

NATIONAL AMERICAN UNIVERSITY HOLDINGS, INC. REPORTS  
FISCAL 2017 FOURTH QUARTER AND YEAR-END RESULTS

Company to host conference call on August 3, 2017, at 11:00 a.m. ET

Financial and Operational Highlights



## Financial Review

The Company, through its wholly owned subsidiary, operates in two business segments: academics, which consists of NAU's undergraduate, graduate, and doctoral education programs and contributes the primary portion of the Company's revenue; and ownership in and development of multiple apartments and condominium complexes from which it derives sales and rental income. The real estate operations generated approximately 1.3% of the Company's revenue for the quarter ended May 31, 2017.

### *Fiscal 2017 Fourth Quarter Financial Results*

- Total revenue for the FY 2017 fourth quarter was \$22.1 million, compared to \$23.0 million in the same period last year. Academic tuition revenue was \$20.7 million, compared to \$21.3 million in the prior-year period. Auxiliary (bookstore) revenue was \$1.1 million for the FY 2017 fourth quarter, compared to \$1.5 million in the prior-year period. This decrease in academic revenue was primarily a result of a decrease in enrollment.
- For the FY 2017 fourth quarter, educational services expense was \$7.1 million, or 32.3% of total academic segment revenue, compared to \$6.7 million, or 29.5%, for the FY 2016 fourth quarter. This percentage increase was a result of fixed costs on a decreasing revenue base and additional expense to launch new programs and transfer programs from closing institutions.

Educational services expense specifically relates to academics, and includes salaries and benefits of faculty and academic administrators, costs of educational supplies, faculty reference and support material and related academic costs.

- During the FY 2017 fourth quarter, SG&A expenses decreased to \$14.4 million, or 65.1% of total revenue, from \$16.7 million, or 72.6%, in the prior-year period.
- Loss before income taxes and non-controlling interest for the FY 2017 fourth quarter narrowed to \$(1.2) million from \$(1.6) million in the same period last year.
- Net loss attributable to the Company for the FY 2017 fourth quarter was \$(0.9) million, or (\$0.04) per diluted share based on 24.2 million shares outstanding, compared to net loss attributable to the Company of \$(1.0) million, or (\$0.04) per diluted share based on 24.1 million shares outstanding, in the prior-year period.
- EBITDA for the FY 2017 fourth quarter were \$197,000, compared to LBITDA of \$(76,000) in the prior-year period. Excluding \$1.1 million in one-time impairment charges and \$0.2 million in deferred tax asset valuation allowance, the Company would have reported EBITDA of \$1.3 million for the period. A table reconciling EBITDA/LBITDA to net income/loss can be found at the end of this release.

### *Fiscal 2017 Financial Results*

- Total revenues for FY 2017 were \$86.6 million, compared to \$96.1 million in FY 2016. Total academic segment revenue was \$85.4 million, compared to \$95.0 million in the prior fiscal year, as a result of the 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. The Company continues to execute on its strategic plan, which includes growing enrollments at its current existing locations by investing in new program

diluted share based on 24.7 million shares outstanding, in the prior fiscal year, primarily as a result of lower revenues and a \$1.2 million reduction in benefit from income taxes, which the Company previously announced in its [FY 2017 third quarter earnings release](#).

- LBITDA for FY 2017 were \$(1.9) million, compared to \$(1.8) million in the prior fiscal year. A table reconciling EBITDA/LBITDA to net income/loss can be found at the end of this release.

*Balance Sheet Highlights*

<i>(in millions except for percentages)</i>	<u>5/31/2017</u>	<u>5/31/2016</u>	<u>% Change</u>
Cash and Cash Equivalents/Investments	\$ 16.2	\$ 25.8	(37.4) %
Working Capital	11.2	22.2	(49.3) %
Other Long-			

cause actual results or performance to be materially different from those expressed or implied by those forward-looking statements. Other factors that could cause the Company's results to differ materially from those contained in its forward-looking statements are included under, among others, the heading "Risk Factors" in the Company's Annual Report on Form 10-K, which the Company expects to file on August 4, 2017, and in its other filings with the Securities and Exchange Commission. The Company assumes no obligation to update the information contained in this release.

Contact Information:

National American University Holdings, Inc.  
Dr. Ronald Shape  
605-721-5220  
[rshape@national.edu](mailto:rshape@national.edu)

Investor Relations Counsel  
The Equity Group Inc.  
Carolyn Y. Sohn  
415-568-2255  
[csohn@equityny.com](mailto:csohn@equityny.com)

Adam Prior  
212-836-9606

[aprior@equityny.com](mailto:aprior@equityny.com)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME  
FOR THE THREE MONTHS AND YEARS ENDED MAY 31, 2017 AND 2016

(In thousands, except share and per share amounts)

	2017	2016	2017	2016
REVENUE:				
Academic revenue	\$ 20,723	\$ 21,316	\$ 80,595	\$ 88,697
Auxiliary revenue	1,133	1,452	4,832	6,306
Rental income — apartments	<u>287</u>	<u>279</u>	<u>1,160</u>	<u>1,110</u>
Total revenue	<u>22,143</u>	<u>23,047</u>	<u>86,587</u>	<u>96,113</u>
OPERATING EXPENSES:				
Cost of educational services	7,063	6,713	27,657	26,093
Selling, general and administrative	14,411	16,731	61,639	72,211
Auxiliary expense	783	1,077	3,477	4,667
Loss on disposition of property	<u>1,044</u>	<u>1</u>	<u>1,052</u>	<u>735</u>
Total operating expenses	<u>23,301</u>	<u>24,522</u>	<u>93,825</u>	<u>103,706</u>
OPERATING LOSS	<u>(1,158)</u>	<u>(1,475)</u>	<u>(7,238)</u>	<u>(7,593)</u>
OTHER INCOME (EXPENSE):				
Interest income	25	25	102	87
Interest expense	(211)	(216)	(850)	(870)
Other income — net	<u>126</u>	<u>45</u>	<u>209</u>	<u>178</u>
Total other expense	<u>(60)</u>	<u>(146)</u>	<u>(539)</u>	<u>(605)</u>
LOSS BEFORE INCOME TAXES	(1,218)	(1,621)	(7,777)	(8,198)
INCOME TAX BENEFIT (PROVISION)	<u>296</u>	<u>660</u>	<u>1,550</u>	<u>2,894</u>
NET LOSS	(922)	(961)	(6,227)	(5,304)
NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTEREST	<u>(9)</u>	<u>(9)</u>	<u>(48)</u>	<u>(44)</u>
NET LOSS ATTRIBUTABLE TO NATIONAL AMERICAN UNIVERSITY HOLDINGS, INC. AND SUBSIDIARIES	(931)	(970)	(6,275)	(5,348)
OTHER COMPREHENSIVE (LOSS) GAIN — Unrealized (losses) gains on investments, net of tax	<u>0</u>	<u>2</u>	<u>(2)</u>	<u>(1)</u>
COMPREHENSIVE LOSS ATTRIBUTABLE TO NATIONAL AMERICAN UNIVERSITY HOLDINGS, INC.	<u>\$ (931)</u>	<u>\$ (968)</u>	<u>\$ (6,277)</u>	<u>\$ (5,349)</u>
Basic net loss attributable to National American University Holdings, Inc	\$ (0.04)	\$ (0.04)	\$ (0.26)	\$ (0.22)

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**NATIONAL AMERICAN UNIVERSITY HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**AS OF MAY 31, 2017 AND 2016**  
(In thousands, except share and per share amounts)

	May 31 2017	May 31, 2016
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 11,974	\$ 21,713
Available for sale investments	4,183	4,117
Student receivables — net of allowance of \$1,195 and \$723 at May 31, 2017 and May 31, 2016, respectively	2,895	3,011
Other receivables	458	375

375

