



# Universal Technical Institute Q1 FY21 Financial Supplement

February 4, 2021



# 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. 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 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, 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 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 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 macro economic impacts related to the COVID-19 pandemic, 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, 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. 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.

# Q1 2021 Summary Results

(\$ in millions)



|  | 3 Mos.<br>12/31/20 | 3 Mos.<br>12/31/19 | YoY<br>Change |
|--|--------------------|--------------------|---------------|
| Student start growth                     | 1,927              | 1,594              | 20.9%         |
| Average population                       | 11,813             | 11,600             | 1.8%          |
| Revenue                                  | \$76.1             | \$87.2             | (12.7)%       |
| Operating expense                        | \$75.4             | \$83.0             | (9.2)%        |
| Operating income                         | \$0.8              | \$4.3              | \$(3.5)       |
| Adjusted operating income <sup>(1)</sup> | \$0.8              | \$6.5              | \$(5.8)       |
| Net income                               | \$1.1              | \$4.7              | \$(3.6)       |
| Adjusted EBITDA <sup>(1)</sup>           | \$4.3              | \$10.1             | \$(5.7)       |
| Operating cash flow                      | \$7.8              | \$7.1              | \$0.7         |
| Adjusted free cash flow <sup>(1)</sup>   | \$5.8              | \$7.0              | \$(1.2)       |
| Capital expenditures <sup>(2)</sup>      | \$(47.3)           | \$(1.8)            | \$(45.5)      |

Note: See Item 2. Management Discussion and Analysis within the Form 10-Q for the quarterly period ended December 31, 2020 for more information regarding fiscal 2021 first quarter results and impacts related to COVID-19.

<sup>1</sup> For a detailed reconciliation of Non-GAAP measures, see slides 12-14.

<sup>2</sup> Includes approximately \$45.2 million for the purchase of the Avondale, Arizona campus in December 2020.

# Quarterly Trend – Key Metrics

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



|  | 3 Mos.<br>12/31/20    | 3 Mos.<br>9/30/20   | 3 Mos.<br>6/30/20      | 3 Mos.<br>3/31/20      | 3 Mos.<br>12/31/19 | 3 Mos.<br>9/30/19 | 3 Mos.<br>6/30/19 | 3 Mos.<br>3/31/19 | 3 Mos.<br>12/31/18 |
|--|-----------------------|---------------------|------------------------|------------------------|--------------------|-------------------|-------------------|-------------------|--------------------|
| Adjusted new student starts <sup>(1)</sup> | 1,927                 | 5,772               | 1,824                  | 2,093                  | 1,594              | 6,437             | 1,682             | 1,963             | 1,480              |
| Y/Y growth/(decline)                       | 20.9%                 | 1.1% <sup>(5)</sup> | (24.2)% <sup>(5)</sup> | 6.6%                   | 7.7%               | 10.4%             | 11.9%             | 11.0%             | 16.9%              |
| Average enrollment                         | 11,813                | 11,251              | 9,068                  | 10,246                 | 11,600             | 10,933            | 9,884             | 10,576            | 11,225             |
| Y/Y growth/(decline)                       | 1.8%                  | 2.9%                | (8.3)%                 | (3.1)%                 | 3.3%               | 4.2%              | 4.2%              | 1.8%              | (0.3)%             |
| Revenues                                   | \$76.1                | \$76.3              | \$54.5                 | \$82.7                 | \$87.2             | \$87.7            | \$79.0            | \$81.7            | \$83.1             |
| Y/Y growth/(decline)                       | (12.7)%               | (12.9)%             | (31.1)%                | 1.2%                   | 5.0%               | 9.2%              | 5.5%              | 1.3%              | 2.3%               |
| Income (loss) from operations              | \$0.8                 | \$6.2               | (\$13.8)               | (\$0.5)                | \$4.3              | \$5.4             | (\$0.5)           | (\$5.6)           | (\$7.2)            |
| Margin                                     | 1.1%                  | 8.1%                | (25.3)%                | (0.1)%                 | 4.9%               | 6.2%              | (0.6)%            | (6.9)%            | (8.7)%             |
| Revenue per student                        | \$6,400               | \$6,800             | \$6,000                | \$8,100                | \$7,500            | \$8,000           | \$8,000           | \$7,700           | \$7,400            |
| Adjusted EBITDA <sup>(2)</sup>             | \$4.3                 | \$9.7               | (\$8.8)                | \$3.1                  | \$10.1             | \$10.4            | \$4.5             | \$0.8             | \$1.4              |
| Margin                                     | 5.7%                  | 12.7%               | (16.2)%                | 3.8%                   | 11.6%              | 11.9%             | 5.7%              | 1.0%              | 1.7%               |
| Net income (loss)                          | \$1.1                 | \$6.5               | (\$13.3)               | \$10.1 <sup>(3)</sup>  | \$4.7              | \$5.5             | (\$0.4)           | (\$5.3)           | (\$7.7)            |
| Cash & Investments                         | \$72.1 <sup>(6)</sup> | \$114.9             | \$91.5                 | \$118.1 <sup>(4)</sup> | \$70.5             | \$65.4            | \$42.7            | \$52.9            | \$58.6             |

Seasonal cash generation in Q4

<sup>1</sup> New student starts exclude Norwood, MA campus which closed in July 2020.

<sup>2</sup> A reconciling table for Adjusted EBITDA is available on slides 12-13.

<sup>3</sup> Reflects \$10.8M Income Tax Benefit related to CARES Act

<sup>4</sup> Includes \$49.5M of net proceeds from primary equity offering in February 2020

<sup>5</sup> Adjusted for 725 student starts that occurred on July 1, 2019

<sup>6</sup> Purchased the Avondale, Arizona campus for approximately \$45.2 million in December 2020

Note: See Item 2. Management Discussion and Analysis within the Form 10-Q for the quarterly period ended December 31, 2020 for more information regarding fiscal 2021 first quarter results and impacts related to COVID-19.

# Statements of Operations Trend

(\$ in thousands)



|  | 3 Mos.<br>12/31/20 | 12 Mos.<br>9/30/20 | 3 Mos.<br>9/30/20 | 3 Mos.<br>6/30/20 | 3 Mos.<br>3/31/20 | 3 Mos.<br>12/31/19 | 12 Mos.<br>9/30/19 | 3 Mos.<br>9/30/19 | 3 Mos.<br>6/30/19 | 3 Mos.<br>3/31/19 | 3 Mos.<br>12/31/18 |
|--|--------------------|--------------------|-------------------|-------------------|-------------------|--------------------|--------------------|-------------------|-------------------|-------------------|--------------------|
| Revenues                                 | \$ 76,125          | <b>\$ 300,761</b>  | \$ 76,327         | \$ 54,483         | \$ 82,717         | \$ 87,234          | <b>\$ 331,504</b>  | \$ 87,666         | \$ 79,042         | \$ 81,746         | \$ 83,050          |
| Operating expenses:                      |                    |                    |                   |                   |                   |                    |                    |                   |                   |                   |                    |
| Educational services                     | 39,331             | <b>155,932</b>     | 37,671            | 32,476            | 42,909            | 42,876             | <b>178,317</b>     | 43,924            | 42,836            | 45,822            | 45,735             |
| SG&A                                     | 36,019             | <b>148,700</b>     | 32,530            | 35,786            | 40,307            | 40,104             | <b>160,989</b>     | 38,304            | 36,661            | 41,504            | 44,520             |
| Total operating expenses                 | 75,350             | <b>304,632</b>     | 70,174            | 68,262            | 83,216            | 82,980             | <b>339,306</b>     | 82,228            | 79,497            | 87,326            | 90,255             |
| Income (loss) from operations            | 775                | <b>(3,871)</b>     | 6,153             | (13,779)          | (499)             | 4,254              | <b>(7,802)</b>     | 5,438             | (455)             | (5,580)           | (7,205)            |
| Total other income (expense), net        | 334                | <b>1,277</b>       | 394               | 532               | (163)             | 514                | <b>137</b>         | (11)              | 121               | 406               | (379)              |
| Income tax expense (benefit)             | 26                 | <b>(10,602)</b>    | 97                | 21                | (10,804)          | 84                 | <b>203</b>         | (50)              | 31                | 89                | 133                |
| Net Income (loss)                        | \$ 1,083           | <b>\$ 8,008</b>    | \$ 6,450          | \$ (13,268)       | \$ 10,142         | \$ 4,684           | <b>\$ (7,868)</b>  | \$ 5,477          | \$ (365)          | \$ (5,263)        | \$ (7,717)         |
| Preferred stock dividends                | 1,313              | <b>5,264</b>       | 1,323             | 1,309             | 1,309             | 1,323              | <b>5,250</b>       | 1,323             | 1,309             | 1,295             | 1,323              |
| Income (loss) available for distribution | \$ (230)           | <b>\$ 2,744</b>    | \$ 5,127          | \$ (14,577)       | \$ 8,833          | \$ 3,361           | <b>\$ (13,118)</b> | \$ 4,154          | \$ (1,674)        | \$ (6,558)        | \$ (9,040)         |
| Earnings (loss) per share, diluted       | \$ (0.01)          | <b>\$ 0.05</b>     | \$ 0.09           | \$ (0.45)         | \$ 0.18           | \$ 0.07            | <b>\$ (0.52)</b>   | \$ 0.09           | \$ (0.07)         | \$ (0.26)         | \$ (0.36)          |
| EBITDA <sup>(1)</sup>                    | \$ 4,339           | <b>\$ 9,414</b>    | \$ 9,620          | \$ (10,204)       | \$ 2,224          | \$ 7,774           | <b>\$ 11,355</b>   | \$ 10,153         | \$ 4,436          | \$ (319)          | \$ (2,915)         |

Note: See Item 2. Management Discussion and Analysis within the Form 10-Q for the quarterly period ended December 31, 2020 for more information regarding fiscal 2021 first quarter results and impacts related to COVID-19.

<sup>1</sup> A reconciling table for EBITDA is available on slides 12

# Results of Operations – Percent of Revenue Trend



|  | 3 Mos.<br>12/31/20 | 12 Mos.<br>9/30/20 | 3 Mos.<br>9/30/20 | 3 Mos.<br>6/30/20 | 3 Mos.<br>3/31/20 | 3 Mos.<br>12/31/19 | 12Mos.<br>9/30/19 | 3 Mos.<br>9/30/19 | 3 Mos.<br>6/30/19 | 3 Mos.<br>3/31/19 | 3 Mos.<br>12/31/18 |
|--|--------------------|--------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Revenues                                 | 100.0%             | <b>100.0%</b>      | 100.0%            | 100.0%            | 100.0%            | 100.0%             | <b>100.0%</b>     | 100.0%            | 100.0%            | 100.0%            | 100.0%             |
| Operating Expenses:                      |                    |                    |                   |                   |                   |                    |                   |                   |                   |                   |                    |
| Educational services                     | 51.7%              | <b>51.9%</b>       | 49.4%             | 59.6%             | 51.9%             | 49.2%              | <b>53.8%</b>      | 50.1%             | 54.2%             | 56.1%             | 55.1%              |
| SG&A                                     | 47.3%              | <b>49.4%</b>       | 42.6%             | 65.7%             | 48.7%             | 46.0%              | <b>48.6%</b>      | 43.7%             | 46.4%             | 50.8%             | 53.6%              |
| Total operating expenses                 | 99.0%              | <b>101.3%</b>      | 91.9%             | 125.3%            | 100.6%            | 95.1%              | <b>102.4%</b>     | 93.8%             | 100.6%            | 106.8%            | 108.7%             |
| Loss (income) from operations            | 1.0%               | <b>(1.3)%</b>      | 8.1%              | (25.3)%           | (0.6)%            | 4.9%               | <b>(2.4)%</b>     | 6.2%              | (0.6)%            | (6.8)%            | (8.7)%             |
| Total other income (expense), net        | 0.5%               | <b>0.4%</b>        | 0.5%              | 1.0%              | (0.2)%            | 0.6%               | <b>0.1%</b>       | 0.0%              | 0.2%              | 0.5%              | (0.5)%             |
| Income tax (benefit) expense             | —%                 | <b>(3.5)%</b>      | 0.1%              | 0.0%              | 13.1%             | (0.1)%             | <b>0.1%</b>       | (0.1)%            | 0.0%              | (0.1)%            | 0.2%               |
| Net Income (loss)                        | 1.4%               | <b>2.6%</b>        | 8.5%              | (24.4)%           | 12.3%             | 5.4%               | <b>(2.4)%</b>     | 6.2%              | (0.5)%            | (6.4)%            | (9.3)%             |
| Preferred stock dividends                | 1.7%               | <b>1.8%</b>        | 1.7%              | 2.4%              | 1.6%              | 1.5%               | <b>1.6%</b>       | 1.5%              | 1.7%              | 1.6%              | 1.6%               |
| Income (loss) available for distribution | (0.3)%             | <b>0.8%</b>        | 6.7%              | (26.8)%           | 10.7%             | 3.9%               | <b>(4.0)%</b>     | 4.7%              | (2.1)%            | (8.0)%            | (10.9)%            |

Note: See Item 2. Management Discussion and Analysis within the Form 10-Q for the quarterly period ended December 31, 2020 for more information regarding fiscal 2021 first quarter results and impacts related to COVID-19.

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



|   | 3 Mos.<br>12/31/2020 | % of<br>Revenue | 3 Mos.<br>12/31/2019 | % of<br>Revenue |
|---|----------------------|-----------------|----------------------|-----------------|
| <b>EDUCATIONAL SERVICES AND FACILITIES EXPENSES:</b>  |                      |                 |                      |                 |
| Compensation and related costs                        | \$ 21,288            | 28.0 %          | \$ 22,496            | 25.8 %          |
| Depreciation and amortization expense                 | 3,057                | 4.0 %           | 2,966                | 3.4 %           |
| Occupancy Costs                                       | 8,268                | 10.9 %          | 9,838                | 11.3 %          |
| Other educational services and facilities expense     | 1,991                | 2.6 %           | 3,151                | 3.6 %           |
| Contract service expense                              | 696                  | 0.9 %           | 709                  | 0.8 %           |
| Student expense                                       | 1,384                | 1.8 %           | 605                  | 0.7 %           |
| Taxes and licensing expense                           | 389                  | 0.5 %           | 654                  | 0.7 %           |
| Supplies and maintenance expense                      | 2,258                | 3.0 %           | 2,457                | 2.8 %           |
| <b>Total</b>  | <b>\$ 39,331</b>     | <b>51.7 %</b>   | <b>\$ 42,876</b>     | <b>49.2 %</b>   |
| <b>SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES:</b> |                      |                 |                      |                 |
| Compensation and related costs                        | \$ 20,776            | 27.3 %          | \$ 22,784            | 26.1 %          |
| Advertising costs                                     | 9,030                | 11.9 %          | 9,453                | 10.8 %          |
| Contract service expense                              | 1,223                | 1.6 %           | 1,120                | 1.3 %           |
| Depreciation and amortization expense                 | 217                  | 0.3 %           | 370                  | 0.4 %           |
| Professional services expense                         | 946                  | 1.2 %           | 1,019                | 1.2 %           |
| Other selling general and administrative expense      | 3,827                | 5.0 %           | 5,358                | 6.1 %           |
| <b>Total</b>  | <b>\$ 36,019</b>     | <b>47.3 %</b>   | <b>\$ 40,104</b>     | <b>46.0 %</b>   |
| <b>COMPENSATION AND RELATED COST SUMMARY:</b>         |                      |                 |                      |                 |
| Salaries expense                                      | \$ 31,790            | 41.8 %          | \$ 34,940            | 40.1 %          |
| Employee benefit and tax                              | 5,823                | 7.6 %           | 6,137                | 7.0 %           |
| Bonus expense   | 3,903                | 5.1 %           | 4,189                | 4.8 %           |
| Stock based compensation                              | 548                  | 0.7 %           | 14                   | — %             |
| <b>Total Compensation and related costs:</b>          | <b>\$ 42,064</b>     | <b>55.3 %</b>   | <b>\$ 45,280</b>     | <b>51.9 %</b>   |

Note: See Item 2. Management Discussion and Analysis within the Form 10-Q for the quarterly period ended December 31, 2020 for more information regarding fiscal 2021 first quarter results and impacts related to COVID-19.

# Quarterly Trend - New Student Starts By Channel



|  | 3 Mos.<br>12/31/20 | 3 Mos.<br>9/30/20     | 3 Mos.<br>6/30/20      | 3 Mos.<br>3/31/20 | 3 Mos.<br>12/31/19 | 3 Mos.<br>9/30/19 | 3 Mos.<br>6/30/19 | 3 Mos.<br>3/31/19 | 3 Mos.<br>12/31/18 | 3 Mos.<br>9/30/18 |
|--|--------------------|-----------------------|------------------------|-------------------|--------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| <b>Total New Student Starts<sup>(1)</sup></b>        | 1,927              | 5,772                 | 1,824                  | 2,093             | 1,594              | 6,437             | 1,682             | 1,963             | 1,480              | 5,829             |
| Y/Y growth/(decline)                                 | 20.9%              | 1.1% <sup>(3)</sup>   | (24.2)% <sup>(3)</sup> | 6.6%              | 7.7%               | 10.4%             | 11.9%             | 11.0%             | 16.9%              | 9.0%              |
| <b>High School New Student Starts<sup>(1)</sup></b>  | 622                | 4,136                 | 637                    | 614               | 456                | 4,629             | 482               | 563               | 387                | 4,137             |
| Y/Y growth/(decline)                                 | 36.4%              | (0.7)% <sup>(3)</sup> | (32.7)% <sup>(3)</sup> | 9.1%              | 17.8%              | 11.9%             | 20.2%             | 36.0%             | 33.0%              | 14.0%             |
| <b>Adult New Student Starts<sup>(1),(2)</sup></b>    | 821                | 1,156                 | 666                    | 983               | 754                | 1,307             | 791               | 934               | 708                | 1,231             |
| Y/Y growth/(decline)                                 | 8.9%               | 1.1% <sup>(3)</sup>   | (30.3)% <sup>(3)</sup> | 5.3%              | 6.5%               | 6.2%              | 12.0%             | 4.6%              | 13.6%              | 2.6%              |
| <b>Military New Student Starts<sup>(1),(2)</sup></b> | 484                | 480                   | 521                    | 496               | 384                | 501               | 409               | 466               | 385                | 461               |
| Y/Y growth/(decline)                                 | 26.0%              | 18.8% <sup>(3)</sup>  | 3.0% <sup>(3)</sup>    | 6.4%              | (0.3) %            | 8.7%              | 3.3%              | 1.1%              | 9.4%               | (11.2) %          |

<sup>1</sup> New student starts exclude Norwood, MA campus which closed in July 2020.

<sup>2</sup> Adult and Military new student starts have been restated due to changes in classification.

<sup>3</sup> 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:       | 12/31/20       | 9/30/20           |
|--|-----------|----------------|-------------------|
| Cash & cash equivalents                  | \$        | 44,212         | \$ 76,803         |
| Restricted cash*                         |           | 15,031         | 12,116            |
| Held-to-maturity investments             |           | 27,878         | 38,055            |
| Current assets                           |           | 130,561        | 180,179           |
| PP&E (net)                               |           | 116,637        | 72,743            |
| Right-of-use assets for operating leases |           | 140,296        | 144,663           |
| <b>Total assets</b>                      | <b>\$</b> | <b>434,587</b> | <b>\$ 441,981</b> |
| Operating lease liability – current      |           | 20,357         | 23,666            |
| Current liabilities                      |           | 112,486        | 121,640           |
| Operating lease liability – LT           |           | 132,175        | 134,089           |
| Total liabilities                        |           | 256,281        | 265,459           |
| Stockholders' equity                     |           | 178,306        | 176,522           |
| <b>Total liabilities &amp; equity</b>    | <b>\$</b> | <b>434,587</b> | <b>\$ 441,981</b> |

|  | 3 Mos.<br>12/31/20 | 3 Mos.<br>12/31/19 |
|--|--------------------|--------------------|
| Net cash provided by operating activities                | \$ 7,783           | \$ 7,124           |
| Purchase of property and equipment, excluding Avondale   | (2,053)            | (1,811)            |
| Purchase of Avondale campus                              | (45,240)           | —                  |
| Net purchases/ proceeds from held-to-maturity securities | 9,965              | —                  |
| Net cash used in investing activities                    | (37,249)           | (1,719)            |
| Net cash used in financing activities                    | (210)              | (497)              |
| Change in cash and restricted cash                       | (497)              | 4,908              |
| Ending balance of cash and restricted cash               | \$ 59,243          | \$ 85,463          |

\* 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. As of 9/30/2020, also includes undistributed portion of student emergency financial aid grant funds associated with CARES Act Higher Education Emergency Relief Funds.

# 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, the teach-out and closure of the Norwood, MA campus, and the purchase of our Avondale, Arizona 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) Trend

(\$ in thousands)



|  | 3 Mos.<br>12/31/20 | 12 Mos.<br>9/30/20 | 3 Mos.<br>9/30/20 | 3 Mos.<br>6/30/20  | 3 Mos.<br>3/31/20 | 3 Mos.<br>12/31/19 | 12 Mos.<br>9/30/19 | 3 Mos.<br>9/30/19 | 3 Mos.<br>6/30/19 | 3 Mos.<br>3/31/19 | 3 Mos.<br>12/31/18 |
|--|--------------------|--------------------|-------------------|--------------------|-------------------|--------------------|--------------------|-------------------|-------------------|-------------------|--------------------|
| Income (loss) from operations, as reported                                 | \$ 775             | \$ (3,871)         | \$ 6,153          | \$ (13,779)        | \$ (499)          | \$ 4,254           | \$ (7,802)         | \$ 5,438          | \$ (455)          | \$ (5,580)        | \$ (7,205)         |
| Non-recurring consulting fees for transformation initiative <sup>(1)</sup> | —                  | —                  | —                 | —                  | —                 | —                  | 4,224              | —                 | —                 | —                 | 4,224              |
| Severance expense due to CEO transition <sup>(2)</sup>                     | —                  | 1,531              | —                 | —                  | —                 | 1,531              | —                  | —                 | —                 | —                 | —                  |
| Net restructuring charge for Norwood, MA campus exit <sup>(3)</sup>        | —                  | —                  | —                 | —                  | —                 | —                  | 1,433              | 48                | 136               | 1,250             | —                  |
| Norwood, MA campus operating loss <sup>(3)</sup>                           | —                  | 3,272              | 103               | 1,430              | 983               | 756                | 419                | 266               | 27                | 81                | 45                 |
| <b>Adjusted income (loss) from operations, non-GAAP</b>                    | <b>\$ 775</b>      | <b>\$ 932</b>      | <b>\$ 6,256</b>   | <b>\$ (12,349)</b> | <b>\$ 484</b>     | <b>\$ 6,541</b>    | <b>\$ (1,726)</b>  | <b>\$ 5,752</b>   | <b>\$ (292)</b>   | <b>\$ (4,249)</b> | <b>\$ (2,936)</b>  |

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 months ended December 31, 2019 we incurred a total charge of \$1.5 million, in accordance with Ms. McWaters' Retirement Agreement and Release of Claims, dated October 31, 2019.
3. Norwood, MA teach-out was completed July 31, 2020

# EBITDA Reconciliation Trend

(\$ in thousands)



|                                | 3 Mos<br>12/31/20 | 12 Mos.<br>9/30/20 | 3 Mos.<br>9/30/20 | 3 Mos.<br>6/30/20  | 3 Mos.<br>3/31/20 | 3 Mos.<br>12/31/19 | 12 Mos.<br>9/30/19 | 3 Mos.<br>9/30/19 | 3 Mos.<br>6/30/19 | 3 Mos.<br>3/31/19 | 3 Mos.<br>12/31/18 |
|--------------------------------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|--------------------|-------------------|-------------------|-------------------|--------------------|
| Net income (loss), as reported | \$ 1,083          | \$ 8,008           | \$ 6,450          | \$ (13,268)        | \$ 10,142         | \$ 4,684           | \$ (7,868)         | \$ 5,477          | \$ (365)          | \$ (5,263)        | \$ (7,717)         |
| Interest (income) expense, net | (52)              | (1,142)            | (246)             | (216)              | (344)             | (336)              | 1,729              | 458               | 444               | 416               | 411                |
| Income tax expense (benefit)   | 26                | (10,602)           | 97                | 21                 | (10,804)          | 84                 | 203                | (50)              | 31                | 89                | 133                |
| Depreciation and amortization  | 3,282             | 13,150             | 3,319             | 3,259              | 3,230             | 3,342              | 17,291             | 4,268             | 4,326             | 4,439             | 4,258              |
| <b>EBITDA</b>                  | <b>\$ 4,339</b>   | <b>\$ 9,414</b>    | <b>\$ 9,620</b>   | <b>\$ (10,204)</b> | <b>\$ 2,224</b>   | <b>\$ 7,774</b>    | <b>\$ 11,355</b>   | <b>\$ 10,153</b>  | <b>\$ 4,436</b>   | <b>\$ (319)</b>   | <b>\$ (2,915)</b>  |

# Adjusted EBITDA Reconciliation Trend

(\$ in thousands)



|  | 3 Mos.<br>12/31/20 | 12 Mos.<br>9/30/20 | 3 Mos.<br>9/30/20 | 3 Mos.<br>6/30/20 | 3 Mos.<br>3/31/20 | 3 Mos.<br>12/31/19 | 12 Mos.<br>9/30/19 | 3 Mos.<br>9/30/19 | 3 Mos.<br>6/30/19 | 3 Mos.<br>3/31/19 | 3 Mos.<br>12/31/18 |
|--|--------------------|--------------------|-------------------|-------------------|-------------------|--------------------|--------------------|-------------------|-------------------|-------------------|--------------------|
| EBITDA   | \$ 4,339           | \$ 9,414           | \$ 9,620          | \$ (10,204)       | \$ 2,224          | \$ 7,774           | \$ 11,355          | \$ 10,153         | \$ 4,436          | \$ (319)          | \$ (2,915)         |
| Non-recurring consulting fees for transformation initiative <sup>(1)</sup> | —                  | —                  | —                 | —                 | —                 | —                  | 4,224              | —                 | —                 | —                 | 4,224              |
| Severance Expense on Executives transition <sup>(2)</sup>                  | —                  | 1,531              | —                 | —                 | —                 | 1,531              | —                  | —                 | —                 | —                 | —                  |
| Net restructuring charge for Norwood, MA campus exit <sup>(3)</sup>        | —                  | —                  | —                 | —                 | —                 | —                  | 1,433              | 48                | 136               | 1,250             | —                  |
| Norwood, MA Campus EBITDA <sup>(3)</sup>                                   | —                  | 3,005              | 66                | 1,356             | 906               | 756                | (51)               | 154               | (83)              | (112)             | (9)                |
| <b>Adjusted EBITDA, non-GAAP</b>   | <b>\$ 4,339</b>    | <b>\$ 13,950</b>   | <b>\$ 9,686</b>   | <b>\$ (8,848)</b> | <b>\$ 3,130</b>   | <b>\$ 10,061</b>   | <b>\$ 16,961</b>   | <b>\$ 10,355</b>  | <b>\$ 4,489</b>   | <b>\$ 819</b>     | <b>\$ 1,300</b>    |

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 months ended December 31, 2019 we incurred a total charge of \$1.5 million in accordance with Ms. McWaters' Retirement Agreement and Release of Claims, dated October 31, 2019.
3. Norwood, MA teach-out was completed July 31, 2020.

# Adjusted Free Cash Flow Trend

(\$ in thousands)



|   | 3 Mos.<br>12/31/20 | 3 Mos.<br>12/31/19 | 3 Mos<br>12/31/18 |
|---|--------------------|--------------------|-------------------|
| Cash flow provided by operating activities, as reported                           | \$7,783            | \$7,124            | \$4,410           |
| Purchase of property and equipment  | (47,293)           | (1,811)            | (2,779)           |
| Purchase of Avondale, Arizona campus  | 45,240             | —                  | —                 |
| Severance payment due to CEO transition <sup>(1)</sup>                            | 75                 | 1,014              | —                 |
| Non-recurring consulting fees for transformation initiative <sup>(2)</sup>        | —                  | —                  | 3,950             |
| Cash outflow associated with Norwood, MA restructuring <sup>(3)</sup>             | —                  | —                  | —                 |
| Free cash flow used in (provided by) Norwood, MA campus operations <sup>(3)</sup> | —                  | 677                | 11                |
| <b>Adjusted free cash flow, non-GAAP</b>  | <b>\$5,805</b>     | <b>\$7,004</b>     | <b>\$5,592</b>    |

1. 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 months ended December 31, 2020 and 2019, we paid cash of \$0.1 million and \$1.0 million, respectively, in accordance with Ms. McWaters' Retirement Agreement and Release of Claims, dated October 31, 2019.
2. 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.
3. Norwood, MA teach-out was completed July 31, 2020

