Table of Contents

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

FORM 10-Q

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

For the quarterly period ended **October 31, 2020**
or

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

For the transition period from ___________ to ___________

Commission file number **001-38175**

ASPEN GROUP, INC.

(Exact Name of Registrant as Specified in Its Charter)

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

(480) 407-7365
(Registrant's telephone number, including area code)

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

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

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

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

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

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer	Smaller reporting company
Emerging growth company	

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

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

Class	Outstanding as of December 10, 2020
Common Stock, $0.001 par value per share	24,422,118 shares

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (CONTINUED)
Six Months Ended October 31, 2020 and 2019
(Unaudited)

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

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

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2020
(Unaudited)

millennials, aspiring to become RNs, enrolled in the BSN Pre-Licensure program in Phoenix in record numbers, given that many were furloughed or laid off since the pandemic first started.

In our current, third fiscal quarter ending January 31, 2021, which has been historically a seasonally slower quarter given it falls during the holiday months of November and December, Aspen University is seeing slightly lower course registrations than seasonally expected in our Aspen Nursing + Other unit. We believe COVID-19 ‘Wave Two’ is partly a factor given that all the states in the country are now affected – not just some of the major metros. Our predominant student demographic of RNs has been especially overwhelmed over the past few months, so this isn’t unexpected.

Liquidity

At October 31, 2020, the Company had a cash and cash equivalents balance of $12,237,710 and $4,644,618 of restricted cash.

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

On January 22, 2020, [illegible]

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ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2020
(Unaudited)

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ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2020
(Unaudited)

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 developĆ uf uŰ Â u

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2020
(Unaudited)

Leases

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

In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-2, Leases (Topic 842). This standard requires entities to recognize most operating leases [illegible] adopted the standard effective May 1, 2019 using the cumulative effect adjustment transition method, which applies the provisions of the standard at the effective date without [illegible] presented. The Company adopted the following practical expedi [illegible]

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2020
(Unaudited)

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2020
(Unaudited)

The Company evaluates its convertible instruments, options, warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for under ASC Topic 815, “Derivatives and Hedging”. The result of this accounting treatment is that the fair value of the derivative is marked-to-market each balance sheet date and recorded as a liability. In the event that the alun tĎe alunsvĎeIed-cet tha vent that the alun tĎa he ecoalacoue de

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2020
(Unaudited)

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The Company operates in one reportable segment as a single educational delivery operation using a core infrastructure that serves the curriculum and educational delivery needs ofore rt e a

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2020
(Unaudited)

Depreciation and amortization expense for property and equipment as well as the portion for just software amortization is presented below for the three and six months ended October 31, 2020 and 2019:

	Three Months Ended October 31,		Six Months Ended October 31,	
	2020	**2019**	**2020**	**2019**
Depreciation YY6				

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

The Company's obligations under the Convertible Notes were secured by a first priority lien in certain deposit accounts of the Company, all current and future accounts receivable of Aspen University and USU, certain of the deposit accounts of Aspen University and USU, and all of the outstanding capital stock of Aspen University and USU (the "Collateral").

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

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

Revolving Credit Facility

On November 5, 2018, the Company entered into a loan agreement (the "Credit Facility Agreement") with the Leon and Toby Cooperman Family Foundation (the "Foundation"). The Credit Facility Agreement provides for a $5,000,000 revolving credit facility (the "Facility") evidenced by a revolving promissory note (the "Revolving Note"). Borrowings under the Credit Facility Agreement bear interest at 12% per annum. The Facility matures on November 4, 2021.

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

The Credit Facility Agreement contains customary representations and warranties, events of default and covenants. Pursuant to the Loan Agreement and the Revolving Note, all future or contemporaneous indebtedness incurred by the Company, other than indebtedness expressly permitted by the Credit Facility Agreement and the Revolving Note, will be subordinated to the Facility.

Pursuant to the Credit Facility Agreement, on November 5, 2018 the Company issued to the Foundation warrants to purchase 92,049 shares of the Company's common stock exercisable for five years from the date of issuance at the exercise price of $5.85 per share which were deemed to have a relative fair value of $255,071 (the "2018 Cooperman Warrants"). These warrants were exercised on June 8, 2020, see Note 7. The relative fair value of the warrants along with the upfront Facility fee were treated as debt issue costs, as the facility has not been drawn on, assets to be amortized over the term of the loan. Total unamortized costs at October 31, 2020 and April 30, 2020 were $34,722 and $182,418, respectively.

On March 6, 2019, in connection with entering into the Senior Secured Term Loans, the Company amended and restated the Credit Facility Agreement (the "Amended and Restated Facility Agreement") and the Revolving Note. The Amended and Restated Facility Agreement provides among other things that the Company's obligations thereunder are secured by a first priority lien in the Collateral, on a pari passu basis with the Lenders.

Term Loans

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

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2020
(Unaudited)

exercises from the Company's operating bank account. As a result, upon sale of these shares through the Agreement approximately $350,000 will be received by the Company and credited to additional paid in capital.

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

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

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

During the three months ended July 31, 2020, the Company issued 415,175 shares of common stock upon the exercise of stock options at a trading days, all of the unvested RSUs will vest immediately. On the grant date, the closing price of the Company's common stock on The Nasdaq Global Market was $9.49 per share. The Company determined that because the terms of the grant include both a market condition and a service condition that must be achieved simultaneously, the appropriate treatment under ASC 718 Stock-based Compensation is to amortize the fair market value over the longer of the explicit service period of four years and not the shorter of the derived service period of .64 years.

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

<u>Warrants</u>

A summary of the Company's warrant activity during the six months ended October 31, 2020 is presented below:

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2020
(Unaudited)

On March 13, 2012, the Company adopted the Aspen Group, Inc. 2012 Equity Incentive Plan (the "2012 Plan") that provides for the grant of 3,500,000 shares in the form of incentive stock options, non-qualified stock options, restricted shares, stock appreciation rights and RSUs to employees, consultants, officers and directors.

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

Table

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2020
(Unaudited)

As of October 31, 2020, there was approx

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2020
(Unaudited)

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. As of October 31, 2020, except as discussed below, there were no other pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of our consolidated operations and there are no proceedings in which any of oĎf®y of ơ g̈s e ṅ

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2020
(Unaudited)

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

Because our subsidiaries operate in a highly regulated industry, each may be subject from time to time to audits, investigations, claims of no [illegible]s, udi se me t cie[illegible]ties is

Note 11. Subsequent Event

In December 2020, the DOE released the existing USU letter of credit of $379,345, which was required to be posted based on the level of Title IV funding. In connection with USU's most recent Compliance Audit, USU is now required to maintain a letter of credit of approximately $10,000, which will be included as restricted cash on the consolidated balance sheets.

ITEM 2. MANAGEMENT'S DISCUSSIO

Tabl

Table

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

Relationship Between Accounts Receivable and Revenue

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

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

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

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

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

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

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

At October 31, 2020, the allowance for doubtful accounts was $2,523,293 which represents approximately 8% of the gross accounts receivable balance of $30,765,400, the sum of both short-term and long-term receivables.

The Introduction of Long-Term Accounts Receivable

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

As a result of the growing acceptance of our monthly payment plans, our long-term accounts receivable balance has grown from $6,701,136 at April 30, 2020 to $10,246,622 at October 31, 2020. The primary components of MPP are students who make monthly payments over 36, 39 and 72 months. The average student completes their academic program in 30 months, therefore most of the Company’s accounts receivable are short-term. However, when students graduate earlier than the 30 month average completion duration, and as students enter academic year two of USU’s MSN-FNP legacy 72 month payment plan, they transition to long-term accounts receivable when their liability increases to over $4,500. Those are the two primary factors that have driven an increase in long-term accounts receivable.

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

Table of Contents

A	B	C
Payments owed for classes taken where payment plans for classes are less than 12 months, less monthly payments received	Payments owed for classes taken where payment plans are greater than 12 months	Expected classes [illegible] 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 [illegible]

In our current, third fiscal quarter ending January 31, 2021, which has been historically a seasonally slower quarter given it falls during the holiday months of November and December, Aspen University is seeing slightly lower course registrations than seasonally expected in our Aspen Nursing + Other unit. We believe COVID-19 'Wave Two' is partly a factor given that all the states in the country are now affected – not just some of the major metros. Our predominant student demographic of RNs has been especially overwhelmed over the past few months, so this isn't unexpected. Given the rollout of COVID-19 vaccines, we are anticipating a full recovery in expected course registrations in our fourth quarter.

Results of Operations

Set forth below is the discussion of the results of operations of the Company for the three months ended October 31, 2020 ("Q2 Fiscal 2021") compared to the three months ended October 31, 2019 ("Q2 Fiscal 2020"), and for the first six months ended October 31, 2020 ("1H Fiscal 2021") compared to the six months ended October 31, 2019 ("1H Fiscal 2020").

Revenue

	Three Months Ended October 31,				Six Months Ended October 31,			
	2020	$ Change	% Change	2019	2020	$ Change	% Change	2019
Revenue	$ 16,971,045	$ 4,885,080	40%	$ 12,085,965	$ 32,136,607	$ 9,692,660	43%	$ 22,443,947

Q2 Fiscal 2021 compared to Q2 Fiscal 2020

Revenue from operations for Q2 Fiscal 2021 increased to $16,971,045 from $12,085,965 for Q2 Fiscal 2020, an increase of $4,885,080 or 40%. The increase was primarily due to enrollment and student body growth in USU's MSN-FNP and Aspen's BSN Pre-Licensure program, the degree programs with the highest lifetime value (LTV). By focusing our marketing spend on delivering enrollment growth in the degree programs with the highest LTV, we increased our average revenue per enrollment (ARPU) from $14,125 to $15,825 or 12%. The Company expects revenue growth to continue in future periods as we continue prioritizing our highest LTV degree programs to achieve our long-term growth plans.

Aspen University's revenues in Q2 Fiscal 2021 increased 36% year-over-year, while USU's revenuen Q2 Fiscacal 2021 į eased 36% year- wthBSN PgS studo4 sehi nsy

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AGI corporate marketing expenses was $507,403 for 1H Fiscal 2021 compared to $476,135 for 1H Fiscal 2020, an increase of $31,268 or 7%.

General and administrative

	Three Months Ended October 31,				Six Months Ended October 31,			
	2020	$ Change	% Change	2019	2020	$ Change	% Change	2019
General and administrative	$ 11,285,155	$ 4,0						

USU general and administrative costs equaled 42% of USU revenues for 1H Fiscal 2021. The increase was primarily due to higher headcount and related increase in compensation and benefits expense to support the growth of the business, which includes growth opex of $0.14 million.

AGI corporate general and administrative costs for 1H Fiscal 2021 and 1H Fiscal 2020 which are included in the above amounts was $8.8 million and $3.9 million, respectively. The increase was primarily due to higher headcount and related increase in compensation and benefits expense to support the growth of the business and accelerated stock-based compensation amortization expense related to the $9 and $10 tranche RSU price vesting of $1.2 million.

Bad debt expense

	Three Months Ended October 31,				Six Months Ended October 31,			
	2020	$ Change	% Change	2019	2020	$ Change	% Change	2019
Bad debt expense	$632,000	$ 224,241	55%	$407,759	$ 1,032,000	$ 383,342	59%	$ 648,658
As a percentage of revenue	4%			3%	3%			3%

Q2 Fiscal 2021 compared to Q2 Fiscal 2020

Bad debt expense for Q2 Fiscal 2021 increased to $632,000 from $407,759 for Q2 Fiscal 2020, an increase of $224,241, or 55%. Based on revenue growth trends and review of accounts receivable, the Company evaluated its reserve methodology and increased reserves for Aspen and USU accordingly, as well as $232,000 of Aspen University student accounts were written off.

1H Fiscal 2021 compared to 1H Fiscal 2020

Bad debt expense for 1H Fiscal 2021 increased to $1,032,000 from $648,658 for 1H Fiscal 2020, an increase of $383,342, or 59%Based on revenue growth trends and review of accounts receivable, the Company evaluated its reserve methodology and increased reserves for Aspen and USU accordingly, as well as $232,000 of Aspen University student accounts were written off in Q2 Fiscal 2021.

Depreciation and amortization

	Three Months Ended October 31,				Six Months Ended October 31,			
	2020	$ Change	% Change	2019	2020	$ Change	% Change	2019
Depreciation and amortization	$526,357	$ (101,868)	(16)%	$628,225	$ 1,016,981	$ (217,818)	(18)%	$ 1,234,799
As a percentage of revenue	3%			5%	3%			6%

Q2 Fiscal 2021 compared to Q2 Fiscal 2020

Depreciation and amortization for Q2 Fiscal 2021 decreased to $526,357 from $628,225 for Q2 Fiscal 2020, a decrease of $101,868, or 16%. The decrease in depreciation and amortization expense is due primarily to intangible assets becoming fully amortized at USU, partially offset by investments in developed capitalized software to support the Company's services.

1H Fiscal 2021 compared to 1H Fiscal 2020

Depreciation and amortization for 1H Fiscal 2021 decreased to $1,016,981 from $1,234,799 for 1H Fiscal 2020, a decrease of $217,818, or 18%. The decrease in depreciation and amortization expense is due primarily to intangible assets becoming fully amortized at USU, partially offset by investments in developed capitalized software to support the Company's services.

Other expense, net

	Three Months Ended October 31,				Six Months Ended October 31,			
	2020	$ Change	% Change	2019	2020	$ Change	% Change	2019
Other expense, net	$1,536,748	$ 1,240,355	418%	$296,393	$2,115,503	$ 1,418,223	203%	$697,280

Q2 Fiscal 2021 compared to Q2 Fiscal 2020

Other expense, net in Q2 Fiscal 2021 of $1,536,748 primarily includes interest expense of (i) $1.4 million related to the accelerated amortization expense related to the conversion of the Convertible Notes which occurred on September 14, 2020 and (ii) $111,507 on the Convertible Notes issued on January 22, 2020 as well as the commitment fee on the Revolving Credit Facility.

Other expense, net in Q2 Fiscal 2020 of $296,393 includes: interest expense of $428,960 primarily related to the Term Loans issued in March 2019 and the commitment fees on the Revolving Credit Facility; partially offset by $132,567 of other income.

1H Fiscal 2021 compared to 1H Fiscal 2020

Other expense, net in 1H Fiscal 2021 of $2,115,503 primarily includes: interest expense of (i) a non-cash charge of $1.4 million of accelerated amortization expense related to the conversion of the Convertible Notes which occurred on September 14, 2020; (ii) $0.5 million for the Convertible Notes issued on January 22, 2020 as well as the commitment fee on the Revolving Credit Facility; (iii) an adjustment of $0.3 million related to the previously reported earned revenue fee calculation deemed immaterial to our Fiscal 2019 revenue; (iv) a non-cash modification and accelerated amortization charges of $0.2 million related to the exercise of the 2018 and 2019 Cooperman Warrants on June 5, 2020; partially offset by $0.3 million of other income.

Other expense, net in 1H Fiscal 2020 of $697,280 includes: interest expense of $0.8 million on the Term Loans issued in March 2019 and the commitment fees on the Revolving Credit Facility; partially offset by $0.1 million of other income.

Net loss

	Three Months Ended October 31,				Six Months Ended October 31,			
	2020	**$ Change**	**% Change**	**2019**	**2020**	**$ Change**	**% Change**	**2019**
Net loss	$(4,370,525)	$ (3,732,357)	(585)%	$(638,168)	$ (5,313,721)	$ (2,600,271)	(96)%	$ (2,713,450)

Q2 Fiscal 2021 compared to Q2 Fiscal 2020

Net loss was $(4,370,525), or net loss per basic and diluted share of $(0.19) for Q2 Fiscal 2021 as compared to $(638,168), or net loss per share of $(0.03) for Q2 Fiscal 2020, or an increase in net loss of $(3,732,357), or (585)%.

This increase in net loss of $3.7 million includes $2.6 million of non-cash items previously disclosed ($1.2 million non-cash charge related to the RSU vesting, and the $1.4 million charge related to the conversion of $10 million Convertible Notes). Without these two items, the net loss increase would have been approximately $1.2 million. This $1.2 million increase in net loss year-over-year is a result of the investments in marketing (approximately $1.6 million), growth opex (approximately $0.25 million) and new campus costs (approximately $0.25 million) disclosed above.

1H Fiscal 2021 compared to 1H Fiscal 2020

Net loss was $(5,313,721), or net loss per basic and diluted share of $(0.23) for 1H Fiscal 2021 as compared to $(2,713,450), or net loss per share of $(0.14) for 1H Fiscal 2020, or an increase in net loss of $(2,600,271), or (96)%.

Non-GAAP Financial Measures

This discussion and analysis includes both financial measures in accordance with [illegible]

1H 2021 includes non-cash stock-based compensation expense of $1.2 million and non-recurring charges of $1.9 million primarily related to items described above in the Q2 Fiscal 2021 discussion, and $123,947 of interest expense which arose from the acceleration of amortization arising from the exercise of warrants issued to a lender incurred in Q1 Fiscal 2021.

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

AGI corporate incurred net loss of $(7.1 million), EBITDA of ($

Q2 Fiscal 2021 compared to Q2 Fiscal 2020

GAAP Gross profit increased by 22% to $9,289,096 or 55% gross margin for Q2 Fiscal 2021 from $7,638,195 or 63% gross margin in Q2 Fiscal 2020. Adjusted Gross profit increased 22% to $9,646,265 or 57% gross margin for Q2 Fiscal 2021 from $7,897,909 or 65% gross margin in Q2 Fiscal 2020.

Aspen University gross margin represented 56% of Aspen University revenues for Q2 Fiscal 2021, and USU gross margin represented 56% of USU revenues for Q2 Fiscal 2021.

1H Fiscal 2021 compared to 1H Fiscal 2020

GAAP Gross profit increased by 36% to $18,280,081 or 57% gross margin for 1H Fiscal 2021 from $13,403,524 or 60% gross margin in 1H Fiscal 2020. Adjusted Gross profit increased 36% to $18,964,304 or 59% gross margin for 1H Fiscal 2021 from $13,902,833 or 62% gross margin in 1H Fiscal 2020.

Aspen University gross margin represented 58% of Aspen University revenues for 1H Fiscal 2021, and USU gross margin represented 60% of USU revenues for 1H Fiscal 2021.

Liquidity and Capital Resources

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

	Six Months Ended October 31,	
	2020	**2019**
Net cash (used in) provided by		
Operating activities	$ (2,076,821)	$ (2,025,107)
Investing activities	(2,244,723)	(1,253,653)
Financing activities	3,297,107	237,713
Net decrease in cash	$ (1,024,437)	$ (3,041,047)

Net Cash Used in Operating Activities

Net cash used in operating activities for the six months ended October 31, 2020 consists of net loss adjusted for non-cash items and the effect of changes in working capital. Non-cash adjustments include stock-based compensation, bad debt expense, amortization of debt discounts and issue costs, warrants issued for services, modification charge for warrants exercised, loss on asset disposition and other adjustments.

Adjustments to Net loss consist primarily of stock-based compensation of $2,318,658, amortization of debt discounts of $1,550,854, bad debt expense of $1,032,000 and depreciation and amortization expense of $1,016,981. The increase from changes in working capital primarily consists of an increase in gross accounts bc

Changes in Internal Control Over Financial Reporting

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

PART II.

EXHIBIT INDEX

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on v d

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Frank J. Cotroneo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aspen Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures [illegible]

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Aspen Group, Inc. (the “Company”) on Form 10-Q forbth the quQ