 2025 and Fiscal 2024, respectively.

There are no marketing and promotional costs at AGI.

Costs and Expenses

General and Administrative

	Three Months Ended April 30,				Years Ended April 30,			
	2025	$ Change	% Change	2024	2025	$ Change	% Change	2024
General and administrative	$ 5,914,543	$(2,247,214)	(28)%	$ 8,161,757	$26,889,423	$(6,608,033)	(20)%	$33,497,456

Q4 Fiscal 2025 compared to Q4 Fiscal 2024

Consolidated general and administrative expense for Q4 Fiscal 2025 was $5.9 million or 51% of revenue compared to $8.2 million or 75% of revenue for Q4 Fiscal 2024, a decrease of $2.2 million or 28%. As part of the Company's restructuring plans, which began in late Q1 Fiscal 2023, the Company initiated a third restructuring plan, effective Q1 Fiscal 2025. The restructuring resulted in the elimination of approximately 12 positions within AU and AGI. The resulting additional on-going quarterly compensation-related savings are approximately $0.3 million effective late Q1 Fiscal 2025. In Q2 Fiscal 2025, the Company implemented a fourth restructuring plan. The restructuring resulted in the elimination of approximately 27 full-time and temporary positions within AU, USU and AGI. The resulting additional on-going quarterly compensation-related savings are approximately $0.4 million effective late Q3 Fiscal 2025. A break-down of general and administrative expense by unit is as follows:

AU general and administrative expense decreased $1.3 million year-over-year and was 46% and 66% of AU revenue for Q4 Fiscal 2025 and Q4 Fiscal 2024, respectively. The decrease was primarily due to restructurings and other cost controls implemented by management, lower legal fees and lower facilities costs. Facilities costs decreased by $0.6 million due primarily to $0.5 million of sublease income for properties sublet to USU including in Austin, Texas and Atlanta, Georgia due to USU relating to the transfer of a portion of USU operations to these locations. The general and administrative expense decrease was offset by higher third-party collection agency fees, offset by lower merchant fees.

USU general and administrative expense increased by $0.4 million year-over-year and was 40% and 43% of USU revenue for Q4 Fiscal 2025 and Q4 Fiscal 2024, respectively. The increase is due to higher rent expense due to the sublease of campus space from AU in Austin, Texas and Atlanta, Georgia and higher third-party collection agency fees, offset by lower merchant fees.

AGI general and administrative expense was $1.0 million and $2.3 million in Q4 Fiscal 2025 and Q4 Fiscal 2024, respectively. The decrease was primarily due to lower employee-related compensation due to restructurings and other cost controls implemented by management.

Fiscal 2025 compared to Fiscal 2024

Consolidated general and administrative expense for Fiscal 2025 was $26.9 million or 59% of revenue compared to $33.5 million or 65% of revenue for Fiscal 2024, a decrease of $6.6 million or 20%. As part of the Company's restructuring plans, which began in late Q1 Fiscal 2023, the Company initiated a second restructuring plan, effective Q1 Fiscal 2024 with quarterly savings of approximately $0.5 million. The Company initiated a third restructuring plan, effective Q1 Fiscal 2025. The restructuring resulted in the elimination approximately 12 positions within AU and AGI. The resulting additional on-going quarterly compensation-related savings are approximately $0.3 million effective late Q1 Fiscal 2025. In Q2 Fiscal 2025, the Company implemented a fourth restructuring plan. The restructuring resulted in the elimination of approximately 27 full-time and temporary positions within AU, USU and AGI. The resulting additional on-going quarterly compensation-related savings are approximately $0.4 million effective late Q3 Fiscal 2025. A break-down of general and administrative expense by unit is as follows:

AU general and administrative expense decreased $4.2 million year-over-year and was 51% and 52% of AU revenue for Fiscal 2025 and Fiscal 2024, respectively. The decrease was primarily due to restructurings and other cost controls implemented by management, lower facilities costs and lower legal and professional fees. Facilities costs decreased due to increased sublease income of $1.2 million for a portion of the properties sublet including in Austin, Texas and Atlanta, Georgia to USU and a $0.6 million decrease in lease expense related to the Q2 Fiscal 2025 lease impairment.

USU general and administrative expense increased by $0.2 million year-over-year and was 36% and 38% of USU revenue for Fiscal 2025 and Fiscal 2024, respectively. The increase is due primarily to higher rent expense due to the sublease of campus space from AU in Austin, Texas and Atlanta, Georgia.

AGI general and administrative expense was $7.7 million and $10.4 million in Fiscal 2025 and Fiscal 2024, respectively. The decrease was primarily due to lower employee-related compensation due to restructurings and other cost controls implemented by management.

Impairments of right-of-use assets and tenant improvements

	Three Months Ended April 30,				Years Ended April 30,			
	2025	$ Change	% Change	2024	2025	$ Change	% Change	2024
Impairments of right-of-use assets and tenant improvements	$ —	$(1,421,096)	NM	$ 1,421,096	$ 1,848,209	$321,799	NM	$1,526,410

NM – Not meaningful

During the second quarter of Fiscal 2025, the Company recorded:

- a right-of-use assets impairment of $1.3 million, which includes the partial impairment of the pre-licensure campus lease in Florida. The impairment is the result of the fact that AU is no longer able to utilize space for BSN Pre-licensure operations due to the completion of the teach-out; and
- a tenant leasehold improvement impairment of $0.6 million, which includes the write-off assets associated with the Florida leased property no longer able to be utilized in pre-licensure operations.

The Company has completed its assessment whether an alternate future use exists for its remaining right-of-use assets relating to the pre-licensure campus leases and recorded the related impairments of right-of-use assets and tenant leasehold improvements.

During the end of the third and fourth quarters of Fiscal 2024, the Company recorded:

- a right-of-use assets impairment of $1.0 million and $0.1 million, which includes the partial impairment of the pre-licensure campus leases in Arizona and Texas, respectively. The impairment is the result of the fact that AU is no longer able to utilize space for BSN Pre-licensure operations due to the completion of the teach-out; and
- a tenant leasehold improvement impairment of $0.4 million, which includes the write-off assets associated with the Arizona leased property no longer able to be utilized in pre-licensure operations.

Loss on asset dispositions

	Three Months Ended April 30,				Years Ended April 30,			
	2025	$ Change	% Change	2024	2025	$ Change	% Change	2024
Loss on asset dispositions	$ 35,984	$(272,071)	NM	$ 308,055	$ 35,984	$(272,071)	NM	$ 308,055

Provision for credit losses

	Three Months Ended April 30,				Years Ended April 30,			
	2025	$ Change	% Change	2024	2025	$ Change	% Change	2024
Provision for credit losses	$ 600,000	$(144,661)	(19)%	$ 744,661	$ 1,950,000	$(144,661)	(7)%	$ 2,094,661

Based on our review of student accounts associated with current period revenue and previously existing student accounts receivable and historical write-off trends, the Company evaluated its reserve methodology and adjusted reserves for AU and USU accordingly.

Depreciation and Amortization

	Three Months Ended April 30,				Years Ended April 30,			
	2025	$ Change	% Change	2024	2025	$ Change	% Change	2024
Depreciation and amortization	$ 704,759	$(184,436)	(21)%	$ 889,195	$ 3,055,568	$(663,053)	(18)%	$ 3,718,621

The decrease in depreciation is primarily due to the impairment of tenant leasehold improvements at AU, which were impaired during 1H Fiscal 2025 since AU is no longer able to utilize space for BSN Pre-licensure operations due to the completion of the teach-out and fully depreciated assets, partially offset by an increase in amortization related to internally developed capitalized software placed into service to support the Company's instructional services.

Interest expense

	Three Months Ended April 30,				Years Ended April 30,			
	2025	$ Change	% Change	2024	2025	$ Change	% Change	2024
Interest expense	$ (325,603)	$684,518	(68)%	$ (1,010,121)	$(1,368,892)	$3,610,615	(73)%	$(4,979,507)

Interest expense decreased due principally to the Exchange Agreement entered into on April 29, 2024 with the lenders of the 2022 Convertible Notes in which the Lenders exchanged their notes for 10,000 shares of the Company's Series A Convertible Preferred Stock relinquishing all other rights under the 2022 Convertible Notes. Additionally, the decrease resulted from the write-off of debt issuance costs and original issue discount associated with the Third Amendment to the 15% Debentures in Q4 Fiscal 2024, and the on-going pay down of the debt principal.

Loss on debt extinguishment

	Three Months Ended April 30,				Years Ended April 30,			
	2025	$ Change	% Change	2024	2025	$ Change	% Change	2024
Loss on debt extinguishment	$ —	$2,053,417	NM	$ (2,053,417)	$ —	$2,053,417	NM	$ (2,053,417)

In Q4 Fiscal 2024, in connection with the Third Amendment to the 15% Debentures, we recorded a $2.1 million loss on debt extinguishment resulting from the write-off of $0.8 million of debt issuance costs, a $1.0 million of original issue discount, a new debt exit fee of $250,000 due on the earlier of the maturity or repayment in full of the outstanding debt balance and legal fees of $25,000.

Change in fair value of put warrant liability

	Three Months Ended April 30,				Years Ended April 30,			
	2025	$ Change	% Change	2024	2025	$ Change	% Change	2024
Change in put warrant liability	$ (433,697)	$165,741	NM	$ (599,438)	$ 537,072	$1,043,061	NM	$(505,989)

In connection with the Second Amendment to the 15% Debentures, the Company recorded the fair value of associated put warrants as a liability.

Other (expense) income, net

	Three Months Ended April 30,				Years Ended April 30,			
	2025	$ Change	% Change	2024	2025	$ Change	% Change	2024
Other income (expense), net	$ (5,992)	$(196,966)	NM	$ 190,974	$ 11,128	$(9,689)	(47)%	$ 20,817

Income Tax Expense

	Three Months Ended April 30,				Years Ended April 30,			
	2025	$ Change	% Change	2024	2025	$ Change	% Change	2024
Income tax expense	$ 6,381	NM	NM	$ (74,404)	$ 56,149	$(22,225)	(28)%	$ 78,374

Income tax expense (benefit) in Q4 Fiscal 2025 and Fiscal 2025 primarily relates to estimated quarterly domestic tax payments/refunds.

Income tax expense in Q4 Fiscal 2024 and Fiscal 2024 primarily relates to the Canada foreign income tax year liability and estimated quarterly domestic tax payments/refunds.

Non-GAAP – Financial Measures

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

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

We have included a reconciliation of our non-GAAP financial measures to the most comparable financial measures calculated in accordance with GAAP. We believe that providing the non-GAAP financial measures, together with the reconciliation to GAAP, helps investors make comparisons between AGI and other companies. In making any comparisons to other companies, investors need to be aware that companies use different non-GAAP measures to evaluate their financial performance. Investors should pay close attention to the specific definition being used and to the reconciliation between such measure and the corresponding GAAP measure provided by each company.

EBITDA and Adjusted EBITDA

AGI defines Adjusted EBITDA as EBITDA excluding: (1) provision for credit losses; (2) stock-based compensation; (3) severance; (4) impairments of right-of-use assets and tenant leasehold improvements and (5) non-recurring charges (income). The following table presents a reconciliation of net loss to EBITDA and Adjusted EBITDA and of net loss margin to Adjusted EBITDA Margin.

	Three Months Ended April 30,		For the Years Ended April 30,	
	2025	2024	2025	2024
Net loss	$ 616,848	$ (7,447,068)	$ (1,544,892)	$ (13,578,756)
Interest expense, net	325,603	1,010,121	1,368,892	4,979,486
Taxes	6,381	(74,404)	56,149	78,374
Depreciation and amortization	704,759	889,195	3,055,568	3,718,621
EBITDA	1,653,591	(5,622,156)	2,935,717	(4,802,275)
Provision for credit losses	600,000	744,661	1,950,000	2,094,661
Stock-based compensation	(706,895)	149,735	(291,548)	677,392
Severance	13,876	—	135,526	—
Impairments of right-of-use assets and tenant leasehold improvements	—	1,421,096	1,848,209	1,526,410
Loss on debt extinguishment	—	2,053,417	—	2,053,417
Change in fair value of put warrant liability	433,697	599,438	(537,072)	505,989
Non-recurring charges (income) - Other	—	(35,530)	(387,298)	402,568
Adjusted EBITDA	$ 1,994,269	$ (689,339)	$ 5,653,534	$ 2,458,162
Net loss Margin	5 %	(69)%	(3)%	(26)%
EBITDA Margin	14 %	(52)%	6 %	(9)%
Adjusted EBITDA Margin	17 %	(6)%	12 %	5 %

In both periods, the increase in Adjusted EBITDA was due to the reduction in instructional costs and services related to the completion of the AU BSN Pre-licensure program teach-out, the increased efficiencies in the usage of faculty at AU and USU and a decrease in general and administrative costs attributed to the four restructurings and planned cost control, partially offset by lower revenue at AU related to the completion of the pre-licensure program teach-out and decreased AU online enrollments related to a maintenance marketing spend level.

The following tables present a reconciliation of Net income (loss) to EBITDA and Adjusted EBITDA and of Net income (loss) margin to Adjusted EBITDA margin by subsidiary:

	Three Months Ended April 30, 2025			
	Consolidated	AGI Corporate	AU	USU
Net income (loss)	$ 616,848	$ (1,870,177)	$ 305,213	$ 2,181,812
Interest expense, net	325,603	325,603	—	—
Taxes	6,381	2,369	3,962	50
Depreciation and amortization	704,759	68,755	485,387	150,617
EBITDA	1,653,591	(1,473,450)	794,562	2,332,479
Provision for credit losses	600,000	—	375,000	225,000
Stock-based compensation	(706,895)	(705,230)	(2,612)	947
Severance	13,876	4,900	3,557	5,419
Change in fair value of put warrant liability	433,697	433,697	—	—
Adjusted EBITDA	$ 1,994,269	$ (1,740,083)	$ 1,170,507	$ 2,563,845
Net income margin	5 %	NM	7 %	30 %
EBITDA margin	14 %	NM	18 %	33 %
Adjusted EBITDA margin	17 %	NM	27 %	36 %

NM – Not meaningful

	Three Months Ended April 30, 2024			
	Consolidated	AGI Corporate	AU	USU
Net income (loss)	$ (7,447,068)	$ (7,056,305)	$ (1,924,899)	$ 1,534,136
Interest expense (income), net	1,010,121	1,010,121	—	—
Taxes	(74,404)	(49,108)	(13,778)	(11,518)
Depreciation and amortization	889,195	79,980	661,951	147,264
EBITDA	(5,622,156)	(6,015,312)	(1,276,726)	1,669,882
Provision for credit losses	744,661	—	1,077,468	(332,807)
Stock-based compensation	149,735	143,505	4,531	1,699
Impairments of right-of-use assets and tenant leasehold improvements	1,421,096	1,214,398	206,698	—
Loss on debt extinguishment	2,053,417	2,053,417	—	—
Change in fair value of put warrant liability	599,438	599,438	—	—
Non-recurring charges (income) - Other	(35,530)	(203,930)	114,400	54,000
Adjusted EBITDA	$ (689,339)	$ (2,208,484)	$ 126,371	$ 1,392,774
Net income (loss) margin	(69)%	NM	(38)%	27 %
EBITDA margin	(52)%	NM	(25)%	29 %
Adjusted EBITDA margin	(6)%	NM	2 %	24 %

	Year Ended April 30, 2025			
	Consolidated	AGI Corporate	AU	USU
Net income (loss)	$ (1,544,892)	$ (8,896,051)	$ (1,321,140)	$ 8,672,299
Interest expense (income), net	1,368,892	1,368,892	—	—
Taxes	56,149	7,690	43,163	5,296
Depreciation and amortization	3,055,568	292,018	2,179,331	584,219
EBITDA	2,935,717	(7,227,451)	901,354	9,261,814
Provision for credit losses	1,950,000	—	1,050,000	900,000
Stock-based compensation	(291,548)	(304,375)	7,814	5,013
Severance	135,526	18,472	82,159	34,895
Impairments of right-of-use assets and tenant leasehold improvements	1,848,209	—	1,848,209	—
Change in fair value of put warrant liability	(537,072)	(537,072)	—	—
Non-recurring income - Other	(387,298)	—	(387,298)	—
Adjusted EBITDA	$ 5,653,534	$ (8,050,426)	$ 3,502,238	$ 10,201,722
Net income (loss) margin	(3)%	NM	(7)%	32 %
EBITDA margin	6 %	NM	5 %	34 %
Adjusted EBITDA margin	12 %	NM	19 %	38 %

	Year Ended April 30, 2024			
	Consolidated	AGI Corporate	AU	USU
Net income (loss)	$ (13,578,756)	$ (19,457,364)	$ (1,076,990)	$ 6,955,598
Interest expense (income), net	4,979,486	4,979,507	(6)	(15)
Taxes	78,374	14,663	42,770	20,941
Depreciation and amortization	3,718,621	312,962	2,857,455	548,204
EBITDA	(4,802,275)	(14,150,232)	1,823,229	7,524,728
Provision for credit losses	2,094,661	—	1,752,468	342,193
Stock-based compensation	677,392	590,665	72,200	14,527
Impairments of right-of-use assets and tenant leasehold improvements	1,526,410	1,214,398	312,012	—
Loss on debt extinguishment	2,053,417	2,053,417	—	—
Change in fair value of put warrant liability	505,989	505,989	—	—
Non-recurring charges (income) - Other	402,568	(17,032)	365,600	54,000
Adjusted EBITDA	$ 2,458,162	$ (9,802,795)	$ 4,325,509	$ 7,935,448
Net income (loss) margin	(26)%	NM	(4)%	28 %
EBITDA margin	(9)%	NM	7 %	30 %
Adjusted EBITDA margin	5 %	NM	16 %	32 %

Adjusted Gross Profit

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

	Three Months Ended April 30,		Years Ended April 30,	
	2025	2024	2025	2024
Revenue	$ 11,569,498	$ 10,868,736	$ 45,302,082	$ 51,395,302
Cost of Revenue	2,925,691	3,393,442	12,190,949	16,232,385
Adjusted Gross Profit	8,643,807	7,475,294	33,111,133	35,162,917
Less amortization expense included in cost of revenue:				
Intangible asset amortization	32,318	29,769	129,157	110,212
Call center software/website amortization	386,127	444,876	1,649,408	1,494,449
Total amortization expense included in cost of revenue	418,445	474,645	1,778,565	1,604,661
GAAP Gross Profit	$ 8,225,362	$ 7,000,649	$ 31,332,568	$ 33,558,256
GAAP Gross Profit as a percentage of revenue	71 %	64 %	69 %	65 %
Adjusted Gross Profit as a percentage of revenue	75 %	69 %	73 %	68 %

For both periods, GAAP gross margin improved primarily due to higher revenue at USU due to increased revenue per student combined with lower cost of revenue associated with the year-over-year decrease of instructional costs from completing the AU BSN Pre-licensure program teach-out and the increased efficiencies in the usage of faculty at both AU and USU.

Liquidity and Capital Resources

Cash flow information

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

	Years Ended April 30,	
	2025	2024
Net cash provided by (used in)		
Operating activities	$ 1,350,068	$ (3,663,807)
Investing activities	(1,018,179)	(1,330,179)
Financing activities	(1,876,443)	1,888,946
Net decrease in cash	$ (1,544,554)	$ (3,105,040)

Net Cash Provided by (Used in) Operating Activities

Net cash provided by operating activities was $1.4 million in Fiscal 2025 in contrast to net cash used in operating activities of $3.7 million in Fiscal 2024. Our net loss for Fiscal 2025 adjusted for non-cash activities was $4.8 million as compared to $(1.8) million in the prior year period. This was offset by approximately $3.5 million of cash used in operations relates to decreased working capital which is attributed to the net decrease in accounts payable and accrued expenses, decreases in advances on tuition and deferred tuition, and increases in short-term and long-term monthly payment plan accounts receivable. Further discussion follows.

The decrease in cash from changes in working capital primarily consists of the following: 1) the net decrease in accounts payable and accrued expenses due to a catch-up of vendor payments since AU was removed from the HCM2 payment method, 2) the decrease in advances on tuition and deferred tuition and due to students is associated with the timing of class starts and 3) the increase in accounts receivable is due to strong enrollments in USU's MSN-FNP program in Fiscal 2025.

The decrease in non-cash adjustments relates to the debt extinguishment in connection with the Third Amendment to the 15% Senior Secured Debentures (the "Debentures" or "15% Debentures") in Q4 Fiscal 2024 resulting in the write-off of debt issuance costs and original issue discount; and the change in fair value of put warrants issued in connection with the second amendment of the Debentures.

There may be working capital volatility from quarter to quarter due to the timing of financial aid payments, the timing and size of student course starts that impact advances on tuition and deferred tuition and the timing of increased marketing spend, which could result in increased accounts receivable balances.

Net Cash Used in Investing Activities

Net cash used in investing activities in Fiscal 2025 decreased from Fiscal 2024 by 23% and was primarily related to fewer capitalized software expenditures.

Net Cash (Used in) Provided by Financing Activities

Net cash used in financing activities in Fiscal 2025 decreased from Fiscal 2024 due to the net proceeds from the issuance of the 15% Debentures in the prior year, which were used for the repayment of the outstanding borrowings under the $5 million Credit Facility and payment of debt issuance costs. Net cash used in financing activities in Fiscal 2025 was primarily related to repayment of a portion of the 15% Debentures.

Liquidity

The Company's cash balance is kept liquid and concentrated in a large financial institution.

15% Senior Secured Debentures

On May 12, 2023, Aspen Group, Inc. completed a private offering of approximately $12.4 million aggregate principal amount of the 15% Debentures due May 2026 of which $10.5 million was funded and the remainder recorded as debt discount. A portion of the proceeds from these Debentures was used to repay the outstanding borrowings under the $5 million Credit Facility and to pay expenses associated with this offering; the remaining proceeds were used for working capital needs and to fund a $2.0 million restricted cash reserve required by the agreement. The Company also reimbursed the investors $90,000 for legal, due diligence and investment documentation expenses. The Debentures mature on May 12, 2026 unless earlier redeemed. After the discount, fees, expenses, repayment of the 2018 Revolving Credit Facility, and the funding of a $2.0 million reserve,

$3.4 million was made available to the Company as unrestricted cash. The $2.0 million restricted cash deposit was subsequently used to prepay the outstanding balances through the amendments discussed below.

The investors also received warrants to purchase 2.2 million shares of common stock, representing 6% of the outstanding common stock at closing, at an exercise price of $0.01 per share. These warrants have a three-year term and contain anti-dilution protection.

The Company has the option to prepay the Debentures any time after May 12, 2024 at 105%; but has not had the available cash to do so. The Debentures accrue interest at a rate of 15% per annum, payable monthly, subject to increase to 20% upon the occurrence of an event of default. The 15% Debentures contain covenants that require the Company to maintain $2.0 million of restricted cash (subsequently amended as discussed in the Second and Third Amendments below), maintain at least $20.0 million of accounts receivable at all times, and maintain enumerated quarterly revenue and quarterly Adjusted EBITDA amounts, which is defined as EBITDA excluding: (1) stock-based compensation; and (2) non-recurring charges (subsequently amended as discussed in the Third Amendment below).

First Amendment

On August 1, 2023, the Company entered into an amendment with the purchasers pursuant to the 15% Debentures to unrestrict $750,000 of the $2.0 million restricted cash, required to be maintained as part of the covenants, until the earlier of August 22, 2023 or next HCM2 funding. On August 9, 2023, the Company replenished the restricted cash balance to $2 million and paid $100,000 of principal along with a $5,000 fee.

Second Amendment

On October 31, 2023, the Company entered into a Second Amendment with the purchasers pursuant to the 15% Debentures to unrestrict $1.5 million of the $2.0 million restricted cash. Upon receipt of $1.5 million of payments under the fifth HCM2 reimbursement payment, the Company was required to prepay $1.5 million of the outstanding principal of the 15% Debentures (“Mandatory Prepayment”). Additionally, the Company paid a prepayment premium of $250,000. Monthly redemptions which began in November 2023 were reduced by 10% following the Mandatory Prepayment.

As part of the Second Amendment to the 15% Debentures, which is discussed in Item 3. Interim financial statements. - Note 10. Stockholders' Equity, the Company also issued warrants to purchase Common Stock at an exercise price of $0.01 based on the outstanding principal balances of the Debentures, which are the same term as the warrants issued in May 2023 with the 15% Debenture Agreement (collectively, the “New Warrants”):

> (i) on the effective date of the Second Amendment, New Warrants to purchase 403,545 shares of Common Stock, which is equal to 1% of the Company’s outstanding shares on a fully diluted basis, with a value of $91,280;
>
> (ii) since the Mandatory Prepayment of $1.5 million was not made by December 30, 2023, on such date, New Warrants were issued to purchase 3% of the Company’s issued and outstanding on a fully diluted basis. The Company issued an additional 1,210,634 warrants with a value of $324,937; and
>
> (iii) since the Mandatory Prepayment of $1.5 million was not made by January 31, 2024, but rather on February 8, 2024, on such date, New Warrants were issued to purchase 5% of the Company’s issued and outstanding on a fully diluted basis. The Company issued an additional 2,017,724 warrants with a value of $541,562.

The Second Amendment also provides that upon the first to occur of the (i) the 15% Debenture Maturity Date, (ii) after the occurrence and during the continuance of an event of default, or (iii) the repayment in full of the 15% Debentures, the Company shall, upon the written request, repurchase the warrants issued in May 2023 and the New Warrants for a purchase price of $100,000 in cash per one percentage point of ownership of the Company’s issued and outstanding common stock on a fully diluted basis as of the date of the Second Amendment (subject to adjustment for stock splits, stock dividends, stock combinations, reverse stock splits, recapitalizations and similar transactions) (collectively the "put warrants"). At April 30, 2025, the fair value of these put warrants was $1.4 million, which is included in "Put Warrants liability" in the accompanying consolidated balance sheet.

Third Amendment

On April 16, 2024, the Company entered into a Third Amendment with the holders of its outstanding 15% Debentures to:

(i) utilize the remaining $500,000 of restricted cash to prepay outstanding principal on April 18, 2024;

(ii) pay an exit fee of $250,000 on or prior to the earlier of the maturity date and repayment in full of the outstanding balance of the 15% Debentures which was accrued in "Other long-term liabilities" in the accompanying consolidated balance sheets;

(iii) reduce the monthly principal payments to $50,000 for the calendar months of March, April, May, June, July, and August 2024;

(iv) reduce the required minimum Revenue and Adjust EBITDA covenants; and

(v) include a voluntary $0.50 conversion feature to common stock of AGI.

Fourth Amendment

On April 29, 2024, the Company entered into a Fourth Amendment with the holders of its outstanding 15% Debentures to:

(i) approve the exchange of the 2022 Convertible Notes held by the holders in exchange for the Series A Convertible Preferred Stock ("Series A") pursuant to the Exchange Agreement and the terms of the Series A set forth in the Certificate of Designation;

(ii) revise certain negative covenants in the 15% Debentures to permit the issuance of the Dividend Shares (see Item 12. Financial information for the issuer's most recent fiscal period - Note 10. Stockholders' Equity) and carve-out the issuance of the Dividend Shares from triggering any adjustments pursuant to negative covenants in the Debentures;

(iii) clarify that the issuance of the Dividend Shares is an "Exempt Issuance" under the 15% Debentures;

(iv) agree that if the Series A are exchanged for new convertible notes on similar terms as the original 2022 Convertible Notes (other than a $0.50 per share conversion price), such notes would be "Permitted Indebtedness" (as defined in the 15% Debentures); and

(v) enter into an agreement to terminate the subordination agreement.

Fifth Amendment

On July 19, 2024, the Company entered into a Fifth Amendment to amend certain prior events of default.

Sixth Amendment

On October 31, 2024, the Company entered into a Sixth Amendment with the holders of its outstanding 15% Debentures. The Amendment provides that effective Q3 Fiscal 2025, required monthly loan principal payments will be converted to quarterly payments of $500,000. The first quarterly principal payment will be made on January 31, 2025, with subsequent payments due each 90 days thereafter. As part of the Sixth Amendment, the Company issued additional warrants to purchase common stock equal to 5% of outstanding shares of common stock on the Sixth Amendment effective date of October 31, 2024. These warrants have no cash repayment put option in accordance with ASC 480.

2022 Convertible Notes

For information on the terms of our 2022 Convertible Notes that were exchanged for our Series A Convertible Preferred Stock on April 29, 2024, see Item 12. Financial information for the issuer's most recent fiscal period. - Note 8. Debt.

Preferred Stock

On April 29, 2024, the Company and the holders of its outstanding $10 million of 2022 Convertible Notes entered into an Exchange Agreement where they exchanged the Convertible Notes for 10,000 shares of Series A with a total stated value of $10 million, which was equal to the total principal of the Convertible Notes. Refer to Item 12. Financial information for the issuer's most recent fiscal period, Item 13. Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence, Note 10. Stockholders' Equity. The resulting decrease in on-going quarterly interest expense is $0.4 million.

Credit Facility

On March 14, 2022, the Company extended its $5 million Credit Facility by one additional year to November 4, 2023, at an increased interest rate of 14% per annum. The Company used these funds for general business purposes.

On May 12, 2023, the $5 million of outstanding borrowings under the facility were repaid with proceeds from the 15% Debentures. This Credit Facility expired.

2022 Convertible Notes

For information on the terms of our 2022 Convertible Notes that were exchanged for our Series A Convertible Preferred Stock on April 29, 2024, see Item 12. Financial information for the issuer's most recent fiscal period. - Note 8. Debt.

Preferred Stock

On April 29, 2024, the Company and the holders of its outstanding $10 million of 2022 Convertible Notes entered into an Exchange Agreement where they exchanged the Convertible Notes for 10,000 shares of Series A with a total stated value of $10 million, which was equal to the total principal of the Convertible Notes. Refer to Item 12. Financial information for the issuer's most recent fiscal period. - Note 10. Stockholders' Equity. The resulting decrease in on-going quarterly interest expense is $0.4 million.

Dividends are settled with common stock shares and issued as follows:

Issuance Date	Number of Common Stock Issued	Fair Value of Dividend [1]	
Activity during fiscal year 2025:			
May 1, 2024 (accrued at April 30, 2024)	230,138	$	59,836
August 1, 2024	705,758	$	141,152
November 1, 2024	705,758	$	7,058
February 1, 2025	705,758	$	119,979
Total	2,347,412	$	328,025
Activity subsequent to fiscal year 2025:			
May 1, 2025 [2]	682,744	$	102,412
August 1, 2025 [3]	705,758	$	42,345

[1] Based on the quoted marketed price on the dividend settlement date.
[2] Accrued at April 30, 2025 and [3] Accrued at July 31, 2025. Since the Company does not have retained earnings, the fair value of the dividend is recorded as both a debit and credit to additional-paid-in capital resulting in no net effect in stockholders equity.

Sufficiency of Working Capital

On February 8, 2023, AU received notification from the DOE that effective February 7, 2023 the DOE had placed AU on HCM2. Under the HCM2 method of payment, AU may continue to obligate funds under the federal student financial assistance programs. A school placed on HCM2 no longer receives funds under the Advance Payment Method. After a school on HCM2 makes disbursements to students from its own institutional funds, a Reimbursement Payment Request must be submitted for those funds to the DOE. The HCM2 payment method created variability in our unrestricted cash balance because of funding delays by the end DOE. As of July 2024, we received eight reimbursement payments under the HCM2 program.

On July 19, 2024, AU received notification from the Distance Education Accrediting Commission (the "Commission") regarding its decision to vacate the show cause directive previously issued to AU on February 1, 2023.

On August 16, 2024, the DOE moved AU from the HCM2 payment method to the HCM1 payment method. A school placed on HCM1 receives funds after a school makes disbursements to eligible students from institutional funds and submits disbursement records to the Common Origination and Disbursement System; it will then draw down financial aid funds to cover those disbursements in the same way as a school on the Advance Payment Method. Since removal from HCM2, AU has received $6.7 million in HCM1 funds.

As of September 12, 2025, the Company had $0.4 million of unrestricted cash on hand. Cost reductions associated with the five restructuring plans and other corporate cost reductions will ensure that the Company will have sufficient cash to meet its working capital needs for the next 12 months.

Capital and other expenditures

The Company anticipates that it will need to make capital and other expenditures in connection with on-going operations.

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 from and cost savings resulting from the fifth restructuring, our future marketing spend and the success of our future marketing efforts, future USU expected revenue, positive operating cash flow, our future liquidity including our ability to achieve cash savings and/or raise new funding to enable us to pay our debentures due in May 2026, and the impact of our bookings.

All statements other than statements of historical facts contained in this report, including statements regarding our future financial position, liquidity, business strategy and plans and objectives of management for future operations, are forward-looking statements. The words "believe," "may," "estimate," "continue," "anticipate," "intend," "should," "plan," "could," "target," "potential," "is likely," "will," "expect" and similar expressions, as they relate to us, are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs.

The results anticipated by any or all of these forward-looking statements might not occur. Important factors, uncertainties and risks that may cause actual results to differ materially from these forward-looking statements include, without limitation, the accuracy of our estimates relating to our fifth restructuring plan , the effectiveness of our increased marketing, our ability to sublease our remaining leases other than our executive offices and necessary space used by AU and USU, the continued high demand for nurses for our new programs and in general, student attrition, national and local economic factors including the labor market shortages and the possibility of an economic recession, the failure to obtain approval from the National Council for State Authorization Reciprocity Agreements, competition from other online universities including the competitive impact from the trend of major non-profit universities using online education and consolidation among our competitors, , our ability to obtain and maintain the necessary regulatory approvals, the impact of any Federal Reserve interest rate changes on the economy, unfavorable regulatory changes, and our failure to continue obtaining enrollments at low acquisition costs and keeping teaching and administrative costs down. We undertake no obligation to publicly update or revise any forward-looking statements, whether as the result of new information, future events or otherwise.