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
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Phoenix, AZ 85040

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

SIC Code: 8200

Annual Report

For the period ending April 30, 2026 (the "Reporting Period")

The number of shares outstanding of our Common Stock is 31,744,718 as of April 30, 2026
The number of shares outstanding of our Common Stock was 28,389,531 as of April 30, 2025 (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 April 30, 2026
Preferred Stock, $0.001 par value per share	10,000 shares

Class	Outstanding as of April 30, 2026
Common Stock, $0.001 par value per share	31,744,718 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 April 30, 2026
Preferred Stock, $0.001 par value per share	10,000 shares

Class	Outstanding as of April 30, 2026
Common Stock, $0.001 par value per share	31,744,718 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, the shares of the Series A Convertible Preferred Stock (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	April 30, 2026	April 30, 2025	April 30, 2024
Number of shares authorized	1,000,000	1,000,000	1,000,000
Number of shares outstanding	10.000	10.000	10.000
Freely tradable shares (public float)	0	0	0
Number of beneficial shareholders owning at least 100 shares[5]	2	2	2
Total number of shareholders of record	2	2	2

Common Stock	April 30, 2026	April 30, 2025	April 30, 2024
Number of shares authorized	85,000,000	85,000,000	85,000,000
Number of shares outstanding	31,744,718	28,389,531	25,701,603
Freely tradable shares (public float)	19,964,222	18,794,487	16,231,521
Number of beneficial shareholders owning at least 100 shares[5]	115	109	99
Total number of shareholders of record	119	113	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.

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

Aspen 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 in a transaction we refer to as the reverse merger. Aspen 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 AU and 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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[4] 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: AGI is a holding company and was incorporated on February 9, 2012. AGI has two subsidiaries, Aspen organized in 1987, and 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 Sandy Springs, Georgia.

During September 2025, AGI, the parent company of AU and USU made the decision to merge AU with USU, 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, 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**
Common stock issued for vested restricted stock units	—	—	305,169	305
Common stock issued for services	—	—	250,000	250
Common Stock issued for accrued dividends	—	—	2,800,018	2,800
Balance as of April 30, 2026	**10,000**	**$ 10**	**31,744,718**	**$ 31,745**

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 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 (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. <u>Business of Issuer</u>. 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, 2026, 3,464 of 4,076 or 85% of all active students across both universities are degree-seeking nursing students. Of the students seeking nursing degrees, 1,472 are at AU and 1,992 at USU.

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. 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 and graduate students the opportunity to pay their tuition and fees 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 (“FNP”) 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 (excluding FNP)/MAT programs ($415/month), online hybrid Teacher Credentialing tracks TCPP/BSEE/BSBA-C approved by the California Commission on Teacher Credentialing ($399/month), and the online hybrid Master of Science in Nursing-Family Nurse Practitioner program and other doctoral programs DNP/DBA/EDD/EDS/DSCS ($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

The Company has spent a significant amount of time, money, and resources on a 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, 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, 2026, we had 120 full-time employees, including full-time faculty, and 441 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 73% of our faculty and staff are female and approximately 38% 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 AU's 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. In September 2025, USU submitted its request to renew the PPA. 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. 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 recertification application was submitted on August 16, 2023, and provisional certification was granted. On August 12, 2025, AU received a letter from the Department regarding its renewal of its PPA. On September 25, 2025, AU selected to participate under the Zone Alternative for Title IV program eligibility. On September 26, 2025, AU received a new PPA with an effective period until June 30, 2031. Both USU and AU are under Heightened Cash Monitoring 1 ("HCM1") status due to AU's request to participate under the Zone Alternative option for Title IV program eligibility.

Merger

In September 2025, AGI, the parent company of AU and USU 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.

AU and USU are required to obtain regulatory approval for this Merger, including from the DOE, Institutional Accreditors, and home state Boards of Education. During the regulatory approval process over the following months, each university will continue to serve its students as a separate, autonomous university. Assuming regulatory approval of the Merger is obtained, AU students will automatically become USU students as of that date.

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]

[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*:*

AGI is an education technology holding company. AGI has two subsidiaries, Aspen organized in 1987 and 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 MSN 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 that 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 [1]:

- Be legally authorized by the applicable state to provide postsecondary educational programs in each state in which the institution is physically located, including satisfying any applicable state approval, licensure, and complaint process requirements;
- Comply with the state authorization requirements applicable to the institution's distance education or correspondence offerings in any state in which it enrolls students and in which the institution is subject to that state's jurisdiction, including through participation in a State Authorization Reciprocity Agreement ("SARA"), if applicable;
- Accredited by an accrediting agency recognized by the Secretary of the U.S. Department of Education ("DOE") for Title IV purposes;

[1] Consistent with the current **2025–2026 Federal Student Aid Handbook** and the current **34 C.F.R. Part 600** regulations governing institutional eligibility.

- Certified as an eligible institution by DOE to participate in the Title IV Programs, including by entering into and maintaining a valid Program Participation Agreement ("PPA") with the Department; and
- Continue to satisfy all applicable statutory, regulatory, and accreditor requirements as a condition of ongoing participation in the Title IV Programs.

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. However, we closely monitor legislative, regulatory, and policy developments at the federal and state levels, as well as guidance issued by these agencies, to remain informed of evolving requirements/trends and assess their potential impact on our institutions.

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, student consumer protections, administrative procedures, marketing, recruiting, financial operations and other operational matters. State laws and regulations may limit our ability to offer educational programs, to offer credentials, or to award certain degrees. Some states may also prescribe financial regulations that are different from those of the DOE, including student refund policies, for example. 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, which took effect July 1, 2020 (the “July 2020 Regulations”). The 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.

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 overseen by a National Council (“NC-SARA”) and administered by four regional education compacts.

The 2019 state authorization regulations remain in effect. In addition, effective July 1, 2024, the Program Integrity and Institutional Quality Rule 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 or professional licensure. It mandates compliance with certain State authorization laws, even for institutions participating in SARA. 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).

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. Currently, AU has successfully secured full or limited approval, exemption, or confirmed that authorization is not required in 48 states. In the remaining two states, the university will not be pursuing.

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 schools' ability to offer educational programs, credentials, and degrees to residents of those states. Some states also prescribe financial regulations that differ from those of the DOE, and 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 where 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 State Board for Private Postsecondary Education ("AZPPSE"). USU is authorized by the Georgia Non-Public Postsecondary Education Commission ("GNPEC") 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 AZPPSE; and USU losing its authorization from the GNPEC. 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 that it was granted full approval to operate with degree-granting authority in the State of Delaware. Following Aspen's removal as an active institutional member of NC-SARA in May 2022, Aspen sought 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. USU meets this requirement by participating in NC-SARA.

State Business Licenses or Consumer Protection Registration

In addition to obtaining any required educational authorizations, institutions may be required to register or qualify to do business in certain states by obtaining a license if they enroll students in those states. Additionally, in the last year, a few states have required institutions to register and submit annual reports if they offer installment payment plans or otherwise extend consumer credit to students. These corporate and commercial registration requirements are separate from state authorization requirements for postsecondary education and may change over time. Failure to comply with applicable business registration or licensing requirements may subject an institution to administrative penalties, fines, restrictions on business operations, or other enforcement actions.

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 reviewing educational institutions. Accrediting agencies establish accreditation criteria, conduct peer-review evaluations of institutions and programs, and publicly designate those 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, in part, rely on our accreditation when evaluating credit transfers and applications to graduate schools. Additionally, in most states, accreditation is required to obtain state authorization to grant degrees.

Moreover, institutional accreditation from an accrediting agency recognized by the DOE is required for eligibility to participate in the Title IV Programs.

In 2026, the DOE initiated negotiated rulemaking through its Accreditation, Innovation, and Modernization ("AIM") committee to consider additional changes to the regulations governing the Secretary's recognition of accrediting agencies and related institutional eligibility requirements. In May 2026, the AIM committee reached consensus on a proposed regulatory framework that, among other matters, would address the recognition of new accrediting agencies, changes to accrediting agencies, credit transfer, accreditor standards, and institutional and student outcomes. These proposed changes remain subject to the federal rulemaking process and may differ from any regulations ultimately adopted by the DOE. Accrediting agencies also periodically adopt or revise their own policies, procedures, standards, and enforcement practices, which may result in additional or different requirements applicable to our institutions. We closely monitor developments affecting accreditation and our accrediting agencies and seek to maintain compliance with applicable requirements.

In addition to institutional accreditation, there are numerous specialized program accreditors 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) and Arizona Department of Education (ADE)[2].

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 USU FNP 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:

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[2] TCPP certificate as a stand-alone is not recognized in Arizona

- whether the institution and the program were approved by the state in which the graduate seeks licensure, or certification authority or by a professional regulatory 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, which are still required, apply to programs that lead 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. 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 (“Pell”) and Federal Supplemental Educational Opportunity Grant (“FSEOG”) programs. Eligibility for, and the amount of, federal student aid available to an individual student depends on a number of factors, including the student's level of study, financial need, cost of attendance, enrollment status, prior borrowing, and applicable annual and aggregate limits.

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.

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. Most recently, in 2025, significant statutory amendments were made particularly to Title IV and institutional accountability with many provisions taking effect July 1, 2026. 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.

Impact of Federal Regulations Effective July 1, 2026

Effective in the 2026 Financial Aid Award Year (July 1, 2026), significant changes to Title IV programs became effective.

Undergraduate students who qualify may be eligible for Direct Subsidized and/or Direct Unsubsidized Loans and, depending on financial need and other eligibility requirements, Pell and FSEOG awards.

Graduate students generally are not eligible for Pell or FSEOG awards and, beginning July 1, 2026, are subject to new federal borrowing limits. Among other new changes, the federal Grad PLUS Loan program was eliminated for new graduate and professional student borrowing, except for those who were ‘grandfathered’ in previous award years. Graduate and professional students[3] who do not qualify for a transitional exception may obtain Direct Unsubsidized Loans, subject to applicable annual, aggregate, and lifetime borrowing limits.

The majority of our students who obtain federal financial aid receive one or more Direct Loans, which must be repaid with interest in accordance with applicable federal loan terms. Repayment generally begins following the expiration of any applicable grace period after a borrower graduates, leaves school, or ceases to be enrolled at least half-time. Effective July 1, 2026, federal law also modified the repayment options available to borrowers, including the establishment of the Repayment Assistance Plan and a new Tiered Standard repayment plan. Federal student aid programs, eligibility requirements, borrowing limits, repayment terms, and other requirements are subject to legislative and regulatory change.

Impact of Federal Regulations Effective July 1, 2024, which are still in effect:

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;

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[3] In June 2026, a federal court issued a preliminary injunction staying the DOE's implementation of its definition of "professional degree" for purposes of the new federal student loan limits, including as applied to certain nursing programs, pending further proceedings in the litigation. Original definition did not include nursing as a "professional degree."

- 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 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.

<u>Financial Responsibility</u>. 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 2025 and 2024. 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.

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.

<u>Financial Value Transparency/Gainful Employment (FVT/GE)</u>. 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. The DOE has not issued its first or second rounds of determination which were expected to be issued in June 2025 and 2026. AU and USU submitted the required reporting in 2024 and 2025.

June 29, 2026, the DOE announced final regulations implementing the new Student Tuition and Transparency System ("STATS") and Earnings Accountability framework, which replaces the existing FVT/GE regulatory framework. Under the new framework, undergraduate programs will be evaluated based on whether graduates' earnings exceed those of comparable working adults with only a high school diploma, while graduate programs will be evaluated based on whether graduates' earnings exceed those of comparable working adults with a bachelor's degree. A program that fails the applicable earnings measure in two out of three consecutive award years may lose eligibility to participate in the federal Direct Loan Program, and continued failures may result in additional consequences for Title IV eligibility. The new regulations also impose institutional reporting and student disclosure requirements intended to provide students with information regarding program costs and financial outcomes. AU and USU are preparing to comply with reporting due fall 2026.

We continue to monitor the implementation of these requirements and assess their potential effect on our programs, operations, student enrollment, and participation in the Title IV Programs.

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.

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 2025 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, 2025, 18.00% of Aspen's revenue and 25.22% 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.

Code of Conduct Related to Student Loans. 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, the HEA contains provisions that apply to private lenders, prohibiting them from engaging in certain activities when interacting 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.

Misrepresentation. 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, statements of accreditation or state authorization, 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 was 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 the 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 programs and degrees that are characterized as a “substantive change.” An institution must obtain written notice approving such a change before it may be included in the institution’s scope of accreditation. In addition, the home state of authorization (AZPPSE for AU and GNPEC for USU) must approve the program or degree. An institution is further prohibited from advertising or posting on its website information about the program, or degree before it has both received approvals. 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 2022 Borrower Defense to Repayment (“BDTR”) 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. In April 2024, the Fifth Circuit held that significant portions of the regulations were likely unlawful and continued nationwide relief against their implementation. The U.S. Supreme Court subsequently granted review of certain aspects of the Fifth Circuit's decision in January 2025. However, in July 2025, Congress enacted legislation providing that the borrower-defense provisions of the 2022 BDTR regulations generally will not be in effect with respect to loans originated before July 1, 2035, and it restored regulations that were in effect on July 1, 2020. Following the enactment of this legislation, the DOE dismissed its appeal before the U.S. Supreme Court in August 2025.

Borrowers may continue to submit borrower-defense claims under the applicable statutory and regulatory framework, and the DOE may discharge qualifying federal student loans and, where authorized by applicable law and regulations, seek recovery from institutions in connection with approved borrower-defense claims. Both AU and USU were presented with BDTR claims by the DOE in December 2023 and April 2026.

All were thoroughly and timely responded to. Both institutions 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, Austin, TX, 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 ("Title IX") discrimination on the basis of 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.

On April 6, 2026, DOE announced that OCR had rescinded portions of six prior Title IX resolution agreements that it said relied on gender-identity interpretations inconsistent with the current Administration's interpretation of Title IX.

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 ("TCPA") and orders issued by the Federal Communications

Commission (“FCC”) impose restrictions on certain telephone calls and text messages, including calls and texts made for telemarketing purposes using regulated technologies. Among other requirements, the TCPA and applicable FCC rules may require prior express written consent before certain telemarketing calls or text messages may be made to prospective and current students. Such consent generally must be clear, conspicuous, and satisfy applicable disclosure and signature requirements.

Effective as of March 24, 2024, schools are required 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."

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” requirement, that was scheduled to go effective January 26, 2025, was vacated by the U.S. Court of Appeals for the Eleventh Circuit. The FCC’s rule, “revocation of consent,” became effective, which 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 2026 estimated R&D expenditures which are capitalized software costs were $0.6 million

Fiscal 2025 estimated R&D expenditures which are capitalized software costs were $1.0 million

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, 2026 the Company had 120 full time employees and 441 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:

AU online nursing programs

AU 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. AU'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 74% 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)

Similar to AU, USU offers a variety 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 didactic curriculum online, including a 540 precepted clinical practice hours.

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 2024[4], among postbaccalaureate students that study exclusively online, the percentage of students at private for-profit institutions was higher (86%), than that of students at public institutions (36%) and private nonprofit institutions (38%). In particular, the percentage of undergraduate students who took distance education courses exclusively was highest at private for-profit four-year institutions (73%) which, despite enrolling a small share of undergraduates, accounted for 26% 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, compared with approximately 3% for all occupations, according to the U.S. Bureau of Labor Statistics' Occupational Outlook Handbook, 2025 Edition. However, despite the anticipated growth in job opportunities, in 2025, 92,672 qualified applications were not accepted by entry-level baccalaureate and graduate nursing programs according to the 2025-2026 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. In addition to this employment growth, BLS projects approximately 189,100 openings for RNs each year, on average, with many of these openings resulting from the need to replace nurses who transfer to other occupations or exit the labor force, including through retirement.

Competitive Strengths

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. We license our SIS and LMS systems, and we created integrations to allow for seamless communications with 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.

[4] Released March 2026

Additionally, we built and launched a proprietary CRM system that was designed for the enrollment departments at AU and USU. The CRM includes 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.

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 previously required an on-ground skills immersion; however, this has since been moved to virtual. All AU and USU nursing programs require that students complete clinical/practicum hours as required by CCNE. In USU's Education degrees, the Teacher Credentialing requires field experience/student teaching, and their internship tracks require active employment. USU has approval from the Student and Exchange Visitor Program (SEVP) to enroll non-immigrant students in its International Track programs, which require a ground component to maintain F-1 international visa status. AGI’s universities, provide on-line 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 option have alleviated the need for a significant majority of our students to take out federal financial aid loans to fund their tuition and fee 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 retention 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 profit. 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 few 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 profits.

Industry conditions support future growth in our on-line post licensure nursing programs.

According to AACN's report on 2024-2025 Enrollment and Graduations in Baccalaureate and Graduate Programs in Nursing, U.S. nursing schools turned away 92,672 qualified applications from baccalaureate and graduate nursing programs in 2025 due to constraints including insufficient faculty, clinical sites, classroom space, clinical preceptors, and budget.

(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.

<u>Competition</u>

According to the most recent 2024-5 Digest of Education Statistics (nces.ed.gov), there are more than 5,662 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. This includes American Public Education, Inc. (Nasdaq: APEI), Covista Inc. (NYSE: CVSA), 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 195,000 students. As of April 30, 2026, 3,464 of 4,076 or 85% of all active students across both universities are degree-seeking nursing students. Of the students seeking nursing degrees, 1,472 are at AU and 1,992 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	$26,971	5-years
Aspen	Accreditation	$10,533	5-years
USU	Trademark / Trade name	$1,700,000	Indefinite
USU	Courseware	$153,708	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, 2026, we lease approximately 157,321 square feet of office and classroom space in Phoenix, Arizona; San Diego, California; Austin, Texas; Tampa, Florida; Nashville, Tennessee; and Atlanta, Georgia. The Company's lease expense for the fiscal year ending April 30, 2026 was approximately $2.0 million.

Complete Address	Condition	Expiration Date	Use of Property
4605 and 4615 Elwood Street, Suites 100, 110, 300, 400, Phoenix, AZ 85040 Maricopa County	Excellent	April 30, 2028	Executive office / education
404 Camino Del Rio S, San Diego, CA 92108 San Diego County	Excellent	November 30, 2027	Education
1809 Dabbs Ave, Nashville, TN 37210 Davidson County	Excellent	March 31, 2030	Vacant
101 W. Louis Henna Blvd, Suite 100, Austin, TX 78728 Travis County	Excellent	October 31, 2028	Education
12802 Tampa Oaks Blvd, Suites 150 and 450, Tampa, FL 33637 Hillsborough County	Excellent	April 30, 2032	Vacant
859 Mt Vernon Hwy NE, Suite 100, Sandy Springs, GA 30328 Fulton County	Excellent	February 28, 2030	Education

Aspen University Subleases

AU subleased a portion of its Austin, Texas campus, which commenced on February 1, 2024 and runs through the remainder of the term left on the master lease, which expires in October 2028.

On August 2, 2024, AU entered into a sublease for a portion of its Phoenix, Arizona 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, which commenced on September 11, 2024 and was extended through August 2026.

In December 2024, AU entered into a short-term sublease for a portion of its Tampa, Florida campus, which commenced on January 1, 2025 and expired in April 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 tables 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

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

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

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	Executive Chairman (1)	4605 Elwood Street, Suite 300, Phoenix, AZ 85040	970,187	Common	3.1%
	(1) Appointed the Company's Executive Chairman effective March 2026; previously served as the Company's Chief Executive Officer, Chairman and Director from March 2012 through March 2026				
Matthew LaVay	Chief Executive Officer and Director (2)	4605 Elwood Street, Suite 300, Phoenix, AZ 85040	375,001	Common	1.2%
	(2) Appointed the Company's CEO and Director effective March 2026; previously served as the Company's Chief Financial Officer from August 2021 through March 2026				
Sanford Rich	Director	NYC Board of Education Retirement System, 55 Water Street, 50th Floor, New York, NY 10041	163,174	Common	0.5%
Andrew Kaplan	Director	Education Growth Partners, 301 Tresser Blvd, 6th Floor, Stamford, CT 06901	129,376	Common	0.4%
Michael Koehneman	Director	245 Terry Road, Augusta MO 63332	32,000	Common	0.1%

Name (First, Last)	Compensation by Issuer (Fiscal 2026)	Employment history (last 5 years)	Board memberships and other affiliations

Michael Mathews	$434,000	• Aspen Group, Inc. -
		  ○ Executive Chairman, March 2026 to present
		  ○ previously CEO and Chairman, March 2012 – March 2026
			• Aspen Group, Inc., Director, Board Executive Chairman
			• Aspen University, Inc., Board of Managers
			• United States University Inc., Board of Managers
			• Change Agents Corp., Director

Matthew LaVay	$389,792	• Aspen Group, Inc. –
		  ○ CEO, March 2026 to present;
		  ○ previously CFO, August 2021 – March 2026
		• Amerit Fleet Solutions, CFO, August 2018 – July 2021
			• Aspen Group, Inc. Director
			• Aspen University, Inc., Board of Managers
			• United States University Inc., Board of Managers

Sanford Rich	$80,000	• NYC Board of Education Retirement System, Executive Director, January 2016 - present	• Aspen Group, Inc. Director, Audit Committee Chairman, Executive Committee • PCAOB Investor Advisory Group, member • Unusual Machines, UMAC, Audit Committee Chairman
Andrew Kaplan	$80,000	• Education Growth Partners, Managing General Partner, responsible for co-managing the firm and our private equity investments, January 2015 - present	• Aspen Group, Inc. Director, Audit Committee, Executive Committee • Modo Labs, Director • AllCampus, Director • Kangarootime, Director • Edmentum, Board Observer • Congregation Beth Hatikvah, Treasurer • Kleo, Director • Vivvi, Director

Michael Koehneman	$80,000	• 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, Inc. Director, Audit Committee, Regulatory Committee
			• AuthID.ai, Director, Audit Committee Chairman

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	2,915,087 [1]	Common	9.2%
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	4,491,217	Common	14.1%
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	7,142,479 [5]	Warrants	N/A

[1] Consists of 2,915,087 shares owned by The Leon & Toby Cooperman Family Foundation (the "Foundation").
[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. Legal/Disciplinary History. 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:

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.

[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, 2026 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, 2026 and 2025
- Consolidated Statements of Operations for the years ended April 30, 2026 and 2025
- Consolidated Statements of Changes in Stockholders' Equity for the years ended April 30, 2026 and 2025
- Consolidated Statements of Cash Flows for the years ended April 30, 2026 and 2025
- 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, 2026 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, 2026 and 2025
- Consolidated Statements of Operations for the years ended April 30, 2026 and 2025
- Consolidated Statements of Changes in Stockholders' Equity for the years ended April 30, 2026 and 2025
- Consolidated Statements of Cash Flows for the years ended April 30, 2026 and 2025
- 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
   ryanbarth@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, 2026 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, 2026 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, 2026 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	Services Provided	Number of shares issued	Price at which the shares were offered, and amount paid to the Issuer	Trading status of the shares (Restricted/Not Restricted)
5-2-2024	Common Stock Dividends	Former lender – debt conversion	230,138	$0.50	Restricted
7-31-2024	RSU Vesting	Employee	514	$0.20	Restricted
8-15-2024	Common Stock Dividends	Former lender – debt conversion	705,758	$0.50	Restricted
9-4-2024	RSU Vesting	Executive Officer	208,334	$0.19 – 41,667 shares; and $0.14 – 166,667 shares	Restricted
9-4-2024	RSU Vesting	Former Executive Officer	26,667	$0.20	Restricted
9-24-2024	RSU Vesting	Employees	10,000	$0.01	Restricted
10-8-2024	RSU Vesting	Employee	33,333	$0.01	Restricted
10-28-2024	RSU Vesting	Employees	10,001	$0.19 – 8,334 shares; and $0.01 – 1,667 shares	Restricted
10-28-2024	RSU Vesting	Former Executive Officer	33,333	$0.01	Restricted
11-4-2024	Common Stock Dividends	Former lender – debt conversion	705,758	$0.50	Restricted
2-5-2025	Common Stock Dividends	Former lender – debt conversion	705,758	$0.50	Restricted
2-11-2025	RSU Vesting	Employee	1,667	$0.17	Restricted
3-20-2025	RSU Vesting	Employee	16,667	$0.18	Restricted
5-1-2025	Common Stock Dividends	Former lender – debt conversion	682,744	$0.50	Restricted
7-17-2025	RSU Vesting	Employees	8,503	$0.13 - 8,170 shares; and $0.15 – 333 shares	Restricted

8-4-2025	Common Stock Dividends	Former lender – debt conversion	705,758	$0.50	Restricted
9-9-2025	RSU Vesting	Executive Officer	166,667	$0.07	Restricted
9-16-2025	RSU Vesting	Former Executive Officer	66,667	$0.12	Restricted
10-7-2025	RSU Vesting	Employees	43,333	$0.11	Restricted
11-3-2025	Common Stock Dividends	Former lender – debt conversion	705,758	$0.50	Restricted
12-12-2025	RSU Vesting	Employee	3,332	$0.13	Restricted
2-3-2026	Common Stock Dividends	Former lender – debt conversion	705,758	$0.50	Restricted
3-18-2026	RSU Vesting	Employee	16,667	$0.17	Restricted
3-27-2026	Share issuance	Investor Relations Consultant	250,000	$0.23	Restricted

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
AGI	Amazon Web Services (AWS)	Cloud computing services
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 Compensation $	Total $
Michael Mathews	2025	$ 350,000	$ —	$ —	$ 84,000	$ 434,000
Executive Chairman (1)	2026	$ 350,000	$ —	$ —	$ 84,000	$ 434,000
Matthew LaVay	2025	$ 325,000	$ —	$ 31,250	$ 60,000	$ 416,250
Chief Executive Officer (2)	2026	$ 328,125	$ —	$ 11,667	$ 50,000	$ 389,792
Cheri St. Arnauld	2025	$ 318,270	$ —	$ 5,667	$ —	$ 323,937
Former Chief Academic Officer, resigned September 12, 2025)	2026	$ 145,874	$ —	$ 8,000	$ 172,396	$ 326,270

(1) Appointed the Company's Executive Chairman effective March 2026; previously served as the Company's Chief Executive Officer, Chairman and Director from March 2012 through March 2026

(2) Appointed the Company's CEO and Director effective March 2026; previously served as the Company's Chief Financial Officer from August 2021 through March 2026

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: Supplemental Information – EXHIBIT A published on September 29, 2023

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: Supplemental Information – EXHIBIT B published on September 29, 2023 and Third Amendment to the Bylaws - Aspen Group, Inc. published on March 14, 2025

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, Matthew LaVay, 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: August 18, 2026

/s/ Matthew LaVay
Chief Executive Officer

The certifications shall follow the format below:

I, Rozanna Shulman, 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: August 18, 2026

/s/ Rozanna Shulman
Chief Accounting 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, 2026
(the "Reporting Period")

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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, 2026 and 2025, 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, 2026, 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, 2026 and 2025, and the consolidated results of its operations and its cash flows for each of the two years in the period ended April 30, 2026, 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.

Salberg & Company, P.A.

SALBERG & COMPANY, P.A.
We have served as the Company's auditor since 2012
Boca Raton, Florida
August 18, 2026

2295 NW Corporate Blvd., Suite 240 • Boca Raton, FL 33431-7326
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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, 2026	April 30, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 860,384	$ 736,871
Restricted cash	462,898	338,002
Accounts receivable, net of allowance of $7,913,937 and $5,731,139, respectively	12,751,986	17,167,346
Prepaid expenses	394,688	443,366
Other current assets	513,486	518,171
Total current assets	14,983,442	19,203,756
Property and equipment:		
Computer equipment and hardware	799,250	894,251
Furniture and fixtures	1,974,271	1,974,271
Leasehold improvements	4,471,740	5,621,087
Instructional equipment	506,664	529,299
Software	5,833,430	7,527,066
	13,585,355	16,545,974
Accumulated depreciation and amortization	(9,288,001)	(9,907,309)
Property and equipment, net	4,297,354	6,638,665
Goodwill	5,011,432	5,011,432
Intangible assets	7,900,000	7,900,000
Courseware and accreditation, net	191,212	256,994
Long-term contractual accounts receivable	23,813,441	19,846,823
Operating lease right-of-use assets, net	3,467,641	7,250,407
Deposits and other assets	497,355	657,850
Total assets	$ 60,161,877	$ 66,765,927

(Continued)

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

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

	April 30,	
	2026	**2025**
Liabilities and Stockholders' Equity		
Liabilities:		
Current liabilities:		
Accounts payable	$ 3,133,698	$ 2,055,173
Accrued expenses	2,375,663	2,483,520
Advances on tuition	1,258,459	2,235,332
Deferred tuition	2,190,378	2,535,533
Due to students	2,055,477	2,115,581
Operating lease obligations, current portion	3,308,872	2,811,471
Debt, current portion	1,400,000	2,000,000
Other current liabilities	93,504	185,296
Total current liabilities	15,816,051	16,421,906
Long-term debt, net	3,930,844	5,224,524
Operating lease obligations, less current portion	9,089,806	12,398,678
Warrant liabilities	1,802,269	1,427,521
Other long-term liabilities	327,402	327,402
Total liabilities	30,966,372	35,800,031
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, 2026 and 2025, respectively	10	10
Common stock, $0.001 par value; 85,000,000 shares authorized, 31,744,718 and 28,389,531 issued and outstanding at April 30, 2026 and 2025, respectively	31,745	28,390
Additional paid-in capital	122,215,485	122,152,533
Accumulated deficit	(93,051,735)	(91,215,037)
Total stockholders' equity	29,195,505	30,965,896
Total liabilities and stockholders' equity	$ 60,161,877	$ 66,765,927

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,	
	2026	2025
Revenue, net	$ 43,308,522	$ 45,302,082
Operating expenses:		
Cost of revenue (exclusive of depreciation and amortization shown separately below)	9,336,768	12,190,949
General and administrative	24,179,297	26,889,423
Impairments of right-of-use assets and tenant leasehold improvements	2,791,426	1,848,209
Loss on asset dispositions	12,101	35,984
Provision for credit losses	4,758,643	1,950,000
Depreciation and amortization	2,516,592	3,055,568
Total operating expenses	43,594,827	45,970,133
Operating loss	(286,305)	(668,051)
Other income (expense):		
Interest expense	(1,132,182)	(1,368,892)
Change in fair value of put warrant liability	(374,748)	537,072
Other income, net	1,499	11,128
Total other expense, net	(1,505,431)	(820,692)
Loss before income taxes	(1,791,736)	(1,488,743)
Income tax expense	44,962	56,149
Net loss	(1,836,698)	(1,544,892)
Dividends attributable to preferred stock	(396,068)	(370,600)
Net loss available to common stockholders	$ (2,232,766)	$ (1,915,492)
Per share information available to common stockholders:		
Loss per share - Basic and diluted	$ (0.07)	$ (0.07)
Weighted average number of common stock outstanding:		
Basic and diluted	30,311,486	27,140,245

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, 2026 AND 2025

	Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
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	325,678	—	328,025
Accrued dividends	—	—	—	—	(370,603)	—	(370,603)
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**
Stock-based compensation	—	—	—	—	148,235	—	148,235
Common stock issued for vested restricted stock units	—	—	305,169	305	(305)	—	—
Common stock issued for services	—	—	250,000	250	(250)	—	—
Common Stock issued for accrued dividends	—	—	2,800,018	2,800	311,340	—	314,140
Accrued dividends	—	—	—	—	(396,068)	—	(396,068)
Net loss	—	—	—	—	—	(1,836,698)	(1,836,698)
Balance as of April 30, 2026	**10,000**	**$ 10**	**31,744,718**	**$ 31,745**	**$122,215,485**	**$ (93,051,735)**	**$ 29,195,505**

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,	
	2026	2025
Cash flows from operating activities:		
Net loss	$ (1,836,698)	$ (1,544,892)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Provision for credit losses	4,758,643	1,950,000
Depreciation and amortization	2,516,592	3,055,568
Stock-based compensation	148,235	256,786
Change in fair value of put warrant liability	374,748	(537,072)
Amortization of warrant-based cost	—	7,000
Amortization of debt issuance costs	106,321	53,160
Loss on asset dispositions	12,101	35,984
Non-cash lease benefit	(1,294,903)	(318,971)
Impairments of right-of-use assets and tenant leasehold improvements	2,791,426	1,848,209
Changes in operating assets and liabilities:		
Accounts receivable	(4,309,901)	(1,744,612)
Prepaid expenses	48,678	59,385
Other current assets	4,685	1,267,450
Deposits and other assets	160,495	61,038
Accounts payable	1,078,525	(256,187)
Accrued expenses	(189,785)	(396,958)
Due to students	(60,104)	(442,911)
Advances on tuition and deferred tuition	(1,322,028)	(2,141,182)
Other current liabilities	(91,792)	98,801
Other long-term liabilities	—	39,472
Net cash provided by operating activities	2,895,238	1,350,068
Cash flows from investing activities:		
Purchases of courseware and accreditation	(61,133)	(57,210)
Purchases of property and equipment	(585,696)	(960,969)
Net cash used in investing activities	(646,829)	(1,018,179)
Cash flows from financing activities:		
Repayment of portion of 15% Senior Secured Debentures	(2,000,000)	(1,721,066)
Payments of debt issuance costs	—	(155,377)
Net cash used in financing activities	(2,000,000)	(1,876,443)
Net increase (decrease) in cash and cash equivalents	248,409	(1,544,554)
Cash, cash equivalents and restricted cash at beginning of year	1,074,873	2,619,427
Cash, cash equivalents and restricted cash at end of year	$ 1,323,282	$ 1,074,873

(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,	
	2026	2025
Supplemental disclosure cash flow information:		
Cash paid for interest	$ 1,025,861	$ 1,315,733
Cash paid for income taxes	$ 66,975	$ 56,149
Supplemental disclosure of non-cash investing and financing activities:		
Accrued dividends	$ 184,341	$ 102,412
Common stock issued for accrued dividends	$ 314,140	$ 328,025
Relative fair value of warrants issued as part of the 15% Senior Secured Debentures	$ —	$ 12,965

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,	
	2026	2025
Cash and cash equivalents	$ 860,384	$ 736,871
Restricted cash	462,898	338,002
Total cash and cash equivalents and restricted cash	$ 1,323,282	$ 1,074,873

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

ASPEN GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2026 and 2025

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. In September 2025, USU submitted its request to renew the PPA. 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. On September 26, 2025, AU received a new PPA with an effective period until June 30, 2031. Both USU and AU are under Heightened Cash Monitoring 1 ("HCM1") status due to AU’s request to participate under the Zone Alternative option for Title IV program eligibility. 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, pending regulatory approval. See Note 9. Commitments and Contingencies for additional information.

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,	
	2026	2025
Cash and cash equivalents	$ 860,384	$ 736,871
Restricted cash:		
Collateral for surety bond at AU	250,000	250,000
Letter of credit for Title IV with DOE at AU	88,002	88,002
Letter of credit for security deposit at AU	124,896	—
Total restricted cash	462,898	338,002
Total cash, cash equivalents and restricted cash as shown on the statement of cash flows	$ 1,323,282	$ 1,074,873

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, 2026. At April 30, 2026, the Company maintained deposits exceeding federally insured limits by $580,063 held in two 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, 2026 and 2025 that are not valued at historical cost:

	April 30, 2026			
	Level 1	**Level 2**	**Level 3**	**Total Fair Value Measurements**
Warrant Liability	$ —	$ —	$ 1,802,269	$ 1,802,269

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

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, 2026 and 2025:

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
Re-measurement adjustments:		
Change in fair value of put warrant liability		374,748
Ending balance, April 30, 2026	$	1,802,269

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

	April 30, 2026	April 30, 2025
Fair value	$ 1,802,269	$ 1,427,521
Valuation technique	Monte Carlo Analysis [1]	Monte Carlo Analysis [2]
Significant unobservable input	Time to maturity and volatility	Time to maturity and volatility

[1] At April 30, 2026, the Monte Carlo Simulation inputs include the minimum payment per 1% of equity, $100,000; risk-free rate, 3.86%; cost of debt, 15%; selected volatility, 85.0%; remaining warrants term (weighted) (years), 2.44; the Company's stock price as of April 30, 2026, $0.27; and exercise price, $0.01.

[2] At April 30, 2025, 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, 110.0%; 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 a student's accounts receivable balance will be paid in a period of 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.

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 have not yet 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 $9,144,331 and $11,680,244 for the years ended April 30, 2026 and 2025, 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 $192,437 and $510,705 for the years ended April 30, 2026 and 2025, 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 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,	
	2026	2025
Warrants to purchase common shares	7,417,479	7,417,479
Unvested restricted stock units	2,733,336	1,538,505
Convertible 15% Debentures	10,679,408	14,679,408

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 maker (CODM), its Chief Executive Officer, manages the Company's operations as a whole and is 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

Accounting pronouncements adopted by the Company

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

In December 2023, the FASB issued ASU No. 2023-09, which established required categories and a quantitative threshold for the annual tabular rate reconciliation disclosures and disaggregated jurisdictional disclosures of income taxes paid. The Company prospectively adopted ASU No. 2023-09 in its financial statements effective for the year ended April 30, 2026. See Note 13. Income Taxes for the updated disclosures.

Accounting pronouncements not yet adopted by the Company

ASU No. 2025-06—Intangibles—Goodwill and Other— Internal-Use Software (Subtopic 350-40): Targeted Improvements to Accounting for Internal-Use Software

In September 2025, the FASB issued ASU No. 2025-06, which amends the existing standard by removing references to software development project stages and clarifying the criteria for capitalization. ASU No. 2025-06 is effective for fiscal years beginning after December 15, 2027 and for interim periods within those fiscal years. Early adoption is permitted, and ASU No. 2025-06 may be applied prospectively, retrospectively or with a modified transition approach. The Company is (i) assessing the timing of its adoption of ASU No. 2025-06, (ii) expects to adopt ASU No. 2025-06 on a prospective basis and (iii) is assessing the impact of its adoption on its results of operations, financial condition and cash flows.

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. ASU No. 2024-03 does not affect the Company's results of operations, financial condition or cash flows. The Company plans to apply ASU 2024-03 on a prospective basis and does not plan to early adopt ASU No. 2024-03; the Company is currently assessing its impact on its disclosures.

Note 3. Accounts Receivable and Allowance for Credit Losses

Accounts receivable consisted of the following at April 30, 2026 and 2025:

	April 30,	
	2026	2025
Total accounts receivable, gross	$ 44,479,364	$ 42,745,308
Long-term contractual accounts receivable	(23,813,441)	(19,846,823)
Accounts receivable, gross	20,665,923	22,898,485
Less: allowance for credit losses	(7,913,937)	(5,731,139)
Accounts receivable, net	$ 12,751,986	$ 17,167,346

During the years ended April 30, 2026 and 2025, 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:

	Years Ended April 30,	
	2026	2025
Aspen University	$1.2 million	$1.7 million
United States University	$2.7 million	$2.5 million
Total cash collected under the program	$3.9 million	$4.2 million

For each of the years ended April 30, 2026 and 2025, $1.3 million and $1.3 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, 2026 and 2025, was $4,758,643 and $1,950,000, respectively. The following table presents the changes in the allowance for credit losses:

	April 30, 2026	April 30, 2025
Balance at May 1	$ 5,731,139	$ 4,560,378
Current period provision for credit losses	4,758,643	1,950,000
Write-offs charged against the allowance	(3,140,465)	(1,014,396)
Recoveries collected	564,620	235,157
Balance at April 30	$ 7,913,937	$ 5,731,139

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, 2026 and 2025, $4,954 and $0, 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, 2026 and 2025, $0.5 million and $0.6 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, 2026	April 30, 2025
Software	$ 5,833,430	$ 7,527,066
Accumulated amortization	(3,457,755)	(4,379,277)
Software, net	$ 2,375,675	$ 3,147,789

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

	Years Ended April 30, 2026	Years Ended April 30, 2025
Depreciation and amortization expense:		
Property and equipment, excluding software	$ 1,045,267	$ 1,264,747
Software	$ 1,351,556	$ 1,661,664

The following is a schedule of estimated future amortization expense of software at April 30, 2026 (by fiscal year):

	Future Expense
2027	$ 982,405
2028	647,013
2029	403,698
2030	187,048
Thereafter	155,511
Total	$ 2,375,675

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.

Based on the Company's impairment analysis, neither goodwill or intangible assets were impaired for the years ended April 30, 2026 and 2025.

Note 6. Courseware and Accreditation

As courseware and accreditation reach the end of their useful life, or are determined to be obsolete and no longer expected to provide future economic benefit, the assets are written off against the accumulated amortization. Write-offs for the years ended April 30, 2026 and 2025, $7,147 and $35,984, 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,	
	2026	2025
Courseware	$ 313,755	$ 510,561
Accreditation	106,750	106,750
	420,505	617,311
Accumulated amortization	(229,293)	(360,317)
Courseware and accreditation, net	$ 191,212	$ 256,994

Amortization expense for courseware and accreditation is summarized below:

	Years Ended April 30,	
	2026	2025
Courseware and accreditation amortization expense	$ 119,769	$ 129,157

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, 2026 (by fiscal year):

	Future Expense
2027	$ 73,277
2028	57,218
2029	37,073
2030	23,644
Total	$ 191,212

Note 7. Accrued Expenses

	April 30,	
	2026	2025
Accrued compensation	$ 389,417	$ 1,045,082
Accrued foreign taxes	528,356	528,356
Accrued professional fees	331,434	321,434
Accrued dividend	184,341	102,412
Other accrued expenses	942,115	486,236
Accrued expenses	$ 2,375,663	$ 2,483,520

Note 8. Debt

	April 30,	
	2026	2025
15% Senior Secured Debentures due May 13, 2027 (the "15% Debentures"); interest payable monthly	$ 5,339,704	$ 7,339,704
Less: debt issuance costs	(8,860)	(115,180)
Less: current portion of long-term debt	(1,400,000)	(2,000,000)
Total long-term debt, net	$ 3,930,844	$ 5,224,524

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, which was subsequently extended by one year to May 2027 by the Seventh Amendment, discussed below. 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, and 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 $0.3 million exit fee and $1.0 million of original issue discount. During Fiscal 2025, the Company paid $0.2 million of investment bank fees related to the 15% Debentures. During each of the years ended April 30, 2026 and 2025, the Company recorded $0.1 million of amortization of debt issuance costs. The unamortized debt issuance costs at both April 30, 2026 and 2025, were less than $0.1 million. During the years ended April 30, 2026 and 2025, the Company recorded interest expense of $1.0 million and $1.3 million, respectively, for the 15% Debentures, which is included in "Interest expense" in the consolidated statements 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, 2027 unless earlier redeemed as amended by the Seventh Amendment as discussed below. The 15% Debentures were subject to monthly redemptions beginning in November 2023 of approximately $290,000 (subsequently amended as discussed in the Sixth and Seventh Amendments below).

The Company has the option to prepay the 15% Debentures at any time after May 12, 2024 at 105%; but has not made 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 which was 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.

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, are 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.

Seventh Amendment

On May 11, 2026, the Company entered into a Seventh Amendment with the holders of its outstanding 15% Debentures to:

(i) extend the maturity date of the debentures by one year, from May 13, 2026 to May 13, 2027;

(ii) reduce the fiscal quarterly principal payments from $500,000 to $350,000, beginning on July 31, 2026; and

(iii) extend the required minimum Revenue and Adjusted EBITDA covenants.

Note 9. Commitments and Contingencies

Operating Leases

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

The Company is under contractual obligation to replenish certain security deposits for leased properties as stated in the lease agreements. The replenishment of these security deposits has not occurred as of the date of this report.

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

ASPEN GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2026 and 2025

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.

Regulatory Matters

On July 1, 2026, the DOE published final regulations establishing the Student Tuition and Transparency System ("STATS") and a new Earnings Accountability framework. The new framework is intended to replace the existing Financial Value Transparency and Gainful Employment ("FVT/GE") framework and establishes earnings-based accountability requirements applicable to educational programs participating in the Direct Loan Program. Generally, undergraduate programs are evaluated by comparing graduates' earnings to those of working adults with a high school diploma, while graduate programs are evaluated against the earnings of working adults with a bachelor's degree. A program that fails the applicable earnings measure in two out of three consecutive award years may lose eligibility to participate in the Direct Loan Program, and additional consequences may apply following continued failures.

Revised Return of Title IV Funds ("R2T4") regulations became effective July 1, 2026, and generally apply to students who withdraw, cease attendance, or begin an approved academic leave of absence on or after that date. The revised regulations modify certain requirements governing the calculation and return of Title IV funds when a student does not complete a payment period or period of enrollment. Our institutions have updated their applicable policies and procedures to address these requirements.

On May 1, 2026, the U.S. Department of Education ("DOE") published final regulations implementing significant amendments to the federal student loan programs. Most of these changes became effective July 1, 2026. Among other things, the regulations phase out the Graduate PLUS Loan program for new borrowing, subject to certain transition provisions; establish new annual and aggregate federal loan limits for graduate and professional students; establish limits on Parent PLUS borrowing; permit institutions to establish lower program-level federal student loan limits under specified circumstances; and implement new federal student loan repayment options. New graduate students are generally limited to $20,500 annually and $100,000 in aggregate federal graduate borrowing, while students enrolled in programs classified as professional degree programs[1] are generally subject to higher annual and aggregate limits. These changes could affect the amount of federal financing available to students enrolled in graduate programs and could increase students' reliance on institutional payment plans, private financing, employer assistance, or other sources of funding.

In May 2026, the DOE issued final regulations implementing the new Workforce Pell Grant program and amendments to Pell Grant eligibility enacted by Congress in 2025, effective July 1, 2026. Workforce Pell permits eligible students to receive Pell Grants for certain qualifying short-term workforce programs that satisfy federal and state requirements. At this time, neither university has any programs qualifying for these new Workforce Pells.

In May 2026, DOE commenced negotiated rulemaking through its Accreditation, Innovation, and Modernization ("AIM") Committee to consider significant changes to the regulations governing the recognition of accrediting agencies and institutional accreditation. The AIM Committee reached consensus on proposed regulatory language addressing, among other matters, recognition of new accrediting agencies, changes of accreditor, transfer of credit, accreditor standards, academic freedom, institutional outcomes, and relationships between accrediting agencies and related organizations. The negotiated language remains subject to the federal rulemaking process, and the regulations ultimately adopted, if any, may differ from the consensus language.

On March 9, 2026, the DOE published a proposed rule ("NPRM") on "Accountability in Higher Education and Access Through Demand-Driven Programs." Comments were due April 8, 2026. The universities will be monitoring the outcome of the NPRM. The January 30, 2026, "Reimagining and Improving Student Education" package is a NPRM implementing the One Big Beautiful Bill Act student loan changes; comments were due March 2, 2026. The universities will be monitoring the outcome.

[1] In June 2026, a federal court issued a preliminary injunction staying the DOE's implementation of its definition of "professional degree" for purposes of the new federal student loan limits, including as applied to certain nursing programs, pending further proceedings in the litigation. Original definition did not include nursing as a "professional degree."

Distance education and Return of Title IV (R2T4) regulations were finalized on January 3, 2025, with a general effective date of July 1, 2026 (distance-education reporting to NSLDS is deferred to July 1, 2027). The DOE added the statutory definition of a "Distance Education Course" to include in-person, non-instructional course components such as orientation, testing, and academic support services. The regulations also amended section 668.22 of the HEA, which governs how institutions of higher education treat Title IV funds after a student withdraws. The universities have reviewed the regulatory changes, and there is no material impact.

On November 12, 2025, Federal agencies resumed normal operations, including the DOE. On November 17, 2025, the DOE published guidance in the form of an Electronic Announcement Entitled "FSA Normal Operations Resume as Federal Government Reopens" (General-25-43), stating that FSA had resumed normal operations, including customer service centers, and would begin publishing operational information. The universities remained fully informed of all Department communications throughout this period, with no material impact to either institution.

On October 1, 2025, the DOE published guidance in the form of an Electronic Announcement Entitled "Government Lapse in Appropriations – Federal Student Aid Processing and Customer Service Guidance (General-25-42)." The DOE stated that during the Government Shutdown, federal offices, including regional cities, would be closed, but the majority of the Federal Student Aid (FSA) processors, contact centers, and websites remained operational.

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.

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 FSA loan programs, as well as delays in providing administrative guidance. As of the date of this report, the universities have not experienced a delay in the timing of financial aid receipts.

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 received provisional certification. On August 12, 2025, AU received a letter from the Department regarding its renewal of its PPA. On September 25, 2025, AU selected to participate under the Zone Alternative for Title IV program eligibility. On September 26, 2025, AU received a new PPA with an effective period until June 30, 2031. AU is under HCM1 status.

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. 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 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. On September 13, 2024, the AZPPSE Finance Committee lowered AU's surety bond requirement to $0.7 million. 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, 2026, the Company's restricted cash balance related to this bond requirement was $250,000.

National Council of State Authorization Reciprocity Agreements ("NC-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 or limited approval, exemption, or confirmed that authorization is not required in 48 states. The University will not be pursuing the remaining two states.

USU received SARA approval on August 25, 2025, through the Georgia SARA State Portal Entity, which is overseen by NC-SARA.

DOE Program Review

On January 6, 2023, AU received notice from the DOE, Office of the Multi-Regional and Foreign Schools Participation Division, that an off-site Program Review would begin on February 13, 2023. The review was 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 DOE 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.

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 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

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.

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.

United States University Regulatory Matters

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 approved out-of-state MSN Family Nurse Practitioner program. The program moved to Texas, which the Texas Higher Education Coordinating Board had approved as of October 23, 2023. USU stopped enrolling in the Texas track in May 2025 due to receiving authorization for all programs from the State of Georgia.

On March 25, 2025, USU received a Certificate of Authorization issued for the Georgia location by the Georgia Non-Public Postsecondary Education Commission. The institution 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 now 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 in the State of California. The Letter of Registration from BPPE indicates that the institution has the qualifications for registration under the Act, pursuant to California Education Code (CEC) section 94801.5. (Out-of-state approval).

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 in October 2020, and received full certification on May 6, 2022. A new PPA was issued with an effective period until December 31, 2025. In September 2025, USU submitted its request to renew the PPA. 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. On September 30, 2025, USU was placed on HCM1 status due to AU's request to participate under the Zone Alternative option for Title IV program eligibility.

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 and (2) the Federal Pell Grant program, or Pell. For the fiscal years ended April 30, 2025, 18.00% of AU's and 25.22% 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.

As of the date these financial statements were issued, the Company's annual Title IV compliance audit for the fiscal year ended April 30, 2026, including the required Title IV 90% Rule revenue calculation, had not yet been completed. Management is in the process of finalizing the calculation and the related compliance audit procedures. Accordingly, the final results of the current year's Title IV 90% Rule revenue calculation have not been determined as of the issuance date of these financial statements. Based on information currently available, management does not believe the final results will have a material adverse effect on the Company's compliance with Title IV requirements; however, the audit has not yet been finalized.

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 DOE by AU and is included in "Restricted cash" in the consolidated balance sheets at both April 30, 2026 and 2025, respectively.

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.

Merger

In September 2025, AGI, the parent company of AU and 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 from the DOE, Institutional Accreditors, and home state Boards of Education. During the regulatory approval process over the following months, each university will continue to serve its students as a separate, autonomous university. Assuming regulatory approval of the Merger is obtained, AU students will automatically become USU students as of that date.

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.

In the third quarter of Fiscal 2026, the Company's Board of Directors approved an amendment to the 2018 Equity Incentive Plan increasing the number of common stock authorized for issuance by 3.5 million shares. As of April 30, 2026, there were 1.7 million shares remaining available for future issuance under the 2018 Plan.

Financial Market

Aspen Group's common stock is traded under the ticker symbol "ASPU" on the OTCQB market.

Preferred Stock

The Company is authorized to issue 1,000,000 shares of "blank check" preferred stock with designations, rights and preferences as may be determined from time to time by our Board of Directors. As of both April 30, 2026 and 2025, there were 10,000 shares of Series A preferred stock issued and outstanding.

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	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 during fiscal year 2026:			
'May 1, 2025 [2]	682,744	$	102,412
August 1, 2025	705,758	$	42,345
November 1, 2025	705,758	$	63,519
February 1, 2026	705,758	$	105,864
Total	2,800,018	$	314,140
Activity subsequent to fiscal year 2026:			
May 1, 2026 [3]	682,744	$	184,341

(1) Based on the quoted market price on the dividend settlement date.
(2) Accrued at April 30, 2025 and (3) Accrued at April 30, 2026. 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, 2026 and 2025, the Company was authorized to issue 85,000,000 shares of common stock.

Common stock issued for services

On March 25, 2026, the Company issued 500,000 shares of common stock to an investor relations firm for services provided. 250,000 shares were immediately vested with a grant date fair value of $57,500 based on a closing stock price of $0.23 per share. The remaining unvested 250,000 shares vest over a twelve-month period and have a grant date fair value of $57,500 based on a closing stock price of $0.23 per share. The amortization expense related to this grant for the year ended April 30, 2026 was $62,292, which is included in "General and administrative expense" in the accompanying consolidated statements of operations and within stock-based compensation on the accompanying consolidated statements of change in stockholders' equity.

Restricted Stock

As of both April 30, 2026 and 2025, except for the shares issued to the investor relations firm described in the above paragraph, there were no unvested shares of restricted common stock outstanding. There is no unrecognized compensation expense related to restricted stock as of April 30, 2026.

Restricted Stock Units ("RSUs")

RSUs vest annually over a period of three years from grant date and subject to continued employment as an officer and employee of the Company on each applicable vesting date, except as noted.

A summary of the Company's RSU activity granted under the 2018 Equity Incentive Plan, during the year ended April 30, 2026 is presented below:

Restricted Stock Units	Number of Shares	Weighted Average Grant Date Fair Value
Unvested balance outstanding, April 30, 2025	1,538,505	$ 0.15
Granted	1,500,000	0.17
Forfeits	—	—
Vested	(305,169)	0.09
Expired	—	—
Unvested balance outstanding, April 30, 2026	2,733,336	$ 0.16

Executive Chairman of the Board of Directors ("Executive Chairman") RSUs

Appointed the Company's Executive Chairman effective March 2026; previously served as the Company's Chief Executive Officer, Chairman and Director from March 2012 through March 2026

On September 29, 2023, the Board of Directors approved a 1.0 million RSU grant to the Company's Executive Chairman. 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, 2026 and 2025 was $37,500 and $90,000, respectively, which is included in "General and administrative expense" in the accompanying consolidated statements of operations.

On March 16, 2026, the Board of Directors approved a 0.5 million RSU grant to the Company's Executive Chairman. The grant has a grant date fair value of $85,000 based on a closing stock price of $0.17 per share. The amortization expense related to this grant for the year ended April 30, 2026 was $2,361, which is included in "General and administrative expense" in the accompanying consolidated statements of operations.

Chief Executive Officer ("CEO") RSUs

Appointed the Company's CEO and Director effective March 2026; previously served as the Company's Chief Financial Officer from August 2021 through March 2026

On August 16, 2021, the Compensation Committee approved a grant of 125,000 RSUs to the Company's CEO 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. During prior years, the vested portion of the underlying shares of common stock for 83,333 vested RSUs discussed above had not been delivered to the CEO and were instead cancelled. The amortization expense related to this vested grant for the year ended April 30, 2025 was $60,416, 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 Company's CEO. 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, 2026 and 2025 was $21,667 and $21,667, respectively, which is included in "General and administrative expense" in the accompanying consolidated statements of operations.

On March 16, 2026, the Board of Directors approved a 1.0 million RSU grant to the Company's CEO. The grant has a grant date fair value of $170,000 based on a closing stock price of $0.17 per share. The amortization expense related to this grant for the year ended April 30, 2026 was $4,722, which is included in "General and administrative expense" in the accompanying consolidated statements of operations.

Former Chief Academic Officer ("CAO") RSUs

On August 12, 2021, the Compensation Committee approved a grant of 80,000 RSUs to the Company's Former CAO. The grant had a grant date fair value of $518,400 based on a closing stock price of $6.48 per share. During prior years, the vested portion of the 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 year ended April 30, 2025 was $43,200, 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 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, 2026 and 2025 was $8,972 and $6,000, respectively, which is included in "General and administrative expense" in the accompanying consolidated statements of operations.

Other RSUs

Of the 2,733,336 unvested RSUs outstanding at April 30, 2026, 2.7 million shares are related to the Executive Chairman and CEO RSU grants. The remaining approximately 0.1 million unvested RSUs were employee grants subject to time-based vesting and continued employment, of which $10,721 was amortized during the year ended April 30, 2026.

At April 30, 2026, total unrecognized compensation expense related to unvested RSUs is $0.3 million and is expected to be recognized over a weighted-average period of approximately 3.86 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, 2026 is presented below:

Warrants	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance Outstanding, April 30, 2025	7,417,479	$ 0.09	3.57	$ 999,947
Granted	—	—	—	—
Exercised	—	—	—	—
Surrendered	—	—	—	—
Expired	—	—	—	—
Balance Outstanding, April 30, 2026	7,417,479	$ 0.09	2.57	$ 1,857,045
Exercisable, April 30, 2026	7,417,479	$ 0.09	2.57	$ 1,857,045

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	2.45	5,846,018
$0.01	$ 0.01	1,296,461	$0.01	3.51	1,296,461
$0.50	$ 0.50	200,000	$0.50	0.99	200,000
$0.50	$ 0.50	50,000	$0.50	0.34	50,000
$6.99	$ 6.99	25,000	$6.99	0.22	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. 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 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, 2026, the total number of such warrants issued under the 15% Debentures was 5,846,018, and the estimated fair value of these put warrants, which approximates the cash redemption value, was $1.8 million, which is included in "Warrant liabilities" in the accompanying consolidated balance sheets. 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.

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 expired on July 21, 2026. The fair value of the warrants is $84,000 and was amortized over the three-year vesting period. For the years ended April 30, 2026 and 2025, the Company recognized $0 and $7,000, respectively, of amortization expense in connection with the fair value of the warrants, which is included in "general and administrative" expense in the accompanying consolidated statement of operations.

Stock Options

As of both April 30, 2026 and 2025, there were no stock options granted, outstanding or exercisable. There is no unrecognized compensation expense related to stock options as of April 30, 2026.

Stock-based compensation related to RSUs

During the year ended April 30, 2026 and 2025, the Company's stock-based compensation expense was $0.1 million and $0.3 million, respectively, which is included in "General and administrative" expense in the consolidated statement of operations.

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, Arizona; San Diego, California; Austin, Texas; Tampa, Florida; Nashville, Tennessee; and Atlanta, Georgia. These leases expire at various dates through April 2032, 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.

Subleases

AU subleased a portion of its Austin, Texas campus, which commenced on February 1, 2024 and runs through the remainder of the term left on the master lease, which expires in October 2028.

On August 2, 2024, AU entered into a sublease for a portion of its Phoenix, Arizona 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 was extended through August 2026.

In December 2024, AU entered into a short-term sublease for a portion of its Tampa, Florida campus, which commenced on January 1, 2025 and expired in April 2025.

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

As of April 30, 2026, longer-term operating leases are located in Tampa, Florida; Phoenix, Arizona; Atlanta, Georgia; Nashville, Tennessee; and Austin, Texas and are set to expire in two 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, 2026 and 2025. 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, 2026 and 2025, the amortization expense for these tenant improvements was $0.6 million and $0.6 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, 2026 and 2025, was $2.0 million and $2.4 million, respectively, which is included in "General and administrative" expenses in the consolidated statements of operations.

ROU assets are summarized below:

	April 30,	
	2026	2025
ROU assets - Operating facility leases	$ 13,877,280	$ 16,143,478
Less: accumulated amortization	(10,409,639)	(8,893,071)
Total ROU assets	$ 3,467,641	$ 7,250,407

At April 30, 2026 and 2025, 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,	
	2026	2025
Lease impairments	$ 2,266,198	$ 1,266,803
Tenant improvement impairments	525,228	581,406
Impairments of right-of-use assets and tenant improvements	$ 2,791,426	$ 1,848,209

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

	April 30,	
	2026	2025
Total lease liabilities	$ 26,058,494	$ 26,058,494
Reduction of lease liabilities	(13,659,816)	(10,848,345)
Total operating lease obligations	$ 12,398,678	$ 15,210,149

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, 2026 (by fiscal year).

Maturity of Lease Obligations	Lease Payments
2027	$ 4,782,909
2028	4,809,323
2029	2,427,948
2030	2,039,501
2031	1,064,970
Thereafter	1,088,896
Total future minimum lease payments	16,213,547
Less: imputed interest	(3,814,869)
Present value of operating lease liabilities	$ 12,398,678

Balance Sheet Classification	April 30, 2026	April 30, 2025
Operating lease obligations, current portion	$ 3,308,872	$ 2,811,471
Operating lease obligations, less current portion	9,089,806	12,398,678
Total operating lease obligations	$ 12,398,678	$ 15,210,149

Other Information	April 30, 2026	April 30, 2025
Weighted average remaining lease term (in years)	3.8	4.6
Weighted average discount rate	14 %	14 %

Note 12. Revenue

Revenue consists primarily of tuition and fees derived from courses taught by the Company online. Fees for library and technology costs 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, 2026	Years Ended April 30, 2025
Tuition - recognized over period of instruction	$ 36,386,798	$ 38,390,539
Course fees - recognized over period of instruction	4,804,519	5,303,736
Exam fees - recognized at a point in time	460,627	297,101
Service fees - recognized at a point in time	1,656,578	1,310,706
Revenue	$ 43,308,522	$ 45,302,082

Contract Balances and Performance Obligations

The advances on tuition and deferred tuition balances as of April 30, 2026 and 2025, totaled $3.4 million and $4.8 million, respectively. During the year ended April 30, 2026, the Company recognized $4.6 million of revenue that was included in the balance as of April 30, 2025. The Company classifies advances on tuition and deferred tuition as current when the remaining term of the course, including effect 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. Both USU and AU are under HCM1 status due to AU's request to participate under the Zone Alternative option for Title IV program eligibility. See Note 9. Commitments and Contingencies for additional information. 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 3% of consolidated revenue for each of the years ended April 30, 2026 and 2025, respectively.

Note 13. Income Taxes

The components of income tax expense are as follows:

	Years Ended April 30,	
	2026	**2025**
Current income tax expense:		
Federal	$ —	$ —
State	44,962	56,149
Foreign	—	—
Current income tax expense	44,962	56,149
Deferred income tax expense:		
Federal	—	—
State	—	—
Foreign	—	—
Deferred income tax expense	—	—
Income tax expense	$ 44,962	$ 56,149

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

	April 30,	
	2026	2025
Deferred tax assets:		
Net operating loss carryforward	$ 19,584,177	$ 20,465,090
Allowance for credit losses	2,060,875	1,539,911
Lease obligations	3,771,050	4,592,956
Stock-based compensation	627,975	521,542
Contributions carryforward	—	3,151
Accrued compensation	33,012	144,129
Warrant liability fair value adjustments	484,640	383,563
Property and equipment	482,337	459,817
Interest expense limitation carryforward	2,721,365	2,764,175
Total deferred tax assets	29,765,431	30,874,334
Deferred tax liabilities:		
Intangibles	(1,367,583)	(1,065,658)
Right-of-use assets	(1,353,950)	(2,448,533)
Total deferred tax liabilities	(2,721,533)	(3,514,191)
Deferred tax assets, net	$ 27,043,898	$ 27,360,143
Valuation allowance:		
Beginning of year	(27,360,143)	(25,694,747)
Decrease (increase) during year	316,245	(1,665,396)
Ending balance	(27,043,898)	(27,360,143)
Net deferred tax asset	$ —	$ —

As of April 30, 2026, 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, 2026 and 2025, the valuation allowance was approximately $27.0 million and $27.4 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, 2026, the Company had approximately $72.8 million of net operating loss carryforwards, $24.4 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, 2026, tax years 2023 through 2025 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.

Upon adoption of ASU 2023-09, Improvements to Income Tax Disclosures, as discussed in Note 2. Significant Accounting Policies, the reconciliation of the Company's income tax expense at the federal statutory rate to its effective income tax expense for the year ended April 30, 2026 is as follows:

	Amount	Percent
Statutory Rate applied to net loss before income taxes	$ (323,764)	21.0 %
Change in Valuation Allowance	(316,245)	20.5 %
Nontaxable or nondeductible items:		
Other	17,997	(1.2)%
Change in Tax Rates - States	(21,751)	1.4 %
State income taxes, net of federal tax benefit	(41,259)	2.7 %
Other adjustments	729,984	(47.3)%
Effective Income Tax Rate	$ 44,962	(2.9)%

Cash paid for income taxes net of refunds during the year ended April 30, 2026 was as follows:

	Amount
Federal	$ —
State	
California	9,400
Minnesota	4,600
Mississippi	35,100
Other states	17,875
	$ 66,975

The Company determined that it had 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.

At April 30, 2026 and 2025, the accompanying consolidated balance sheets include 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. The reserve is included in "Accrued expenses" in the consolidated balance sheets. This amount has not yet been remitted to the CRA.

Note 14. Quarterly Results (Unaudited)

	Quarter Ended July 31	Quarter Ended October 31	Quarter Ended January 31	Quarter Ended April 30
Fiscal 2026	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	$ 11,440,466	$ 11,219,245	$ 10,390,097	$ 10,258,714
Cost of revenue (exclusive of depreciation and amortization)	2,685,052	2,479,617	2,088,693	2,083,406
Operating income (loss)	724,615	989,592	1,725,572	(3,726,084)
Income (loss) before income taxes	414,224	694,242	1,450,195	(4,350,397)
Net income (loss)	406,805	651,738	1,434,676	(4,329,917) (2)
Per share information available to common stockholders:				
Earnings (loss) per share - Basic	$ 0.01	$ 0.02	$ 0.04	$ (0.14)
Earnings (loss) per share - Diluted	$ 0.01	$ 0.01	$ 0.03	$ (0.14)

	Quarter Ended July 31	Quarter Ended October 31	Quarter Ended January 31	Quarter Ended April 30
Fiscal 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 (loss) income	(615,726)	(1,756,775)	312,896	1,391,554
Income (loss) before income taxes	(128,071)	(1,011,197)	(975,736)	626,261
Net income (loss)	(127,863)	(1,057,421) (1)	(976,456)	616,848
Per share information available to common stockholders:				
Earnings (loss) per share - Basic	$ (0.01)	$ (0.04)	$ (0.04)	$ 0.02
Earnings (loss) per share - Diluted	$ (0.01)	$ (0.04)	$ (0.04)	$ 0.01

(1) During the quarter ended October 31, 2024, the Company recorded a $1.8 million non-cash expense related to the impairments of right-of-use assets and tenant leasehold improvements. See Note 11. Leases for additional information.

(2) During the quarter ended April 30, 2026, the Company recorded a $2.8 million non-cash expense related to the impairments of right-of-use assets and tenant leasehold improvements. See Note 11. Leases for additional information. The Company also recorded an additional provision for credit losses. See Note 3. Accounts Receivable and Allowance for Credit Losses for additional information.

Note 15. Subsequent Events

In preparing these financial statements, the Company evaluated subsequent events through August 18, 2026, the date the consolidated financial statements were available to be issued.

On May 11, 2026, the Company entered into a Seventh Amendment with the holders of its outstanding 15% Debentures. See Note 8. Debt for additional information.

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 expenses related to finance, legal, tax, information technology, human resources, recruiting, professional services, financial aid processing, non-capitalizable courseware and software, certain taxes, and facilities.

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 2026 and Q4 Fiscal 2025, and Fiscal 2026 and Fiscal 2025.

- **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 2026 and Q4 Fiscal 2025, and Fiscal 2026 and Fiscal 2025

- **Adjusted Gross Profit** - is a non-GAPP financial measure.

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, 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. In September 2025, USU submitted its request to renew the PPA. 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. On September 26, 2025, AU received a new PPA with an effective period until June 30, 2031. Both USU and AU are under Heightened Cash Monitoring 1 ("HCM1") status due to AU's request to participate under the Zone Alternative option for Title IV program eligibility. See Note 9. Commitments and Contingencies for additional information.

Aspen Group's common stock is traded under the ticker symbol "ASPU" on the OTCQB market.

In September 2025, AGI, the parent company of AU and 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 from the DOE, Institutional Accreditors, and home state Boards of Education. During the regulatory approval process over the following months, each university will continue to serve its students as separate, autonomous universities. Assuming regulatory approval of the Merger is obtained, AU students will automatically become USU students as of that date.

Effective March 16, 2026, Matt LaVay, previously Chief Financial Officer of Aspen Group, assumed the role of Chief Executive Officer and joined the Aspen Group Board of Directors. Michael Mathews, who served as Chief Executive Officer since 2012, transitioned to Executive Chairman of the Board. The leadership transition is part of the Company's planned succession process and reflects the Board's confidence in Mr. LaVay's ability to lead Aspen through its next phase of growth and operational execution. In his new role as CEO, Mr. LaVay will oversee Aspen Group's day-to-day operations and execute the Company's strategic initiatives. As Executive Chairman, Mr. Mathews will remain fully engaged with the Company on a full-time basis, working closely with Mr. LaVay and the leadership team to support strategy, growth initiatives, and long-term value creation.

AGI Student Population Overview

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

	Q4'25	Q1'26	Q2'26	Q3'26	Q4'26
USU	2,434	2,369	2,302	2,096	2,120
Aspen University	3,375	3,140	2,771	2,386	1,956
Total	5,809	5,509	5,073	4,482	4,076

AGI Nursing Student Population

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

	Q4'25	Q1'26	Q2'26	Q3'26	Q4'26
USU	2,254	2,215	2,153	1,965	1,992
Aspen University	2,606	2,418	2,122	1,815	1,472
Total	4,860	4,633	4,275	3,780	3,464

AGI New Student Enrollments

New student enrollments at both USU and AU were negatively impacted by the on-going maintenance level of marketing spend. Additionally, AU enrollments were impacted by the discontinuation of new student enrollments associated with the pending merger with USU. Despite maintenance level marketing spend, USU enrollments remained flat year-over-year and increased sequentially due to strong organic lead flow. Beginning in the first quarter of Fiscal 2027, we resumed direct marketing spend funded by cash flow generated as a result of our restructuring initiatives. We are seeking to refinance our Debentures. If we are successful, we expect to further increase our marketing spend to support enrollment growth and strengthen our long-term growth prospects. Throughout this Report we refer to increasing marketing spend. In all instances, our ability to do so is subject to refinancing the 15% Debentures.

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

	Q4'25	Q1'26	Q2'26	Q3'26	Q4'26
USU	258	280	310	228	258
Aspen University	350	338	297	213	49
Total	608	618	607	441	307

Bookings Analysis and ARPU

On a year-over-year basis, Fiscal 2026 Bookings decreased 15%, to $30.4 million from $35.5 million in the prior year. The Bookings decrease was the result of lower enrollments from the maintenance level of marketing spend and the discontinuation of AU new student enrollments associated with the pending merger with USU. ARPU increased year-over-year due to a higher proportion of our students enrolled in the high value USU MSN-FNP program, which includes clinical rotations, and annual tuition increases, the most recent of which was effective in Q2 Fiscal 2026.

	Bookings and ARPU				
	FY'25 Enrollments	FY'25 Bookings	FY'26 Enrollments	FY'26 Bookings	Percent Change Total Bookings & ARPU
USU	1,244	$ 22,168,080	1,076	$ 21,553,712	(3)%
Aspen University	1,630	$ 13,371,750	897	$ 8,802,697	(34)%
Total	2,874	$ 35,539,830	1,973	$ 30,356,409	(15)%
ARPU		$ 12,366		$ 15,386	24 %

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, 2026, gross MPP accounts receivable was 96% of total gross accounts receivable. Of gross AU and USU accounts receivable, approximately 88% and 99%, 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 $19.8 million at April 30, 2025 to $23.8 million at April 30, 2026. Generally, students in the USU MSN-FNP program make payments over a 76-month period, and as a result, a portion of USU's monthly 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 after 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, 2026 ("Q4 Fiscal 2026") compared to the three months ended April 30, 2025 ("Q4 Fiscal 2025"), and for the year ended April 30, 2026 ("Fiscal 2026") compared to the year ended April 30, 2025 ("Fiscal 2025").

The Fiscal Q4 2026 net loss includes non-recurring non-cash charges related to right-of-use asset and tenant improvement impairments of $2.8 million and the fair value adjustment of the put warrant liability of $0.4 million. The impairments are the result of the fact that AU is no longer able to utilize space for BSN Pre-licensure operations due to the discontinuation of this program. The increase in the fair value of the put warrant liability is primarily due to the increase in the AGI common stock price from April 30, 2025 to April 30, 2026.

Restructuring Plan

Prior to Fiscal 2025, we implemented two restructuring plans.

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 resulted in additional cash benefits for the Company starting in Q3 Fiscal 2025, which reduced on-going quarterly operating expenses by approximately $0.3 million starting 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 resulted in additional cash benefits for the Company starting in late Q2 Fiscal 2026. The restructuring resulted in the elimination of approximately 75 positions within AU and AGI. The resulting additional on-going quarterly compensation-related savings are approximately $1.5 million beginning in late Q2 Fiscal 2026.

Our restructuring efforts were designed to achieve break-even to positive annual operating cash flows. Beginning in the first quarter of Fiscal 2027, we resumed direct marketing spend funded by cash flow generated as a result of our restructuring initiatives.

Further details are included in the following discussion of operating results.

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

In Q4 Fiscal 2026, the Company assessed whether an alternate future use exists for its remaining right-of-use assets relating to the pre-licensure campus leases in Tampa, Florida and Nashville, Tennessee. As a result, the Company recorded impairments of right-of-use assets and tenant leasehold improvements of $2.8 million in Q4 Fiscal 2026. Following the impairments, the campus right-of-use assets are now fully impaired.

AU owes approximately $14 million in lease liabilities, net of sublease income, primarily from its former campus locations. We are seeking to refinance our debt, which will permit us to manage the lease liabilities and provide working capital for growth.

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,	
	2026	2025	2026	2025
Revenue	100 %	100 %	100 %	100 %
Operating expenses:				
Cost of revenue (exclusive of depreciation and amortization shown separately below)				
Instructional costs and services	20 %	24 %	21 %	26 %
Marketing and promotional costs	— %	1 %	— %	1 %
Total cost of revenue (exclusive of depreciation and amortization shown separately below)	20 %	25 %	22 %	27 %
General and administrative	50 %	51 %	56 %	59 %
Impairments of right-of-use assets and tenant leasehold improvements	27 %	— %	6 %	4 %
Loss on asset dispositions	— %	— %	— %	— %
Provision for credit losses	33 %	5 %	11 %	4 %
Depreciation and amortization	6 %	6 %	6 %	7 %
Total operating expenses	136 %	88 %	101 %	101 %
Operating income (loss)	(36)%	12 %	(1)%	(1)%
Other income (expense):				
Interest expense	(2)%	(3)%	(3)%	(3)%
Change in fair value of put warrant liability	(4)%	(4)%	(1)%	1 %
Other (expense) income, net	— %	— %	— %	— %
Total other expense, net	(6)%	(7)%	(3)%	(2)%
Income (loss) before income taxes	(42)%	5 %	(4)%	(3)%
Income tax expense (benefit)	— %	— %	— %	— %
Net income (loss)	(42)%	5 %	(4)%	(3)%

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

	Three Months Ended April 30,				Years Ended April 30,			
	2026	$ Change	% Change	2025	2026	$ Change	% Change	2025
USU	$ 6,930,929	$ (241,070)	(3)%	$ 7,171,999	$28,146,269	$ 1,237,772	5%	$26,908,497
AU	3,327,785	(1,069,714)	(24)%	4,397,499	15,162,253	(3,231,332)	(18)%	18,393,585
Revenue	$ 10,258,714	$ (1,310,784)	(11)%	$ 11,569,498	$43,308,522	$ (1,993,560)	(4)%	$45,302,082

Q4 Fiscal 2026 compared to Q4 Fiscal 2025

USU and AU combined revenue decreased $1.3 million or 11% in Q4 Fiscal 2026 compared to Q4 Fiscal 2025.

USU revenue declined modestly by 3% year-over-year. Although overall enrollments reflect the impact of the ongoing maintenance level of marketing spend, enrollments increased sequentially from Q3 Fiscal 2026 due to strong continued organic lead flow, 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 annual tuition increases, the most recent of which was effective in Q2 Fiscal 2026.

The AU revenue decline year-over-year reflects lower post-licensure enrollments from the effect of decreased marketing spend initiated in the second half of Fiscal 2023 associated with the teach out of the pre-licensure program and the discontinuation of new student enrollments associated with the pending merger with USU. As a result of the decreased enrollments, the student body decreased from 3,375 at the end of Q4 Fiscal 2025 to 1,956 at the end of Q4 Fiscal 2026.

We believe the resumption of additional marketing spend from cash flow in Q1 Fiscal 2027, which if we can refinance our Debentures will be increased to $0.5 million per quarter, and the continued effect of annual pricing increases from Fiscal 2024 through Fiscal 2026, will result in sustained revenue growth by the second half of Fiscal 2027.

During Q4 Fiscal 2026 and Q4 Fiscal 2025, USU and AU offered opportunities for graduates/alumni still making payments under the MPP, and all other payment types including financial aid, to make a one-time payment of between 25% and 100% of their outstanding accounts receivable balance. The graduates/alumni would then receive a 25% reduction of the amount paid. Approximately $1.1 million and $1.0 million was collected under the program in each of Q4 Fiscal 2026 and Q4 Fiscal 2025, respectively. $0.5 million of accounts receivable was written off under the program and recorded as a reduction of revenue in each of the Q4 Fiscal 2026 and Q4 Fiscal 2025 Consolidated Statements of Operations.

During Q4 Fiscal 2026 and Q4 Fiscal 2025, excluding the impact of the 25% discount program opportunity, consolidated revenue would have been $10.7 million and $12.0 million, respectively.

Fiscal 2026 compared to Fiscal 2025

USU and AU combined revenue decreased $2.0 million or 4% in Fiscal 2026 compared to Fiscal 2025.

USU revenue increased 5% year-over-year due to a minimal decline in the student body year-over-year due to continued organic lead flow, increased 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 tuition increases.

The AU revenue decline year-over-year reflects lower post-licensure enrollments from the effect of decreased marketing spend initiated in the second half of Fiscal 2023 associated with the teach out of the pre-licensure program and the discontinuation of new student enrollments associated with the pending merger with USU. As a result of the decreased enrollments, the student body decreased from 3,375 at the end of Q4 Fiscal 2025 to 1,956 at the end of Q4 Fiscal 2026.

Subject to the successful refinancing of the Debentures, we believe the resumption of additional marketing spend from cash flow in Q1 Fiscal 2027, together with a further increase to $0.5 million per quarter and the continued effect of annual pricing increases, which started in Fiscal 2024, will result in sustained revenue growth by the second half of Fiscal 2027.

During Fiscal 2026 and Fiscal 2025, AU and USU offered opportunities for graduates/alumni still making payments under the MPP, and all other payment types including financial aid, to make a one-time payment of between 25% and 100% of their outstanding accounts receivable balance. The graduates/alumni would then receive a 25% reduction of the amount paid. Approximately $3.9 million and $4.2 million was collected under the program in each of Fiscal 2026 and Fiscal 2025, respectively. $1.3 million of accounts receivable was written off under the program and recorded as a reduction of revenue in each of the Fiscal 2026 and Fiscal 2025 Consolidated Statement of Operations.

During Fiscal 2026 and Fiscal 2025, excluding the impact of the 25% discount program opportunity, consolidated revenue would have been $44.6 million and $46.7 million, respectively.

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

	Three Months Ended April 30,				Years Ended April 30,			
	2026	$ Change	% Change	2025	2026	$ Change	% Change	2025
Instructional costs and services	$ 2,034,662	$ (793,994)	(28)%	$ 2,828,656	$ 9,144,331	$ (2,535,913)	(22)%	$ 11,680,244
Marketing and promotional	48,744	(48,291)	(50)%	97,035	192,437	(318,268)	(62)%	510,705
Cost of Revenue (exclusive of depreciation and amortization shown separately below)	$ 2,083,406	$ (842,285)	(29)%	$ 2,925,691	$ 9,336,768	$ (2,854,181)	(23)%	$ 12,190,949

Instructional Costs and Services

Q4 Fiscal 2026 compared to Q4 Fiscal 2025

Consolidated instructional costs and services for Q4 Fiscal 2026 were 20% of revenue, which decreased from 24% of revenue for Q4 Fiscal 2025, as described below.

USU instructional costs and services were 20% and 23% of USU revenue for Q4 Fiscal 2026 and Q4 Fiscal 2025, respectively. As a percentage of revenue, instructional costs and services decreased due to a focus on maintaining efficient use of faculty.

AU instructional costs and services were 19% and 26% of AU revenue for Q4 Fiscal 2026 and Q4 Fiscal 2025, respectively. As a percentage of revenue, instructional costs and services decreased due to increased efficiencies in the usage of faculty.

Fiscal 2026 compared to Fiscal 2025

Consolidated instructional costs and services for Fiscal 2026 were 21% of revenue, which decreased from 26% of revenue for Fiscal 2025, as described below.

USU instructional costs and services were 21% and 25% of USU revenue for Fiscal 2026 and Fiscal 2025, respectively. As a percentage of revenue, instructional costs and services decreased due to a focus on maintaining efficient use of faculty and other instructional costs during a period of increasing revenue.

AU instructional costs and services were 21% and 27% of AU revenue for Fiscal 2026 and Fiscal 2025, respectively. As a percentage of revenue, instructional costs and services decreased due primarily to increased efficiencies in the usage of faculty.

Marketing and Promotional

Q4 Fiscal 2026 compared to Q4 Fiscal 2025

Consolidated marketing and promotional costs in Q4 Fiscal 2026 were less than $0.1 million or less than 1% of revenue compared to $0.1 million or 1% of revenue in Q4 Fiscal 2025. In Q1 Fiscal 2023, the Company decreased advertising spend across all programs to maintenance levels. As a result of sustained operating cash flows generated from our restructuring initiatives, we resumed marketing spend in Q1 Fiscal 2027 at a quarterly level of approximately $0.2 million. During Fiscal 2027, after the repayment of the 15% Debentures, we anticipate marketing spend to increase to a quarterly target of $0.5 million. A break-down of marketing expense by unit is as follows:

USU marketing and promotional costs represented less than 1% and 1% of USU revenue for Q4 Fiscal 2026 and Q4 Fiscal 2025, respectively.

AU marketing and promotional costs represented 1% and 1% of AU revenue for Q4 Fiscal 2026 and Q4 Fiscal 2025, respectively.

There are no marketing and promotional costs at AGI.

Fiscal 2026 compared to Fiscal 2025

Consolidated marketing and promotional costs in Fiscal 2026 were $0.2 million or less than 1% of revenue compared to $0.5 million or 1% of revenue in Fiscal 2025. In Q1 Fiscal 2023, the Company decreased advertising spend across all programs to maintenance levels. As a result of sustained operating cash flows, generated from our restructuring initiatives, we resumed marketing spend in Q1 Fiscal 2027 at a quarterly level of approximately $0.2 million. During Fiscal 2027, after the repayment of the 15% Debentures, we anticipate marketing spend to increase to a quarterly target of $0.5 million. A break-down of marketing expense by unit is as follows:

USU marketing and promotional costs represented less than 1% and 1% of USU revenue for Fiscal 2026 and Fiscal 2025, respectively.

AU marketing and promotional costs represented 1% and 2% of AU revenue for Fiscal 2026 and Fiscal 2025, 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,			
	2026	$ Change	% Change	2025	2026	$ Change	% Change	2025
General and administrative	$ 5,106,612	$(807,931)	(14)%	$ 5,914,543	$24,179,297	$(2,710,126)	(10)%	$26,889,423

Q4 Fiscal 2026 compared to Q4 Fiscal 2025

Consolidated general and administrative expense for Q4 Fiscal 2026 was $5.1 million or 50% of revenue compared to $5.9 million or 51% of revenue for Q4 Fiscal 2025, a decrease of $0.8 million or 14%. The decrease in general and administrative expense is primarily due to the impact of the fifth restructuring plan effective in Q2 Fiscal 2026, partially offset by one-time reversal of compensation accruals of approximately $0.7 million. See Restructuring discussion above. A break-down of general and administrative expense by unit is as follows:

USU general and administrative expense decreased by $0.3 million year-over-year and was 37% and 40% of USU revenue for Q4 Fiscal 2026 and Q4 Fiscal 2025, respectively. The decrease was primarily due to restructurings and other cost controls implemented by management.

AU general and administrative expense decreased $0.7 million year-over-year and was 40% and 46% of AU revenue for Q4 Fiscal 2026 and Q4 Fiscal 2025, respectively. The decrease was primarily due to restructurings and other cost controls implemented by management.

AGI general and administrative expense was $1.2 million and $1.0 million in Q4 Fiscal 2026 and Q4 Fiscal 2025, respectively. The increase was due to a prior period one-time reversal of compensation accruals of approximately $0.7 million, partially offset by a current year reversal of $0.4 million, restructurings and other cost controls implemented by management.

Fiscal 2026 compared to Fiscal 2025

Consolidated general and administrative expense for Fiscal 2026 was $24.2 million or 56% of revenue compared to $26.9 million or 59% of revenue for Fiscal 2025, a decrease of $2.7 million or 10%. The decrease in general and administrative expense is primarily due to the impact of the third, fourth and fifth restructuring plans effective during Fiscal 2025 and Fiscal 2026. See Restructuring discussion above. A break-down of general and administrative expense by unit is as follows:

USU general and administrative expense increased $0.4 million year-over-year and was 36% and 36% of USU revenue for Fiscal 2026 and Fiscal 2025, respectively. The increase is due primarily to accounts receivable collection fees from a new outsourced service provider, which began in Q3 Fiscal 2025, which offset lower merchant fees, an increase in legal and regulatory costs related to the merger, and higher rent expense due to the sublease of campus space from AU in Austin, Texas and Atlanta, Georgia. The general and administrative expense increase was partially offset by the restructurings and other cost controls implemented by management.

AU general and administrative expense decreased $2.1 million year-over-year and was 47% and 51% of AU revenue for Fiscal 2026 and Fiscal 2025, respectively. The decrease was primarily due to restructurings and other cost controls implemented by management and lower facilities cots, partially offset by higher professional fees. Professional fees increased due to accounts receivable collection fees from a new outsourced service provider, which began in Q3 Fiscal 2025, which offset lower merchant fees, and an increase in legal and regulatory costs related to the merger.

AGI general and administrative expense was $6.7 million and $7.7 million in Fiscal 2026 and Fiscal 2025, respectively. The decrease was primarily due to lower employee-related compensation due to restructurings and other cost controls implemented by management, partially offset by higher professional fees.

Impairments of right-of-use assets and tenant improvements

	Three Months Ended April 30,				Years Ended April 30,			
	2026	$ Change	% Change	2025	2026	$ Change	% Change	2025
Impairments of right-of-use assets and tenant improvements	$ 2,791,426	$2,791,426	NM	$ —	$ 2,791,426	$943,217	51%	$1,848,209

NM – Not meaningful

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 Q4 Fiscal 2026, the Company recorded:

- right-of-use asset impairments of $2.3 million, which includes the remainder of the impairment of right-of-use assets associated with the pre-licensure campus lease in Florida and the impairment of right-of-use assets associated with the pre-licensure campus lease in Tennessee. The impairments are the result of the fact that AU is no longer able to utilize these facilities for BSN Pre-licensure operations due to the completion of the teach-out, discussed above; and
- tenant leasehold improvement impairments of $0.5 million, which are also, associated with the Florida and Tennessee leased properties no longer able to be utilized for the BSN Pre-licensure operations.

During 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 for the BSN Pre-licensure operations.

Loss on asset dispositions

	Three Months Ended April 30,				Years Ended April 30,			
	2026	$ Change	% Change	2025	2026	$ Change	% Change	2025
Loss on asset dispositions	$ 7,147	$(28,837)	(80)%	$ 35,984	$ 12,101	$(23,883)	(66)%	$ 35,984

Provision for credit losses

	Three Months Ended April 30,				Years Ended April 30,			
	2026	$ Change	% Change	2025	2026	$ Change	% Change	2025
Provision for credit losses	$ 3,408,643	$2,808,643	468%	$ 600,000	$ 4,758,643	$2,808,643	144%	$ 1,950,000

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.

In Fiscal 2026, the provision for credit losses increased $2.8 million compared to the prior year. The increase was primarily due to higher provisions associated with inactive students with delinquent outstanding balances. During Fiscal 2026, we received improved collection data from our new outsourced student account service provider, and as a result, we were able to implement a refined credit loss methodology that incorporates observed student payment behavior and enhanced historical collection experience.

Depreciation and Amortization

	Three Months Ended April 30,				Years Ended April 30,			
	2026	$ Change	% Change	2025	2026	$ Change	% Change	2025
Depreciation and amortization	$ 587,564	$(117,195)	(17)%	$ 704,759	$ 2,516,592	$(538,976)	(18)%	$ 3,055,568

The decrease in depreciation and amortization is primarily due to the impairment of tenant leasehold improvements at AU, which were impaired during Q4 Fiscal 2026 since AU is no longer able to utilize space for BSN Pre-licensure operations due to the completion of the teach-out, fully depreciated assets, and lower capitalized software expenditures.

Interest expense

	Three Months Ended April 30,				Years Ended April 30,			
	2026	$ Change	% Change	2025	2026	$ Change	% Change	2025
Interest expense	$ 249,897	$(75,706)	(23)%	$ 325,603	$ 1,132,182	$(236,710)	(17)%	$ 1,368,892

Interest expense relates to the 15% Debentures. The decrease in interest expense for the periods presented is due to the quarterly principal payments of $0.5 million. Per the Seventh Amendment to the 15% Debentures, the fiscal quarterly principal payments were reduced from $0.5 million to $0.35 million, beginning on July 31, 2026.

Change in fair value of put warrant liability

	Three Months Ended April 30,				Years Ended April 30,			
	2026	$ Change	% Change	2025	2026	$ Change	% Change	2025
Change in put warrant liability	$ (374,748)	$58,949	(14)%	$ (433,697)	$ (374,748)	$(911,820)	NM	$ 537,072

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

At April 30, 2026, the total number of such warrants issued under the 15% Debentures was 5,846,018, and the estimated fair value of these put warrants, which is primarily derived from the AGI share price, was $1.8 million.

Other income (expense), net

	Three Months Ended April 30,				Years Ended April 30,			
	2026	$ Change	% Change	2025	2026	$ Change	% Change	2025
Other income (expense), net	$ 332	$6,324	NM	$ (5,992)	$ 1,499	$(9,629)	(87)%	$ 11,128

Income tax (benefit) expense

	Three Months Ended April 30,				Years Ended April 30,			
	2026	$ Change	% Change	2025	2026	$ Change	% Change	2025
Income tax (benefit) expense	$ (20,480)	NM	NM	$ 6,381	$ 44,962	$(11,187)	(20)%	$ 56,149

Income tax expense in the periods presented primarily relates to the net 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, EBITDA Margin and Adjusted EBITDA Margin, 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; (5) change in fair value of put warrant liability and (6) non-recurring charges (income) - other. The following table presents a reconciliation of net income (loss) to EBITDA (loss) and Adjusted EBITDA and of net income (loss) margin to EBITDA Margin and Adjusted EBITDA Margin.

	Three Months Ended April 30,		For the Years Ended April 30,	
	2026	2025	2026	2025
Net income (loss)	$ (4,329,917)	$ 616,848	$ (1,836,698)	$ (1,544,892)
Interest expense, net	249,007	325,603	1,131,292	1,368,892
Income tax expense (benefit)	(20,480)	6,381	44,962	56,149
Depreciation and amortization	587,564	704,759	2,516,592	3,055,568
EBITDA	(3,513,826)	1,653,591	1,856,148	2,935,717
Provision for credit losses	3,408,643	600,000	4,758,643	1,950,000
Stock-based compensation	77,472	(706,895)	148,235	(291,548)
Severance	81,692	13,876	404,980	135,526
Impairments of right-of-use assets and tenant leasehold improvements	2,791,426	—	2,791,426	1,848,209
Change in fair value of put warrant liability	374,748	433,697	374,748	(537,072)
Non-recurring charges (income) - Other	45,193	—	242,050	(387,298)
Adjusted EBITDA	$ 3,265,348	$ 1,994,269	$ 10,576,230	$ 5,653,534

Net income (loss) Margin	(42)%	5 %	(4)%	(3)%
EBITDA Margin	(34)%	14 %	4 %	6 %
Adjusted EBITDA Margin	32 %	17 %	24 %	12 %

The increase in Adjusted EBITDA was due to increased revenue at USU driven by higher revenue per student, the reduction in instructional costs and services related to the increased efficiencies in the usage of faculty at AU and USU and a decrease in general and administrative costs attributed to the Fiscal 2025 and Fiscal 2026 restructurings and planned cost control, partially offset by lower revenue at AU due to decreased AU online enrollments related to a maintenance marketing spend level and the discontinuation of new student enrollments associated with the pending merger with USU. Non-recurring charges - Other relates to professional fees.

The Q4 Fiscal 2026 net loss includes non-recurring non-cash charges related to right-of-use asset and tenant improvement impairments of $2.8 million and the fair value adjustment of the put warrant liability of $0.4 million. The impairments are the result of the fact that AU is no longer able to utilize space for BSN Pre-licensure campuses due to the discontinuation of this program. The increase in the fair value of the put warrant liability is primarily due to the increase in the AGI common stock price from April 30, 2025 to April 30, 2026.

The following tables present a reconciliation of Net income (loss) to EBITDA (loss) and Adjusted EBITDA and of Net income (loss) margin to Adjusted EBITDA margin by subsidiary:

	Three Months Ended April 30, 2026			
	Consolidated	**AGI Corporate**	**USU**	**AU**
Net income (loss)	$ (4,329,917)	$ (2,052,024)	$ 1,381,652	$ (3,659,545)
Interest expense (income), net	249,007	249,897	—	(890)
Income tax expense (benefit)	(20,480)	(10,379)	17,356	(27,457)
Depreciation and amortization	587,564	69,387	161,015	357,162
EBITDA	(3,513,826)	(1,743,119)	1,560,023	(3,330,730)
Provision for credit losses	3,408,643	—	1,354,965	2,053,678
Stock-based compensation	77,472	77,472	—	—
Severance	81,692	79,567	2,125	—
Impairments of right-of-use assets and tenant leasehold improvements	2,791,426	164,286	—	2,627,140
Change in fair value of put warrant liability	374,748	374,748	—	—
Non-recurring charges - Other	45,193	—	7,947	37,246
Adjusted EBITDA	$ 3,265,348	$ (1,047,046)	$ 2,925,060	$ 1,387,334
Net income (loss) margin	(42)%	NM	20 %	(110)%
EBITDA margin	(34)%	NM	23 %	(100)%
Adjusted EBITDA margin	32 %	NM	42 %	42 %

NM – Not meaningful

	Three Months Ended April 30, 2025			
	Consolidated	AGI Corporate	USU	AU
Net income (loss)	$ 616,848	$ (1,870,177)	$ 2,181,812	$ 305,213
Interest expense, net	325,603	325,603	—	—
Income tax expense	6,381	2,369	50	3,962
Depreciation and amortization	704,759	68,755	150,617	485,387
EBITDA	1,653,591	(1,473,450)	2,332,479	794,562
Provision for credit losses	600,000	—	225,000	375,000
Stock-based compensation	(706,895)	(705,230)	947	(2,612)
Severance	13,876	4,900	5,419	3,557
Change in fair value of put warrant liability	433,697	433,697	—	—
Adjusted EBITDA	$ 1,994,269	$ (1,740,083)	$ 2,563,845	$ 1,170,507
Net income (loss) margin	5 %	NM	30 %	7 %
EBITDA margin	14 %	NM	33 %	18 %
Adjusted EBITDA margin	17 %	NM	36 %	27 %

	Year Ended April 30, 2026			
	Consolidated	AGI Corporate	USU	AU
Net income (loss)	$ (1,836,698)	$ (8,684,831)	$ 9,193,233	$ (2,345,100)
Interest expense (income), net	1,131,292	1,132,182	—	(890)
Income tax expense	44,962	3,993	22,218	18,751
Depreciation and amortization	2,516,592	274,265	633,093	1,609,234
EBITDA	1,856,148	(7,274,391)	9,848,544	(718,005)
Provision for credit losses	4,758,643	—	2,029,965	2,728,678
Stock-based compensation	148,235	146,972	1,263	—
Severance	404,980	216,041	8,775	180,164
Impairments of right-of-use assets and tenant leasehold improvements	2,791,426	164,286	—	2,627,140
Change in fair value of put warrant liability	374,748	374,748	—	—
Non-recurring charges - Other	242,050	26,325	84,213	131,512
Adjusted EBITDA	$ 10,576,230	$ (6,346,019)	$ 11,972,760	$ 4,949,489
Net income (loss) margin	(4)%	NM	33 %	(15)%
EBITDA margin	4 %	NM	35 %	(5)%
Adjusted EBITDA margin	24 %	NM	43 %	33 %

	Year Ended April 30, 2025			
	Consolidated	AGI Corporate	USU	AU
Net income (loss)	$ (1,544,892)	$ (8,896,051)	$ 8,672,299	$ (1,321,140)
Interest expense, net	1,368,892	1,368,892	—	—
Income tax expense	56,149	7,690	5,296	43,163
Depreciation and amortization	3,055,568	292,018	584,219	2,179,331
EBITDA	2,935,717	(7,227,451)	9,261,814	901,354
Provision for credit losses	1,950,000	—	900,000	1,050,000
Stock-based compensation	(291,548)	(304,375)	5,013	7,814
Severance	135,526	18,472	34,895	82,159
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)	$ 10,201,722	$ 3,502,238
Net income (loss) margin	(3)%	NM	32 %	(7)%
EBITDA margin	6 %	NM	34 %	5 %
Adjusted EBITDA margin	12 %	NM	38 %	19 %

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,	
	2026	2025	2026	2025
Revenue	$ 10,258,714	$ 11,569,498	$ 43,308,522	$ 45,302,082
Cost of Revenue	2,083,406	2,925,691	9,336,768	12,190,949
Adjusted Gross Profit	8,175,308	8,643,807	33,971,754	33,111,133
Less amortization expense included in cost of revenue:				
Intangible asset amortization	28,481	32,318	119,769	129,157
Call center software/website amortization	306,086	386,127	1,354,276	1,649,408
Total amortization expense included in cost of revenue	334,567	418,445	1,474,045	1,778,565
GAAP Gross Profit	$ 7,840,741	$ 8,225,362	$ 32,497,709	$ 31,332,568
GAAP Gross Profit as a percentage of revenue	76 %	71 %	75 %	69 %
Adjusted Gross Profit as a percentage of revenue	80 %	75 %	78 %	73 %

In Q4 Fiscal 2026, GAAP gross profit declined primarily due to lower consolidated revenue while gross margin improved on increased revenue per student related to tuition increases and more students entering their second year of the MSN-FNP program combined with lower cost of revenue associated with the year-over-year decrease of instructional costs from increased efficiencies in the usage of faculty at both AU and USU.

In Fiscal 2026, GAAP gross profit improved primarily due to higher revenue at USU due to increased revenue per student related to tuition increases and more students entering their second year of the MSN-FNP program combined with lower cost of revenue associated with the year-over-year decrease of instructional costs from 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,	
	2026	2025
Net cash provided by (used in)		
Operating activities	$ 2,895,238	$ 1,350,068
Investing activities	(646,829)	(1,018,179)
Financing activities	(2,000,000)	(1,876,443)
Net increase (decrease) in cash	$ 248,409	$ (1,544,554)

Net Cash Provided by Operating Activities

Net cash provided by operating activities consists of net loss adjusted for non-cash items and the effect of changes in working capital. Non-cash adjustments include provision for credit losses, depreciation and amortization, stock-based compensation, change in fair value of put warrant liability, amortization of warrant-based cost, amortization of debt issuance costs, loss on asset dispositions, non-cash lease benefit, and impairments of right-of-use assets and tenant leasehold improvements.

Net cash provided by operating activities was $2.9 million in Fiscal 2026 compared to $1.4 million in Fiscal 2025. Non-cash adjustments to net loss for Fiscal 2026 was $9.4 million. This was offset by approximately $4.7 million of cash used in operations relating to decreased working capital, which is attributed to increases in short-term and long-term monthly payment plan accounts receivable and a decrease in advances on tuition and deferred tuition, partially offset by the increase in accounts payable and accrued expenses. Further discussion follows.

The decrease in cash from changes in working capital primarily consists of the following: 1) the increase in accounts receivable due to strong enrollments and revenue per student in USU's MSN-FNP program, and 2) the decrease in advances on tuition and deferred tuition associated with the timing of student class starts, offset by 3) the net increase in accounts payable and accrued expenses due to cash management.

The increase in non-cash adjustments from $6.4 million in Fiscal 2025 to $9.4 million Fiscal 2026 was due to higher provision for credit losses, additional current period impairments of right-of-use assets and tenant leasehold improvements and change in fair value of put warrants issued in connection with the second amendment of the 15% Senior Debentures, offset by higher non-cash lease benefit in the current period, lower depreciation and amortization associated with the impairment of tenant leasehold improvements in Fiscal 2026 and fully depreciated assets, and a decrease in stock-based compensation expense.

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 2026 decreased from Fiscal 2025 by 36% which was primarily related to lower capitalized software expenditures.

Net Cash Used in Financing Activities

Net cash used in financing activities increased from Fiscal 2025 to Fiscal 2026 due to the start of required quarterly 15% Debenture principal payments of $0.5 million in connection with the Sixth Amendment, which was effective Q3 Fiscal 2025.

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% Senior Secured Debentures (the "15% Debentures"). The Debentures mature on May 13, 2027 unless earlier redeemed.

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 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 a restricted cash covenant (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).

We entered into a series of Amendments to the 15% Debentures.

On August 1, 2023, the Company entered into an amendment with the purchasers pursuant to the 15% Debentures to unrestrict a portion of the restricted cash balance, which was subsequently repaid.

As part of an October 31, 2023 Amendment (the "Second Amendment") to the 15% Debentures, which is discussed in Item 3. Interim financial statements. - Note 7. 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”).

This 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 January 31, 2026, the fair value of these put warrants was $1.4 million, which is included in "Put Warrants liability" in the accompanying consolidated balance sheet.

On April 16, 2024, the Company entered into the Third Amendment with the holders of its outstanding 15% Debentures to among other things include a voluntary $0.50 conversion feature to common stock of AGI.

On April 29, 2024, the Company entered into a Fourth Amendment with the holders of its outstanding 15% Debentures to approve the exchange of the 2022 Convertible Notes held by the holders in exchange for the Series A Convertible Preferred Stock.

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

On October 31, 2024, the Company entered into the 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 was made on January 31, 2025, with subsequent payments due each 90 days thereafter. As part of this amendment, the Company issued additional warrants to purchase common stock equal to 5% of outstanding shares of common stock as of October 31, 2024. These warrants have no cash repayment put option in accordance with ASC 480.

On May 11, 2026, the Company entered into the Seventh Amendment with the holders of the outstanding 15% Debentures. The Amendment extends the maturity date of the 15% Debentures by one year from May 13, 2026 to May 13, 2027; reduces the fiscal quarterly principal payments from $500,000 to $350,000, beginning on July 31, 2026; and extends the required minimum Revenue and Adjusted EBITDA covenants.

Common stock issued for services

On March 25, 2026, the Company issued 500,000 shares of common stock to an investor relations firm for services provided. 250,000 shares were immediately vested with a grant date fair value of $57,500 based on a closing stock price of $0.23 per share. The remaining unvested 250,000 shares vest over a twelve-month period and have a grant date fair value of $57,500 based on a closing stock price of $0.23 per share. The amortization expense related to this grant for the year ended April 30, 2026 was $62,292, which is included in "General and administrative expense" in the accompanying consolidated statements of operations.

Preferred Stock

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	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 during fiscal year 2026:			
May 1, 2025 (2)	682,744	$	102,412
August 1, 2025	705,758	$	42,345
November 1, 2025	705,758	$	63,519
February 1, 2026	705,758	$	105,864
Total	2,800,018	$	314,140
Activity subsequent to fiscal year 2026:			
May 1, 2026 [3]	682,744	$	184,341

[1] Based on the quoted market price on the dividend settlement date.
[2] Accrued at April 30, 2025 and [3] Accrued at April 30, 2026 . 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

AU and USU are certified to participate under the Title IV and HEA Programs. USU received a Program Participation Agreement ("PPA") with an effective period until December 31, 2025. In September 2025, USU submitted its request to renew the PPA. 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. On September 26, 2025, AU received a new PPA with an effective period until June 30, 2031.

Both USU and AU are under Heightened Cash Monitoring 1 status due to AU’s request to participate under the Zone Alternative option for Title IV program eligibility. 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. On April 30, 2026, $0.2 million of HCM1 payments were due from the DOE. See Items 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. - Note 9. Commitments and Contingencies for additional information.

As of August 14, 2026, the Company had $0.6 million of unrestricted cash on hand. Based on management's current operating forecast, including expected cash flows from operations, the impact of restructuring initiatives and other corporate cost reductions implemented to date, and scheduled debt obligations requirements, management believes the Company will have sufficient liquidity to meet its working capital requirements and other obligations as they become due for at least 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 our expectation that increased marketing spend will lead to enrollment growth, revenue growth in the second half of fiscal 2027 and refinancing of our Debentures, 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 that could cause actual results to differ from those in the forward-looking statements include the continued demand of nursing students for the new programs, student attrition, national and local economic factors including the impact of international conflicts including the war in Iran and tariffs on the economy and affordability in general, competition from nursing schools in local markets, the competitive impact from the trend of major non-profit universities using online education and consolidation among our competitors, the impact, if any from any future U.S. government shutdowns, and our ability to reach an agreement with another lender which will permit us to refinance our outstanding Convertible Debentures. Any forward-looking statement made by us herein speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.