



Universal Technical Institute Q2 FY21 Financial Supplement

May 6, 2021



Forward-Looking Statements

This presentation may contain 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. 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. 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 and political conditions, the adoption of new accounting standards and other risks that are described from time to time in our filings with the Securities and Exchange Commission (the "SEC"). 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 SEC. 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. This presentation may also contain 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.

Q2 2021 Summary Results

(\$ in millions)



	3 Mos. 3/31/21	3 Mos. 3/31/20	YoY Change	6 Mos. 3/31/21	6 Mos. 3/31/20	YoY Change
New student starts	2,405	2,093	14.9%	4,332	3,687	17.5%
Average undergraduate full-time active students	11,356	10,246	10.8%	11,585	10,923	6.1%
Revenues	\$77.7	\$82.7	(6.1)%	\$153.8	\$170.0	(9.5)%
Operating expense	\$79.4	\$83.2	(4.6)%	\$154.7	\$166.2	(6.9)%
Operating (loss) income	\$(1.7)	\$(0.5)	\$(1.2)	\$(0.9)	\$3.8	\$(4.6)
Net (loss) income	\$(1.5)	\$10.1	\$(11.7)	\$(0.5)	\$14.8	\$(15.3)
Adjusted net (loss) income ⁽¹⁾	\$(0.8)	\$0.3	\$(1.1)	\$0.3	\$7.2	\$(6.8)
Adjusted EBITDA ⁽¹⁾	\$2.8	\$3.1	\$(0.4)	\$7.1	\$13.1	\$(6.0)
Operating cash flow	\$9.7	\$3.8	\$6.0	\$17.5	\$10.9	\$6.6
Adjusted free cash flow ⁽¹⁾	\$7.4	\$(0.3)	\$7.7	\$10.4	\$6.7	\$3.7
Capital expenditures ⁽²⁾	\$2.6	\$3.4	\$(0.7)	\$49.9	\$5.2	\$44.8

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

¹ For a detailed reconciliation of Non-GAAP measures, see slides 12-14

² 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. 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	3 Mos. 9/30/19	3 Mos. 6/30/19	3 Mos. 3/31/19	3 Mos. 12/31/18
Adjusted new student starts ⁽¹⁾	2,405	1,927	5,772	1,824	2,093	1,594	6,437	1,682	1,963	1,480
Y/Y growth/(decline)	14.9%	20.9%	1.1% ⁽⁵⁾	(24.2)% ⁽⁵⁾	6.6%	7.7%	10.4%	11.9%	11.0%	16.9%
Average undergraduate full-time active students	11,356	11,813	11,251	9,068	10,246	11,600	10,933	9,884	10,576	11,225
Y/Y growth/(decline)	10.8%	1.8%	2.9%	(8.3)%	(3.1)%	3.3%	4.2%	4.2%	1.8%	(0.3)%
Revenues	\$77.7	\$76.1	\$76.3	\$54.5	\$82.7	\$87.2	\$87.7	\$79.0	\$81.7	\$83.1
Y/Y (decline)/growth	(6.0)%	(12.7)%	(12.9)%	(31.1)%	1.2%	5.0%	9.2%	5.5%	1.3%	2.3%
Income (loss) from operations	\$(1.7)	\$0.8	\$6.2	(\$13.8)	(\$0.5)	\$4.3	\$5.4	(\$0.5)	(\$5.6)	(\$7.2)
Margin	(2.2)%	1.1%	8.1%	(25.3)%	(0.1)%	4.9%	6.2%	(0.6)%	(6.9)%	(8.7)%
Revenue per student	\$6,800	\$6,400	\$6,800	\$6,000	\$8,100	\$7,500	\$8,000	\$8,000	\$7,700	\$7,400
Adjusted EBITDA ⁽²⁾	\$2.8	\$4.3	\$9.7	(\$8.8)	\$3.1	\$10.1	\$10.4	\$4.5	\$0.8	\$1.4
Margin	3.6%	5.7%	12.7%	(16.2)%	3.8%	11.6%	11.9%	5.7%	1.0%	1.7%
Net (loss) income	\$(1.5)	\$1.1	\$6.5	(\$13.3)	\$10.1 ⁽³⁾	\$4.7	\$5.5	(\$0.4)	(\$5.3)	(\$7.7)
Cash & Investments	\$78.5	\$72.1 ⁽⁶⁾	\$114.9	\$91.5	\$118.1 ⁽⁴⁾	\$70.5	\$65.4	\$42.7	\$52.9	\$58.6

Seasonal cash generation in Q4

¹ New student starts exclude Norwood, MA campus which closed in July 2020

² A reconciling table for Adjusted EBITDA is available on slides 12-13

³ Reflects \$10.8M Income Tax Benefit related to CARES Act

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

⁵ Adjusted for 725 student starts that occurred on July 1, 2019

⁶ 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 March 31, 2021 for more information regarding fiscal 2021 second quarter results and impacts related to COVID-19.

Statements of Operations Trend

(\$ in thousands, except EPS)



	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	12 Mos. 9/30/19	3 Mos. 9/30/19	3 Mos. 6/30/19	3 Mos. 3/31/19	3 Mos. 12/31/18
Revenues	\$ 77,709	\$ 76,125	\$ 300,761	\$ 76,327	\$ 54,483	\$ 82,717	\$ 87,234	\$ 331,504	\$ 87,666	\$ 79,042	\$ 81,746	\$ 83,050
Operating expenses:												
Educational services	40,480	39,331	155,932	37,671	32,476	42,909	42,876	178,317	43,924	42,836	45,822	45,735
SG&A	38,890	36,019	148,700	32,530	35,786	40,307	40,104	160,989	38,304	36,661	41,504	44,520
Total operating expenses	79,370	75,350	304,632	70,174	68,262	83,216	82,980	339,306	82,228	79,497	87,326	90,255
(Loss) income from operations	(1,661)	775	(3,871)	6,153	(13,779)	(499)	4,254	(7,802)	5,438	(455)	(5,580)	(7,205)
Total other income (expense), net	80	334	1,277	394	532	(163)	514	137	(11)	121	406	(379)
Income tax (benefit) expense	(34)	26	(10,602)	97	21	(10,804)	84	203	(50)	31	89	133
Net (loss) income	\$ (1,547)	\$ 1,083	\$ 8,008	\$ 6,450	\$ (13,268)	\$ 10,142	\$ 4,684	\$ (7,868)	\$ 5,477	\$ (365)	\$ (5,263)	\$ (7,717)
Preferred stock dividends	1,312	1,313	5,264	1,323	1,309	1,309	1,323	5,250	1,323	1,309	1,295	1,323
(Loss) income available for distribution	\$ (2,859)	\$ (230)	\$ 2,744	\$ 5,127	\$ (14,577)	\$ 8,833	\$ 3,361	\$ (13,118)	\$ 4,154	\$ (1,674)	\$ (6,558)	\$ (9,040)
(Loss) earnings per share, diluted	\$ (0.09)	\$ (0.01)	\$ 0.05	\$ 0.09	\$ (0.45)	\$ 0.18	\$ 0.07	\$ (0.52)	\$ 0.09	\$ (0.07)	\$ (0.26)	\$ (0.36)
EBITDA ⁽¹⁾	\$ 1,981	\$ 4,339	\$ 9,414	\$ 9,620	\$ (10,204)	\$ 2,224	\$ 7,774	\$ 11,355	\$ 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 March 31, 2021 for more information regarding fiscal 2021 second quarter results and impacts related to COVID-19.

¹ A reconciling table for EBITDA is available on slides 12

Results of Operations – Percent of Revenue Trend



	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	12Mos. 9/30/19	3 Mos. 9/30/19	3 Mos. 6/30/19	3 Mos. 3/31/19	3 Mos. 12/31/18
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%
Operating Expenses:												
Educational services	52.1%	51.7%	51.9%	49.4%	59.6%	51.9%	49.2%	53.8%	50.1%	54.2%	56.1%	55.1%
SG&A	50.0%	47.3%	49.4%	42.6%	65.7%	48.7%	46.0%	48.6%	43.7%	46.4%	50.8%	53.6%
Total operating expenses	102.1%	99.0%	101.3%	91.9%	125.3%	100.6%	95.1%	102.4%	93.8%	100.6%	106.8%	108.7%
(Loss) income from operations	(2.1)%	1.0%	(1.3)%	8.1%	(25.3)%	(0.6)%	4.9%	(2.4)%	6.2%	(0.6)%	(6.8)%	(8.7)%
Total other income (expense), net	0.1%	0.5%	0.4%	0.5%	1.0%	(0.2)%	0.6%	0.1%	0.0%	0.2%	0.5%	(0.5)%
Income tax (benefit) expense	—%	—%	(3.5)%	0.1%	0.0%	13.1%	(0.1)%	0.1%	(0.1)%	0.0%	(0.1)%	0.2%
Net (loss) income	(2.0)%	1.4%	2.6%	8.5%	(24.4)%	12.3%	5.4%	(2.4)%	6.2%	(0.5)%	(6.4)%	(9.3)%
Preferred stock dividends	1.7%	1.7%	1.8%	1.7%	2.4%	1.6%	1.5%	1.6%	1.5%	1.7%	1.6%	1.6%
(Loss) Income available for distribution	(3.7)%	(0.3)%	0.8%	6.7%	(26.8)%	10.7%	3.9%	(4.0)%	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 March 31, 2021 for more information regarding fiscal 2021 second quarter results and impacts related to COVID-19.

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



	3 Mos. 3/31/2021	% of Revenue	3 Mos. 3/31/2020	% of Revenue	6 Mos. 3/31/2021	% of Revenue	6 Mos. 3/31/2020	% of Revenue
EDUCATIONAL SERVICES AND FACILITIES EXPENSES:								
Compensation and related costs	\$ 22,100	28.4 %	\$ 22,370	27.0 %	\$ 43,388	28.2 %	\$ 44,866	26.4 %
Occupancy Costs	7,449	9.6 %	9,513	11.5 %	15,717	10.2 %	19,351	11.4 %
Depreciation and amortization expense	3,388	4.4 %	3,039	3.7 %	6,453	4.2 %	6,005	3.5 %
Supplies and maintenance expense	2,541	3.3 %	2,430	2.9 %	4,799	3.1 %	4,887	2.9 %
Taxes and licensing expense	885	1.1 %	651	0.8 %	1,274	0.8 %	1,305	0.8 %
Student expense	767	1.0 %	896	1.1 %	2,151	1.4 %	1,501	0.9 %
Contract service expense	598	0.8 %	891	1.1 %	1,294	0.8 %	1,600	0.9 %
Other educational services and facilities expense	2,752	3.5 %	3,119	3.8 %	4,735	3.1 %	6,270	3.7 %
Total	\$ 40,480	52.1 %	\$ 42,909	51.9 %	\$ 79,811	51.9 %	\$ 85,785	50.5 %
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES:								
Compensation and related costs	\$ 20,903	26.9 %	\$ 20,765	25.1 %	\$ 41,679	27.1 %	\$ 43,549	25.6 %
Advertising costs	10,592	13.6 %	11,564	14.0 %	19,622	12.8 %	21,017	12.4 %
Contract service expense	1,692	2.2 %	1,182	1.4 %	2,915	1.9 %	2,302	1.4 %
Professional services expense	1,582	2.0 %	1,004	1.2 %	2,528	1.6 %	2,023	1.2 %
Depreciation and amortization expense	181	0.2 %	197	0.2 %	398	0.3 %	567	0.3 %
Other selling general and administrative expense	3,940	5.1 %	5,595	6.8 %	7,767	5.0 %	10,953	6.4 %
Total	\$ 38,890	50.0 %	\$ 40,307	48.7 %	\$ 74,909	48.7 %	\$ 80,411	47.3 %
COMPENSATION AND RELATED COST SUMMARY:								
Salaries expense	\$ 32,926	42.4 %	\$ 32,454	39.2 %	\$ 64,716	42.1 %	\$ 67,208	39.5 %
Employee benefit and tax	5,215	6.7 %	6,542	7.9 %	11,038	7.2 %	12,679	7.5 %
Bonus expense	3,553	4.6 %	3,146	3.8 %	7,456	4.8 %	7,521	4.4 %
Stock based compensation	1,309	1.7 %	993	1.2 %	1,857	1.2 %	1,007	0.6 %
Total Compensation and related costs:	\$ 43,003	55.3 %	\$ 43,135	52.1 %	\$ 85,067	55.3 %	\$ 88,415	52.0 %

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

Quarterly Trend - New Student Starts By Channel



	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	3 Mos. 9/30/19	3 Mos. 6/30/19	3 Mos. 3/31/19	3 Mos. 12/31/18
Total New Student Starts⁽¹⁾	2,405	1,927	5,772	1,824	2,093	1,594	6,437	1,682	1,963	1,480
Y/Y growth/(decline)	14.9%	20.9%	1.1% ⁽³⁾	(24.2)% ⁽³⁾	6.6%	7.7%	10.4%	11.9%	11.0%	16.9%
High School New Student Starts⁽¹⁾	752	622	4,136	637	614	456	4,629	482	563	387
Y/Y growth/(decline)	22.5%	36.4%	(0.7)% ⁽³⁾	(32.7)% ⁽³⁾	9.1%	17.8%	11.9%	20.2%	36.0%	33.0%
Adult New Student Starts^{(1),(2)}	1,096	821	1,156	666	983	754	1,307	791	934	708
Y/Y growth/(decline)	11.5%	8.9%	1.1% ⁽³⁾	(30.3)% ⁽³⁾	5.3%	6.5%	6.2%	12.0%	4.6%	13.6%
Military New Student Starts^{(1),(2)}	557	484	480	521	496	384	501	409	466	385
Y/Y growth/(decline)	12.3%	26.0%	18.8% ⁽³⁾	3.0% ⁽³⁾	6.4%	(0.3) %	8.7%	3.3%	1.1%	9.4%

¹ New student starts exclude Norwood, MA campus which closed in July 2020

² Adult and Military new student starts have been restated due to changes in classification

³ 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:	03/31/21	9/30/20
Cash & cash equivalents	\$	58,965	\$ 76,803
Restricted cash*		12,817	12,116
Held-to-maturity investments		19,502	38,055
Current assets		131,093	180,179
PP&E (net)		114,921	72,743
Right-of-use assets for operating leases		147,651	144,663
Total assets	\$	440,345	\$ 441,981
Operating lease liability – current		19,565	23,666
Current liabilities		114,759	121,640
Operating lease liability – LT		140,136	134,089
Total liabilities		263,887	265,459
Stockholders' equity		176,458	176,522
Total liabilities & equity	\$	440,345	\$ 441,981

	6 Mos. 3/31/21	6 Mos. 3/31/20
Net cash provided by operating activities	\$ 17,527	\$ 10,897
Purchase of property and equipment, excluding Avondale	(4,679)	(5,164)
Purchase of Avondale campus	(45,240)	—
Net purchases/ proceeds from held-to-maturity securities	18,189	(41,562)
Net cash used in investing activities	(31,574)	(46,552)
Proceeds from equity offering	—	49,137
Net cash used in financing activities	(3,090)	45,941
Change in cash and restricted cash	(17,137)	10,286
Ending balance of cash and restricted cash	\$ 71,782	\$ 90,841

* 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 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 acquisition-related costs for both announced and potential acquisitions, costs related to the purchase of our Avondale, Arizona campus, the income tax benefit recorded as a result of the CARES Act, severance expenses due to the CEO transition, and costs related to the teach-out and closure of the Norwood, MA campus. To obtain a complete understanding of UTI'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 UTI does, 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 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. 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	12 Mos. 9/30/19	3 Mos. 9/30/19	3 Mos. 6/30/19	3 Mos. 3/31/19	3 Mos. 12/31/18
Net (loss) income	\$ (1,547)	\$ 1,083	\$ 8,008	\$ 6,450	\$ (13,268)	\$ 10,142	\$ 4,684	\$ (7,868)	\$ 5,477	\$ (365)	\$ (5,263)	\$ (7,717)
Income tax (benefit) expense	(34)	26	(10,602)	97	21	(10,804)	84	203	(50)	31	89	133
(Loss) income before income taxes	(1,581)	1,109	(2,594)	6,547	(13,247)	(662)	4,768	(7,665)	5,427	(334)	(5,174)	(7,584)
Adjustments:												
Acquisition related costs ⁽¹⁾	789	—	—	—	—	—	—	—	—	—	—	—
Severance expense due to CEO transition ⁽²⁾	—	—	1,531	—	—	—	1,531	—	—	—	—	—
Non-recurring consulting fees for transformation initiative ⁽³⁾	—	—	—	—	—	—	—	4,224	—	—	—	4,224
Net restructuring charge for Norwood, MA campus exit ⁽⁴⁾	—	—	—	—	—	—	—	1,433	48	136	1,250	—
Norwood, MA campus operating loss ⁽⁴⁾	—	—	3,272	103	1,430	983	756	419	266	27	81	45
Adjusted (loss) income before income taxes	(792)	1,109	2,209	6,650	(11,817)	321	7,055	(1,589)	5,741	(171)	(3,843)	(3,315)
Income tax effect: benefit (expense) ⁽⁵⁾	17	(26)	258	(100)	(24)	20	(127)	(41)	52	(16)	(65)	(60)
Adjusted net (loss) income, non-GAAP	\$ (775)	\$ 1,083	\$ 2,467	\$ 6,550	\$ (11,841)	\$ 341	\$ 6,928	\$ (1,630)	\$ 5,793	\$ (187)	\$ (3,908)	\$ (3,375)
GAAP effective income tax rate ⁽⁶⁾	2.2 %	2.3 %	(11.7)%	1.5 %	(0.2)%	(6.2)%	1.8 %	(2.6)%	(0.9)%	(9.3)%	(1.7)%	(1.8)%

1. Costs related to both announced and potential acquisition targets

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

4. The Norwood, MA exit was announced in February 2019. As a result, we incurred a \$1.4 million restructuring charge during fiscal 2019. The previously enrolled students completed their programs and the campus closed on July 31, 2020.

5. 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.

6. The GAAP effective income tax rate for the three and six months ended March 31, 2020 has been adjusted to remove the impact of the income tax benefit recorded as a result of the CARES Act.

EBITDA Reconciliation Trend

(\$ in thousands)



	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	12 Mos. 9/30/19	3 Mos. 9/30/19	3 Mos. 6/30/19	3 Mos. 3/31/19
Net (loss) income, as reported	\$ (1,547)	\$ 1,083	\$ 8,008	\$ 6,450	\$ (13,268)	\$ 10,142	\$ 4,684	\$ (7,868)	\$ 5,477	\$ (365)	\$ (5,263)
Interest (income) expense, net	(7)	(52)	(1,142)	(246)	(216)	(344)	(336)	1,729	458	444	416
Income tax (benefit) expense	(34)	26	(10,602)	97	21	(10,804)	84	203	(50)	31	89
Depreciation and amortization	3,569	3,282	13,150	3,319	3,259	3,230	3,342	17,291	4,268	4,326	4,439
EBITDA	\$ 1,981	\$ 4,339	\$ 9,414	\$ 9,620	\$ (10,204)	\$ 2,224	\$ 7,774	\$ 11,355	\$ 10,153	\$ 4,436	\$ (319)

Adjusted EBITDA Reconciliation Trend

(\$ in thousands)



	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	12 Mos. 9/30/19	3 Mos. 9/30/19	3 Mos. 6/30/19	3 Mos. 3/31/19	3 Mos. 12/31/18
EBITDA	\$ 1,981	\$ 4,339	\$ 9,414	\$ 9,620	\$ (10,204)	\$ 2,224	\$ 7,774	\$ 11,355	\$ 10,153	\$ 4,436	\$ (319)	\$ (2,915)
Acquisition related costs ⁽¹⁾	789	—	—	—	—	—	—	—	—	—	—	—
Non-recurring consulting fees for transformation initiative ⁽²⁾	—	—	—	—	—	—	—	4,224	—	—	—	4,224
Severance Expense for CEO transition ⁽³⁾	—	—	1,531	—	—	—	1,531	—	—	—	—	—
Net restructuring charge for Norwood, MA campus exit ⁽³⁾	—	—	—	—	—	—	—	1,433	48	136	1,250	—
Norwood, MA Campus EBITDA ⁽⁴⁾	—	—	3,005	66	1,356	906	756	(51)	154	(83)	(112)	(9)
Adjusted EBITDA, non-GAAP	\$ 2,770	\$ 4,339	\$ 13,950	\$ 9,686	\$ (8,848)	\$ 3,130	\$ 10,061	\$ 16,961	\$ 10,355	\$ 4,489	\$ 819	\$ 1,300

1. Costs related to both announced and potential acquisition targets

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. We determined that the Company has developed sufficient expertise to execute transformation plan efforts internally.

3. 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.

4. Norwood, MA teach-out was completed July 31, 2020

Adjusted Free Cash Flow Trend

(\$ in thousands)



	3 Mos. 3/31/21	3 Mos. 3/31/20	3 Mos. 3/31/19	6 Mos. 3/31/21	6 Mos. 3/31/20	6 Mos. 3/31/19
Cash flow provided by operating activities, as reported	\$9,744	\$3,773	\$(1,602)	\$17,527	\$10,897	\$2,808
Purchase of property and equipment	(2,626)	(3,353)	(2,003)	(49,919)	(5,164)	(4,782)
Free cash flow, non-GAAP	7,118	420	(3,605)	(32,392)	5,733	(1,974)
Adjustments:						
Purchase of Avondale, Arizona campus ⁽¹⁾	—	—	—	45,240	—	—
Income tax refund related to CARES tax benefit ⁽²⁾	—	—	—	(2,739)	—	—
Acquisition related costs ⁽³⁾	184	—	—	184	—	—
Severance payment due to CEO transition ⁽⁴⁾	65	64	—	140	1,078	—
Non-recurring consulting fees for transformation initiative ⁽⁵⁾	—	—	—	—	—	3,950
Cash outflow associated with Norwood, MA restructuring ⁽⁶⁾	—	—	1,004	—	—	1,004
Free cash flow (provided by) used in Norwood, MA campus operations ⁽⁶⁾	—	(784)	31	—	(107)	42
Adjusted free cash flow, non-GAAP	\$7,367	\$(300)	\$(2,570)	\$10,433	\$6,704	\$3,022

1. In December 2020, we purchased our Avondale, Arizona campus for approximately \$45.2 million.

2. Income tax refunds received as a result of recording an income tax benefit from the CARES Act in 2020

3. Costs related to both announced and potential acquisition targets

4. 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, 2021 we paid cash of \$0.1 million and during the three and six months ended March 31, 2020, we paid cash of \$0.1 million and \$1.1 million, respectively, in accordance with Ms. McWaters' Retirement Agreement and Release of Claims, dated October 31, 2019.

5. 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.

6. Norwood, MA teach-out was completed July 31, 2020

