Universal Technical Institute
Q2 FY20 Financial Supplement

May 7, 2020

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to the safe harbor created by such Act. These statements are based on our management's current beliefs, expectations and assumptions about future events, conditions and results and on information currently available to us. Discussions containing these forward-looking statements may be found, among other places, in the Sections entitled "Business Overview," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" incorporated by reference from our most recent Annual Report on Form 10-K and in our subsequent Quarterly Reports on Form 10-Q, as well as any amendments thereto, filed with the SEC. This presentation also contains estimates and other statistical data made by independent parties and by us relating to market size and growth and other data about our industry. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. In addition, projections, assumptions and estimates of our future performance and the future performance of the markets in which we operate are necessarily subject to a high degree of uncertainty and risk.

In addition, statements that refer to projections of earnings, revenue, costs or other financial items in future periods; anticipated growth and trends in our business or key markets; cost synergies, growth opportunities and other potential financial and operating benefits; future growth and revenues; future economic conditions and performance; anticipated performance of curriculum; plans, objectives and strategies for future operations; and other characterizations of future events or circumstances, and all other statements that are not statements of historical fact are forward-looking statements within the meaning of the Securities Act and the Exchange Act. Such statements are based on currently available operating, financial and competitive information and are subject to various risks, uncertainties and assumptions that could cause actual results to differ materially from those anticipated or implied in our forward-looking statements due to a number of factors, including, but not limited to, those set forth under the section entitled "Risk Factors" in our filings with the SEC. Factors that might cause such a difference include, but are not limited to, changes to federal and state educational funding, changes to regulations or agency interpretation of such regulations affecting the for-profit education industry, possible failure or inability to obtain regulatory consents and certifications for new or expanding campuses, potential increased competition, changes in demand for the programs offered by UTI, increased investment in management and capital resources, the effectiveness of the recruiting, advertising and promotional efforts, changes to interest rates and unemployment, general economic conditions of the company, the adoption of new accounting standards including the new lease accounting guidance. Given these risks, uncertainties and other factors, many of which are beyond our control, you should not place undue reliance on these forward-looking statements. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to revise any forward-looking statements, even if new information becomes available in the future.

Q2 FY20 & First Half FY20 Summary

$ Millions	3 Mos. 3/31/20	3 Mos. 3/31/19	YoY Change	6 Mos. 3/31/20	6 Mos. 3/31/19	YoY Change
Student start growth (excluding Norwood, MA)	2,093	1,963	6.6%	3,687	3,443	7.1%
Average population	10,246	10,576	(3.1)%	10,923	10,898	0.2%
Revenue	$82.7	$81.7	1.2%	$170.0	$164.8	3.1%
Operating expense	$83.2	$87.3	(4.7)%	$166.2	$177.6	(6.4)%
Operating (loss) income	$(0.5)	$(5.6)	$(5.1)	$3.8	$(12.8)	$16.6
Adjusted operating income (loss)(1)	$0.5	$(4.2)	$4.7	$7.0	$(7.2)	$14.2
Net income (loss)	$10.1(2)	$(5.3)	$15.4	$14.8(2)	($13.0)	$27.8
Adjusted EBITDA(1)	$3.1	$0.8	$2.3	$13.1	$2.1	$11.0
Operating cash flow	$3.8	$(1.6)	$5.4	$10.9	$2.8	$8.1
Adjusted free cash flow(1)	$(0.3)	$(2.6)	$2.3	$6.7	$3.0	$3.7
Capital expenditures	$3.4	$2.0	$1.4	$5.2	$4.8	$0.4

[1] *For a detailed reconciliation of Non-GAAP measures, see the Appendix*
[2] *Includes $10.8M Q2FY20 Income Tax Benefit due to CARES Act*

Results of Operations – Percent of Revenue

	6 Mos. 3/31/20	3 Mos. 3/31/20	3 Mos. 12/31/19	6 Mos. 3/31/19	3 Mos. 3/31/19	3 Mos. 12/31/18
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Operating expenses:						
Educational services	50.5%	51.9%	49.2%	55.6%	56.1%	55.1%
SG&A	47.3%	48.7%	46.0%	52.2%	50.8%	53.6%
Total operating expenses	97.8%	100.6%	95.2%	107.8%	106.9%	108.7%
Income (loss) from ops.	2.2%	(0.6)%	4.8%	(7.8%)	(6.9)%	(8.7)%
Total other income (expense), net	0.2%	(0.2)%	0.6%	– %	0.5%	– %
Income tax benefit (expense)	6.3%	13.1%	0.1%	(0.1)%	(0.1)%	0.2%
Net Income (loss)	8.7%	12.3%	5.3%	(7.9)%	(6.5)%	(9.4)%
Preferred stock dividends	1.6%	1.6%	1.5%	1.6%	1.6%	1.6%
Income (loss) available for distribution	7.1%	10.7%	3.8%	(9.5%)	(8.1)%	(11.0)%

Results of Operations – Education Services and SG&A

$ Thousands	3 Mos. 3/31/20	% of Revenue	3 Mos. 3/31/19	% of Revenue	6 Mos. 3/31/20	% of Revenue	6 Mos. 3/31/19	% of Revenue
EDUCATIONAL SERVICES AND FACILITIES EXPENSES:								
Compensation and related costs	$ 22,370	27.0%	$ 24,855	30.4%	$ 44,866	26.4%	$ 49,079	29.8%
Depreciation and amortization expense	3,039	3.7%	3,969	4.9%	6,005	3.5%	7,744	4.7%
Occupancy costs	9,513	11.5%	8,822	10.8%	19,351	11.4%	17,849	10.8%
Other educational services and facilities expense	3,119	3.8%	3,143	3.8%	6,270	3.7%	6,517	4.0%
Contract service expense	891	1.1%	1,015	1.2%	1,600	0.9%	2,054	1.2%
Student expense	896	1.1%	476	0.6%	1,501	0.9%	1,260	0.8%
Taxes and licensing expense	651	0.8%	959	1.2%	1,305	0.8%	1,862	1.1%
Supplies and maintenance expense	2,430	2.9%	2,583	3.2%	4,887	2.9%	5,192	3.2%
Total	**$ 42,909**	**51.9%**	**$ 45,822**	**56.1%**	**$ 85,785**	**50.5%**	**$ 91,557**	**55.6%**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:								
Compensation and related costs	$ 20,765	25.1%	$ 21,480	26.3%	$ 43,549	25.6%	$ 43,278	26.3%
Advertising expense	11,564	14.0%	11,348	13.9%	21,017	12.4%	21,931	13.3%
Contract services expense	1,182	1.4%	1,031	1.3%	2,302	1.4%	6,484	3.9%
Depreciation and amortization expense	197	0.2%	368	0.5%	567	0.3%	749	0.5%
Professional services expense	1,004	1.2%	1,963	2.4%	2,023	1.2%	2,645	1.6%
Other selling, general and administrative expenses	5,595	6.8%	5,314	6.5%	10,953	6.4%	10,937	6.6%
Total	**$ 40,307**	**48.7%**	**$ 41,504**	**50.8%**	**$ 80,411**	**47.3%**	**$ 86,024**	**52.2%**
COMPENSATION AND RELATED COST SUMMARY:								
Salaries expense	$ 32,454	39.2%	$ 35,433	43.4%	$ 67,208	39.5%	$ 70,440	42.7%
Employee benefits and tax	6,542	7.9%	7,987	9.8%	12,679	7.5%	15,478	9.4%
Bonus expense	3,146	3.8%	2,247	2.8%	7,521	4.4%	5,077	3.1%
Stock-based compensation	993	1.2%	668	0.8%	1,007	0.6%	1,362	0.8%
Total Compensation and related costs	**$ 43,136**	**52.1%**	**$ 46,335**	**56.7%**	**$ 88,415**	**52.0%**	**$ 92,357**	**56.0%**

Quarterly Trend - Key Metrics

($ in millions, except for student data)	3 Months Ended Q2'20	Q1'20	Q4'19	Q3'19	Q2'19	Q1'19	Q4'18	Q3'18	Q2'18
Adjusted new student starts[1]	2,093	1,594	6,437	1,682	1,963	1,480	5,829	1,503	1,768
Y/Y growth/(decline)	6.6%	7.7%	10.4%	11.9%	11.0%	16.9%	9.0%	(13.0)%	(2.2)%
Average enrollment	10,246	11,600	10,933	9,884	10,576	11,225	10,496	9,484	10,394
Y/Y growth/(decline)	(3.1)%	3.3%	4.2%	4.2%	1.8%	(0.3)%	(2.1)%	(5.1)%	(4.4)%
Revenues	$82.7	$87.2	$87.7	$79.0	$81.7	$83.1	$80.3	$74.9	$80.7
Y/Y growth/(decline)	1.2%	5.0%	9.2%	5.5%	1.3%	2.3%	(1.2)%	(1.8)%	(2.2)%
Income (loss) from operations	$(0.5)	$4.3	$5.4	$(0.5)	$(5.6)	$(7.2)	$(11.1)	$(11.8)	$(8.8)
Margin	(0.1)%	4.9%	6.2%	(0.6)%	(6.9)%	(8.7)%	(13.8)%	(15.7)%	(10.9%)
Revenue per student	$8,100	$7,500	$8,000	$8,000	$7,700	$7,400	$7,600	$7,900	$7,800
Adjusted EBITDA[2]	$3.1	$10.1	$10.4	$4.5	$0.8	$1.4	($4.1)	($4.0)	($2.3)
Margin	3.8%	11.6%	11.9%	5.7%	1.0%	1.7%	(5.1)%	(5.3)%	(2.9)%
Net income (loss)	$10.1[3]	$4.7	$5.5	$(0.4)	$(5.3)	$(7.7)	$(11.0)	$(11.7)	$(8.8)
Cash & Investments[4]	$118.1	$70.5	$65.4	$42.7	$52.9	$58.6	$58.1	$56.0	$82.2

Seasonal cash consumption in Q3

[1] *New student starts exclude Norwood, MA.*
[2] *A reconciling table for Adjusted EBITDA is available in the Appendix of this presentation*
[3] *Includes $10.8M Q2FY20 Income Tax Benefit due to CARES Act*
[4] *Cash & Investments includes held-to-maturity investments*

Quarterly Trend - New Student Starts By Channel

	3 Months Ended								
	Q2'20	Q1'20	Q4'19	Q3'19	Q2'19	Q1'19	Q4'18	Q3'18	Q2'18
Total New Student Starts[1]	2,093	1,594	6,437	1,682	1,963	1,480	5,829	1,503	1,768
Y/Y growth/(decline)	6.6%	7.7%	10.4%	11.9%	11.0%	16.9%	9.0%	(13.0)%	(2.2)%
High School New Student Starts[1]	614	456	4,629	482	563	387	4,137	401	414
Y/Y growth/(decline)	9.1%	17.8%	11.9%	20.2%	36.0%	33.0%	14.0%	(10.1)%	9.5%
Adult New Student Starts[1]	1,192	917	1,500	996	1,163	861	1,436	879	1,111
Y/Y growth/(decline)	2.5%	6.5%	4.5%	13.3%	4.7%	9.5%	0.6%	(17.6)%	0.4%
Military New Student Starts[1]	287	221	308	204	237	232	256	223	243
Y/Y growth/(decline)	21.1%	(4.7)%	20.3%	(8.5)%	(2.5)%	22.8%	(12.3)%	3.7%	(24.8)%

[1] *New student starts exclude Norwood, MA.*

Statements of Operations

($ in thousands, except per share amounts)

	6 Mos. 3/31/20	3 Mos. 3/31/20	3 Mos. 12/31/19	12 Mos. 9/30/19	3 Mos. 9/30/19	3 Mos. 6/30/19	6 Mos. 3/31/19	3 Mos. 3/31/19	3 Mos. 12/31/18	12 Mos. 9/30/18
Revenues	$169,951	$82,717	$87,234	$331,504	$87,666	$79,042	$164,796	$81,746	$83,050	$316,965
Operating expenses:										
Educational services	85,785	42,909	42,876	178,317	43,924	42,836	91,557	45,822	45,735	182,589
SG&A	80,411	40,307	40,104	160,989	38,304	36,661	86,024	41,504	44,520	169,651
Total operating expenses	166,196	83,216	82,980	339,306	82,228	79,497	177,581	87,326	90,255	352,240
Income (loss) from ops.	3,755	(499)	4,254	(7,802)	5,438	(455)	(12,785)	(5,580)	(7,205)	(35,725)
Total other income (expense), net	351	(163)	514	137	(11)	121	27	406	(379)	(422)
Income tax expense (benefit)	(10,720)	(10,804)	84	203	(50)	31	222	89	133	(3,015)
Net Income (loss)	$14,826	$10,142	$ 4,684	$(7,868)	$5,477	$(365)	$(12,980)	$(5,263)	$(7,717)	$(32,682)
Preferred stock dividends	2,632	1,309	1,323	5,250	1,323	1,309	2,618	1,295	1,323	5,250
Income (loss) available for distribution	$12,194	8,833	$3,361	$(13,118)	$4,154	$(1,674)	$(15,598)	$(6,558)	$(9,040)	$(37,392)
Earnings (loss) per share, basic & diluted	$0.25	$0.18	$0.07	$(0.52)	$0.09	$(0.07)	$(0.61)	$(0.26)	$(0.36)	$(1.51)
EBITDA(1)	$9,998	$2,224	$7,774	$11,355	$10,153	$4,436	$(3,234)	$(319)	$(2,915)	$(16,738)

[1] *A reconciling table for EBITDA is available in the Appendix of this presentation*

Balance Sheet and Cash Flow Summary

($ in thousands)

At:	3/31/20	9/30/19
Cash & cash equivalents	$ 76,606	$ 65,442
Restricted cash*	14,235	15,113
Held-to-maturity investments	41,510	–
Current assets**	175,259	118,104
PP&E (net)**	74,024	104,126
Right of Use assets for operating leases**	136,754	–
Total assets	**$ 433,127**	**$ 270,526**
Operating lease liability – current**	25,453	–
Current liabilities**	115,611	96,844
Operating lease liability – LT**	124,873	–
Total liabilities**	248,071	156,238
Stockholders' equity**	185,056	114,288
Total liabilities & equity	**$ 433,127**	**$ 270,526**

- *Restricted cash includes the funds transferred in advance of loan purchases under UTI's proprietary loan program, funds held for students from Title IV financial aid program funds that result in credit balances on a student's account and funds held as collateral for certain of the surety bonds that UTI's insurers issue on behalf of UTI campuses and admissions representatives with multiple states, which are required to maintain authorization to conduct UTI's business.*

*** Impacted by implementation of ASC 842*

	3 Mos. 3/31/20	3 Mos. 3/31/19	6 Mos. 3/31/20	6 Mos. 3/31/19
Net cash provided by (used in) operating activities	$3,773	$(1,602)	$10,897	$2,808
Purchase of property and equipment	$(3,353)	$(2,003)	$(5,164)	$(4,782)
Purchase of held-to-maturity securities	(41,562)	–	(41,562)	–
Net cash used in investing activities	(44,833)	$(1,931)	$(46,552)	$(4,641)
Proceeds from equity offering	49,137	–	49,137	–
Net cash provided by/(used in) financing activities	$46,438	$(2,954)	$45,941	$(3,382)
Change in cash and restricted cash	5,378	(6,487)	$10,286	$(5,215)
Ending balance of cash and restricted cash	$90,841	$66,944	$90,841	$66,944

COVID 19 Aid, Relief, and Economic Security (CARES) Act

HIGHER EDUCATION EMERGENCY RELIEF FUND (HEERF)

- The HEERF funding allocation by the Department of Education (ED) is as follows:

School	Total Allocation	Minimum Allocation to be Awarded for Emergency Financial Aid to Students	Remaining Funds
Universal Technical Institute - Avondale	$14,950,305	$7,475,153	$7,475,152
Universal Technical Institute – MMI Phoenix	$9,330,780	$4,665,390	$4,665,390
Universal Technical Institute - Houston	$8,848,799	$4,424,400	$4,424,399
Total	$33,129,884	$16,564,943	$16,564,941

- The link to the ED CARES Act and HEERF website is as follows:
  - https://www2.ed.gov/about/offices/list/ope/caresact.html
- At least **50%** of these funds must be used for **emergency financial aid grants for students**
  - Grant amounts are being determined using a need based methodology driven by campus proximity and expected family financial contribution (EFC)
  - Active and LOA students that complete an attestation and meet ED eligibility requirements will receive funds via check
- The remaining **50%** can be used by institutions to cover any **costs associated with significant changes to the delivery of instruction due to COVID-19** (excluding expenses associated with marketing, admissions, pre-enrollment or capital outlay for facilities)
  - Eligible costs could include the cost to develop and implement our online learning curriculum and platform, as well as costs to re-introduce students into the modified lab format
  - No quantification available currently as we are awaiting further guidance from ED

COVID 19 Aid, Relief, and Economic Security (CARES) Act

Tax Provisions and Impacts

NOL Impact to UTI

- For Q2, we booked an income tax benefit of $10.8M
    - $4.1M related to 2018 tax year losses that will be carried back to 2017 and 2016
    - $6.7M related to 2019 tax year losses that will be carried back to 2015 and 2014
    - Application for $4.1M in tax refund filed in April, expect to file for $6.7M tax refund in June
    - Assuming timely processing by IRS, cash refunds should be received in fiscal 2020

Payroll Tax Deferral Impact to UTI

- The provision allows employers to defer payment of the employer share of the Social Security tax. The provision requires that the deferred employment tax be paid over the following two years, with half of the amount required to be paid by December 31, 2021 and the other half by December 31, 2022.
- UTI will use this provision which will increase cash by ~$1.5-$2M/quarter from Q3 FY20 through Q1 FY21

Employee Retention Credit (ERC) Impact to UTI

- The ERC is a fully refundable tax credit for employers equal to 50 percent of qualified wages (including allocable qualified health plan expenses) that Eligible Employers pay their employees. The ERC applies to qualified wages paid after March 12, 2020, and before January 1, 2021.
- The maximum amount of qualified wages taken into account with respect to each employee for all calendar quarters is $10,000, so that the maximum credit for qualified wages paid to any employee is $5,000.
- IRS issued significantly enhanced guidelines on April 29, 2020
- We are exploring compensation costs that may be eligible given the enhanced guidelines

Use of Non-GAAP Financial Information

This presentation contains non-GAAP (Generally Accepted Accounting Principles) financial measures, which are intended to supplement, but not substitute for, the most directly comparable GAAP measures. Management chooses to disclose to investors these non-GAAP financial measures because they provide an additional analytical tool to clarify the results from operations and help to identify underlying trends. Additionally, such measures help compare the company's performance on a consistent basis across time periods. Management defines EBITDA as net income (loss) before interest expense, interest income, income taxes, depreciation, amortization. Management defines adjusted EBITDA as net income (loss) before interest expense, interest income, income taxes, depreciation, amortization and adjusted for items not considered as part of the company’s normal recurring operations. Management defines adjusted operating income (loss) as income (loss) from operations, adjusted for items that affect trends in underlying performance from year to year and are not considered normal recurring cash operating expenses. Management defines adjusted free cash flow as net cash provided by (used in) operating activities less capital expenditures, adjusted for items not considered as part of the company’s normal recurring operations. Management chooses to disclose any campus adjustments as direct costs (net of any corporate allocations). Management utilizes adjusted figures as performance measures internally for operating decisions, strategic planning, annual budgeting and forecasting. For the periods presented, this includes consulting fees incurred as part of the company’s transformation initiative, severance costs related to our CEO transition, start up costs related to the Bloomfield, NJ campus, and the teachout and closure of the Norwood, MA campus.. To obtain a complete understanding of the company's performance, these measures should be examined in connection with net income (loss), operating income (loss) and net cash provided by (used in) operating activities, determined in accordance with GAAP, as presented in the financial statements and notes thereto included in the annual and quarterly filings with the Securities and Exchange Commission. Since the items excluded from these measures are significant components in understanding and assessing financial performance under GAAP, these measures should not be considered to be an alternative to net income (loss), operating income (loss) or net cash provided by (used in) operating activities as a measure of the company's operating performance or liquidity. Exclusion of items in the non-GAAP presentation should not be construed as an inference that these items are unusual, infrequent or non-recurring. Other companies, including other companies in the education industry, may calculate non-GAAP financial measures differently than UTI does, limiting their usefulness as a comparative measure across companies. A reconciliation of the historical non-GAAP financial measures to the most directly comparable GAAP measures is included in the following slides.

Information reconciling forward-looking adjusted EBITDA, adjusted operating income and adjusted free cash flow to the most directly comparable GAAP financial measure is unavailable to the company without unreasonable effort. The company is not able to provide a quantitative reconciliation of adjusted EBITDA, adjusted operating income or adjusted free cash flow to the most directly comparable GAAP financial measure because certain items required for such reconciliation are uncertain, outside of the company’s control and/or cannot be reasonably predicted, including but not limited to the provision for (benefit from) income taxes. Preparation of such reconciliation would require a forward-looking statement of income and statement of cash flows prepared in accordance with GAAP, and such forward-looking financial statements are unavailable to the company without unreasonable effort.

Adjusted Operating Income (Loss)

($ in thousands)

	6 mos. 3/31/20	3 Mos. 3/31/20	3 Mos. 12/31/19	12 Mos. 9/30/19	3 Mos. 9/30/19	3 Mos. 6/30/19	6 Mos. 3/31/19	3 Mos. 3/31/19	3 Mos. 12/31/18	12 Mos. 9/30/18
Income (loss) from operations, as reported	$3,755	$(499)	$4,254	$(7,802)	$5,438	$(455)	$(12,785)	$(5,580)	$(7,205)	$(35,275)
Non-recurring consulting fees for transformation initiative[(1)]	–	–	–	4,224	–	–	4,224	–	4,224	5,776
Severance expense due to CEO transition [(2)]	1,531	–	1,531	–	–	–	–	–	–	–
Start-up costs associated with Bloomfield, NJ campus opening[(3)]	–	–	–	–	–	–	–	–	–	3,465
Net restructuring charge for Norwood, MA campus exit[(4)]	–	–	–	1,433	48	136	1,250	1,250	–	–
Norwood, MA campus EBITDA[(4)]	1,739	983	756	419	266	27	126	81	45	362
Adjusted income (loss) from operations, non-GAAP	**$7,025**	**$484**	**$6,541**	**$(1,726)**	**$5,752**	**$(292)**	**$(7,185)**	**$(4,249)**	**$(2,936)**	**$(25,672)**

(1) In October 2018, we terminated our agreement with the consultant and paid a termination fee of $3.95 million related to our transformation plan. The consulting services covered marketing, admissions, future student processing, retention and cost savings initiatives.

(2) On October 21, 2019, we announced the retirement of our President and Chief Executive Officer, Kimberly J. McWaters, effective October 31, 2019. During the three and six months ended March 31, 2020, we paid cash of $0.1 million and $1.1 million, respectively, and incurred a total charge of $1.5 million during the 3 months ended 12/31/19, in accordance with Ms. McWaters' Retirement Agreement and Release of Claims, dated October 31, 2019.

(3) The Bloomfield, NJ campus opened in August 2018. The results for the quarter and the year ended 9/30/18 reflect preopening costs through the end of July 2018.

(4) We expect the teach-out of the Norwood, MA campus to be completed by the end of FY 2020.

EBITDA Reconciliation

($ in thousands)

	6 mos. 3/31/20	3 Mos. 3/31/20	3 Mos. 12/31/19	12 Mos. 9/30/19	3 Mos. 9/30/19	3 Mos. 6/30/19	6 Mos. 3/31/19	3 Mos 3/31/19	3 Mos. 12/31/18	12 Mos. 9/30/18
Net income (loss), as reported	$14,826	$10,142	$4,684	$(7,868)	$5,477	$(365)	$(12,980)	$(5,263)	$(7,717)	$(32,682)
Interest expense, net	(680)	(344)	(336)	1,729	458	444	827	416	411	1,885
Income tax expense (benefit)	(10,720)	(10,804)	84	203	(50)	31	222	89	133	(3,015)
Dep. & Amort.	6,572	3,230	3,342	17,291	4,268	4,326	8,697	4,439	4,258	17,074
EBITDA	**$9,998**	**$2,224**	**$7,774**	**$11,355**	**$10,153**	**$4,436**	**$(3,234)**	**$(319)**	**$(2,915)**	**$(16,738)**

Adjusted EBITDA Reconciliation

($ in thousands)

	6 mos. 3/31/20	3 Mos. 3/31/20	3 Mos. 12/31/19	12 Mos. 9/30/19	3 Mos. 9/30/19	3 Mos. 6/30/19	6 Mos. 3/31/19	3 Mos 3/31/19	3 Mos. 12/31/18	12 Mos. 9/30/18
EBITDA	$9,998	$2,224	$7,774	$11,355	$10,153	$4,436	$(3,234)	$(319)	$(2,915)	$(16,738)
Non-recurring consulting fees for transformation initiative(1)	–	–	–	4,224	–	–	4,224	–	4,224	5,776
Severance Expense on Executives transition(2)	1,531	–	1,531	–	–	–	–	–	–	–
Start-up costs associated with Bloomfield, NJ campus opening(3)	–	–	–	–	–	–	–	–	–	3,446
Net restructuring charge for Norwood, MA campus exit(4)	–	–	–	1,433	48	136	1,250	1,250	–	–
Norwood, MA Campus EBITDA(4)	1,583	906	756	(51)	154	(83)	(121)	(112)	(9)	(270)
Adjusted EBITDA, non-GAAP	**$13,112**	**$3,130**	**$10,061**	**$16,961**	**$10,355**	**$4,489**	**$2,119**	**$819**	**$1,300**	**$(7,786)**

(1) *In October 2018, we terminated our agreement with the consultant and paid a termination fee of $3.95 million related to our transformation plan. The consulting services covered marketing, admissions, future student processing, retention and cost savings initiatives. We determined that the Company has developed sufficient expertise to execute transformation plan efforts internally.*

(2) *On October 21, 2019, we announced the retirement of our President and Chief Executive Officer, Kimberly J. McWaters, effective October 31, 2019. During the three and six months ended March 31, 2020, we paid cash of $0.1 million and $1.1 million, respectively, and incurred a total charge of $1.5 million during the 3 months ended 12/31/19, in accordance with Ms. McWaters' Retirement Agreement and Release of Claims, dated October 31, 2019.*

(3) *The Bloomfield, NJ campus opened in August 2018. The results for the quarter and the year ended 9/30/18 reflect preopening costs through the end of July 2018.*

(4) *We expect the teach-out of the Norwood, MA campus to be completed by the end of FY 2020.*

Adjusted Free Cash Flow

($ in thousands)

	3 Mos. 3/31/20	3 Mos. 3/31/19	6 Mos. 3/31/20	6 Mos. 3/31/19	12 Mos. 9/30/19	12 Mos. 9/30/18
Cash flow provided by (used in) operating activities, as reported	$3,773	$(1,602)	$10,897	$2,808	$ 21,746	$ (13,353)
Purchase of property and equipment	(3,353)	(2,003)	(5,164)	(4,782)	(6,453)	(20,606)
Severance payment due to CEO transition(1)	64	–	1,078	–	–	–
Non-recurring consulting fees for transformation initiative(2)	–	–	–	3,950	3,950	6,050
Cash outflow/(inflow) associated with Bloomfield, NJ campus opening(3)	–	–	–	–	–	14,761
Cash outflow associated with Norwood, MA restructuring(4)	–	1,004	–	1,004	1,362	–
Free cash flow used in (provided by) Norwood, MA campus operations(4)	(784)	31	(107)	42	104	(149)
Adjusted free cash flow, non-GAAP	**$ (300)**	**$ (2,570)**	**$ 6,704**	**$ 3,022**	**$ 20,709**	**$ (13,297)**

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