

prior-year period. This decrease in academic revenue was primarily a result of a decrease in enrollment, which was partially offset by the new NAU Tuition Advantage plan that was approved by NAU's board of governors in November 2016 and became effective in March 2017.

Educational services expense for the FY 2018 third quarter decreased to \$6.2 million, or 34.9% of total academic segment revenue, from f 2 Tw 15.3(d)-12. 0 Tc 0 Tw9

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
 FOR THE THREE MONTHS AND NINE MONTHS ENDED FEBRUARY 28, 2018 AND 2017
 (In thousands, except share and per share amounts)

| | 2018 | 2017 | 2018 | 2017 |
|-------------------------------------|---------------|---------------|---------------|---------------|
| REVENUE: | | | | |
| Academic revenue | \$ 16,923 | \$ 20,158 | \$ 53,607 | \$ 59,872 |
| Auxiliary revenue | 955 | 891 | 2,930 | 3,699 |
| Rental income — apartments | 349 | 282 | 1,049 | 873 |
| Condominium sales | <u>-</u> | <u>-</u> | <u>455</u> | <u>-</u> |
| Total revenue | <u>18,227</u> | <u>21,331</u> | <u>58,041</u> | <u>64,444</u> |
| OPERATING EXPENSES: | | | | |
| Cost of educational services | 6,234 | 7,629 | 19,545 | 20,594 |
| Selling, general and administrative | 13,817 | 15,321 | 44,633 | 47,228 |
| Auxiliary expense | 686 | 591 | 2,079 | 2,694 |
| Cost of condominium sales | - | - | 427 | - |
| Loss on lease termination | - | - | 362 | - |
| Loss on disposition of property | <u>1,076</u> | <u>2</u> | <u>2,071</u> | <u>8</u> |

NATIONAL AMERICAN UNIVERSITY HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

AS OF FEBRUARY 28, 2018 AND MAY 31, 2017

(In thousands, except share and per share amounts)

| | February 28, 2018 | | May 31, 2017 |
|--|----------------------|----|-----------------|
| ASSETS | | | |
| CURRENT ASSETS: | | | |
| Cash and cash equivalents | \$ 4,638 | \$ | 11,974 |
| Available for sale investments | \$ - | \$ | 4,183 |
| Student receivables — net of allowance of \$686 and \$1,195 at February 28, 2018 | | | |

