



Universal Technical Institute Q3 FY22 Financial Supplement

August 3, 2022



Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the safe harbor from civil liability provided for such statements by the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended). Forward-looking statements may contain words such as "goal," "target," "future," "estimate," "expect," "anticipate," "intend," "plan," "believe," "seek," "project," "may," "should," "will," the negative form of these expressions or similar expressions. 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 and speak only as of the date hereof. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, achievements or events and circumstances reflected in the forward-looking statements will occur. Discussions containing these forward-looking statements may be found, among other places, in the Sections entitled "Business," "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, in our subsequent Quarterly Reports on Form 10-Q and certain of our current reports on Form 8-K, as well as any amendments thereto, filed with the Securities and Exchange Commission (the "SEC").

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. 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 the possible failure of our schools to comply with the regulatory requirements for school operations, 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 modified campuses or instruction, macroeconomic impacts related to the COVID-19 pandemic and other variants, the possible failure to successfully realize the benefits from our acquisitions, potential increased competition, changes in demand for the programs offered by us, increased investment in management and capital resources, the effectiveness of the recruiting, advertising and promotional efforts, changes to interest rates and unemployment, general economic and political conditions, the adoption of new accounting standards in accordance with accounting guidance and other risks that are described from time to time in our filings 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 and our business. This data involves several 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.

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. Neither we nor any other person makes any representation as to the accuracy or completeness of these forward-looking statements and, 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.

Q3 2022 Summary Results

(\$ in millions)



	3 Mos. 6/30/22 ⁽⁴⁾	3 Mos. 6/30/21	YoY Change	9 Mos. 6/30/22 ⁽⁴⁾	9 Mos. 6/30/21	YoY Change
New student starts	3,166	2,532	25.0%	7,409	6,864	7.9%
Average undergraduate full-time active students	12,025	10,797	11.4%	12,881	11,280	14.2%
Revenues	\$101.0	\$83.8	20.5%	\$308.1	\$237.6	29.7%
Operating expenses	\$99.0	\$80.7	22.7%	\$289.2	\$235.4	22.8%
Income (loss) from operations	\$2.0	\$3.1	\$(1.1)	\$18.9	\$2.2	\$16.7
Net income (loss) ⁽¹⁾	\$0.8	\$3.0	\$(2.2)	\$23.0	\$2.5	\$20.5
Adjusted net income (loss) ⁽²⁾	\$5.7	\$3.3	\$2.3	\$27.3	\$3.6	\$23.7
Adjusted EBITDA ⁽²⁾	\$11.0	\$7.2	\$3.8	\$41.8	\$14.3	\$27.6
Operating cash flow	\$(2.5)	\$(2.7)	\$0.3	\$7.9	\$14.8	\$(6.9)
Adjusted free cash flow ⁽²⁾	\$(2.8)	\$(5.5)	\$2.6	\$(3.0)	\$5.0	\$(8.0)
Capital expenditures ⁽³⁾	\$(16.5)	\$(4.3)	\$(12.1)	\$(69.6)	\$(54.2)	\$(15.4)

Note: See Item 2. Management Discussion and Analysis within the Form 10-Q for more information regarding operating results and impacts related to COVID-19.

1. Net income for the three and nine months ended June 30, 2022 includes an income tax benefit from the reversal of a majority of our valuation allowance.
2. For a detailed reconciliation of Non-GAAP measures, see slides 11-14
3. Includes approximately \$28.5 million for the purchase of the Lisle, Illinois campus in February 2022 and approximately \$45.2 million for the purchase of the Avondale, Arizona campus in December 2020
4. The acquisition of MIAT closed on November 1, 2021 impacting comparability for all future periods.

Quarterly Trend – Key Metrics

(\$ in millions, except revenue per student amounts)



	3 Mos. 6/30/22 ⁽¹⁾	3 Mos. 3/31/22 ⁽¹⁾	3 Mos. 12/31/21 ⁽¹⁾	3 Mos. 9/30/21	3 Mos. 6/30/21	3 Mos. 3/31/21	3 Mos. 12/31/20	3 Mos. 9/30/20	3 Mos. 6/30/20	3 Mos. 3/31/20	3 Mos. 12/31/19
Adjusted new student starts	3,166	2,275	1,972	6,165	2,531	2,405	1,927	5,772	1,824	2,093	1,594
Y/Y growth/(decline)	25.1%	(5.4)%	2.3%	6.8%	38.8%	14.9%	20.9%	1.1% ⁽²⁾	(24.2)% ⁽²⁾	6.6%	7.7%
Average undergraduate full-time active students	12,025	12,903	13,729	12,167	10,797	11,356	11,813	11,251	9,068	10,246	11,600
Y/Y growth/(decline)	11.4%	13.6%	16.2%	8.1%	19.1%	10.8%	1.8%	2.9%	(8.3)%	(3.1)%	3.3%
Revenues	\$101.0	\$102.1	\$105.1	\$97.5	\$83.8	\$77.7	\$76.1	\$76.3	\$54.5	\$82.7	\$87.2
Y/Y growth/(decline)	20.5%	31.4%	38.1%	27.8%	53.8%	(6.0)%	(12.7)%	(12.9)%	(31.1)%	1.2%	5.0%
Income (loss) from operations	\$2.0	\$3.4	\$13.6	\$12.8	\$3.1	\$(1.7)	\$0.8	\$6.2	\$(13.8)	\$(0.5)	\$4.3
Margin	2.0%	3.3%	12.9%	13.1%	3.7%	(2.2)%	1.1%	8.1%	(25.3)%	(0.1)%	4.9%
Revenue per student	\$8,400	\$7,900	\$7,700	\$8,000	\$7,800	\$6,800	\$6,400	\$6,800	\$6,000	\$8,100	\$7,500
Adjusted EBITDA ⁽³⁾	\$11.0	\$10.9	\$19.9	\$18.3	\$7.2	\$2.8	\$4.3	\$9.7	\$(8.8)	\$3.1	\$10.1
Adjusted EBITDA margin	10.9%	10.7%	18.9%	18.8%	8.6%	3.6%	5.7%	12.7%	(16.2)%	3.8%	11.6%
Net income (loss)	\$0.8 ⁽⁴⁾	\$7.4 ⁽⁴⁾	\$14.8	\$12.0	\$3.0	\$(1.5)	\$1.1	\$6.5	\$(13.3)	\$10.1 ⁽⁵⁾	\$4.7
Cash & Investments	\$70.7 ⁽⁶⁾	\$61.5 ⁽⁶⁾	\$99.5	\$133.7	\$103.1 ⁽⁷⁾	\$78.5	\$72.1 ⁽⁷⁾	\$114.9	\$91.5	\$118.1 ⁽⁸⁾	\$70.5

Note: See Item 2. Management Discussion and Analysis within the Form 10-Q for more information regarding operating results and impacts related to COVID-19.

1. The acquisition of MIAT closed on November 1, 2021 impacting comparability for all future periods.

2. Adjusted for 725 student starts that occurred on July 1, 2019

3. A reconciling table for Adjusted EBITDA is available on slides 12-13

4. Net income for the three months ended March 31, 2022 includes an income tax benefit from the reversal of a majority of our valuation allowance.

5. Reflects \$10.8M Income Tax Benefit related to CARES Act

6. Purchased the Lisle, Illinois campus for approximately \$28.4 million in cash consideration in February 2022. Completed the financing of the Lisle, Illinois campus in April 2022, increasing available liquidity by approximately \$20.0 million.

7. Purchased the Avondale, Arizona campus for approximately \$45.2 million in December 2020. Completed the financing of the Avondale, Arizona campus in May 2021 increasing available liquidity by approximately \$31.2 million

8. Includes \$49.5M of net proceeds from a primary equity offering in February 2020

Seasonal cash generation in Q4

Statements of Operations Trend

(\$ in thousands, except EPS)



	3 Mos. 6/30/22 ⁽³⁾	3 Mos. 3/31/22 ⁽³⁾	3 Mos. 12/31/21 ⁽³⁾	12 Mos. 9/30/21	3 Mos. 9/30/21	3 Mos. 6/30/21	3 Mos. 3/31/21	3 Mos. 12/31/20	12 Mos. 9/30/20	3 Mos. 9/30/20	3 Mos. 6/30/20	3 Mos. 3/31/20	3 Mos. 12/31/19
Revenues	\$ 100,966	\$ 102,086	\$ 105,075	\$335,083	\$ 97,481	\$ 83,768	\$ 77,709	\$ 76,125	\$300,761	\$ 76,327	\$ 54,483	\$ 82,717	\$ 87,234
Operating expenses:													
Educational services and facilities	53,216	49,209	47,901	166,818	44,769	42,238	40,480	39,331	155,932	37,671	32,476	42,909	42,876
SG&A	45,796	49,500	43,596	153,318	39,931	38,478	38,890	36,019	148,700	32,530	35,786	40,307	40,104
Total operating expenses	99,012	98,709	91,497	320,136	84,700	80,716	79,370	75,350	304,632	70,174	68,262	83,216	82,980
Income (loss) from operations	1,954	3,377	13,578	14,947	12,781	3,052	(1,661)	775	(3,871)	6,153	(13,779)	(499)	4,254
Total other (expense) income, net	(775)	(621)	(103)	236	(212)	34	80	334	1,277	394	532	(163)	514
Income tax benefit (expense) ⁽¹⁾	336	(4,598)	(1,347)	602	524	86	(34)	26	(10,602)	97	21	(10,804)	84
Net income (loss) ⁽¹⁾	\$ 843	\$ 7,354	\$ 14,822	\$ 14,581	\$ 12,045	\$ 3,000	\$ (1,547)	\$ 1,083	\$ 8,008	\$ 6,450	\$ (13,268)	\$ 10,142	\$ 4,684
Preferred stock dividends	1,296	1,294	1,323	5,250	1,312	1,313	1,312	1,313	5,264	1,323	1,309	1,309	1,323
Net income (loss) available for distribution	\$ (453)	\$ 6,060	\$ 13,499	\$ 9,331	\$ 10,733	\$ 1,687	\$ (2,859)	\$ (230)	\$ 2,744	\$ 5,127	\$ (14,577)	\$ 8,833	\$ 3,361
Net income (loss) per share, diluted	\$ (0.01)	\$ 0.11	\$ 0.25	\$ 0.17	\$ 0.20	\$ 0.03	\$ (0.09)	\$ (0.01)	\$ 0.05	\$ 0.09	\$ (0.45)	\$ 0.18	\$ 0.07
EBITDA ⁽²⁾	\$ 6,224	\$ 7,098	\$ 17,375	\$ 29,493	\$ 16,349	\$ 6,824	\$ 1,981	\$ 4,339	\$ 9,414	\$ 9,620	\$ (10,204)	\$ 2,224	\$ 7,774

Note: See Item 2. Management Discussion and Analysis within the Form 10-Q for more information regarding operating results and impacts related to COVID-19.

1. Net income for the three months ended March 31, 2022 includes an income tax benefit from the reversal of a majority of our valuation allowance. Net income for the three months ended March 31, 2020 includes an income tax benefit of \$10.8M related to the CARES Act.
2. A reconciling table for EBITDA is available on slide 12
3. The acquisition of MIAT closed on November 1, 2021 impacting comparability for all future periods.

Results of Operations – Percent of Revenue Trend



	3 Mos. 6/30/22 ⁽²⁾	3 Mos. 3/31/22 ⁽²⁾	3 Mos. 12/31/21 ⁽²⁾	12 Mos. 9/30/21	3 Mos. 9/30/21	3 Mos. 6/30/21	3 Mos. 3/31/21	3 Mos. 12/31/20	12 Mos. 9/30/20	3 Mos. 9/30/20	3 Mos. 6/30/20	3 Mos. 3/31/20	3 Mos. 12/31/19
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Operating Expenses:													
Educational services and facilities	52.7%	48.2%	45.6%	49.8%	45.9%	50.4%	52.1%	51.7%	51.9%	49.4%	59.6%	51.9%	49.2%
SG&A	45.4%	48.5%	41.5%	45.8%	41.0%	45.9%	50.0%	47.3%	49.4%	42.6%	65.7%	48.7%	46.0%
Total operating expenses	98.1%	96.7%	87.1%	95.6%	86.9%	96.3%	102.1%	99.0%	101.3%	91.9%	125.3%	100.6%	95.1%
Income (loss) from operations	1.9%	3.3%	12.9%	4.4%	13.1%	3.6%	(2.1)%	1.0%	(1.3)%	8.1%	(25.3)%	(0.6)%	4.9%
Total other (expense) income, net	(0.7)%	(0.7)%	(0.1)%	0.1%	(0.2)%	0.0%	0.1%	0.5%	0.4%	0.5%	1.0%	(0.2)%	0.6%
Income tax benefit (expense) ⁽¹⁾	(0.3)%	4.5%	1.3%	(0.2)%	0.5%	(0.1)%	0.0%	0.0%	(3.5)%	0.1%	0.0%	13.1%	(0.1)%
Net income (loss) ⁽¹⁾	0.8%	7.2%	14.1%	4.3%	12.4%	3.6%	(2.0)%	1.4%	2.6%	8.5%	(24.4)%	12.3%	5.4%
Preferred stock dividends	1.3%	1.3%	1.3%	1.6%	1.3%	1.6%	1.7%	1.7%	1.8%	1.7%	2.4%	1.6%	1.5%
Net income (loss) available for distribution	(0.4)%	5.9%	12.8%	2.7%	11.0%	2.0%	(3.7)%	(0.3)%	0.8%	6.7%	(26.8)%	10.7%	3.9%

Note: See Item 2. Management Discussion and Analysis within the Form 10-Q for more information regarding operating results and impacts related to COVID-19.

1. Net income for the three months ended March 31, 2022 includes an income tax benefit from the reversal of a majority of our valuation allowance. Net income for the three months ended March 31, 2020 includes an income tax benefit of \$10.8M related to the CARES Act.
2. The acquisition of MIAT closed on November 1, 2021 impacting comparability for all future periods.

Results of Operations – Educational Services and SG&A (\$ in thousands)



	3 Mos. 6/30/2022 ⁽¹⁾	% of Revenue	3 Mos. 6/30/2021	% of Revenue	9 Mos. 6/30/2022 ⁽¹⁾	% of Revenue	9 Mos. 6/30/2021	% of Revenue
EDUCATIONAL SERVICES AND FACILITIES EXPENSES:								
Compensation and related costs	\$ 27,757	27.5 %	\$ 23,307	27.8 %	\$ 79,470	25.8 %	\$ 66,695	28.1 %
Occupancy Costs	8,774	8.7 %	7,667	9.2 %	27,258	8.8 %	23,384	9.8 %
Depreciation and amortization expense	4,285	4.2 %	3,450	4.1 %	11,264	3.7 %	9,903	4.2 %
Supplies and maintenance expense	4,411	4.4 %	3,069	3.7 %	11,581	3.8 %	7,868	3.3 %
Taxes and licensing expense	679	0.7 %	593	0.7 %	2,127	0.7 %	1,867	0.8 %
Student expense	805	0.8 %	703	0.8 %	2,600	0.8 %	2,854	1.2 %
Contract service expense	1,593	1.6 %	575	0.7 %	3,736	1.2 %	1,869	0.8 %
Other educational services and facilities expense	4,912	4.9 %	2,874	3.4 %	12,290	4.0 %	7,609	3.2 %
Total	\$ 53,216	52.7 %	\$ 42,238	50.4 %	\$ 150,326	48.8 %	\$ 122,049	51.4 %
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES:								
Compensation and related costs	\$ 22,601	22.4 %	\$ 20,653	24.7 %	\$ 69,837	22.7 %	\$ 62,332	26.2 %
Advertising costs	13,382	13.3 %	10,388	12.4 %	38,275	12.4 %	30,010	12.6 %
Contract service expense	1,360	1.3 %	1,299	1.6 %	3,946	1.3 %	4,214	1.8 %
Professional services expense	1,726	1.7 %	792	0.9 %	6,928	2.2 %	3,320	1.4 %
Depreciation and amortization expense	276	0.3 %	169	0.2 %	860	0.3 %	567	0.2 %
Other selling general and administrative expense	6,451	6.4 %	5,177	6.2 %	19,046	6.2 %	12,944	5.4 %
Total	\$ 45,796	45.4 %	\$ 38,478	45.9 %	\$ 138,892	45.1 %	\$ 113,387	47.7 %
COMPENSATION AND RELATED COST SUMMARY:								
Salaries expense	\$ 38,576	38.2 %	\$ 33,768	40.3 %	\$ 111,649	36.2 %	\$ 98,484	41.4 %
Employee benefit and tax	6,631	6.6 %	5,700	6.8 %	21,327	6.9 %	16,738	7.0 %
Bonus expense	4,118	4.1 %	5,088	6.1 %	12,983	4.2 %	12,544	5.3 %
Stock based compensation	1,033	1.0 %	(596)	(0.7)%	3,348	1.1 %	1,261	0.5 %
Total compensation and related costs:	\$ 50,358	49.9 %	\$ 43,960	52.5 %	\$ 149,307	48.5 %	\$ 129,027	54.3 %

Note: See Item 2. Management Discussion and Analysis within the Form 10-Q for more information regarding operating results and impacts related to COVID-19.

1. The acquisition of MIAT closed on November 1, 2021 impacting comparability for all future periods.

Quarterly Trend - New Student Starts By Channel



	3 Mos. 6/30/22 ⁽¹⁾	3 Mos. 3/31/22 ⁽¹⁾	3 Mos. 12/31/21 ⁽¹⁾	3 Mos. 9/30/21	3 Mos. 6/30/21	3 Mos. 3/31/21	3 Mos. 12/31/20	3 Mos. 9/30/20	3 Mos. 6/30/20	3 Mos. 3/31/20	3 Mos. 12/31/19
Total New Student Starts⁽²⁾	3,166	2,275	1,972	6,165	2,532	2,405	1,927	5,772	1,824	2,093	1,594
Y/Y growth/(decline)	25.0%	(5.4)%	2.3%	6.8%	38.8%	14.9%	20.9%	1.1% ⁽⁴⁾	(24.2)% ⁽⁴⁾	6.6%	7.7%
High School New Student Starts^{(2),(3)}	1,032	544	483	3,748	540	476	519	3,761	441	381	417
Y/Y growth/(decline)	91.1%	14.3%	(6.9)%	(0.3)%	22.4%	24.9%	24.5%	(2.8)% ⁽⁴⁾	(37.4)% ⁽⁴⁾	5.2%	10.6%
Adult New Student Starts^{(2),(3)}	1,661	1,268	1,011	1,955	1,432	1,372	924	1,531	862	1,216	793
Y/Y growth/(decline)	16.0%	(7.6)%	9.4%	27.7%	66.1%	12.8%	16.5%	6.5% ⁽⁴⁾	(28.0)% ⁽⁴⁾	7.1%	10.4%
Military New Student Starts^{(2),(3)}	473	463	478	462	560	557	484	480	521	496	384
Y/Y growth/(decline)	(15.5)%	(16.9)%	(1.2)%	(3.8)%	7.5%	12.3%	26.0%	18.8% ⁽⁴⁾	3.0% ⁽⁴⁾	6.4%	(0.3)%

1. The acquisition of MIAT closed on November 1, 2021 impacting comparability for all future periods.
2. New student starts exclude Norwood, MA campus which closed in July 2020
3. Channel designations have been restated at various times for change in classification.
4. Adjusted to be on a comparable basis due to 725 student starts that occurred on July 1, 2019. The comparable fiscal 2020 start occurred on June 29, 2020.

Balance Sheet and Cash Flow Summary

(\$ in thousands)



	At:	6/30/22 ⁽²⁾	9/30/21
Cash & cash equivalents	\$	70,713	\$ 133,721
Restricted cash ⁽¹⁾		2,627	12,256
Current assets		121,939	183,392
PP&E (net)		207,036	122,051
Right-of-use assets for operating leases		139,881	159,075
Goodwill and intangible assets		33,103	8,346
Total assets	\$	540,282	\$ 512,570
Operating lease liability – current		13,197	14,075
Current liabilities		120,933	132,718
Operating lease liability – LT		136,824	153,228
Long-term debt		66,832	29,850
Total liabilities		328,638	324,040
Stockholders' equity		211,644	188,530
Total liabilities & equity	\$	540,282	\$ 512,570

		9 Mos. 6/30/22 ⁽²⁾	9 Mos. 6/30/21
Net cash provided by operating activities	\$	7,906	\$ 14,783
Cash paid for acquisition, net of cash acquired ⁽²⁾		(26,514)	—
Net (purchases) proceeds from held-to-maturity securities		—	37,401
Purchase of property and equipment, excluding Avondale and Lisle		(41,136)	(9,005)
Purchase of Lisle, Illinois campus		(28,479)	—
Purchase of Avondale, Arizona campus		—	(45,240)
Net cash used in investing activities		(95,934)	(16,612)
Proceeds from term loan		38,000	31,150
Payments on term loans and finance leases		(19,004)	(162)
Net cash used in financing activities		15,391	27,690
Change in cash and restricted cash		(72,637)	25,861
Ending balance of cash and restricted cash	\$	73,340	\$ 114,780

1. Restricted cash includes the funds transferred in advance of loan purchases under UTI's proprietary loan program, certain funds held for students from Title IV financial aid programs and funds held as collateral for certain of the surety bonds.

2. The acquisition of MIAT closed on November 1, 2021 impacting comparability for all future periods.

Use of Non-GAAP Financial Information

This presentation contains non-GAAP (Generally Accepted Accounting Principles) financial measures, which are intended for supplemental informational purposes only, and should not be considered substitutes 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 net income (loss) as net income (loss), adjusted for items that affect trends in underlying performance from year to year and are not considered normal recurring operations, including the income tax effect on the adjustments utilizing the effective tax rate. 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, without limitation, acquisition-related costs for both announced and potential acquisitions, integration costs for completed acquisitions, costs related to the purchase of our Lisle, Illinois and Avondale, Arizona campuses, start-up costs associated with the Austin, TX and Miramar, FL campus openings, lease accounting adjustments resulting from the purchase of our Lisle, Illinois campus and our campus consolidation efforts, the income tax benefit recorded as a result of the CARES Act, severance expenses for the CEO transition, and costs related to the teach-out 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) 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 ("SEC"). Because the items excluded from these non-GAAP measures are significant components in understanding and assessing UTI's financial performance under GAAP, these measures should not be considered to be an alternative to net income (loss) or net cash provided by (used in) operating activities as a measure of UTI'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 define and calculate non-GAAP financial measures differently than we do, limiting their usefulness as a comparative measure across similarly titled performance measures presented by other 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 net (loss) 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 forward-looking adjusted EBITDA, adjusted net (loss) 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 Net Income (Loss) Trend

(\$ in thousands)



	3 Mos. 6/30/22 ⁽⁹⁾	3 Mos. 3/31/22 ⁽⁹⁾	3 Mos. 12/31/21 ⁽⁹⁾	12 Mos. 9/30/21	3 Mos. 9/30/21	3 Mos. 6/30/21	3 Mos. 3/31/21	3 Mos. 12/31/20	12 Mos. 9/30/20	3 Mos. 9/30/20	3 Mos. 6/30/20	3 Mos. 3/31/20	3 Mos. 12/31/19
Net income (loss) ⁽¹⁾	\$ 843	\$ 7,354	\$ 14,822	\$ 14,581	\$ 12,045	\$ 3,000	\$ (1,547)	\$ 1,083	\$ 8,008	\$ 6,450	\$ (13,268)	\$ 10,142	\$ 4,684
Income tax (benefit) expense	336	(4,598)	(1,347)	602	524	86	(34)	26	(10,602)	97	21	(10,804)	84
Income (loss) before income taxes	1,179	2,756	13,475	15,183	12,569	3,086	(1,581)	1,109	(2,594)	6,547	(13,247)	(662)	4,768
Adjustments:													
Acquisition related costs ⁽²⁾	314	2,023	886	2,522	1,482	251	789	—	—	—	—	—	—
MIAT integration costs	702	126	75	—	—	—	—	—	—	—	—	—	—
Facility lease accounting adjustments ⁽³⁾	547	(1,008)	—	—	—	—	—	—	—	—	—	—	—
Start-up costs associated with Austin, TX and Miramar, FL campus openings ⁽⁴⁾	3,169	2,704	1,593	502	423	79	—	—	—	—	—	—	—
Severance expense for CEO transition ⁽⁵⁾	—	—	—	—	—	—	—	—	1,531	—	—	—	1,531
Norwood, MA campus operating loss ⁽⁶⁾	—	—	—	—	—	—	—	—	3,272	103	1,430	983	756
Adjusted income (loss) before income taxes	5,911	6,601	16,029	18,207	14,474	3,416	(792)	1,109	2,209	6,650	(11,817)	321	7,055
Income tax effect: (expense) benefit ⁽⁷⁾	(248)	(238)	(636)	(722)	(603)	(95)	17	(26)	258	(100)	(24)	20	(127)
Adjusted net income (loss), non-GAAP	\$ 5,663	\$ 6,363	\$ 15,393	\$ 17,485	\$ 13,871	\$ 3,321	\$ (775)	\$ 1,083	\$ 2,467	\$ 6,550	\$ (11,841)	\$ 341	\$ 6,928
GAAP effective income tax rate ⁽⁸⁾	4.2 %	3.6 %	4.0 %	4.0 %	4.2 %	2.8 %	2.2 %	2.3 %	(11.7)%	1.5 %	(0.2)%	(6.2)%	1.8 %

1. Net income for the three months ended March 31, 2022 includes an income tax benefit from the reversal of a majority of our valuation allowance.
2. Costs related to both announced and potential acquisition targets
3. Lease accounting adjustments from our campus optimization efforts. These are primarily non-cash except for a lease termination payment related to our Orlando campus.
4. The Austin, TX and Miami, FL campuses are expected to open during FY2022. The adjustment reflects preopening costs incurred for both campuses.
5. During the three months ended December 31, 2019 we incurred a total charge of \$1.5 million related to the retirement of our President and Chief Executive Officer, Kimberly J. McWaters.
6. The Norwood, MA exit was announced in February 2019. The previously enrolled students completed their programs and the campus closed on July 31, 2020.
7. The calculation of income tax benefit (expense) on adjusted pre-tax income (loss) is based upon the GAAP effective tax rate applicable for the period.
8. The GAAP effective income tax rate for the three ended June 30, 2020 has been adjusted to remove the impact of the income tax benefit recorded as a result of the CARES Act. The rate for the three months ended December 31, 2021 has been adjusted to remove the impact from the MIAT purchase accounting adjustments for deferred tax liabilities which created a benefit for the period. The rate for the three and six months ended March 31, 2022 has been adjusted to remove the impact from the MIAT purchase accounting adjustments for deferred tax liabilities and the reversal of the valuation allowance.
9. The acquisition of MIAT closed on November 1, 2021 impacting comparability for all future periods.

EBITDA Reconciliation Trend

(\$ in thousands)



	3 Mos 6/30/22 ⁽²⁾	3 Mos 3/31/22 ⁽²⁾	3 Mos 12/31/21 ⁽²⁾	12 Mos. 9/30/21	3 Mos. 9/30/21	3 Mos. 6/30/21	3 Mos 3/31/21	3 Mos 12/31/20	12 Mos. 9/30/20	3 Mos. 9/30/20	3 Mos. 6/30/20	3 Mos. 3/31/20	3 Mos. 12/31/19
Net income (loss), as reported ⁽¹⁾	\$ 843	\$ 7,354	\$ 14,822	\$ 14,581	\$ 12,045	\$ 3,000	\$ (1,547)	\$ 1,083	\$ 8,008	\$ 6,450	\$(13,268)	\$ 10,142	\$ 4,684
Interest expense (income), net	484	458	221	282	222	119	(7)	(52)	(1,142)	(246)	(216)	(344)	(336)
Income tax (benefit) expense	336	(4,598)	(1,347)	602	524	86	(34)	26	(10,602)	97	21	(10,804)	84
Depreciation and amortization	<u>4,561</u>	<u>3,884</u>	<u>3,679</u>	<u>14,028</u>	<u>3,558</u>	<u>3,619</u>	<u>3,569</u>	<u>3,282</u>	<u>13,150</u>	<u>3,319</u>	<u>3,259</u>	<u>3,230</u>	<u>3,342</u>
EBITDA	\$ 6,224	\$ 7,098	\$ 17,375	\$ 29,493	\$ 16,349	\$ 6,824	\$ 1,981	\$ 4,339	\$ 9,414	\$ 9,620	\$(10,204)	\$ 2,224	\$ 7,774

1. Net income for the three months ended March 31, 2022 includes an income tax benefit from the reversal of a majority of our valuation allowance.
2. The acquisition of MIAT closed on November 1, 2021 impacting comparability for all future periods.

Adjusted EBITDA Reconciliation Trend

(\$ in thousands)



	3 Mos 6/30/22 ⁽⁶⁾	3 Mos 3/31/22 ⁽⁶⁾	3 Mos. 12/31/21 ⁽⁶⁾	12 Mos. 9/30/21	3 Mos. 9/30/21	3 Mos 6/30/21	3 Mos. 3/31/21	3 Mos. 12/31/20	12 Mos. 9/30/20	3 Mos. 9/30/20	3 Mos. 6/30/20	3 Mos. 3/31/20	3 Mos. 12/31/19
EBITDA	\$ 6,224	\$ 7,098	\$ 17,375	\$ 29,493	\$ 16,349	\$ 6,824	\$ 1,981	\$ 4,339	\$ 9,414	\$ 9,620	\$(10,204)	\$ 2,224	\$ 7,774
Acquisition related costs ⁽¹⁾	314	2,023	886	2,522	1,482	251	789	—	—	—	—	—	—
MIAT integration costs	702	126	75	—	—	—	—	—	—	—	—	—	—
Start-up costs for Austin, TX and Miramar, FL campus openings ⁽²⁾	3,169	2,704	1,593	502	423	79	—	—	—	—	—	—	—
Facility lease accounting adjustments ⁽³⁾	547	(1,008)	—	—	—	—	—	—	—	—	—	—	—
Severance Expense for CEO transition ⁽⁴⁾	—	—	—	—	—	—	—	—	1,531	—	—	—	1,531
Norwood, MA Campus EBITDA ⁽⁵⁾	—	—	—	—	—	—	—	—	3,005	66	1,356	906	756
Adjusted EBITDA, non-GAAP	\$ 10,956	\$ 10,943	\$ 19,929	\$ 32,517	\$ 18,254	\$ 7,154	\$ 2,770	\$ 4,339	\$ 13,950	\$ 9,686	\$ (8,848)	\$ 3,130	\$ 10,061

1. Costs related to both announced and potential acquisition targets
2. The Austin, TX and Miami, FL campuses are expected to open during FY2022. The adjustment reflects preopening costs incurred for both campuses.
3. Lease accounting adjustments from our campus optimization efforts. These are primarily non-cash except for a lease termination payment related to our Orlando campus.
4. During the three months ended December 31, 2019 we incurred a total charge of \$1.5 million related to the retirement of our President and Chief Executive Officer, Kimberly J. McWaters.
5. The Norwood, MA exit was announced in February 2019. The previously enrolled students completed their programs and the campus closed on July 31, 2020.
6. The acquisition of MIAT closed on November 1, 2021 impacting comparability for all future periods.

Adjusted Free Cash Flow Trend

(\$ in thousands)



	3 Mos. 6/30/22 ⁽⁹⁾	3 Mos. 6/30/21	3 Mos. 6/30/20	9 Mos. 6/30/22 ⁽⁹⁾	9 Mos. 6/30/21	9 Mos. 6/30/20
Net cash provided by operating activities, as reported	\$(2,494)	\$(2,744)	\$(21,014)	\$7,906	\$14,783	\$(10,117)
Purchase of property and equipment	(16,464)	(4,326)	(2,026)	(69,615)	(54,245)	(7,190)
Free cash flow, non-GAAP	(18,958)	(7,070)	(23,040)	(61,709)	(39,462)	(17,307)
Adjustments:						
Purchase of Lisle, Illinois campus ⁽¹⁾	101	—	—	28,479	—	—
Purchase of Avondale, Arizona campus ⁽²⁾	—	—	—	—	45,240	—
Income tax refund related to CARES tax benefit ⁽³⁾	—	—	—	—	(2,739)	—
Acquisition related costs ⁽⁴⁾	1,645	765	—	3,517	949	—
MIAT integration costs	601	—	—	744	—	—
Facility lease accounting adjustments ⁽⁵⁾	—	—	—	575	—	—
Cash outflow for Austin, TX and Miramar, FL start-up costs ⁽⁶⁾	1,428	365	—	4,415	365	—
Cash outflow for Austin, TX and Miramar, FL purchase of property and equipment ⁽⁶⁾	12,358	407	—	20,930	407	—
Severance payment for CEO transition ⁽⁷⁾	—	75	—	32	215	1,078
Free cash flow used in Norwood, MA campus operations ⁽⁸⁾	—	—	138	—	—	31
Adjusted free cash flow, non-GAAP	\$(2,825)	\$(5,458)	\$(22,902)	\$(3,017)	\$4,975	\$(16,198)

1. In February 2022, we purchased our Lisle, Illinois campus for approximately \$28.4 million in cash consideration.
2. In December 2020, we purchased our Avondale, Arizona campus for approximately \$45.2 million.
3. Income tax refunds received as a result of recording an income tax benefit from the CARES Act in 2020.
4. Costs related to both announced and potential acquisition targets.
5. Lease accounting adjustments from our campus optimization efforts. These are primarily non-cash except for a lease termination payment related to our Orlando campus.
6. The Austin, TX and Miami, FL campuses are expected to open during FY2022. The adjustment reflects preopening costs incurred for both campuses.
7. Adjustments reflect the cash paid in accordance with previous CEO Kimberly J. McWaters' Retirement Agreement and Release of Claims, dated October 31, 2019.
8. The Norwood, MA exit was announced in February 2019. The previously enrolled students completed their programs and the campus closed on July 31, 2020.
9. The acquisition of MIAT closed on November 1, 2021 impacting comparability for all future periods.

