

PART I. FINANC



**ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATE**



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

| |
|--|
| |
| |
| |
| |
| |
| |

|





ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
January 31, 2022
(Unaudited)

AGI maintains two stock-based incentive plans: the 2012 Equity Incentive Plan (the “2012 Plan”) and 2018 Equity Incentive Plan (the “2018 Plan”) that provide for the grant of shares;



ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
January 31, 2022
(Unaudited)

A summary of the Company's warrant activity during the nine months ended January 31, 2022 is presented below:

| Warrants | Number of Shares | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term | Aggregate Intrinsic Value |
|---------------------------------------|---------------------|--|---|---------------------------------|
| Balance Outstanding, April 30, 2021 | 374,174 | \$ 6.37 | 1.90 | \$ — |
| Granted | 75,000 | \$ 6.23 | 4.55 | — |
| Exercised | — | \$ — | — | — |
| Surrendered | — | \$ — | — | — |
| Expired | — | \$ — | — | — |
| Balance Outstanding, January 31, 2022 | <u>449,174</u> | <u>\$</u> | <u>1.71</u> | <u>\$</u> — |
| Exercisable, January 31, 2022 | <u>424,174</u> | <u>\$</u> | <u>1.55</u> | <u>\$</u> — |

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
January 31, 2022
(Unaudited)

immediately upon the expiration of the exercise period. The fair value of the warrants is \$109,500





ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
January 31, 2022
(Unaudited)

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

| Maturity of Lease Obligations | Lease Payments |
|---|----------------------|
| 2022 (remaining) | \$ 1,139,587 |
| 2023 | 4,142,637 |
| 2024 | 4,018,977 |
| 2025 | 3,802,960 |
| Thereafter | 11,963,226 |
| Total future minimum lease payments | 28,976,109 |
| Less: imputed interest | (9,551,732) |
| Present value of operating lease liabilities | \$ 19,424,377 |

3

3

| Balance Sheet Classification | January 31, 2022 | April 30, 2021 |
|---|-------------------------|-----------------------|
| Operating lease obligations, current portion | \$ 2,106,981 | \$ 2,029,821 |
| Operating lease obligations, less current portion | 17,317,396 | 16,298,808 |
| Total | \$ 19,424,377 | \$ 18,328,629 |

ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
January 31, 2022
(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 January 31, 2022, except as discussed below, there were no other pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of our consolidated operations and there are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

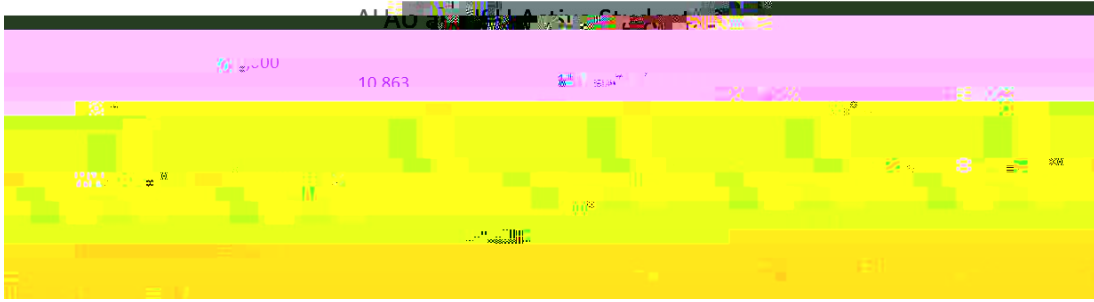
On February 11, 2013, HEMG, bQi



ASPEN GROUP, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
January 31, 2022
(Unaudite

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF F ä





AGI New Student Enrollments

On a Company-wide basis, new student enrollments were down 16% year-over-year, primarily as a result of three factors.

First, as previously announced, Aspen University dropped advertising spend in the BSN pre-licensure program in the

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

| A | B | C |
|---|--|-------|
| Payments owed for classes taken where payment plans for classes are less than 12 months, less monthly payments received | Payments owed for classes taken where payment plans ,s | eived |

Cost of revenue (exclusive of depreciation) X U W z U U W U





Income tax expense in Q3 Fiscal

Aspen University GAAP Gross Profit represented 51% of Aspen University revenue for 9M Fiscal Year 2022, and USU GAAP Gross Profit represented 57% of USU revenue for 9M Fiscal Year 2022.

Liquidity and Capital Resources

Debt

For a detailed description of debt, see “Note 6. Debt” to the consolidated financial statements included in “Item 1. Consolidated Financial Statements.”

Cash flow information

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

| | Nine Months Ended January 31, | |
|--------------------------------|----------------------------------|-----------------------|
| | 2022 | 2021 |
| Net cash (used in) provided by | | |
| Operating activities | \$ (7,719,760) | \$ (5,275,719) |
| Investing activities | (3,734,670) | (2,909,088) |
| Financing activities | 5,191,034 | 3,660,492 |
| Net decrease in cash | <u>\$ (6,263,396)</u> | <u>\$ (4,524,315)</u> |

Net Cash Used in Operating Activities

Net cash used in operating activities for the nine months ended January 31, 2022 includes adjustments to net loss consisting primarily of depreciation and amortization expense of \$2,480,179, stock-based compensation of \$1,965,567, bad debt expense of \$1,050,000, tenant improvement allowances received from landlords of \$816,591, amortization of deferred financing costs of \$49,107, warrant based cost of \$43,708 and debt issue costs of \$18,056, partially offset by lease benefits of \$96,450. The decrease in cash from changes in working capital primarily consists of increases in gross accounts receivable (both short and long term accounts receivable, before allowance for doubtful accounts) of \$6,412,590, prepaid expenses of \$297,797 and a decrease in deferred revenue of \$642,233, partially offset by increases in accrued expenses of \$38,353, accounts payable of \$340,168 and due to students of \$482,032. The increase in accounts receivable is primarily attributed to the growth in students paying through the monthly payment plan as well as timing of billings for class starts. Prepaid expenses increased due to the annual insurance renewal in the first quarter of the Fiscal Year 2022. The decrease in deferred revenue is due primarily to timing of billings for class starts in our pre-licensure program. Accrued expenses increased due primarily to accrual of approximately \$300,000 for the estimate of the 2013 through 2021 tax year foreign income tax liability and an increase in accrued marketing due to timing of marketing payments. The increases in accounts payable and due to students are primarily due to timing of payments.

The Company expects working capital and long-term student accounts receivable to trend higher over time as more students utilize our monthly payment plan. Additionally, there may be working capital volatility from quarter to quarter, especially regarding the timing of financial aid payments and student course starts that impact deferred revenue and accounts receivable balances. Offsetting the trend toward higher working capital and long-term student accounts receivable will be a trend toward improved adjusted EBITDA as we continue to grow our high LTV programs. We believe the adjusted EBITDA growth will result in positive operating cash flow in the next 2-3 years. We are actively seeking additional long-term financing arrangements to provide funds to continue the expansion of our high LTV programs. See Financing Arrangements discussed below.

Net cash used in operations for the nine months ended January 31, 2021 includes adjustments to net loss consisting primarily of stock-based compensation of \$3,019,828, bad debt expense of \$1,702,000, amortization of debt discounts of \$1,550,854, and depreciation and amortization expense of \$1,552,254. The decrease in cash from changes in working capital primarily consists of increases in gross accounts receivable (both short and long term accounts receivable, before allowance for doubtful accounts) of \$6,493,238 and other current assets of \$1,205,083, partially offset by an increase in deferred revenue of \$1,887,377 and accrued expenses of \$1,756,102. The increase in accounts receivable is primarily due to timing of payments.

The Company anticipates that it will need to make capital and other expenditures in connection with the development and expansion of its campus operations and the implementation of new on-line programs. The Company's Fiscal year 2022 capital expenditures will be between approximately \$4 million and \$5 million, a decrease from Fiscal Year 2021 capital expenditures primarily due to campus costs for the opening of one new campus in the current year compared to two campuses in the prior year.

Critical Accounting Policies and Estimates

At January 31, 2022, there were no material changes to our critical accounting policies and estimates. A full listing of our critical accounting policies and estimates is described in the "Critical Accounting Policies and Estimates" of our Annual Report on Form 10-K for the fiscal year ended April 30, 2021 and listed here below:

- Revenue Recognition and Deferred Revenue
- Accounts Receivable and Allowance for Doubtful Accounts Receivable
- Goodwill and Intangibles
- Stock-based compensation

Off Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as of January 31, 2022.

Cautionary Note Regarding Forward Looking Statements

This £

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time-to-time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. Other than the previously disclosed receipt of payment of \$498,120 as a final distribution by the bankruptcy trustee in HEMG bankruptcy proceedings, during the period covered by this report, there were no material changes to the description of legal proceedings set forth in our Annual Report on Form 10-K for the fiscal year ended April 30, 2021.

ITEM 1A. RISK FACTORS

The information presented below updates, and should be read in conjunction with, the risk factors and information disclosed in our Annual Report on Form 10-K for the fiscal year ended April 30, 2021.

If we are unable to satisfy the probation terms following the execution of a mutually acceptable consent agreement with the Arizona Board of Nursing, our future results of operations could be materially and adversely affected.

Our largest subsidiary, Aspen University Inc., is based in Phoenix, Arizona. Approximately 12% of its enrollments are students in its BSN Pre-Licensure nursing programs at two campus locations in Phoenix. On January 28, 2022, Aspen University voluntarily agreed to cease enrollments in the pre-nursing and core nursing programs at its Arizona Pre-licensure campuses effective immediately related to an investigation by the Arizona Board of Nursing resulting from student complaints, unacceptable NCLEX first-time pass rates in CY'2021, among other issues. Aspen University will continue the suspension of enrollments in the pre-nursing and core nursing programs at its Arizona Pre-licensure campuses at least until it has successfully negotiated a consent agreement with the Arizona Board of Nursing which will outline the terms of the impending probation. Once the probation period begins and until the probation period ends, should Aspen University not successfully satisfy the probation terms, future results of operations could be materially and adversely affected.

Aspen University has also entered into a Stipulated Agreement with the Arizona State Board for Private Postsecondary Education which includes a requirement to post a letter of credit or surety bond for \$18.3 million within 45 days (approximately April 21).

Because of the Russian invasion of Ukraine, the effect on the capital markets and the economy is uncertain, and we may have to deal with a recessionary economy and economic uncertainty including possible adverse effects upon our business.

As a result of the Russian invasion of Ukraine, certain events are beginning to effect the global and United States economy including increased inflation, substantial increases in the prices of oil and gas, large Western companies ceasing to do business in Russia and uncertain capital markets with declines in leading market indexes. The duration of this war and its impact are at best uncertain and continuation may result in Internet access issues if Russia, for example, began illicit cyber activities. Ultimately the economy may turn into a recession with uncertain and potentially severe impacts upon public companies and us. We cannot predict how this will affect our business but the impact may be adverse.

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

Other than as set forth in "Item 5. Other Information" which is incorporated herein by reference, all recent sales of unregistered securities have been previously reported.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

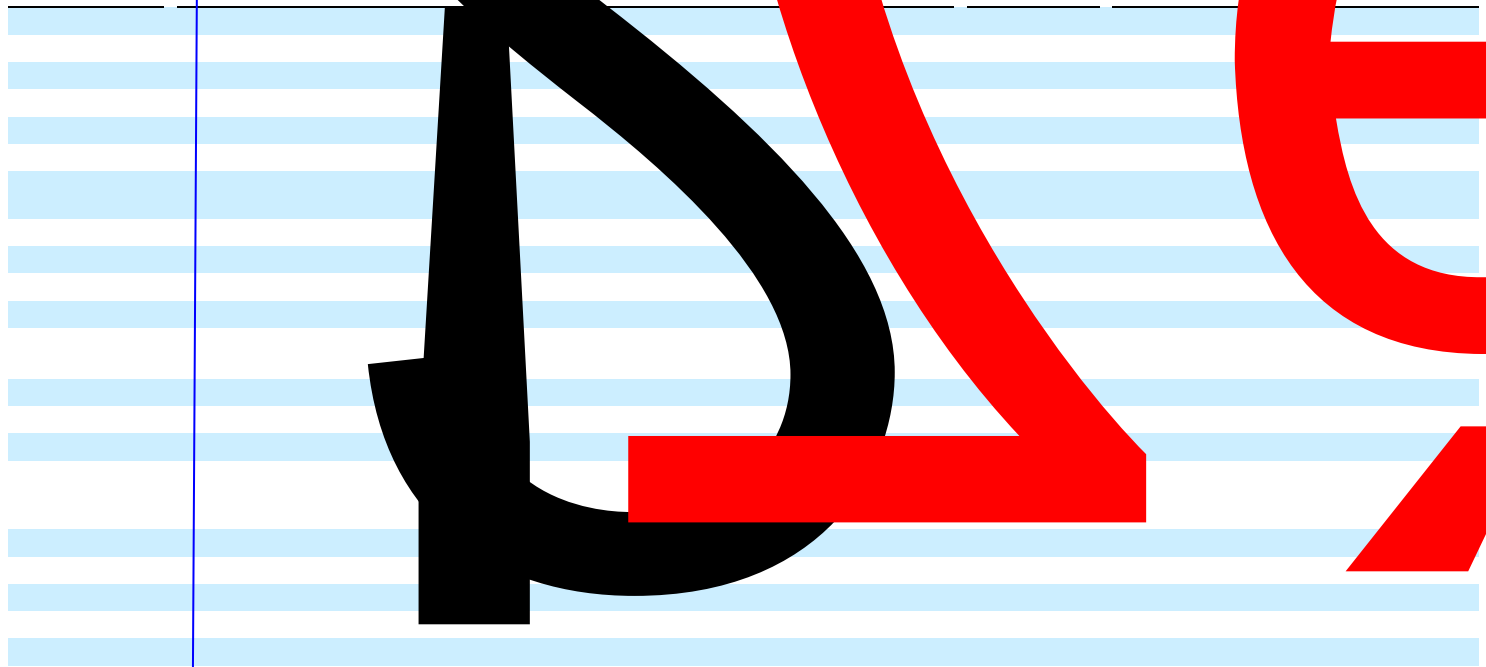
~~ITEM 4. ENVIRONMENTAL SAFETY DISCLOSURES~~



EXHIBIT

Incorporated by Reference

filed or



“_____,” together with this Not



(iii) as of date hereof, the name (within the meaning of Section 9-503 of the UCC), jurisdiction of organization, type of entity and organizational number of each Grantor (other than the Individual Grantor) is set forth on Schedule I attached hereto (each such Subsidq

and permitted assigns, and shall be binding for all purposes on Maker and its successors-in-interest. No assignment, delegation or other transfer of Maker's rights or obligations hereunder shall be made or be effective absent Payee's prior, written consent thereto.

Whenever used herein, the singular number shall include the plural, the plural shall include the singular, and the words "Payee" and "Maker" shall include their respective successors and permitted assigns.

The parties acknowledge that the Individual Grantor is executing this Note solely with respect to the pledge of his securities as part of the Collateral and the Payee shall have no recourse against the Individual Grantor personally other than with respect to his pledged securities.

Signature page follows immediately below

BUSINESS.28846381.5

IN WITNESS WHEREOF, each of Maker, its Subsidiaries party hereto and the Individual Grantor has duly executed and delivered this Note on the day and year first written above.

MAKER

ASPEN GROUP, INC.

By _____
Michael Mathews
Chairman and Chief Executive Officer

SUBSIDIARIES

UNITED STATES UNIVERSITY, INC.,
a Delaware corporation

By _____
Michael Mathews
Chief Executive Officer

ASPEN UNIVERSITY INC.,
a Delaware corporation

By _____
Michael Mathews
Chief Executive Officer

INDIVIDUAL GRANTOR

BUSINESS.28846381.5

EXHIBIT A – COLLATERAL

Unless otherwise defined in that certain Revolving Promissory Note and Security Agreement dated March 14, 2022, in the principal face amount of US\$10,000,000 in favor of _____ to which this Exhibit A is attached (the L__ to whi

Schedule 1

BUSINESS.28846381.5

SCHEDULE 2

BUSINESS.28846381.5

SCHEDULE 3-A

SCHEDULE 3-B

BUSINESS.28846381.5

NEITHER THIS OFFERING STATEMENT NOR THE SECURITIES OFFERING CIRCULARS ARE BEING REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SECURITIES AND EXCHANGE ACT OF 1934, AS AMENDED. THESE SECURITIES MAY BE OFFERED FOR SALE, SOLD OR TRANSFERRED IN ACCORDANCE WITH THE EXEMPTIONS PROVIDED FOR THE SALE OF SECURITIES UNDER RULE 144 OF THE SECURITIES ACT OF 1933 AND UNDER RULE 144 OF THE SECURITIES AND EXCHANGE ACT OF 1934. THE HOLDER IN ANY SUCH SALE OR TRANSFER SHALL BE RESPONSIBLE FOR THE ACCURACY OF ANY STATEMENTS MADE BY THE HOLDER IN ANY SUCH SALE OR TRANSFER. UNLESS OTHERWISE SPECIFIED, THE INFORMATION CONTAINED HEREIN IS AS OF THE DATE OF THIS OFFERING STATEMENT. THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

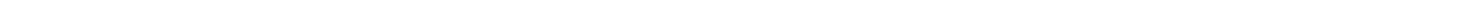
**CONVERTIBLE PROMISSORY NOTE
AND SECURITY AGREEMENT**

US \$5,000,000

**New York, New York
March 14, 2022**

FOR VALUE RECEIVED, the undersigned, ASPEN GROUP, INC., a Delaware corporation having its principal place of business at 276 Fifth Avenue, Suite 505, New York, New York 10001 (“*Maker*”), HEREBY PROMISES TO PAY as and when due from time to time in accordance with the terms of this convertible promissory note and security agreement (this “*Note*”), whether at its stated Maturity (as defined below) or by acceleration or otherwise, TO THE ORRs n̄or of E O

n h a :



“_____ *Convertible Note*”); (E) the indebtedness evidenced by that certain revolving promissory note and security agreement dated n

(i) Stockholder Approval not having been obtained by March 31, 2023; or

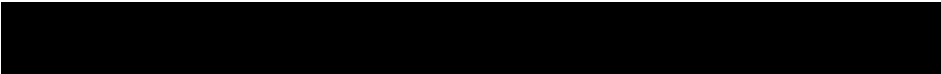
(i) the occurrence of an Acceleration Event (as defined in each instrument) in any of the Convertible Note or the Revolvers, provided, however that the occurrence of an Accounts Receivable Acceleration Event (as defined in the Revolvers, an “*Accounts Receivable Acceleration Event*”) under any of the Revolvers shall not result in an Acceleration Event hereunder.

4. Conversion of Notes. This Note shall be convertible into shares of the Maker’s common stock, par value \$0.001 per share (the “*Common Stock*”), on the terms and conditions set forth in this Section 4.

(a) Conversion Right. Subject to the Beneficial Ownership Limitations, as defined herein, at any time or times after the Effective Date, the Payee shall be entitled to convert any portion of the outstanding and unpaid Conversion Amount into fully paid and nonassessable shares of Common Stock in accordance with Section 4(c), at the Conversion Rate (as defined below). The Maker shall not issue any fraction of a share of Common Stock upon any conversion. If the issuance would result in the issuance of a fraction of a share of Common Stock, the Maker shall round such fraction of a share of Common Stock up to the nearest whole share. Upon any conversion, the Maker shall pay any accrued and unpaid interest with respect to the Conversion Amount (as defined below) on the applicable Share Delivery Date (as defined of Common Stock upon conversion of any Conversion Amount.

(b) Conversion Rate. The number of shares of Common Stock issuable upon conversion of any Conversion Amount pursuant to Section 4(a) (the “ ”) shall be determined by dividing (x) such Conversion Amount by

sell such Note or portion thereof to the Maker shall not affect the legality, validity, or binding effect of such assignment or sale; and (z) such assigning or selling Payee shall, acting solely for this purpose as a non-fiduciary agent of the Maker, maintain a register (the "**Related Party Register**") comparable to the Register on behalf of the Maker, and any such assignment or sale shall be effective upon recordation of such assignment or sale in the Related Party Register. Notwithstanding anything to the contrary set forth herein, upon conversion of any portion of this Note in accordance with the terms hereof, the Payee shall not be required to physically surrender this Note to the Maker unless (A) the full Conversion Amount represents the full principal amount of the Note, or (B) the Maker maintains a



conversion, exercise or exchange (as the case may be). No prior inability to convert this Note, or to issue shares of Common Stock, pursuant to this paragraph shall have any effect on the applicability of the provisions of this paragraph with respect to any subsequent determination of convertibility. For purposes of this paragraph, beneficial ownership and all determinations and calculations (including, without limitation, with respect to calculations of percentage ownership) shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the “*1934 Act*”) and the rules and regulations promulgated thereunder. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the 1934 Act and the rules and regulations promulgated thereunder. The provisions of this paragraph shall be implemented in a manner otherwise than in strict conformity with the terms of this paragraph

Payee's affiliates and associates), would (i) beneficially own in excess of 19.99% of the number of shares of Common

that are not deliverable or Freely Tradeable Shares, as applicable, upon conversion of the Conversion Amount at a price equal to (x) such number of shares of Common Stock and (y) the highest Closing Sale Price of Common Stock in effect at any time during the applicable Conversion Date and ending on the date the Maker makes the payment provided for in this sentence. For the avoidance of doubt, if the Maker is required to make a cash payment to Payee pursuant to this Section 4(h), the Maker shall upon and to the extent of such cash payment have satisfied its obligation to deliver shares of Common Stock upon such conversion.

5. Adjustments to Conversion Price. The Conversion Price and the number of shares of Common Stock into which this Note is convertible are subject to adjustment from time to time upon the occurrence of any of the events specified in this Section 5. For the purpose of this Section 5, "**Common Stock**" means shares now or hereafter authorized of any class of common stock of the Maker, however designated, that has the right to participate in any distribution of the assets or earnings of the Maker without limit as to per-share amount (excluding, and subject to any prior rights of, any class or series of preferred stock of the Maker).

- (a) In case the Maker determines to



Dih

of this Section 5(d) and shall insure that this Note (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction.

(e) In case any event shall occur as to which the other provisions of this Section 5 are not strictly applicable but the failure to make any adjustment would not fairly protect the conversion rights represented by this Note in accordance with the essential intent and principles hereof, then, in each such case, the Maker shall effect such adjustment, on a basis consistent with the essential intent and principles established in this Section 4, as may be necessary to preserve, without dilution, the conversion rights represented by this Note.

(f) Upon the occurrence of each adjustment pursuant to this Section 5, the Maker, at its own sole expense, shall promptly compute such adjustment in accordance with the terms of this Note and prepare a certificate setting forth such adjustment, including a statement of the adjusted Conversion Price and adjusted number or type of Common Stock or other securities issuable upon conversion of this Note (as applicable), describing the transactions giving rise to such adjustments and showing in detail the facts upon which such adjustment is based. Upon written request, the Maker shall promptly deliver a copy of each such certificate to the Payee and to the Maker's Transfer Agent.

6. **Mandatory Conversion.** If at any time after the Effective Date, (i) the closing price of the Common Stock of Maker on an Eligible Market has equaled or exceeds \$2.00 per share (as equitably adjusted for forward or reverse splits, combinations or Fundamental Transactions) for thirty (30) consecutive Trading Days (the "**Mandatory Conversion Measuring Period**"), and (ii) no Equity Conditions Failure has occurred, then, subject to the Beneficial Ownership Limitations, all of the Conversion Amount then remaining under this Note shall be converted into fully paid, validly issued and nonassessable shares of Common Stock in accordance with Section 4 hereof at the Conversion Rate as of the Mandatory Conversion Date (as defined below) (a "**Mandatory Conversion**"). The Maker shall deliver within not more than two (2) Trading Days following the end of such Mandatory Conversion Measuring Period a written notice thereof by email and overnight courier to all, but not less than all, of the holders of Notes and the Transfer Agent (the "**Mandatory Conversion Notice**" and the date all of the holders of the Notes received such notice by email is referred to as the "**Mandatory Conversion Notice Date**"). The Mandatory Conversion Notice shall be irrevocable. The Mandatory Conversion Notice shall (v) state (I) the Trading Day selected for the Mandatory Conversion, which Trading Day shall be no sooner than three (3) Trading Days nor later than sixty (60) Trading Days following the Mandatory Conversion Notice Date (the "**Mandatory Conversion Date**") and (II) the number of shares of Common Stock to be issued to the Payee on the Mandatory Conversion Date, which may be conditional only with respect to the Payee's consent

other amount hereunder. **THE MAKER HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY**

CONSTITUTE A SECURITY AGREEMENT UNDER THE NEW YORK UNIFORM COMMERCIAL CODE (“*UCC*”) OR ANY OTHER LAW APPLICABLE TO THE CREATION OF LIENS ON PERSONAL PROPERTY AND COLLATERAL. EACH GRANTOR COVENANTS AND AGREES THAT THE SERVICING LENDER MAY FILE AND REFILE SUCH UCC AND OTHER FINANCING STATEMENTS, CONTINUATION STATEMENTS OR OTHER DOCUMENTS AS THE SERVICING LENDER SHALL DEEM NECESSARY OR APPROPRIATE FROM TIME TO TIME WITH RESPECT TO SUCH COLLATERAL. DURING THE CONTINUANCE OF AN ACCELERATION EVENT, THE SERVICING LENDER SHALL, IN AD4 LENDERG

(other than the Individual Grantor) is set forth on Schedule 1 attached hereto (each such Subsidiary being a "**Pledged Subsidiary**," and collectively, the "**Pledged Subsidiaries**");

(iv) no authorization, approval or other action is necessary by any governmental authority, regulatory body or other entity or individual for the granting and pledging of the lien on and security interest in the Collateral created hereby;

(v) such Grantor shall keep accurate and complete records and accounts concerning the Collateral;

(vi) such Grantor shall defend the title to the Collateral against all persons, and against all claims and demands, as necessary to keep the Collateral free and clear of any and all liens, security interests, claims, charges, encumbrances, taxes and assessments (except such thereof as are created hereby or in respect of other Permitted Indebtedness);

(vii) such Grantor shall promptly notify the Servicing Lender in writing of any litigation, governmental investigations or other prosecutions involving the Collateral;

(viii) such Grantor (other than the Individual Grantor) shall deliver a springing deposit account control agreement (the "**Control Agreement**") with respect to each deposit account and securities account (other than (a) any deposit account the funds in which are used exclusively for payroll, payroll taxes and other employee wage and benefit payments, (b) any deposit account the funds in which are in trust for any third parties or any other purpose the payroll those it is for the use of, (b) any

such Individual Grantor Pledged Interest accompanied by undated instruments of transfer or assignment duly executed in blank. For the avoidance of doubt, upon payment in full of the outstanding amount under each of the Revolvers and the termination of the commitments thereunder, the Servicing Lender and Individual Grantor shall coordinate for the prompt return of any share certificates to the Individual Grantor or its designee;

(xi) such Grantor shall take all such further action as may be reasonably necessary or requested by the Servicing Lender in order to perfect and protect the lien, pledge and security interest created hereby;

(xii) such Grantor shall not permit the Pledged Subsidiaries to issue any additional equity or equity rights without the prior written consent of Payee for so long as any of the Indebtedness remains outstanding; and

(xiii) all items of Collateral described in paragraphs 1 through 4 on the attached Exhibit B have been duly and validly authorized and issued, and are fully paid and non-assessable.

During the continuance of an Acceleration Event, the Servicing Lender shall have the right to pursue all of its legal rights and remedies at law, in equity, or in other appropriate proceedings, including, without limitation, all rights and remedies available to a secured party under the New York UCC or under the laws (including, without limitation, the UCC) of each other jurisdiction where the Collateral, or any portion of it, is located. So long as there is no Acceleration Event hereunder, Maker and Individual Grantor shall be entitled (i) to exercise its voting and other consensual rights with respect to the Collateral described in paragraphs 1 through 4 on the attached Exhibit B and otherwise exercise the incidents of ownership thereof, and (ii) to receive dividends or other distributions made with respect to such Collateral.

12. Notices. All notices, demands or other communications (collectively, "**notices**") relating to any matter set forth herein shall be in writing and made, given, served or sent (collectively, "**delivered**") by (i) certified mail (return receipt requested) or (ii) reputable commercial overnight courier service (Federal Express, UPS or equivalent that provides a receipt) for next-business-morning delivery, in each case with postage thereon prepaid by sender and addressed to the intended recipient at its address set forth in the first paragraph of this Note (or at such other address as the intended recipient shall have previously provided to the sender in the same manner herein provided); provided that copies of any such notice to Payee shall also be sent to: _____, and emailed to Payee at _____. Any such notice sent as so provided shall be deemed effectively delivered (x) on the third Business Day after being sent by

22 22 _____ Maker's Initials
BUShe h

certified mail, (y) on the next business morning if sent by overnight courier for next-business-morning delivery or (z) on the day of its actual delivery to the intended recipient (as shown by the return receipt or proof-of-delivery), whichever is earlier.

13. Governing Law; Jurisdiction. This Note shall be governed by, and construed and enforced in accordance with, the substantive laws of the State of New York applicable to contracts made between residents of that state, entered into and to be wholly performed within that state, notwithstanding the parties' actual states of residence or legal domicile if outside that state and without reference to any conflict of laws or similar rules that might otherwise mandate or permit the application of the laws of any other jurisdiction. Any action, suit or proceeding relating to this Note shall be brought exclusively in the courts of New York State sitting in the Borough of Manhattan, New York City, or in U.S. District Court for the Southern District of New York, and, for all purposes of any such action, suit or proceeding, Maker hereby irrevocably (i) submits to the exclusive jurisdiction of such courts, (ii) waives any objection to such choice of venue based on *forum non conveniens* or any other legal or equitable doctrine, and (iii) waives trial by jury and the right to interpose any set-off or counterclaim, of any nature or description whatsoever, in any such action, suit or proceeding.

14. Severability. The terms and provisions of this Note are severable. In the event of the unenforceability or invalidity of one or more of the terms, covenants, conditions or provisions of this Note under federal, state or other applicable law in any circumstance, such unenforceability or invalidity shall not affect the enforceability or validity of such term, covenant, condition or provision in any other circumstance, or render any other term, covenant, condition or provision of this Note unenforceable or invalid.

15. Transferability. Subject to the Intercreditor Agreement, Payee may assign its rights under this Note to any related, affiliated or charitable person or entity upon three (3) Business Days' prior notice to Maker (at the address set forth above); and Maker's obligations hereunder shall inure to the benefit of Payee and each of Payee's successors and permitted assigns, and shall be binding for all purposes on Maker and its successors-in-interest. No assignment, delegation or other transfer of Maker's rights or obligations hereunder shall be made or be effective absent Payee's prior, written consent thereto.

16. Dispute Resolution. In the case of a dispute as to the determination of the Closing Sale Price or the arithmetic calculation of the Conversion Rate or the Conversion Price, the Maker shall submit the disputed determinations or arithmetic calculations via email within one (1) Business Day of receipt, or deemed receipt, of the Conversion Notice or other event giving rise to such dispute, as the case may be, to the Payee. If the Payee and the Maker are unable to

23 _____ Maker's Initials

BUSINESS.28846378.6

ondep

agree upon such determination or calculation within one (1) Business Day of such disputed determination or arithmetic calculation being submitted to the Payee, then the Maker shall, within one Business Day submit via email (a) the disputed determination of the Closing Sale Price to an independent, reputable investment bank selected by the Payee and approved by the Maker, such approval not to be unreasonably conditioned, delayed or withheld, or (b) the disputed arithmetic calculation of the Conversion Rate or Conversion Price to an independent, outside accountant, selected by the Payee and approved by the Maker, such approval not to be unreasonably withheld. The Maker, at the Maker's expense, shall cause the investment bank or the accountant, as the case may be, to perform the determinations or calculations and notify the Maker and the



det



EXHIBIT A

Conversion Notice

Reference is made to the Convertible Promissory Note and Security Agreement (the "Note") issued to the undersigned by Aspen Group, Inc. (the "Company"). In accordance with and pursuant to the Note, the undersigned hereby elects to convert the Conversion Amount (as defined in the Note) of the Note indicated below into shares of Common Stock, par value \$0.001 per share, (the "Common Stock") of the Company, as of the date specified below.

Date of Conversion:

Aggregate Conversion Amount to be converted:

Please confirm the following information

A. Conversion Price:

By: _____
Name:
Title:

2 _____ Maker's Initials
BUSINESS.28846378.6

EXHIBIT B
COLLATERAL

Unless otherwise defined in that certain Convertible Promissory Note and Security Agreement dated March 14, 2022, in the principal face amount of US\$5,000,000 in favor of _____ to which this Exhibit B is at i

SCHEDULE 1

_____ Maker's Initials
BUSINESS.28846378.6

SCHEDULE 2

_____ Maker's Initials
BUSINESS.28846378.6

SCHEDULE 3-A

SCHEDULE 3-B

_____ Maker's Initials
BUSINESS.28846378.6

payment of or distribution with respect to any of the L



acknowledge and agree that the termination, in whole or in part, of the _____ revolving commitment under the Existing Revolving Loan and Existing Revolving Note shall not be deemed or construed to be a prepayment of such Existing Revolving Loan or Existing Revolving Note.

7. Notwithstanding anything in this Agreement or the Notes to the contrary, the Separate New Notes Collateral and proceeds thereof do not and will not constitute Shared Collateral, it being understood and agreed that this Agreement shall not restrict in any manner the rights of the Lender, under the New Notes to pursue enforcement proceedings, exercise remedies or make determinations or take or refrain from the

purposes of any such action, suit or proceeding, each of the Parties hereby irrevocably (a) submits to the exclusive jurisdiction of such courts, (b) waives any objection to such choice of venue based on *forum*

16. This Agreement shall inure to the benefit of, and be binding upon, each of the Parties and their respective successors and permitted assigns. The provisions of this Agreement are, and are intended, solely for the purpose of defining the relative rights of the Lenders between and amongst themselves. This Agreement constitutes the entire agreement, arrangement and understanding, written or oral, among the Lenders (or between any of them) with respect to its subject matter, superseding and merging all prior and contemporaneous negotiations, discussions and negotiations. N

CONSENT

The undersigned hereby consent to the terms and provisions of this Agreement and agree to comply with the applicable terms and provisions thereof.

ASPEN UNIVERSITY, INC., a Delaware corporation

By: _____
Name: Michael Mathews
Title: Chief Executive Officer

UNITED STATES UNIVERSITY, INC., a Delaware corporation

By: _____
Name: Michael Mathews
Title: Chief Executive Officer

" x_a EDQD ` \$7PG 2. A"UFDOR ID7P 6

EP

Exhibit 10.4

INVESTORS/REGISTRATION RIGHTS AGREEMENT

THIS INVESTORS/REGISTRATION RIGHTS AGREEMENT (the "Agreement") is made and entered into as of the 14th day of March, 2022, by and among ASPEN GROUP, INC., a Delaware corporation (the "Company") and each of (" : .. b s = k ") and .. Q U C = U E = " is hereinafter sometimes referred to individually as a "Holder" and collectively as the "Holders".

: WHEREAS, the Company has S = > the -

H G A s G N P " H "" /

:



“Indemnified Damages” has the ne



“**Transaction Documents**” means the Notes, the Intercreditor Agreement among the parties and _____ and each of the other agreements, documents and certificates entered into by the Holders and the Company in connection with the transactions contemplated thereby.

“**Violations**” has the meaning set forth in Section 2.5(a).

Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to them in the Notes.

2. **Registration Rights.**

2.1 **Demand Registration.**

(c) If a Holder requests Demand Registration of its Notes, the Company shall, following the Request Date, prepare, and, as soon as practicable, a Demand Registration Statement for the Notes to be registered with the SEC. The Demand Registration Statement shall be filed with the SEC and the Company shall use reasonable efforts to cause the Demand Registration Statement to be declared effective as soon as possible. The Demand Registration Statement shall be filed with the SEC and the Company shall use reasonable efforts to cause the Demand Registration Statement to be declared effective as soon as possible. The Demand Registration Statement shall be filed with the SEC and the Company shall use reasonable efforts to cause the Demand Registration Statement to be declared effective as soon as possible.



based on the number of Registrable Securities held by each Investor at the time the Registration Statement covering such initial number of Registrable Securities or increase or decrease thereof is declared effective by the SEC. In the event that an Investor sells or otherwise transfers any of such Investor's Registrable Securities, each transferee shall be allocated a pro rata portion of the then remaining number of Registrable Securities included in such Registration Statement for such transferor. Any shares of Common Stock included in a Registration Statement and which remain allocated to any Person which ceases to hold any Registrable Securities covered by such Registration Statement shall be allocated to the remaining Investors, pro rata based on the number of Registrable Securities then held by such Investors which are covered by such Registration Statement. In no event shall the Company include any securities other than Registrable Securities on any Registration Statement without the prior written consent of the Required Holders.

(d) Ineligibility for Form S-3. Notwithstanding anything herein to the contrary, in the event that Form S-3 is not available for the registration of the resale of Registrable Securities hereunder, the Company shall: (i) register the resale of the Registrable Securities on Form S-1 or another appropriate form reasonably acceptable to the Required Holders, and (ii) undertake to register the Registrable Securities on Form S-3 as soon as such form is available; *pro*

(g) Except as provided in this Agreement, the Company shall not grant to any other Person the right to request the Company to register any equity securities of the Company, or any securities, options or rights convertible or exchangeable for such equity securities, without the prior written consent of the Required Holders.

2.2 **Obligations of the Company.** At such time as the Company is obligated to file a Registration Statement with the SEC pursuant to Section 2.1(a), 2.1(b), 2.1(d) or 2.1(e), the Company will use its reasonable commercially reasonable efforts to effect the registration of the Registrable Securities in accordance with the intended method of disposition thereof and, pursuant thereto, the Company shall have the following obligations:

(a) The Company shall promptly prepare and file with the SEC a Registration Statement with respect to the Registrable Securities and use its commercially reasonable efforts to cause such Registration Statement relating to the Registrable Securities to become effective as soon as practicable after such filing (but in no event later than the Effectiveness Deadline). The Company shall keep each Registration Statement effective pursuant to Rule 415 at all times until the earlier of: (i) the date as of which the Investors may sell all of the Registrable Securities covered by such Registration Statement without restriction or limitation pursuant to Rule 144 and without the requirement to be in compliance with Rule 144(c)(1) (or any successor thereto) promulgated under the 1933 Act, or (ii) the date on which the Investors shall have sold all of the Registrable Securities covered by such Registration Statement (the “**Registration Period**”). The Company shall ensure that each Registration Statement (including any amendments or supplements thereto and prospectuses contained therein) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein (in the case of prospectuses, in the light of the circumstances in which they were made) not misleading. The term “commercially reasonable efforts” shall mean, among other things, that the Company shall submit to the SEC, within two Business Days after the later of the date that the Company learns that no review of a particular Registration Statement will be made by the staff of the SEC or that the staff has no further comments on a particular Registration Statement, as the case may be, a request for acceleration of effectiveness of such Registration Statement to a time and date not

day on



shall file with the SEC in accordance with Rule 424 under the 1933 Act the final prospectus to be used in conn s



(n) The Company shall otherwise use its commercially reasonable efforts to comply with all applicable rules and regulations of the SEC in connection with any registration here.

(o) Within two Business Days after a Registration Statement which covers Registrable Securities is ordered effective by the SEC, the Company shall deliver, and shall cause legal counsel for the Company to deliver, to the transfer agent for such Registrable Securities (â hereâ

costs, reasonable attorneys' fees, amounts paid in settlement or expenses, joint or several (collectively, "**Claims**"), incurred in investigating, preparing or defending any action, claim, suit, inquiry, proceeding, investigation or appeal taken from the foregoing by or before any court or governmental, administrative or other regulatory agency, body or the SEC, whether pending or threatened, whether or not an indemnified party is or may be a party thereto ("**Indemnified Damages**"), to which any of them may become subject insofar as such Claims (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon: (i) any untrue statement or alleged untrue statement of a material fact in a Registration Statement or any post-effective amendment thereto or in any filing made in connection with the qualification of the offering under the securities or other "blue sky" laws of any jurisdiction in which Registrable Securities are offered ("**Blue Sky Filing**"), or the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus if used primarily in connection with such Registration Statement, or contained in the final prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading, (iii) any violation or alleged violation by the Company of the 1933 Act, the 1934 Act, any other law, including, without limitation, any state securities law, or any rule or regulation thereunder relating to the offer or sale of the Registrable Securities pursuant to a Registration Statement, or (iv) any violation of this Agreement (the matters in the foregoing clauses (i) through (iv) being, collectively, "**Violations**").

contribution contained in Section 2.6 shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of such Investor, which consent shall not be unreasonably withheld or delayed; *provided, further*, that the Investor shall be liable under this Section 2.5(b) for only that amount of a Claim or Indemnified Damages as does not exceed the net proceeds to such Investor as a result of the sale of Registrable Securities pursuant to such Registration Statement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Indemnified Party and shall survive the transfer of the Registrable Securities by the Investors pursuant to Section 6.1.

(c) Promptly after receipt by an Indemnified Person or Indemnified Party under this Section 2.5 of notice of the commencement of any action or proceeding (including any governmental action or proceeding) involving a Claim, such Indemnified Person or Indemnified Party shall, if a Claim in respect thereof is to be made against any indemnifying party under this Section 2.5, deliver to the indemnifying party a written notice of the commencement thereof, and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying party and the Indemnified Person or the Indemnified Party, as the case may be; provided, however, that an Indemnified Person or Indemnified Party shall have the right to retain its own counsel with the fees and expenses of not more than one counsel for all such Indemnified Person or Indemnified Party to be paid by the indemnifying party, if, in the reasonable opinion of counsel retained by the Indemnified Person or Indemnified Party, as applicable, the representation by such counsel of the Indemnified Person or Indemnified Party and the indemnifying party would be inappropriate due to actual or potential differing interests between such Indemnified Person or Indemnified Party and any other party represented by such counsel in such proceeding. In the case of an Indemnified Person, legal counsel referred to in the immediately preceding sentence shall be selected by the Investors holding at least a majority in interest of the Registrable Securities included in the Registration Statement to which the Claim relates. The Indemnified Party or Indemnified Person shall reasonably cooperate with the indemnifying party in connection with any negotiation or defense of any such action or Claim by the indemnifying party and shall furnish to the indemnifying party all information reasonably available to the Indemnified Party or Indemnified Person which relates to such action or Claim. The indemnifying party shall keep the Indemnified Party or Indemnified Person fully apprised at all times as to the status of the defense or any settlement negotiations with respect thereto. No indemnifying party shall be liable for any settlement of any action, claim or proceeding effected without its prior written consent, provided, however, that the indemnifying party shall not unreasonably withhold, delay or condition its consent. No indemnifying party shall, without the prior written consent of the Indemnified Party or Indemnified Person, consent to entry of any judgment or enter into any settlement or other compromise which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party or Indemnified Person of a release from all liability in respect to such Claim or litigation and such settlement shall not include any admission as to fault on the part of the Indemnified Party. Following indemnification as provided for hereunder, the indemnifying party shall be subrogated to all rights of the Indemnified Party or Indemnified Person with respect to all third parties, firms or corporations relating to the matter for which indemnification has been made. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the Indemnified Person or Indemnified Party under this Section 2.5, except to the extent that the indemnifying party is prejudiced in its ability to defend such action.

(d) The indemnification $r \approx \hat{A}$

ownership of shares and authority to enter into the underwriting agreement and to such Holder's intended method of distribution, and the liability of such Holder shall be several and not joint, and limited to an amount equal to the net proceeds from the offering received by such Holder. Notwithstanding any other provision of this Section 2.8 if the managing underwriter(s) advise(s) the Holders in writing that marketing factors re~ere a

If to the Company:

Aspen Group, Inc.
Attention: CEO
276 Fifth Avenue - Suite 505
New York, NY 10001

With a copy (for informational purposes only):

Nason Yeager *et al.*
Attention: Michael Harris
3001 PGA Blvd. – Suite 305
Palm Beach Gardens, FL 33410

If to _____:

With a copy (for informational purposes only):

And

If to _____:

Attention: _____

With a copy (for informational purposes only):

Attention: _____

6.5 Severability

page of this Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart of this rpa

IN WITNESS WHEREOF, the undersigned have caused this Investor/Registration Rights Agreement to be duly executed and delivered as of the date first written above.

ASPEN GROUP, INC., a Delaware corporation

By: _____
Name: Michael Mathews
Title: Chairman and Chief Executive Officer

immediately terminate upon the occurrence of an Acceleration Event (as defined below), whereupon (i) Maker shall not be permitted to draw down any additional amounts under this Note and (ii) the aggregate principal amount then outstanding under this Note, together with all interest, Commitment Fee and other amounts then outstanding hereunder, shall automatically be accelerated and become immediately due and payable to Payee in accordance with the terms of this Note.

1.2. The definition of “Applicable Rate” contained in the fourth paragraph of the Revolving Credit Agreement is hereby amended and restated as follows:

For all purposes of this Note, the “**Applicable Rate**” shall equal (i) with respect to interest, ~~twelve~~ fourteen percent (~~12~~14)% per annum, and (ii) with respect to Commitment Fee, two percent (2%) per annum; provided, however, that in the event that any amount (whether of principal, interest, Commitment Fee or otherwise) payable under this Note is not paid in full as and when due in accordance with the terms of this Note (whether at stated Maturity, by acceleration, or otherwise in accordance with such terms), then the Applicable Rate shall increase (x) with respect to interest, to eighteen percent (18%) per annum, and (y) with respect to Commitment Fee, to three percent (3%) per annum.

1.3. The definition of “**Maturity**” and “**Acceleration Event**” contained in the sixth paragraph of the Revolving Credit Agreement is hereby amended and restated as follows:

The stated maturity of this Note (its “**Maturity**”) shall be the day immediately preceding the ~~fourth~~ fifth anniversary of the date of this Note; provided, however, that notwithstanding anything to the contrary contained in this Note, upon the occurrence of any of the events specified in subparagraphs (a) through ~~(e)~~ (d) immediately below (each, an “**Acceleration Event**”), the entire principal amount outstanding of this Note, and all interest, Commitment Fee and other amounts accrued and unpaid thereon or hereunder, shall automatically, without protest, presentment, petition, demand, or other notice, declaration, act or instrument of, by or from Payee or any other person (all of which are hereby expressly and irrevocably waived by Maker), and for all purposes, be accelerated and become immediately due and payable, in full, to Payee:

1.4. The definition of “**Permitted Indebtedness**” contained in paragraph (a) of the Revolving Credit Agreement is hereby amended and restated as follows:

“**Permitted Indebtedness**” shall mean (A) the indebtedness evidenced by this Note, including, without limitation, all principal thereof and accrued and unpaid interest thereon; (B) the indebtedness evidenced by that certain revolving promissory note and security agreement, ~~dated~~ dated of March 1 ~~ii i t~~ ai; ~~and~~ and ~~indebted~~ und ~~unh~~ Z

March 14 2022

Michab Z__

as a waiver of any such right or remedy, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. The Payees shall not, by any course of dealing, indulgence, omission, or other act (except a further instrument signed by any Payee and only with respect to such Payee) or failure to act, be deemed to have waived any right or remedy hereunder or with respect to the Transaction Documents, or to have acquiesced in any breach of any of the terms of this Agreement. No modification, rescission, waiver, forbearance, release or amendment of any term, covenant, condition or provision of this Agreement or any of the Company's obligations hereunder shall be valid or enforceable unless made and evidenced in writing, expressly referring to this Agreement and signed by both of us.

This Agreement may be executed in counterparts, each of which when duly signed and delivered shall be deemed for all purposes hereof to be an original, but all such counterparts shall collectively constitute one and the same instrument; and either party may execute this Agreement by signing any such counterpart. Any signature delivered by facsimile or email transmission (in scanned .pdf format or the equivalent) shall be deemed to be an original signature.

If the foregoing accurately and completely reflects our understanding, please confirm your agreement with these terms and conditions by signing where indicated below, whereupon this shall become a binding agreement between us.

Sincerely,

_____,
as _____

Address for Notices:

Phone: _____
Email: _____

By: _____
Name: _____
Title: _____

Address for Notices:

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Michael Mathews, certify that:

- 1. I have reviewed this quarterly report on Form 10-Q of Aspen Group, Inc.;
- 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

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

an understanding of what those controls and procedures are, that those controls and procedures were designed under our supervision, that we conducted or supervised the testing that reports on the effectiveness of the controls and procedures were prepared, and that those controls and procedures are operating as intended to ensure that the information we disclose in periodic reports and other reports that we file with the SEC is true and accurate.

My full name is _____

!

he

b an h

