UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2023

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to ______

Commission File Number: 1-31923

UNIVERSAL TECHNICAL INSTITUTE, INC.

(Exact name of registrant as specified in its charter)

Delaware	**86-0226984**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

4225 East Windrose Drive, Suite 200
Phoenix, Arizona 85032
(Address of principal executive offices, including zip code)

(623) 445-9500
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.0001 par value	UTI	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☑
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

At May 1, 2023, there were 34,066,499 shares outstanding of the registrant's common stock.

UNIVERSAL TECHNICAL INSTITUTE, INC.
INDEX TO FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2023

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q and the documents incorporated by reference herein 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 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act") and Section 27A of the Securities Act of 1933, as amended ("Securities Act"), which include information relating to future events, future financial performance, strategies, expectations, competitive environment, regulation and availability of resources and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. From time to time, we also provide forward-looking statements in other materials we release to the public as well as verbal forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "could," "would," "expects," "plans," "anticipates," "believes," "estimates," "projects," "predicts," "potential" and similar expressions (including the negative form of such expressions) intended to identify forward-looking statements, although not all forward looking statements contain these identifying words. Forward-looking statements are based on our current expectations and assumptions, do not strictly relate to historical or current facts, any of which may not prove to be accurate. Many factors could cause actual results to differ materially and adversely from these forward-looking statements. Important factors that could cause actual results to differ from those in our forward-looking statements include, without limitation:

- failure of our schools to comply with the extensive regulatory requirements for school operations;
- our failure to maintain eligibility for federal student financial assistance funds;
- continued Congressional examination of the for-profit education sector;
- our failure to maintain eligibility for or the ability to process federal student financial assistance;
- regulatory investigations of, or actions commenced against, us or other companies in our industry;
- changes in the state regulatory environment or budgetary constraints;
- our failure to execute on our growth and diversification strategy;
- our failure to realize the expected benefits of our acquisitions, including, without limitation, Concorde Career Colleges, Inc.;
- our failure to successfully integrate our acquisitions, including, without limitation, Concorde Career Colleges, Inc.;
- our failure to improve underutilized capacity at certain of our campuses;
- enrollment declines or challenges in our students' ability to find employment as a result of macroeconomic conditions;
- our failure to maintain and expand existing industry relationships and develop new industry relationships;
- our ability to update and expand the content of existing programs and develop and integrate new programs in a timely and cost-effective manner while maintaining positive student outcomes;
- our failure to effectively identify, establish and operate additional schools, programs or campuses;
- the effect of our principal stockholder owning a significant percentage of our capital stock, and thus being able to influence certain corporate matters and the potential in the future to gain substantial control over our company;
- the impact of certain holders of our Series A Preferred Stock owning a significant percentage of our capital stock, their ability to influence and control certain corporate matters and the potential for future dilution to holders of our common stock;
- a loss of our senior management or other key employees;
- the effect of public health pandemics, epidemics or outbreak, including COVID-19; and
- risks related to other factors discussed in our 2022 Annual Report on Form 10-K filed with the SEC on December 12, 2022 (the "2022 Annual Report on Form 10-K").

The factors above are not exhaustive, and new factors may emerge or changes to the foregoing factors may occur that could impact our business. We cannot guarantee that any forward-looking statement will be realized. Achievement of future results is subject to risks, uncertainties and potentially inaccurate assumptions. Many events beyond our control may determine whether results we anticipate will be achieved. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could differ materially from past results and those anticipated, estimated or projected. Among the factors that could cause actual results to differ materially are the factors discussed under Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” You should bear this in mind as you consider forward-looking statements.

Also, these forward-looking statements represent our estimates and assumptions only as of the date of the document containing the applicable statement. Except as required by law, we undertake no obligation to update or revise forward looking statements, whether as a result of new information, future events or otherwise. Thus, you should not assume that our silence over time means that actual events are bearing out as expressed or implied in such forward-looking statements. We qualify all of the forward-looking statements in this Quarterly Report on Form 10-Q, including the documents that we incorporate by reference herein, by these cautionary statements. You are advised, however, to consult any further disclosures we make on related subjects in our reports and filings with the Securities and Exchange Commission (“SEC”).

PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

UNIVERSAL TECHNICAL INSTITUTE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except par value and per share amounts)
(Unaudited)

	March 31, 2023	September 30, 2022
Assets		
Cash and cash equivalents	$ 120,579	$ 66,452
Restricted cash	4,013	3,544
Held-to-maturity investments	—	28,918
Receivables, net	25,435	16,450
Notes receivable, current portion	5,954	5,641
Prepaid expenses	9,883	6,139
Other current assets	8,742	8,809
Total current assets	174,606	135,953
Property and equipment, net	262,544	214,292
Goodwill	28,459	16,859
Intangible assets, net	19,322	14,215
Notes receivable, less current portion	30,497	30,231
Right-of-use assets for operating leases	182,958	132,038
Deferred tax asset, net	5,345	3,365
Other assets	8,984	5,958
Total assets	$ 712,715	$ 552,911
Liabilities and Shareholders' Equity		
Accounts payable and accrued expenses	$ 62,435	$ 66,680
Deferred revenue	64,814	54,223
Operating lease liability, current portion	21,233	12,959
Long-term debt, current portion	2,319	1,115
Other current liabilities	3,741	2,745
Total current liabilities	154,542	137,722
Operating lease liability	171,704	129,302
Long-term debt	160,825	66,423
Other liabilities	4,777	4,067
Total liabilities	491,848	337,514
Commitments and contingencies (Note 16)		
Shareholders' equity:		
Common stock, $0.0001 par value, 100,000 shares authorized, 34,149 and 33,857 shares issued	3	3
Preferred stock, $0.0001 par value, 10,000 shares authorized; 676 shares of Series A Convertible Preferred Stock issued and outstanding, liquidation preference of $100 per share	—	—
Paid-in capital - common	150,906	148,372
Paid-in capital - preferred	66,481	66,481
Treasury stock, at cost, 82 shares	(365)	(365)
Retained earnings (deficit)	2,293	(1,307)
Accumulated other comprehensive income	1,549	2,213
Total shareholders' equity	220,867	215,397
Total liabilities and shareholders' equity	$ 712,715	$ 552,911

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

UNIVERSAL TECHNICAL INSTITUTE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Six Months Ended March 31, 2023	Six Months Ended March 31, 2022
Revenues	$ 163,820	$ 102,086	$ 283,824	$ 207,161
Operating expenses:				
Educational services and facilities	86,930	49,209	148,338	97,110
Selling, general and administrative	70,941	49,500	125,089	93,096
Total operating expenses	157,871	98,709	273,427	190,206
Income from operations	5,949	3,377	10,397	16,955
Other (expense) income:				
Interest income	1,805	8	2,628	20
Interest expense	(2,637)	(466)	(4,060)	(699)
Other income, net	126	(163)	451	(45)
Total other expense, net	(706)	(621)	(981)	(724)
Income before income taxes	5,243	2,756	9,416	16,231
Income tax (expense) benefit (See Note 15)	(1,763)	4,598	(3,288)	5,945
Net income	$ 3,480	$ 7,354	$ 6,128	$ 22,176
Preferred stock dividends	(1,251)	(1,294)	(2,528)	(2,617)
Income available for distribution	$ 2,229	$ 6,060	$ 3,600	$ 19,559
Income allocated to participating securities	(833)	(2,359)	(1,348)	(7,622)
Net income available to common shareholders	$ 1,396	$ 3,701	$ 2,252	$ 11,937
Earnings per share (See Note 18):				
Net income per share - basic	$ 0.04	$ 0.11	$ 0.07	$ 0.36
Net income per share - diluted	$ 0.04	$ 0.11	$ 0.07	$ 0.36
Weighted average number of shares outstanding:				
Basic	33,999	32,992	33,901	32,920
Diluted	34,553	33,436	34,477	33,393

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

UNIVERSAL TECHNICAL INSTITUTE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
(In thousands)
(Unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2023	**2022**	**2023**	**2022**
Net income	$ 3,480	$ 7,354	$ 6,128	$ 22,176
Other comprehensive income:				
Unrealized (loss) gain on interest rate swaps, net of taxes	(538)	861	(664)	1,034
Comprehensive income	$ 2,942	$ 8,215	$ 5,464	$ 23,210

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

UNIVERSAL TECHNICAL INSTITUTE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands)
(Unaudited)

	Common Stock		Preferred Stock		Paid-in Capital - Common	Paid-in Capital - Preferred	Treasury Stock		Retained Earnings (Deficit)	Accumulated Other Comprehensive Income	Total Shareholders' Equity
	Shares	Amount	Shares	Amount			Shares	Amount			
Balance as of September 30, 2022	33,857	$ 3	676	$ —	$148,372	$ 66,481	(82)	$ (365)	$ (1,307)	$ 2,213	$ 215,397
Net income	—	—	—	—	—	—	—	—	2,648	—	2,648
Issuance of common stock under employee plans	223	—	—	—	—	—	—	—	—	—	—
Shares withheld for payroll taxes	(73)	—	—	—	(525)	—	—	—	—	—	(525)
Stock-based compensation	—	—	—	—	1,169	—	—	—	—	—	1,169
Preferred stock dividends	—	—	—	—	—	—	—	—	(1,277)	—	(1,277)
Unrealized loss on interest rate swaps, net of taxes	—	—	—	—	—	—	—	—	—	(126)	(126)
Balance as of December 31, 2022	34,007	$ 3	676	$ —	$149,016	$ 66,481	(82)	$ (365)	$ 64	$ 2,087	$ 217,286
Net income	—	—	—	—	—	—	—	—	3,480	—	3,480
Issuance of common stock under employee plans	175	—	—	—	—	—	—	—	—	—	—
Shares withheld for payroll taxes	(33)	—	—	—	(223)	—	—	—	—	—	(223)
Stock-based compensation	—	—	—	—	2,113	—	—	—	—	—	2,113
Preferred stock dividends	—	—	—	—	—	—	—	—	(1,251)	—	(1,251)
Unrealized loss on interest rate swaps, net of taxes	—	$ —	—	$ —	$ —	$ —	—	$ —	$ —	$ (538)	$ (538)
Balance as of March 31, 2023	34,149	$ 3	676	$ —	$150,906	$ 66,481	(82)	$ (365)	$ 2,293	$ 1,549	$ 220,867

UNIVERSAL TECHNICAL INSTITUTE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (CONTINUED)
(In thousands)
(Unaudited)

	Common Stock		Preferred Stock		Paid-in Capital - Common	Paid-in Capital - Preferred	Treasury Stock		Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Shares	Amount	Shares	Amount			Shares	Amount			
Balance as of September 30, 2021	32,915	$ 3	700	$ —	$142,314	$ 68,853	(82)	$ (365)	$(21,996)	$ (279)	$ 188,530
Net income	—	—	—	—	—	—	—	—	14,822	—	14,822
Issuance of common stock under employee plans	111	—	—	—	—	—	—	—	—	—	—
Shares withheld for payroll taxes	(37)	—	—	—	(301)	—	—	—	—	—	(301)
Stock-based compensation	—	—	—	—	706	—	—	—	—	—	706
Preferred stock dividends	—	—	—	—	—	—	—	—	(1,323)	—	(1,323)
Unrealized gain on interest rate swap	—	—	—	—	—	—	—	—	—	173	173
Balance as of December 31, 2021	32,989	$ 3	700	$ —	$142,719	$ 68,853	(82)	$ (365)	$ (8,497)	$ (106)	$ 202,607
Net Income									7,354		7,354
Issuance of common stock under employee plans	177	—	—	—	—	—	—	—	—	—	—
Shares withheld for payroll taxes	(42)	—	—	—	(327)	—	—	—	—	—	(327)
Stock-based compensation	—	—	—	—	1,534	—	—	—	—	—	1,534
Preferred stock dividends	—	—	—	—	—	—	—	—	(1,294)	—	(1,294)
Unrealized gain on interest rate swap	—	$ —	—	$ —	$ —	$ —	—	$ —	$ —	$ 861	$ 861
Balance as of March 31, 2022	33,124	$ 3	700	$ —	$143,926	$ 68,853	(82)	$ (365)	$ (2,437)	$ 755	$ 210,735

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

UNIVERSAL TECHNICAL INSTITUTE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended March 31,	
	2023	2022
Cash flows from operating activities:		
Net income	$ 6,128	$ 22,176
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	11,994	7,563
Amortization of right-of-use assets for operating leases	10,073	9,123
Bad debt expense	2,071	1,355
Stock-based compensation	3,282	2,240
Deferred income taxes	2,479	(6,556)
Training equipment credits earned, net	47	(809)
Unrealized (loss) gain on interest rate swap	(664)	1,034
Other (gains) losses, net	(196)	112
Changes in assets and liabilities:		
Receivables	(3,895)	3,777
Prepaid expenses	(898)	(79)
Other assets	2,709	(540)
Notes receivable	(579)	(159)
Accounts payable and accrued expenses	(16,446)	706
Deferred revenue	(9,554)	(17,481)
Operating lease liability	(10,745)	(8,566)
Other liabilities	(121)	(3,496)
Net cash (used in) provided by operating activities	(4,315)	10,400
Cash flows from investing activities:		
Cash paid for acquisition, net of cash acquired	(16,973)	(26,514)
Purchase of property and equipment	(38,641)	(53,149)
Proceeds from maturities of held-to-maturity securities	29,000	—
Return of capital contribution from unconsolidated affiliate	—	188
Net cash used in investing activities	(26,614)	(79,475)
Cash flows from financing activities:		
Proceeds from revolving credit facility	90,000	—
Debt issuance costs related to the revolving credit facility	(484)	—
Payment of preferred stock cash dividend	(2,528)	(2,617)
Payments on term loans and finance leases	(715)	(678)
Payment of payroll taxes on stock-based compensation through shares withheld	(748)	(628)
Net cash provided by (used in) financing activities	85,525	(3,923)
Change in cash, cash equivalents and restricted cash	54,596	(72,998)
Cash and cash equivalents, beginning of period	66,452	133,721
Restricted cash, beginning of period	3,544	12,256
Cash, cash equivalents and restricted cash, beginning of period	69,996	145,977
Cash and cash equivalents, end of period	120,579	61,498
Restricted cash, end of period	4,013	11,481
Cash, cash equivalents and restricted cash, end of period	$ 124,592	$ 72,979

UNIVERSAL TECHNICAL INSTITUTE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(In thousands)
(Unaudited)

	Six Months Ended March 31,	
	2023	**2022**
Supplemental disclosure of cash flow information:		
Income taxes paid	$ 306	$ 399
Interest paid	$ 3,496	$ 680
Training equipment obtained in exchange for services	343	802
Depreciation of training equipment obtained in exchange for services	394	453
Accounts payable and accrued expenses for capital expenditures	1,964	1,140
CARES Act funds received for student emergency grants	—	4,942
CARES Act funds disbursed for student emergency grants	—	(5,026)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

UNIVERSAL TECHNICAL INSTITUTE, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)
(Unaudited)

Note 1 - Nature of the Business

Universal Technical Institute, Inc., which together with its subsidiaries is referred to as the “Company”, “we,” “us” or “our,” was founded in 1965 and is a leading workforce solutions provider of transportation, skilled trades and healthcare education programs, whose mission is to serve students, partners, and communities by providing quality education and support services for in-demand careers across a number of highly-skilled fields. We offer the majority of our programs in a blended learning model that combines instructor-facilitated online teaching and demonstrations with hands-on labs. In conjunction with the Concorde Career Colleges, Inc. acquisition on December 1, 2022 (the “Concorde Acquisition”), we redefined our reporting structure into two reportable segments as follows:

Universal Technical Institute (“UTI”): UTI operates 16 campuses located in nine states and offers a wide range of degree and non-degree transportation and skilled trades technical training programs under brands such as Universal Technical Institute, Motorcycle Mechanics Institute, Marine Mechanics Institute, NASCAR Technical Institute, and MIAT College of Technology (“MIAT”). UTI also offers manufacturer specific advanced training programs, which include student-paid electives, at our campuses and manufacturer or dealer sponsored training at certain campuses and dedicated training centers. Lastly, UTI provides dealer technician training or instructor staffing services to manufacturers. UTI works closely with over 35 original equipment manufacturers and industry brand partners to understand their needs for qualified service professionals.

Concorde Career Colleges (“Concorde”): Concorde operates across 17 campuses in eight states, offering degree, non-degree, and continuing education programs in the allied health, dental, nursing, patient care and diagnostic fields. Concorde believes in preparing students for their health care careers with practical, hands-on experiences including opportunities to learn while providing care to real patients. Prior to graduation, students will complete a number of hours in a clinical setting or externship, depending upon their program of study. We acquired Concorde on December 1, 2022. See Note 4 on “Acquisitions” for additional information.

“Corporate” includes corporate related expenses that are not allocated to the UTI or Concorde reportable segments. In prior years these costs were allocated across our former “Postsecondary Education” reportable segment and “Other” category based upon compensation expense. Additional information about our reportable segments is presented in Note 19.

Our primary source of revenues is currently tuition and fees paid by students. To pay for a substantial portion of their tuition, the majority of students rely on funds received from federal financial aid programs under Title IV of the Higher Education Act of 1965, as amended (“HEA”), as well as other federal programs. For further discussion, see Note 2 on “Summary of Significant Accounting Policies - Concentration of Risk” and Note 24 on “Government Regulation and Financial Aid” included in our 2022 Annual Report on Form 10-K filed with the SEC on December 12, 2022 (the “2022 Annual Report on Form 10-K”).

Note 2 - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, our condensed consolidated financial statements do not include all the information and footnotes required by GAAP for complete financial statements. Normal and recurring adjustments considered necessary for a fair statement of the results for the interim periods have been included. Operating results for the six months ended March 31, 2023 are not necessarily indicative of the results that may be expected for the year ending September 30, 2023. The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our 2022 Annual Report on Form 10-K.

The unaudited condensed consolidated financial statements include the accounts of Universal Technical Institute, Inc. and our wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated. The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Other than described below, there have been no material changes or developments in our significant accounting policies or evaluation of accounting estimates and underlying assumptions or methodologies from those disclosed in Note 2 of our 2022 Annual Report on Form 10-K.

New Significant Accounting Policy for Retail Installment Contract Receivables

Concorde currently and historically offers certain students retail installment contracts for payment of their tuition that is not covered by federal student financial aid or other funding sources. The retail installment contracts are due to Concorde from current and former students, are generally due over a period of up to five years, and bear interest ranging from 0 percent to 15 percent. Due to the fact that there is no interest imposed on certain of the retail installment contracts, primarily while students are actively completing their selected programs, we calculate the imputed interest expense on the retail installment contracts. However, the imputed interest expense is not considered material for such retail installment contracts and therefore not recorded. Retail installment contract receivables are recorded at amortized cost less an allowance for credit losses that are not expected to be recovered. The allowance for credit losses is recognized at inception and is reassessed each reporting period. The short-term portion of the retail installment contract receivable and related allowance for credit losses are included in "Receivables, net" while the long-term portion of the retail installment contract receivable and related allowance for credit losses is presented in "Other assets" on our condensed consolidated balance sheet.

Reclassifications

As previously noted, as a result of the Concorde Acquisition, beginning with this reporting period we have two reportable segments: UTI and Concorde. Additionally, "Corporate" includes corporate related expenses that are not allocated to either the UTI or Concorde reportable segments. The segment disclosures presented in Note 19 for the three and six months ended March 31, 2022 have been revised from the prior year presentation to reflect the new reportable segments.
Additionally, starting with the three months ended December 31, 2022, we have reclassified "Accrued tool sets" into "Accounts payable and other accrued expenses" for reporting purposes. As of September 30, 2022, $3.2 million was reclassified from "Accrued tool sets" to "Accounts payable and other accrued expenses" on the condensed consolidated balance sheet for comparable presentation. The breakout of accrued tool sets is now disclosed in Note 12. Further, the activity related to the accrued tool sets balance is now reported in the "Accounts payable and other accrued expenses" line on the condensed consolidated statement of cash flows for the six months ended March 31, 2023. We reclassified $0.8 million from "Accrued tool sets" to "Accounts payable and other accrued expenses" on the condensed consolidated statement of cash flow for the six months ended March 31, 2022 for comparable presentation.

Note 3 - Recent Accounting Pronouncements

Effective in Fiscal 2023

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASU 2020-04"), which provides optional expedients and exceptions for applying GAAP to contract modifications, hedging relationships and other transactions affected by reference rate reform, if certain criteria are met. This new guidance only applies to contracts and other transactions that reference London Interbank Offered Rate ("LIBOR") or another reference rate expected to be discontinued due to reference rate reform. An entity may elect to apply the amendments for contract modifications as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or prospectively from a date within an interim period that includes or is subsequent to March 12, 2020, up to the date that the financial statements are available to be issued. The amendments in ASU 2020-04 do not apply to contract modifications made after December 31, 2022. On April 3, 2023, we executed an amendment for our Avondale Term Loan (as defined below) to convert the stated rate from LIBOR to Secured Overnight Financing rate ("SOFR") (which is further described in Note 21). In executing the amendment, we adopted several of the practical expedients allowed under ASU 2020-04, including updating the designated hedged risk in our outstanding cash flow hedging relationship to match the risk presented in the modified interest payments and to continue our hedging relationship that falls within the scope of ASU 2020-04. The adoption of the new guidance in ASU 2020-04 did not have a material impact on our condensed consolidated financial statements.

(In thousands, except per share amounts)

Note 4 - Acquisitions

Concorde Career Colleges

On December 1, 2022, we completed the Concorde Acquisition. Concorde operates 17 campuses across eight states with approximately 7,600 students, and offers its programs via in-person, hybrid and online formats. Concorde offers more than 20 programs across the allied health, dental, nursing, patient care, and diagnostic fields. The acquisition expands our portfolio of offerings into the higher-growth healthcare arena and creates the opportunity to bring workforce educational solutions to a broader array of students and employers.

Under the terms of the Stock Purchase Agreement (the "Purchase Agreement"), dated May 3, 2022, by and among the Company, Concorde, Liberty Partners Holdings 28, L.L.C., a Delaware limited liability company, and Liberty Investment IIC, LLC, a Delaware limited liability company (each a "Seller," and collectively, the "Sellers"); and Liberty Partners L.P., a Delaware limited partnership, in its capacity as a representative of the Sellers, we acquired all of the issued and outstanding shares of capital stock of Concorde for a base purchase price of $50.0 million, less $1.3 million of net adjustments, for total cash consideration paid of $48.7 million. The final cash consideration paid is subject to closing working capital and other customary adjustments. As a result of the transactions contemplated by the Purchase Agreement, Concorde is now a wholly-owned subsidiary of the Company. We funded the consideration paid for the Concorde Acquisition by the Credit Facility entered into on November 18, 2022. (See Note 13 for further details on the Credit Facility)

In connection with the Concorde Acquisition, we incurred total transaction costs of $5.1 million, of which $3.0 million was incurred during the year ended September 30, 2022 and $2.1 million was incurred during the six months ended March 31, 2023. These costs are included in "Selling, general and administrative" expenses in the condensed consolidated statements of operations for the applicable period.

Allocation of the purchase price

Under the acquisition method of accounting, the total purchase price was allocated to the identifiable assets acquired and the liabilities assumed based on our preliminary valuation estimates of the fair values as of the acquisition date. The fair value and allocation of the business combination are preliminary, are based upon management's best estimates and assumptions, and are subject to future revision. We will continue our analysis under the provisions of ASC 805 which allows companies one year to complete acquisition related adjustments which may result in potential adjustments to the carrying value of the respective recorded assets and liabilities.

The preliminary allocation of the purchase price at December 1, 2022 is summarized as follows:

Assets acquired:		
Cash and cash equivalents	$	30,064
Restricted cash		1,689
Accounts receivable, net		6,740
Prepaid expenses		2,957
Other current assets		827
Property and equipment		24,220
Right-of-use assets for operating leases		71,342
Goodwill		11,600
Intangible assets		5,400
Deferred tax assets		4,460
Other assets		4,997
Total assets acquired	$	164,296

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Less: Liabilities assumed		
Accounts payable and accrued expenses	$	15,228
Deferred revenue		20,145
Operating lease liability, current portion		8,835
Long-term debt, current portion (1)		807
Other current liabilities		208
Long-term debt (1)		5,468
Operating lease liability		64,878
Total liabilities assumed		115,569
Net assets acquired	$	48,727

(1) Long-term debt consists of one lease classified as a finance lease under ASC 842.

Due to the timing of the acquisition, the following are considered preliminary and are subject to change:

- amounts for intangible assets, property and equipment, other current assets, current liabilities, and other long-term liabilities pending finalization of the valuation; and
- amounts for income tax liabilities, pending finalization of estimates and assumptions in respect of certain tax aspects of the transaction.

The Company will finalize these amounts no later than one year from the acquisition date, once it obtains the information necessary to complete the measurement process. Any changes resulting from facts and circumstances that existed as of the acquisition date may result in adjustments to the preliminary amounts disclosed above which may impact the reported results in the period those adjustments are identified. Since December 31, 2022, we have adjusted the purchase price allocation for operating and finance lease assets and liabilities due to changes in the incremental borrowing rates. Additionally, we identified further adjustments required for accounts receivable, prepaid expenses, deferred income taxes, deferred revenue, and accounts payable and accrued expenses. These adjustments, in conjunction with the updates to the operating and finance lease assets and liabilities, resulted in further changes to both intangible assets and goodwill.

The amount allocated to goodwill of $11.6 million represents the acquired assembled workforce. None of the goodwill is expected to be deductible for tax purposes. Factors that contributed to a purchase price resulting in the recognition of goodwill includes Concorde’s strategic fit into our growth and diversification strategy, which is focused on offering a broader array of high-quality, in-demand workforce education solutions which both prepare students for a variety of careers in fast-growing fields and help close the country's skills gap by leveraging key industry partnerships.

The purchase price allocation requires subjective estimates that, if incorrectly estimated, could be material to our condensed consolidated financial statements including the amount of depreciation and amortization expense. The fair value of the property and equipment was estimated using the cost and market approaches as of the valuation date. The fair value of the leases were estimated using the income and market approaches to determine if there was any favorable or unfavorable terms in place.

The intangible assets acquired, which primarily consists of the accreditations and regulatory approvals, trademarks and trade names, and curriculum, were valued using different valuation techniques depending upon the nature of the intangible asset acquired, all of which are considered level 3 as defined in Note 7. The accreditations and regulatory approvals were valued using the multi-period excess earnings method (“MPEEM”) under the income approach. The MPEEM is a variation of discounted cash-flow analysis. Rather than focusing on the whole entity, the MPEEM isolates the cash flows that can be associated with a single intangible asset and measures fair value by discounting them to present value. The trademarks and trade names were valued using the relief from royalty method. The value of the trade name encompasses all items necessary to generate revenue utilizing the trade name. The curriculum was valued using the cost approach. The table below presents the revised summary of the intangible assets acquired as a result of other purchase price allocation updates and the useful lives of these assets:

(In thousands, except per share amounts)

Intangible Asset	Useful life	Amount
Accreditations and regulatory approvals	Indefinite	$ 3,500
Trademarks and trade names	10 years	500
Curriculum	5 years	1,400
Total		$ 5,400

See Note 9 and Note 10 and for additional details on goodwill and intangible assets.

Student receivables

When financial assets are acquired in connection with a business combination, we evaluate whether those acquired financial assets have experienced a more-than-insignificant deterioration in credit quality since origination. Financial assets acquired with evidence of such credit deterioration are referred to as purchased credit deteriorated ("PCD") assets and reflect the acquirer's assessment at the acquisition date. The student receivables acquired in the Concorde Acquisition were reviewed to determine if any had experienced a more-than-insignificant deterioration in credit quality since origination. Student receivables of approximately $2.3 million met the established criteria to indicate a more-than an insignificant deterioration in credit quality and were identified as PCD assets. Using our best estimate of projected losses over the term of the contracts, we calculated an allowance for credit losses on these PCD assets of approximately $1.0 million.

Pro forma financial information

The following unaudited pro forma financial information summarizes our results of operations as though the acquisition occurred on October 1, 2021:

	Three Months Ended		Six Months Ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Revenue	$ 163,820	$ 146,873	$ 319,845	$ 302,069
Net income	3,480	8,983	6,007	28,413

The unaudited pro forma financial information includes adjustments to reflect the additional amortization that would have been charged assuming the fair value adjustments to intangible assets and the finance lease asset had been applied from October 1, 2021, with the related tax effects. The unaudited pro forma financial information also includes adjustments to reflect the additional interest expense on the new revolving credit facility issued to fund the acquisition (see Note 13 for further details on the Credit Facility). Lastly, the unaudited pro forma financial information includes adjustments to reflect the reduction in depreciation expense assuming the fair value adjustments to property and equipment assets had been applied from October 1, 2021.

This unaudited pro forma financial information is for informational purposes only. It does not reflect the integration of the business or any synergies or incremental costs that may result from the acquisition. As such, it is not indicative of the results of operations that would have been achieved had the acquisition been consummated on October 1, 2022. In addition, the unaudited pro forma financial information amounts are not indicative of future operating results.

MIAT College of Technology

On November 1, 2021, using available operating cash, we acquired all of the issued and outstanding shares of capital stock of MIAT for $26.0 million base purchase price plus $2.8 million working capital surplus for total cash consideration paid of

(In thousands, except per share amounts)

$28.8 million. MIAT is a post-secondary school that offers vocational and technical certificates and degrees across aviation maintenance, energy technology, wind energy technology, robotics and automation, non-destructive testing, heating ventilation air conditioning and refrigeration, and welding disciplines.

The acquisition, as part of our growth and diversification strategy, allows us to expand MIAT programs throughout UTI brand campuses and extend UTI's presence and programs into the Canton, Michigan market where MIAT has been for over 50 years. Other expected synergies include operating and purchasing cost efficiencies and broadening the opportunity for student growth at the acquired MIAT campuses by leveraging our high school and national marketing and admissions infrastructure.

In connection with this acquisition, we incurred total transaction costs of $1.7 million of which $0.9 million were incurred during the year ended September 30, 2022 and $0.8 million during the year ended September 30, 2021. These costs are included in "Selling, general and administrative" expenses in the condensed consolidated statements of operations for the applicable period.

The final allocation of the purchase price at November 1, 2021 is summarized as follows:

Assets acquired:		
Cash and cash equivalents	$	2,301
Accounts receivable, net		3,230
Prepaid expenses		268
Other current assets		507
Property and equipment		3,043
Goodwill		8,637
Intangible assets		16,200
Right-of-use assets for operating leases		14,979
Other assets		314
Total assets acquired	$	49,479
Less: Liabilities assumed		
Accounts payable and accrued expenses	$	1,720
Deferred revenue		1,843
Operating lease liability, current portion		817
Deferred tax liabilities, net		1,975
Operating lease liability		14,216
Other liabilities		93
Total liabilities assumed		20,664
Net assets acquired	$	28,815

The goodwill of $8.6 million arising from the acquisition consists largely of the growth and operating synergies expected from integrating MIAT into UTI. The total amount of goodwill expected to be deductible for tax purposes is approximately $0.6 million. See Note 9 for additional details on goodwill.

The accreditations and regulatory approvals were valued using the multi-period excess earnings method ("MPEEM") under the income approach. The trademarks and trade names were valued using the relief from royalty method. The curriculum was valued using the cost approach. The table below presents a summary of the intangible assets acquired and the useful lives of these assets:

(In thousands, except per share amounts)

Intangible Asset	Useful life	Amount
Accreditations and regulatory approvals	Indefinite	$ 12,800
Trademarks and trade names [(1)]	Indefinite	3,000
Curriculum	5 years	400
Total		$ 16,200

(1) During the fourth quarter of 2022, in conjunction with our growth and diversification initiatives, we completed a branding study and determined that the useful life of the MIAT trademarks and trade name was no longer indefinite, and a four-year finite useful life was more appropriate. We completed the required impairment testing when changing from an indefinite to a finite useful life for an intangible asset and determined that the carrying value of the MIAT trademarks and trade name exceeded its fair value. We determined the fair value of intangible asset to be $1.0 million as of September 30, 2022 using the relief from royalty method and recorded an intangible asset impairment charge of $2.0 million during the year ended September 30, 2022.

Pro forma financial information is not presented as the fiscal 2021 revenues and earnings of MIAT were not material to our condensed consolidated statements of operations. MIAT is included in the “UTI” reporting unit and reportable segment disclosed in Note 19 on Segments.

Note 5 - Revenue from Contracts with Customers

Nature of Goods and Services

Revenues across the UTI and Concorde segments consist primarily of student tuition and fees derived from the programs we provide after reductions are made for discounts and scholarships that we sponsor and for refunds for students who withdraw from our programs prior to specified dates. We apply the five-step model outlined in ASC 606. Tuition and fee revenue is recognized ratably over the term of the course or program offered.

The majority of the UTI programs are designed to be completed in 28 to 96 weeks. The UTI advanced training programs range from 12 to 23 weeks in duration. UTI also provides dealer technician training or instructor staffing services to manufacturers. Revenues are recognized as transfer of the services occurs.

The majority of Concorde’s core programs are nine to ten months in duration and are billed in full at the start of the program. Clinical programs are 12 to 24 month programs that are billed by academic term. Clinical programs may have up to nine academic terms that last two to three months. Revenues are recognized as transfer of the services occurs.

In addition to revenue from tuition and fees, UTI and Concorde derive supplemental revenues from sales of textbooks and program supplies and other revenues, which are recognized as the transfer of goods or services occurs. Deferred revenue represents the excess of tuition and fee payments received as compared to tuition and fees earned and is reflected as a current liability in our condensed consolidated balance sheets because it is expected to be earned within the next 12 months.

All of our revenues are generated within the United States. The impact of economic factors on the nature, amount, timing and uncertainty of revenue and cash flows is consistent across our various programs for both the UTI and Concorde segments. See Note 19 for disaggregated segment revenue information.

Proprietary Loan Program Notes Receivable

Certain UTI students participate in a proprietary loan program that extends repayment terms for their tuition beyond the time that they are in school. We purchase said loans from the lender. Based on historical collection rates, we believe at least a portion of these loans are collectible. Accordingly, we recognize tuition and loan origination fees financed by the loan and any related interest revenue under the effective interest method required under the loan based on the amount we expect to collect, and we recognize these revenues ratably over the term of the course or program offered. These amounts are presented as “Notes receivable, current portion” and “Notes receivable, less current portion” on our condensed consolidated balance sheet.

(In thousands, except per share amounts)

Retail Installment Contract Receivables

Concorde currently and historically offers certain students retail installment contracts for payment of their tuition that are not covered by federal student financial aid or other funding sources. The retail installment contracts are due to Concorde from current and former students, are generally due over a period of up to five years, and bear interest ranging from 0 percent to 15 percent. Due to the fact that there is no interest imposed on certain of the retail installment contracts, primarily while students are actively completing their selected programs, we calculate the imputed interest expense on the retail installment contracts. However, the imputed interest expense is not considered material for such retail installment contracts and therefore not recorded. The short-term portion of the retail installment contract receivable and related allowance for credit losses are included in "Receivables, net" while the long-term portion of the retail installment contract receivable and related allowance for credit losses is presented in "Other assets" on our condensed consolidated balance sheet.

Contract Balances

Contract assets primarily relate to our rights to consideration for a student's progress through our training program in relation to our services performed but not billed at the reporting date. The contract assets are transferred to the receivables when the rights become unconditional. Currently, we do not have any contract assets that have not transferred to a receivable. Our deferred revenue is considered a contract liability and primarily relates to our enrollment agreements where we received payments for tuition, but we have not yet delivered the related training programs to satisfying the related performance obligations. The advance consideration received from students or Title IV funding is deferred revenue until the training program has been delivered to the students.

The following table provides information about receivables and deferred revenue resulting from our enrollment agreements with students:

	March 31, 2023	September 30, 2022
Receivables [1]	$ 59,378	$ 46,826
Deferred revenue	64,814	54,223

(1) Receivables includes tuition receivables, retail installment contract receivables and notes receivable, both current and long term.

During the six months ended March 31, 2023, the deferred revenue balance included decreases for revenues recognized during the period and increases related to new students who started their training programs during the period and the addition of deferred revenue from the Concorde Acquisition.

Note 6 - Investments

In July 2022, we invested a portion of our cash and cash equivalents in short-term investments which primarily consist of corporate and municipal bonds with a minimum credit rating of A. We had the ability and intention to hold these investments until maturity and therefore classified these investments as held-to-maturity and recorded them at amortized cost and presented them in "Held-to-maturity investments" on our consolidated balance sheet as of September 30, 2022. As of March 31, 2023, there were no outstanding held-to-maturity investments as all of the securities matured and there were no new purchases of held-to-maturity investments during the six months ended March 31, 2023.

The amortized cost, gross unrealized gains or losses, and fair value of investments classified as held-to-maturity at September 30, 2022 were as follows:

	September 30, 2022			
		Gross Unrealized		Estimated Fair
Due in less than 1 year:	**Amortized Cost**	**Gains**	**Losses**	**Market Value**
Corporate and municipal bonds	$ 28,918	$ —	$ (19)	$ 28,899

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Investments are exposed to various risks, including interest rate, market and credit risk. As a result, it is possible that changes in the values of these investments may occur and that such changes could affect the amounts reported in the condensed consolidated financial statements.

Note 7 - Fair Value Measurements

The accounting framework for determining fair value includes a hierarchy for ranking the quality and reliability of the information used to measure fair value, which enables the reader of the financial statements to assess the inputs used to develop those measurements. The fair value hierarchy consists of three tiers:

Level 1: Defined as quoted market prices in active markets for identical assets or liabilities.

Level 2: Defined as inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, model-based valuation techniques for which all significant assumptions are observable in the market or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Defined as unobservable inputs that are not corroborated by market data.

Any transfers of investments between levels occurs at the end of the reporting period. Assets measured or disclosed at fair value on a recurring basis consisted of the following:

		Fair Value Measurements Using		
	March 31, 2023	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Money market funds(1)	$ 18,108	$ —	$ —	$ 18,108
Notes receivable(2)	36,451	—	—	36,451
Total assets at fair value on a recurring basis	$ 54,559	$ —	$ —	$ 54,559

		Fair Value Measurements Using		
	September 30, 2022	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Money market funds(1)	$ 23,439	$ 23,439	$ —	$ —
Notes receivable(2)	35,872	—	—	35,872
Corporate bonds, municipal bonds, and other(3)	28,899	28,899	—	—
Total assets at fair value on a recurring basis	$ 88,210	$ 52,338	$ —	$ 35,872

(1) Money market funds and other highly liquid investments with maturity dates less than 90 days are reflected as “Cash and cash equivalents” in our condensed consolidated balance sheet as of March 31, 2023 and September 30, 2022.

(2) Notes receivable relate to our proprietary loan program and are reflected as “Notes receivable, current portion” and “Notes receivable, less current portion” in our consolidated balance sheets as of March 31, 2023 and September 30, 2022

(3) Corporate bonds, municipal bonds and other are reflected as “Held-to-maturity investments” in our consolidated balance sheet as of September 30, 2022.

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Note 8 - Property and Equipment, net

Property and equipment, net consisted of the following:

	Depreciable Lives (in years)	March 31, 2023	September 30, 2022
Land	—	$ 25,601	$ 16,603
Buildings and building improvements	3-30	160,935	126,244
Leasehold improvements	1-20	81,401	86,751
Training equipment	3-10	104,666	96,907
Office and computer equipment	3-10	34,842	31,900
Curriculum development	5	2,180	20,130
Software developed for internal use	1-5	12,150	12,150
Vehicles	5	1,406	1,458
Right-of-use assets for finance leases	2-15	5,818	215
Construction in progress	—	10,259	16,359
		439,258	408,717
Less: Accumulated depreciation and amortization		(176,714)	(194,425)
		$ 262,544	$ 214,292

Depreciation expense related to property and equipment was $6.6 million and $11.7 million for the three and six months ended March 31, 2023, and $3.9 million and $7.5 million for the three and six months ended March 31, 2022.

In March 2023, we purchased the three primary buildings and the associated land at our UTI Orlando, Florida campus which was previously leased. The purchase resulted in an increase in our buildings of $15.2 million, an increase in land of $9.0 million and the reclassification of assets from leasehold improvements to building improvements of $19.1 million.

Note 9 - Goodwill

Our goodwill balance of $28.5 million as of March 31, 2023 represents the excess of the cost of an acquired business over the estimated fair values of the assets acquired and liabilities assumed. The changes in the carrying value of goodwill are presented in the table below.

	March 31, 2023	September 30, 2022
Balance at beginning of period	$ 16,859	$ 16,859
Additions to Goodwill for acquisition of Concorde	11,600	—
Balance at end of period	$ 28,459	$ 16,859

Of the $28.5 million recorded as goodwill as of March 31, 2023, $11.6 million resulted from the acquisition of Concorde, $8.6 million relates to the acquisition of MIAT as of November 1, 2021, and $8.2 million resulted from the acquisition of our motorcycle and marine education business in Orlando, Florida in 1998. As indicated in Note 1, as a result of the Concorde Acquisition, we have two reportable segments. Prior to this reporting period, all goodwill related to our Postsecondary Education reportable operating segment for UTI. The table below summarizes the goodwill balance by reportable segment:

	March 31, 2023	September 30, 2022
UTI	$ 16,859	$ 16,859
Concorde	11,600	$ —
Total	$ 28,459	$ 16,859

(In thousands, except per share amounts)

Goodwill is reviewed at least annually for impairment, which may result from the deterioration in the operating performance of the acquired businesses, adverse market conditions, adverse changes in applicable laws or regulations and a variety of other circumstances. Our goodwill is tested annually for impairment as of August 1 and more frequently if events or circumstances lead to a determination that it is more likely than not that the fair value of a report unit is less than its carrying amount. There were no indicators of goodwill impairment as of March 31, 2023.

Note 10 - Intangible Assets

The following table provides the gross carrying value, accumulated amortization, net book value and remaining useful life for those intangible assets that are subject to amortization as of March 31, 2023:

	Gross Carrying Value	Accumulated Amortization	Net Book Value	Weighted Average Remaining Useful Life (Years)
Accreditations and regulatory approvals	$ 16,300	$ —	$ 16,300	Indefinite
Trademarks, trade names and other	1,942	(513)	1,429	5.51
Curriculum	1,800	(207)	1,593	4.47
Total	$ 20,042	$ (720)	$ 19,322	4.96

The following table provides the gross carrying value, accumulated amortization, net book value and remaining useful life for those intangible assets that were subject to amortization as of March 31, 2022:

	Gross Carrying Value	Accumulated Amortization	Net Book Value	Weighted Average Remaining Useful Life (Years)
Accreditations and regulatory approvals - MIAT	$ 12,800	$ —	$ 12,800	Indefinite
Trademarks and trade names - MIAT	3,000	—	3,000	Indefinite
Curriculum - MIAT	400	(33)	367	4.58
Non-compete agreement and trade name	442	(336)	106	3.08
Total	$ 16,642	$ (369)	$ 16,273	4.23

Amortization expense for the six months ended March 31, 2023 and 2022 was $0.3 million and $51 thousand, respectively.

During the six months ended March 31, 2023, we made further adjustments to our purchase price allocation for Concorde, including an adjustment to increase the intangible assets by $0.6 million. As of March 31, 2023, of the $20.0 million recorded as intangible assets, $5.4 million relates to the Concorde Acquisition, $14.2 million relates to the MIAT acquisition completed on November 1, 2021, and $0.4 million relates to previously recorded non-compete agreements and trade names. The remaining weighted average useful lives shown are calculated based on the net book value and remaining amortization period of each respective intangible asset. Amortization is computed using the straight-line method based on estimated useful lives of the related assets. Our indefinite-lived intangible assets are reviewed at least annually for impairment as of August 1, or more frequently if there are indicators of impairment. There were no indicators of impairment for our indefinite-lived intangible assets as of March 31, 2023.

Note 11 - Leases

As of March 31, 2023, we have facility leases at 29 of our 33 campuses and two corporate office locations under non-cancelable operating leases, some of which contain escalation clauses and requirements to pay other fees associated with the leases. The facility leases have original lease terms ranging from 5 to 20 years and expire at various dates through 2036. In addition, the leases commonly include lease incentives in the form of rent abatements and tenant improvement allowances. We sublease certain portions of unused building space to third parties, which as of March 31, 2023, resulted in minimal income. All of the leases, other than those that may qualify for the short-term scope exception of 12 months or less, are recorded on our condensed consolidated balance sheets.

Some of the facility leases are subject to annual changes in the Consumer Price Index ("CPI"). While lease liabilities are not remeasured as a result of changes to the CPI, changes to the CPI are treated as variable lease payments and recognized in the period in which the obligation for those payments was incurred. Many of our lease agreements include options to extend the lease, which we do not include in our minimum lease terms unless they are reasonably certain to be exercised. There are no early termination with penalties, residual value guarantees, restrictions or covenants imposed by our facility leases.

The components of lease expense are included in "Educational services and facilities" and "Selling, general and administrative" on the condensed consolidated statement of operations, with the exception of interest on lease liabilities, which is included in "Interest expense."

The components of lease expense during the three and six months ended March 31, 2023 and 2022 were as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
Lease Expense	**2023**	**2022**	**2023**	**2022**
Operating lease expense[1]	$ 8,273	$ 6,371	$ 13,977	$ 12,734
Finance lease expense:				
Amortization of leased assets	127	18	325	36
Interest on lease liabilities	35	—	122	1
Variable lease expense	2,307	1,382	4,257	2,473
Sublease income	(25)	(31)	(57)	(90)
Total net lease expense	$ 10,717	$ 7,740	$ 18,624	$ 15,154

(1) Excludes the expense for short-term leases not accounted for under ASC 842, which was not significant for the three and six months ended March 31, 2023 and 2022.

Supplemental balance sheet, cash flow and other information related to our leases was as follows (in thousands, except lease term and discount rate):

Leases	**Classification**	**March 31, 2023**	**September 30, 2022**
Assets:			
Operating lease assets	Right-of-use assets for operating leases[1]	$ 182,958	$ 132,038
Finance lease assets	Property and equipment, net[2]	5,300	22
Total leased assets		$ 188,258	$ 132,060
Liabilities:			
Current			
Operating lease liabilities	Operating lease liability, current portion[1]	$ 21,233	$ 12,959
Finance lease liabilities	Long-term debt, current portion	803	23
Noncurrent			
Operating lease liabilities	Operating lease liability[1]	171,704	129,302

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Leases	Classification	March 31, 2023	September 30, 2022
Finance lease liabilities	Long-term debt	5,191	—
Total lease liabilities		$ 198,931	$ 142,284

(1) As noted in Note 4, during the six months ended March 31, 2023, our right-of-use assets and operating lease liability increased due to the acquisition of Concorde. This increase was partially offset in March 2023, with the purchase of the three primary buildings and associated land that we previously leased at the UTI Orlando, Florida campus, as discussed in Note 8. This purchase reduced our right-of-use assets balance by approximately $10.5 million and our leased liabilities by approximately $12.4 million.

(2) Finance lease assets are recorded net of accumulated amortization of $0.5 million and $0.2 million as of March 31, 2023 and September 30, 2022, respectively.

Lease Term and Discount Rate	March 31, 2023	September 30, 2022
Weighted-average remaining lease term (in years):		
Operating leases	8.31	8.92
Finance leases	5.83	0.33
Weighted average discount rate:		
Operating leases	4.71 %	3.91 %
Finance leases	6.02 %	3.08 %

	Six Months Ended March 31,	
Supplemental Disclosure of Cash Flow and Other Information	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 10,745	$ 6,962
Financing cash flows from finance leases	304	36
Non-cash activity related to lease liabilities:		
Lease assets obtained in exchange for new operating lease liabilities [1]	$ 149	$ 6,241

(1) Excludes the operating leases recorded for the Concorde and MIAT acquisitions discussed in Note 4.

(In thousands, except per share amounts)

Maturities of lease liabilities were as follows:

	As of March 31, 2023	
Years ending September 30,	**Operating Leases**	**Finance Leases**
Remainder of 2023	$ 12,645	$ 568
2024	31,083	1,159
2025	29,689	1,193
2026	28,550	1,229
2027	26,986	1,266
2028 and thereafter	103,800	1,743
Total lease payments	232,753	7,158
Less: interest	(39,816)	(1,164)
Present value of lease liabilities	192,937	5,994
Less: current lease liabilities	(21,233)	(803)
Long-term lease liabilities	$ 171,704	$ 5,191

Note 12 - Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following:

	March 31, 2023	September 30, 2022
Accounts payable	$ 11,827	$ 21,746
Accrued compensation and benefits	29,153	28,430
Other accrued expenses	17,027	13,328
Accrued tool sets	4,428	3,176
Total accounts payable and accrued expenses	$ 62,435	$ 66,680

Note 13 - Debt

	March 31, 2023			September 30, 2022
	Interest Rate	**Maturity Date**	**Carrying Value of Debt[6]**	**Carrying Value of Debt[6]**
Revolving Credit Facility[1]	7.04 %	Nov 2025	$ 90,000	$ —
Avondale Term Loan[2]	6.66 %	May 2028	$ 29,672	$ 30,083
Lisle Term Loan[3]	6.67 %	Apr 2029	38,000	38,000
Finance leases[4]	6.02 %	Various	5,994	23
Total debt			163,666	68,106
Debt issuance costs presented with debt [5]			(522)	(568)
Total debt, net			163,144	67,538
Less: current portion of long-term debt			(2,319)	(1,115)
Long-term debt			$ 160,825	$ 66,423

(1) Interest on the Revolving Credit Facility (as defined below) accrues at annual rate equal to the SOFR plus a margin of 2.0% and a lender specific spread of 0.15%.

(2) Interest on the Avondale Term Loan (as defined below) accrues at annual rate equal to the LIBOR plus 2.0%. On April 3, 2023, we executed an amendment for our Avondale term loan to convert the stated rate from LIBOR to SOFR. See Note 3 and Note 21 for further details.

(3) Interest on the Lisle Term Loan (as defined below) accrues at annual rate equal to the SOFR plus 2.0%.

(4) The finance leases include finance lease arrangements related to a facility lease and various equipment with a weighted-average annual interest rate of approximately 6.02%. The equipment leases mature in 2023 and the facility lease matures in 2029. See Note 11 for additional details on our finance leases.

(5) The unamortized debt issuance costs as of March 31, 2023 relate to the Avondale Term Loan and the Lisle Term Loan.

(6) The Credit Facility, Term Loans and finance leases bear interest at rates commensurate with market rates and therefore the respective carrying values approximate fair value (Level 2).

Revolving Credit Facility

On November 18, 2022, we entered into a $100.0 million senior secured revolving credit facility with Fifth Third Bank, a national banking association (the “Credit Facility”), which includes a $20.0 million sub facility that is available for letters of credit. The Credit Facility has a term of three years, unless earlier terminated pursuant to the terms and conditions set forth in the credit agreement.

This agreement provides that borrowings under the Credit Facility will amortize on an interest-only basis during its term with principal able to be borrowed, re-paid and re-borrowed throughout the term of the Facility and with the outstanding principal due and payable at maturity. Advances made under the Credit Facility will bear interest at a floating rate equal to, at our option, either (a) a variable rate equal to the greater of: (i) 3.5%, or (ii) the rate that the lender publicly announces, publishes or designates from time to time as its index rate or prime rate, or any successor rate thereto, in effect at its principal office, or (b) a variable rate equal to the greater of (i) 0%, or (ii) Term SOFR relating to quotations for one (1) or three (3) months, as selected by us or as otherwise set pursuant to the terms of the credit agreement, as applicable, plus, in the case of any Term SOFR loan, an adjustment equal to 0.10% if the interest period is one (1) month and 0.15% if the interest period is three (3) months. Interest in the case of tranche rate loans will be increased by an applicable margin that varies from 1.75% up to 2.25% based on our then-current total leverage ratio. In executing the Credit Facility, we incurred $0.5 million in debt issuance costs which have been recorded in “Other assets” on the condensed consolidated balance sheet as of December 31, 2022. On November 28, 2022, we drew $90.0 million from the Credit Facility in support of the closing of the Concorde Acquisition at an interest rate of 6.54%. In December 2022, a $1.8 million letter of credit was issued on the Credit Facility. The remaining availability under the Credit Facility as of March 31, 2023 was $8.2 million.

We are also subject to certain customary affirmative and negative covenants under the credit agreement for financing generally and for the Credit Facility, including financial covenants such as total leverage ratio, a fixed charge coverage ratio, and a quick ratio. In addition, we are required to maintain a financial responsibility composite score of at least 1.4 as of the end of the fiscal year ending September 30, 2023 and of at least 1.5 as of the end of any fiscal year thereafter. Lastly, we are subject to a “clean off” provision, under which within the first 20 months after our initial draw under the Credit Facility, the amount outstanding on the Credit Facility will not exceed $20.0 million for a single 30 consecutive day period. As of March 31, 2023, we were in compliance with all covenants under our Credit Facility.

Avondale Term Loan

In connection with the Avondale, Arizona building purchase in December 2020, we entered into a Credit Agreement with Fifth Third Bank, National Association (the “Avondale Lender”) on May 12, 2021 in the maximum principal amount of $31.2 million with a maturity of seven years (the “Avondale Term Loan”). The Avondale Term Loan bears interest at the rate of LIBOR plus 2.0%. On April 3, 2023, we executed an amendment for our Avondale term loan to convert the stated rate from LIBOR to SOFR. See Note 21 for further details.

Principal and interest payments are due monthly. The Avondale Term Loan is secured by a first priority lien on our Avondale, Arizona property, including all land and improvements. Additionally, on May 12, 2021, we entered into an interest rate swap agreement with the Avondale Lender that effectively fixes the interest rate on 50% of the principal amount of the Avondale Term Loan, or approximately $15.6 million, at 3.5% for the entire loan term. See Note 14 below for further discussion on the interest rate swap.

(In thousands, except per share amounts)

Lisle Term Loan

On April 14, 2022, 2611 (the "Borrower") entered into a new Loan Agreement ("Lisle Loan Agreement") with Valley National Bank (the "Lisle Lender"), to fund the acquisition and retire prior loan agreement with Western Alliance bank, via a term loan in the original principal amount of $38.0 million with a maturity of seven years (the "Lisle Term Loan"). The Lisle Term Loan bears interest at a rate of one-month SOFR plus 2.0%. The Lisle Term Loan is secured by a mortgage on the Lisle Campus and is guaranteed by the Company. In connection with the Lisle Term Loan, we entered into an interest rate swap agreement with the Lisle Lender that effectively fixes the interest rate on 50% of the principal amount of the Lisle Term Loan, or $19.0 million, at 4.69% for the entire loan term. See Note 14 below for further discussion on the interest rate swap.

Debt Covenants for our Term Loans

We are subject to certain customary affirmative and negative covenants in connection with our term loans, including, without limitation, certain reporting obligations, certain limitations on restricted payments, limitations on liens, encumbrances and indebtedness and a debt service coverage ratio covenant. Events of default under the Avondale Term Loan and the Lisle Term Loan include, among others, the failure to make payments when due, breach of covenants, and breach of representations or warranties. For further discussion of our debt covenants, see Note 15 on "Debt" included in our 2022 Annual Report on Form 10-K. As of March 31, 2023, we were in compliance with all term loan debt covenants.

Debt Maturities

Scheduled principal payments due on our debt for the remainder of 2023 and for each year through the period ended September 30, 2027, and thereafter were as follows at March 31, 2023:

Maturity	Revolving Credit Facility & Term Loans	Finance Leases	Total
Remainder of 2023	$ 681	$ 392	$ 1,073
2024	71,672	844	72,516
2025	1,763	932	2,695
2026	21,836	1,027	22,863
2027	1,909	1,128	3,037
Thereafter	59,811	1,671	61,482
Subtotal	157,672	5,994	163,666
Debt issuance costs presented with debt	(522)	—	(522)
Total	$ 157,150	$ 5,994	$ 163,144

Note 14 - Derivative Financial Instruments

In the normal course of business, our operations are exposed to market risks, including the effect of changes in interest rates. We may enter into derivative financial instruments to offset these underlying market risks.

On May 12, 2021, in connection with the Avondale Term Loan discussed in Note 13, we entered into an interest rate swap agreement with the Avondale Lender that effectively fixes the interest rate on 50% of the principal amount of the Avondale Term Loan, or approximately $15.6 million, at 3.5% for the entire loan term, or seven years (the "Avondale Swap"). On May 12, 2021, the Avondale Swap was designated as an effective cash flow hedge for accounting and tax purposes.

On April 14, 2022, in connection with the Lisle Term loan discussed in Note 13, we entered into an interest rate swap agreement with the Lisle Lender that effectively fixes the interest rate on 50% of the principal amount of the Lisle Term Loan at 4.69% for the entire loan term, or seven years (the "Lisle Swap"). On April 14, 2022, the Lisle Swap was designated as an effective cash flow hedge for accounting and tax purposes.

(In thousands, except per share amounts)

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in "Accumulated other comprehensive income" on the condensed consolidated balance sheets. For cash flow hedges, we report the effective portion of the gain or loss as a component of "Accumulated other comprehensive income" and reclassify it to "Interest expense" in the condensed consolidated statements of operations over the corresponding period of the underlying hedged item. The ineffective portion of the change in fair value of a derivative financial instrument is recognized in "Interest expense" at the time the ineffectiveness occurs. To the extent the hedged forecasted interest payments on debt related to our interest rate swap is paid off, the remaining balance in "Accumulated other comprehensive income" is recognized in "Interest expense" in the condensed consolidated statements of operations. Of the net amount of the existing gains that are reported in "Accumulated other comprehensive income" as of March 31, 2023, we estimate that $0.8 million will be reclassified to "Interest expense" within the next twelve months. As of March 31, 2023, the notional amount of the Avondale Swap and Lisle Swap was approximately $14.8 million and $19.0 million, respectively.

Fair Value of Derivative Instruments

The following table presents the fair value of our Avondale Swap and Lisle Swap (Level 2) which are designated as cash flow hedges and the related classification on the condensed consolidated balance sheet as of March 31, 2023 and September 30, 2022:

Interest Rate Swaps	March 31, 2023	September 30, 2022
Other current assets	$ 759	$ 632
Other assets	1,054	2,067
Total fair value of assets designated as hedging instruments	$ 1,813	$ 2,699

Effect of Cash Flow Hedge Accounting on the Consolidated Statements of Operations and Accumulated Other Comprehensive Income

The table below presents the effect of cash flow hedge accounting for our Avondale Swap and Lisle Swap on the condensed consolidated statement of operations and "Accumulated other comprehensive income" for the three and six months ended March 31, 2023:

	Amount of Gain (Loss) Recognized in Other Comprehensive Income (Loss) on Derivative, net of taxes	Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income (Loss) into Income
	Three Months Ended March 31, 2023	
Avondale Swap and Lisle Swap	$ 518	$ (199)
	Six Months Ended March 31, 2023	
Avondale Swap and Lisle Swap	$ 559	$ (327)
	Three Months Ended March 31, 2022	
Avondale Swap	$ 810	$ (51)
	Six Months Ended March 31, 2022	
Avondale Swap	$ 927	$ (107)

Note 15 - Income Taxes

Our income tax expense for the three months ended March 31, 2023 was $1.8 million, or 33.6% of pre-tax income, compared to an income tax benefit of $4.6 million, or (166.8)% of pre-tax income, for the three months ended March 31, 2022. For the six months ended March 31, 2023, our income tax expense was $3.3 million, or 34.9% of pre-tax income, compared to an income tax benefit of $5.9 million, or (36.6)% of pre-tax income, for the six months ended March 31, 2022. The effective income tax rate for the three and six months ended March 31, 2023 differed from the federal statutory rate of 21% primarily due to non-deductible executive compensation, transaction costs and state and local income and franchise taxes. The effective income tax rate for the three and six months ended March 31, 2022 differed from the federal statutory rate of 21% primarily as a result of the release of a significant portion of the valuation allowance (as discussed further below), offset by current state tax expenses.

As of each reporting date, management considers new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets. During the three months ended March 31, 2022, based in part on our sustained positive earnings in recent quarters, we determined that there was sufficient evidence to meet the more likely than not realizability threshold and support the reversal of a majority of the previously recorded valuation allowance against our deferred tax assets. The release of the valuation allowance resulted in the recognition of certain deferred tax assets on the condensed consolidated balance sheet and a non-cash tax benefit recorded in the condensed consolidated statement of operations for the period. As of March 31, 2023, we continued to maintain a valuation allowance related to certain federal and state attributes which are not expected to be utilized prior to expiration.

Note 16 - Commitments and Contingencies

Snap-on Tools Product Support Agreement

In February 2023, UTI entered into a new agreement with Snap-on Industrial (“Snap-on Tools”), as a result of the expiration of the previous agreement, that allows UTI to purchase promotional tool kits for its students at a discount from the list price (see below paragraph). In addition, UTI earns credits that are redeemable for Snap-on Tools equipment that is utilized in UTI training programs. Credits are earned on UTI’s purchases as well as purchases made by students enrolled in the UTI programs. As part of the agreement, UTI has agreed to grant Snap-on Tools exclusive access to its campuses, to display advertising and primarily use their tools to train UTI students. Additionally, per the new agreement, UTI receives a quarterly product donation allowance towards the purchase of tools and equipment which are to be utilized in the UTI training programs at its campuses. The credits and allowances under this agreement may be redeemed in multiple ways. This agreement will expire in December 2027. A net prepaid expense with Snap-on Tools has resulted from an excess of credits earned over credits used of $3.7 million and $4.0 million as of March 31, 2023 and September 30, 2022, respectively, which is included in “Other current assets” in the condensed consolidated balance sheets.

UTI students are provided a Career Starter Tool Set Voucher which can be redeemed for a tool set near graduation. The cost of the tool sets, net of the discount, is accrued during the time period in which the UTI students begin attending school until they have progressed to the point that the promotional tool set vouchers are provided. The condensed consolidated balance sheets includes a liability in “Accounts payable and accrued expenses” for the tool sets that are expected to be redeemed of $4.4 million and $3.2 million as of March 31, 2023 and September 30, 2022, respectively. Additionally, UTI’s liability to Snap-on Tools for vouchers redeemed by students was $0.6 million and $2.3 million as of March 31, 2023 and September 30, 2022, respectively, and is included in “Accounts payable and accrued expenses” in the condensed consolidated balance sheets.

Surety Bonds

Each of our campuses must be authorized by the applicable state education agency in which the campus is located to operate and to grant certificates, diplomas or degrees to its students. Our campuses are subject to extensive, ongoing regulation by each of these states. Additionally, our campuses are required to be authorized by the applicable state education agencies of certain other states in which our campuses recruit students. Our insurers issue surety bonds for us on behalf of our campuses and admissions representatives with multiple states to maintain authorization to conduct our business. We are obligated to reimburse our insurers for any surety bonds that are paid by the insurers. As of March 31, 2023 and September 30, 2022, the total face amount of these surety bonds was approximately $23.1 million and $20.5 million, respectively. The Concorde Acquisition contributed $4.6 million to the current period amount.

Legal

In the ordinary conduct of our business, we are periodically subject to lawsuits, demands in arbitration, investigations, regulatory proceedings or other claims, including, but not limited to, claims involving current or former students, routine employment matters, business disputes and regulatory demands. When we are aware of a claim or potential claim, we assess the likelihood of any loss or exposure. If it is probable that a loss will result and the amount of the loss can be reasonably estimated, we accrue a liability for the loss. When a loss is not both probable and estimable, we do not accrue a liability.

Where a loss is not probable but is reasonably possible, including if a loss in excess of an accrued liability is reasonably possible, we determine whether it is possible to provide an estimate of the amount of the loss or range of possible losses for the claims. We are not currently a party to any material legal proceedings, but note that legal proceedings could, generally, have a material adverse effect on our business, cash flows, results of operations or financial condition.

Note 17 - Shareholders' Equity

Common Stock

Holders of our common stock are entitled to receive dividends when and as declared by our Board of Directors and have the right to one vote per share on all matters requiring shareholder approval. On June 9, 2016, our Board of Directors voted to eliminate the quarterly cash dividend on our common stock. Any future common stock dividends require the approval of a majority of the voting power of the Series A Preferred Stock.

Preferred Stock

Preferred Stock consists of 10,000,000 authorized preferred shares of $0.0001 par value each. As of March 31, 2023 and September 30, 2022, 675,885 shares of Series A Convertible Preferred Stock ("Series A Preferred Stock") were issued and outstanding, respectively. The liquidation preference associated with the Series A Preferred Stock was $100 per share at March 31, 2023 and September 30, 2022.

Pursuant to the terms of the Certificate of Designations of the Series A Preferred Stock, we may pay a cash dividend on each share of the Series A Preferred Stock at a rate of 7.5% per year on the liquidation preference then in effect ("Cash Dividend"). If we do not pay a Cash Dividend, the liquidation preference shall be increased to an amount equal to the current liquidation preference in effect plus an amount reflecting that liquidation preference multiplied by the Cash Dividend rate then in effect plus 2.0% per year. Cash Dividends are payable semi-annually in arrears on September 30 and March 31 of each year, and begin to accrue on the first day of the applicable dividend period. We paid Cash Dividends of approximately $2.5 million during the three months ended March 31, 2023.

Share Repurchase Program

On December 10, 2020, our Board of Directors authorized a new share repurchase plan that would allow for the repurchase of up to $35.0 million of our common stock in the open market or through privately negotiated transactions. This new share repurchase plan replaced the previously authorized plan from fiscal 2012. Any repurchases under this new stock repurchase program require the approval of a majority of the voting power of our Series A Preferred Stock. We have not repurchased any shares under the share repurchase program, including during the six months ended March 31, 2023 or 2022.

(In thousands, except per share amounts)

Note 18 - Earnings per Share

We calculate basic earnings per common share (“EPS”) pursuant to the two-class method as a result of the issuance of the Series A Preferred Stock on June 24, 2016. Our Series A Preferred Stock is considered a participating security because, in the event that we pay a dividend or make a distribution on the outstanding common stock, we shall also pay each holder of the Series A Preferred Stock a dividend on an as-converted basis. The two-class method is an earnings allocation formula that determines EPS for common stock and participating securities according to dividend and participation rights in undistributed earnings. Under this method, all earnings, distributed and undistributed, are allocated to common shares and participating securities based on their respective rights to receive dividends. The Series A Preferred Stock is not included in the computation of basic EPS in periods in which we have a net loss, as the Series A Preferred Stock is not contractually obligated to share in our net losses.

Diluted EPS is calculated using the more dilutive of the two-class method or as-converted method. The two-class method uses net income available to common shareholders and assumes conversion of all potential shares other than the participating securities. The as-converted method uses net income and assumes conversion of all potential shares including the participating securities. Dilutive potential common shares include outstanding stock options, unvested restricted share units and convertible preferred stock.

The following table summarizes the computation of basic and diluted EPS under the two-class or as-converted method, as well as the anti-dilutive shares excluded:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2023	2022	2023	2022
Basic earnings per common share:				
Net income	$ 3,480	$ 7,354	$ 6,128	$ 22,176
Less: Preferred stock dividend declared	(1,251)	(1,294)	(2,528)	(2,617)
Net income available for distribution	2,229	6,060	3,600	19,559
Income allocated to participating securities	(833)	(2,359)	(1,348)	(7,622)
Net income available to common shareholders	$ 1,396	$ 3,701	$ 2,252	$ 11,937
Weighted average basic shares outstanding	33,999	32,992	33,901	32,920
Basic income per common share	$ 0.04	$ 0.11	$ 0.07	$ 0.36

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	Three Months Ended March 31,		Six Months Ended March 31,	
	2023	2022	2023	2022
Diluted earnings per common share:				
Method used:	*Two-class*	*Two-class*	*Two-class*	*Two-class*
Net income available to common shareholders	$ 1,396	$ 3,701	$ 2,252	$ 11,937
Weighted average basic shares outstanding	33,999	32,992	33,901	32,920
Dilutive effect related to employee stock plans	554	444	576	473
Weighted average diluted shares outstanding	34,553	33,436	34,477	33,393
Diluted income per common share	$ 0.04	$ 0.11	$ 0.07	$ 0.36
Anti-dilutive shares excluded:				
Outstanding stock-based grants	239	355	515	444
Convertible preferred stock	20,297	21,021	20,297	21,021
Total anti-dilutive shares excluded	20,536	21,376	20,812	21,465
Dilutive shares under the as-converted method[1]	54,850	54,457	54,774	54,414

(1) The dilutive shares under the as-converted method assume conversion of the Series A Preferred Stock and are presented here merely for reference. In a net income position, diluted earnings per share is determined by the more dilutive of the two-class method or the as-converted method.

Note 19 - Segment Information

During the three months ended December 31, 2022, and in conjunction with the Concorde Acquisition (as discussed in Note 4), we revised our reportable segments to reflect the manner in which the chief operating decision-maker evaluates performance and allocates resources. We have two reportable segments as follows:

UTI: UTI operates 16 campuses located in 9 states and offers a wide range of degree and non-degree transportation and skilled trades technical training programs under brands such as Universal Technical Institute, Motorcycle Mechanics Institute, Marine Mechanics Institute, NASCAR Technical Institute, and MIAT College of Technology (“MIAT”). UTI also offers manufacturer specific advanced training programs, which include student-paid electives, at our campuses and manufacturer or dealer sponsored training at certain campuses and dedicated training centers. Lastly, UTI provides dealer technician training or instructor staffing services to manufacturers.

Concorde: Concorde operates across 17 campuses in 8 states, offering degree, non-degree and continuing education programs in the allied health, dental, nursing, patient care and diagnostic fields. Concorde believes in preparing students for their health care careers with practical, hands-on experiences including opportunities to learn while providing care to real patients. Prior to graduation, students will complete a number of hours in a clinical setting or externship, depending upon their program of study.

“Corporate” includes corporate related expenses that are not allocated to the UTI or Concorde reportable segments and is included to reconcile segment results to the condensed consolidated financial statements. In prior years these costs were allocated across our former “Postsecondary Education” reportable segment and “Other” category based upon compensation expense. Prior periods have been updated to conform to the revised presentation.

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(Unaudited)

Summary information by reportable segment is as follows:

	UTI	Concorde	Corporate	Consolidated
Three Months Ended March 31, 2023				
Revenues	$ 107,560	$ 56,260	$ —	$ 163,820
Income (loss) from operations	13,102	6,189	(13,342)	5,949
Depreciation and amortization	5,094	1,649	3	6,746
Net income (loss)	12,135	6,237	(14,892)	3,480
Three Months Ended March 31, 2022				
Revenues	$ 102,086	$ —	$ —	$ 102,086
Income (loss) from operations	15,574	—	(12,197)	3,377
Depreciation and amortization	3,869	—	15	3,884
Net income (loss)	15,132	—	(7,778)	7,354
Six Months Ended March 31, 2023				
Revenues	$ 213,133	$ 70,691	$ —	$ 283,824
Income (loss) from operations	29,617	5,463	(24,683)	10,397
Depreciation and amortization	9,869	2,106	19	11,994
Net income (loss)	27,960	5,503	(27,335)	6,128
Six Months Ended March 31, 2022				
Revenues	$ 207,161	$ —	$ —	$ 207,161
Income (loss) from operations	38,741	—	(21,786)	16,955
Depreciation and amortization	7,532	—	31	7,563
Net income (loss)	38,091	—	(15,915)	22,176
As of March 31, 2023				
Total assets	$ 442,712	$ 137,059	$ 132,944	$ 712,715
As of September 30, 2022				
Total assets	$ 436,917	$ —	$ 115,994	$ 552,911

Note 20 - Government Regulation and Financial Aid

As discussed at length in our 2022 Annual Report on Form 10-K, our institutions participate in a range of government-sponsored student assistance programs. The most significant of these is the federal student aid programs administered by the U.S. Department of Education (“ED”) pursuant to Title IV of the Higher Education Act (“HEA”), commonly referred to as the Title IV Programs. Generally, to participate in the Title IV Programs, an institution must be licensed or otherwise legally authorized to operate in the state where it is physically located, be accredited by an accreditor recognized by ED, be certified as an eligible institution by ED, offer at least one eligible program of education, and comply with other statutory and regulatory requirements. See “Part I, Item 1. Regulatory Environment” in our 2022 Annual Report on Form 10-K.

State Authorization

To operate and offer postsecondary programs, and to be certified to participate in Title IV Programs, each of our institutions must obtain and maintain authorization from the state in which it is physically located (its “Home State”). To engage in recruiting or educational activities outside of its Home State, each institution also may be required to obtain and maintain authorization from the states in which it is recruiting or engaging in educational activities. The level of regulatory oversight varies substantially from state to state and is extensive in some states. State laws may establish standards for instruction, qualifications of faculty, location and nature of facilities and equipment, administrative procedures, marketing, recruiting, student outcomes reporting, disclosure obligations to students, limitations on mandatory arbitration clauses in enrollment agreements, financial operations, and other operational matters. Some states prescribe standards of financial responsibility and mandate that institutions post surety bonds. Many states have requirements for institutions to disclose institutional data to current and prospective students, as well as to the public. And some states require that our schools meet prescribed performance standards as a condition of continued approval. States can and often do revisit, revise, and expand their regulations governing postsecondary education and recruiting.

All UTI institutions and the Concorde Career Colleges, Kansas City institution are authorized to participate in the State Authorization Reciprocity Agreement (“SARA”). SARA is an agreement among member states, districts and territories that establishes comparable national standards for interstate offering of post-secondary distance education courses and programs. SARA is overseen by a national council and administered by four regional education compacts. Forty-nine states (all but California), the District of Columbia, Puerto Rico and the U.S. Virgin Islands have joined SARA. Each of our institutions holds either the state or SARA authorizations required to operate and offer postsecondary education programs, and to recruit in the states in which it engages in recruiting activities.

State Licensing Boards

Many educational programs leading to professional licensure in a regulated profession require approval from, and are subject to, ongoing oversight by state agencies or boards. Certain Concorde healthcare programs, such as the Vocational Nursing, Practical Nursing, Dental Assistant, Massage Therapy, Nursing Practice (RN) programs, require and have obtained state licensure. Such programs are required to meet the standards of the state licensure agency or board and must periodically renew their licenses by completing a comprehensive license renewal process.

Institutional Accreditation

Institutional accreditation is a non-governmental process through which an institution voluntarily submits to ongoing qualitative reviews by an organization of peer institutions. Institutional accreditation by an ED-recognized accreditor is required for an institution to be certified to participate in Title IV Programs. All of the UTI institutions and 14 of the Concorde institutions are accredited by the Accrediting Commission of Career Schools and Colleges (“ACCSC”). The remaining two Concorde institutions are accredited by the Council on Occupational Education (“COE”). Both ACCSC and COE are accrediting agencies recognized by ED. ACCSC and COE review the academic quality of each institution’s instructional programs, as well as the administrative and financial operations of the institution to ensure that it has the resources necessary to perform its educational mission, implement continuous improvement processes, and support student success. Our institutions must submit annual reports, and at times, supplemental reports, to demonstrate ongoing compliance and improvement. ACCSC and COE require institutions to disclose certain institutional information to current and prospective students, as well as to the public, and require that our schools and programs meet various performance standards as a condition of continued accreditation. Institutions must periodically renew their accreditation by completing a comprehensive renewal of accreditation process. See “Part I, Item 1. Regulatory Environment - Accreditation” in our 2022 Annual Report on Form 10-K for further details and the current status of UTI campus’ accreditation.

Programmatic Accreditation

In addition to institutional accreditation, programmatic accreditation may be required for particular educational programs. Programmatic accreditors review specialized and professional programs in a range of fields and disciplines within an institution to ensure the public that an academic program has undergone a rigorous review process and found to meet high standards for educational quality. Certain Concorde healthcare programs, including the Physical Therapist Assistant, Dental

Hygiene, Neurodiagnostic Technology, Polysomnographic Technology, Respiratory Therapy, Surgical Technology, Radiologic Technology, Diagnostic Medical Sonography, Cardiovascular Sonography, Occupational Therapy Assistant, Pharmacy Technician, and Occupational Therapy Assistant programs, have obtained programmatic accreditation. Such programs are required to meet the standards of their programmatic accreditor and must periodically renew their accreditation by completing a comprehensive programmatic accreditation renewal process.

Title IV Programs

The federal government provides a substantial part of its support for postsecondary education through Title IV Programs in the form of grants and loans to students who can use those funds at any institution that has been certified as eligible to participate by ED. All of our institutions are certified to participate in Title IV Programs. Significant factors relating to Title IV Programs that could adversely affect us include:

- *The 90/10 Rule***.** As a condition of participation in Title IV Programs, proprietary institutions must agree when they sign their PPA to comply with the "90/10 rule." To remain eligible to participate in the federal student aid programs, a proprietary institution must derive at least 10% of its revenues for each fiscal year from sources other than "Federal education assistance funds." Federal education assistance funds are defined as "federal funds that are disbursed or delivered to or on behalf of a student to be used to attend such institution."

- *Administrative Capability.* To continue its participation in Title IV Programs, an institution must demonstrate that it remains administratively capable of providing the education it promises and of properly managing its Title IV Programs. ED assesses the administrative capability of each institution that participates in Title IV Programs under a series of standards listed in the regulations, which cover a wide range of operational and administrative topics, including the designation of capable and qualified individuals, the quality and scope of written procedures, the adequacy of institutional communication and processes, the timely resolution of issues, the sufficiency of recordkeeping, and the frequency of findings of noncompliance. ED's administrative capability standards also include thresholds and expectations for federal student loan cohort default rates (discussed below), satisfactory academic progress, and loan counseling. Failure to satisfy any of the standards may lead ED to find the institution ineligible to participate in Title IV Programs, require the institution to repay Title IV Program funds, change the method of payment of Title IV Program funds, place the institution on provisional certification as a condition of its continued participation in Title IV Programs, or take other actions against the institution.

- *Three-Year Student Loan Default Rates.* To remain eligible to participate in Title IV Programs, institutions also must maintain federal student loan cohort default rates below specified levels. An institution whose three-year cohort default rate is 15% or greater for any one of the three preceding years is subject to a 30-day delay in receiving the first disbursement on federal student loans for first-time borrowers. An institution whose cohort default rate exceeds 30% in consecutive fiscal years may be subject to conditions and restrictions, and will lose eligibility if the rate remains above 30% three years in a row. An institution also will lose eligibility if its rate exceeds 40% for any fiscal year.

- *Financial Responsibility.* All institutions participating in Title IV Programs also must satisfy specific ED standards of financial responsibility. Among other things, an institution must meet all of its financial obligations, including required refunds to students and any Title IV Program liabilities and debts, be current in its debt payments, comply with certain past performance requirements, and not receive any adverse, qualified, or disclaimed opinion by its accountants in its audited financial statements. Each year, ED also evaluates institutions' financial responsibility by calculating a "composite score," which measures an institution's overall financial health. The composite score utilizes information provided in the institutions' annual audited financial statements and is based on three ratios: (1) the equity ratio which measures the institution's capital resources, ability to borrow and financial viability; (2) the primary reserve ratio which measures the institution's ability to support current operations from expendable resources; and (3) the net income ratio which measures the institution's ability to operate at a profit. Between composite score calculations, ED also will reevaluate the financial responsibility of an institution following the occurrence of certain "triggering events," which must be timely reported to the agency.

- *Title IV Program Rulemaking.* ED is almost continuously engaged in one or more negotiated rulemakings, which is the process pursuant to which it revisits, revises, and expands the complex and voluminous Title IV Program regulations. Between October and December 2021, ED held three rounds of negotiations as part of the Affordability and Student Loans rulemaking. The negotiators considered nine issue areas, including the borrower defense to repayment rule, closed school loan discharges and loan repayment plans. Second, between January and March of 2022, ED held three rounds of negotiations as part of the Institutional and Programmatic Eligibility rulemaking. The negotiators considered seven issue areas, including standards of administrative capability, factors of financial responsibility, gainful employment, change of ownership and control, ability to benefit, certification procedures, and the 90/10 rule. On October 28, 2022, ED published a final rule amending regulations governing Pell Grants for prison education programs, the 90/10 rule, and changes in ownership and control, effective July 1, 2023. On November 1, 2022, ED published a final rule governing borrower defense to repayment rule, closed school loan discharges, pre-dispute arbitration and class action waiver clauses, interest capitalization on Federal student loans, Public Student Loan Forgiveness, total and permanent disability discharges, and false certification discharges, also effective July 1, 2023. The regulated community is awaiting proposed rules on the remaining topics covered by these negotiated rulemakings. In Fall 2023, ED is planning to convene another round of negotiated rulemaking. Potential topics for this rulemaking session include: the Secretary's recognition of accrediting agencies and related issues; institutional eligibility, including State authorization; third-party servicers and related issues; the definition of distance education as it pertains to clock hour programs and reporting students who enroll primarily online; return of Title IV funds; cash management to address disbursement of student funds; and Federal TRIO programs. We devote significant effort to understanding the effects of ED regulations and rulemakings on our business and to developing compliant solutions that also are congruent with our business, culture, and mission to serve our students and industry relationships.

- *Non-Discrimination Rulemakings.* On July 12, 2022, ED published a proposed rule to amend the regulations implementing Title IX of the Education Amendments of 1972 ("Title IX"). The regulated community is awaiting a final Title IX rule. ED also has indicated that it will be proposing a rule to amend regulations related to nondiscrimination on the basis of disability in the Spring of 2023.

Other Benefit or Aid Programs

The Department of Veterans Affairs ("VA"), the Department of Defense, the Department of Labor, the Department of Education (through non-Title IV programs), and certain states provide support to postsecondary students through programs, grants, benefits, loans, or scholarships. All of our institutions that engage in such programs must comply with the eligibility and participation requirements applicable to each of these funding programs, which vary by funding agency and program.

For example, each year we derive a portion of our revenues, on a cash basis, from veterans' benefits programs, which include the Post-9/11 GI Bill, the Montgomery GI Bill, the Reserve Education Assistance Program ("REAP") and VA Vocational Rehabilitation. To continue participation in veterans' benefits programs, an institution must comply with certain requirements established by the VA.

Additionally, some states provide financial aid to our students in the form of grants, loans, or scholarships. The UTI campuses in Long Beach, Rancho Cucamonga and Sacramento, California, as well as the Concorde campuses in Garden Grove, North Hollywood and San Diego, California for example, are currently eligible to participate in the Cal Grant program. All of our institutions must comply with the eligibility and participation requirements applicable to each of these funding programs, which vary by funding agency and program.

Consumer Protections Laws and Regulations

As a postsecondary educational institution, we are subject to a broad range of consumer protection and other laws, such as those that relate to recruiting, marketing, the protection of personal information, student financing and payment servicing. Such laws and regulations are enforced by federal agencies, including the Federal Trade Commission ("FTC") and the Consumer Financial Protection Bureau ("CFPB") and various state agencies and state attorneys general.

We received a January 18, 2022 letter from the CFPB explaining that it was assessing whether UTI “is subject to the CFPB’s supervisory authority based on its activities related to student lending.” The CFPB’s letter then requested certain information about extensions of credit to UTI students; generally explained the source and scope of the CFPB’s regulatory authority; and advised that, after it reviewed the requested materials, the CFPB “anticipates providing guidance regarding whether UTI is subject to CFPB’s supervisory authority.” We have provided the requested information and are awaiting further guidance, if any, from the CFPB.

Both UTI and Concorde, along with 68 other proprietary institutions, received an October 6, 2021 letter from the FTC providing notice that engaging in deceptive or unfair conduct in the education marketplace violates consumer protection laws and could lead to significant civil penalties. The notice stated that an institution’s receipt of the letter “does not reflect any assessment as to whether they have engaged in deceptive or unfair conduct,” and the FTC did not request any information.

We devote significant effort to complying with state and federal consumer protection laws and regulations.

The CARES Act, the CRRSAA, and ARPA

During fiscal 2020 and 2021 various pieces of legislation were issued related to the COVID-19 pandemic including the Coronavirus Aid, Relief, and Economic Security Act, the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 and the American Rescue Plan Act. This legislation, along with guidance from the ED, are discussed at length in “Note 24 - Governmental Regulation and Financial Aid” in our 2022 Annual Report on Form 10-K. For additional information and risks associated with this legislation, see Item 1A. “Risk Factors” in our 2022 Annual Report on Form 10-K.

Distance Education

Institutions that offer instruction outside of their Home State must comply with federal regulations governing state authorization for distance education in order to participate in the Title IV student financial aid programs. We continue to work to ensure that our programming complies with applicable distance education rules and standards. We also will closely monitor any new rulemakings that concerns state authorization or distance education.

To date, we have received approval from ACCSC and COE to permanently offer blended format programs that utilize both distance and on-ground education. Additionally, we have received permanent approvals by all state education authorizing agencies to offer blended format programs.

Note 21 - Subsequent Events

Amendment to Avondale Term Loan and Associated Interest Rate Swap

On April 3, 2023, we amended our Avondale Term Loan with Fifth Third Bank. The terms of the original loan agreement remain largely the same with the exception of the reference rate on the loan. Under the amended agreement, the Avondale Term Loan bears interest at the rate of one month Term SOFR plus an applicable margin of 2.0% and a tranche rate adjustment of 0.046%. Additionally, on March 31, 2023, we terminated our existing interest rate swap and entered into a new interest rate swap agreement, effective April 3, 2023, with the Avondale Lender that effectively fixes the interest rate we pay on 50% of the principal amount of the Avondale Term Loan at 1.449% for the entire loan term. Further, the floating rate we receive under this new swap has been converted to one month Term SOFR, versus one month LIBOR under the previous swap. In executing the amendment, we adopted several of the practical expedients allowed under ASU 2020-04, including updating the designated hedged risk in our outstanding cash flow hedging relationship to match the risk presented in the modified interest payments and to continue our hedging relationship that falls within the scope of ASU 2020-04. The adoption of the new guidance in ASU 2020-04 did not have a material impact on our condensed consolidated financial statements.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the condensed consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q and those in our 2022 Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in such forward-looking statements as a result of certain factors, including but not limited to those described under "Risk Factors" in our 2022 Annual Report on Form 10-K and included in Part II, Item 1A of this Quarterly Report on Form 10-Q. See also "Cautionary Note Regarding Forward-Looking Statements" on page ii of this Quarterly Report on Form 10-Q.

Company Overview

Universal Technical Institute, Inc., which together with its subsidiaries is referred to as the "Company", "we," "us" or "our," was founded in 1965 and is a leading workforce solutions provider of transportation, skilled trades and healthcare education programs, whose mission is to serve students, partners, and communities by providing quality education and support services for in-demand careers across a number of highly-skilled fields. We offer the majority of our programs in a blended learning model that combines instructor-facilitated online teaching and demonstrations with hands-on labs.

Concord Career Colleges Acquisition

On December 1, 2022, we completed the acquisition contemplated by the previously announced Stock Purchase Agreement (the "Purchase Agreement"), dated May 3, 2022, by and among the Company, Concorde Career Colleges, Inc., a Delaware corporation ("Concorde"); Liberty Partners Holdings 28, L.L.C., a Delaware limited liability company, and Liberty Investment IIC, LLC, a Delaware limited liability company (each a "Seller," and collectively, the "Sellers"); and Liberty Partners L.P., a Delaware limited partnership, in its capacity as a representative of the Sellers. Under the terms of the Purchase Agreement, we acquired of all of the issued and outstanding shares of capital stock of Concorde for a base purchase price of $50.0 million, less $1.3 million in net adjustments, for total cash consideration paid of $48.7 million. The final cash consideration paid is subject to closing working capital and other customary adjustments. See the "Liquidity and Capital Resources" section of this MD&A for a discussion on the financing used to fund the acquisition. The risks and uncertainties related to the acquisition are described in Item 1A. "Risk Factors" of our 2022 Annual Report on Form 10-K for the fiscal year ended September 30, 2022. See Note 4 of the notes to the condensed consolidated financial statements herein for additional details.

In conjunction with the Concorde Career Colleges acquisition on December 1, 2022, we redefined our reporting structure into two reportable segments as follows:

Universal Technical Institute ("UTI"): UTI operates 16 campuses located in nine states and offers a wide range of degree and non-degree transportation and skilled trades technical training programs under brands such as Universal Technical Institute, Motorcycle Mechanics Institute and Marine Mechanics Institute (collectively "MMI"), NASCAR Technical Institute, and MIAT College of Technology ("MIAT"). UTI also offers manufacturer specific advanced training programs, which include student-paid electives, at our campuses and manufacturer or dealer sponsored training at certain campuses and dedicated training centers. Lastly, UTI provides dealer technician training or instructor staffing services to manufacturers. UTI works closely with over 35 original equipment manufacturers and industry brand partners to understand their needs for qualified service professionals.

Concorde Career Colleges ("Concorde"): Concorde operates across 17 campuses in eight states, offering degree, non-degree, and continuing education programs in the allied health, dental, nursing, patient care and diagnostic fields. Concorde believes in preparing students for their health care careers with practical, hands-on experiences including opportunities to learn while providing care to real patients. Prior to graduation, students will complete a number of hours in a clinical setting or externship, depending upon their program of study.

"Corporate" includes corporate related expenses that are not allocated to the UTI or Concorde reportable segments. In prior years, these costs were allocated across our former "Postsecondary Education" reportable segment and "Other" category based upon compensation expense. See Note 19 of the notes to the condensed consolidated financial statements herein for additional details on our segments.

All of our campuses are accredited and are eligible for federal student financial assistance funds under the Higher Education Act of 1965, as amended ("HEA"), commonly referred to as Title IV Programs, which are administered by the U.S. Department of Education ("ED"). Our programs are also eligible for financial aid from federal sources other than Title IV Programs, such as the programs administered by the U.S. Department of Veterans Affairs ("VA") and under the Workforce Innovation and Opportunity Act.

We believe that our industry-focused educational model and national presence has enabled us to develop valuable industry relationships, which provide us with significant competitive advantages and supports our market leadership, along with enabling us to provide highly specialized education to our students, resulting in enhanced employment opportunities and the potential for higher wages for our graduates.

Overview of the Three and Six Months Ended March 31, 2023

Student Metrics

	Three Months Ended March 31,		%	Six Months Ended March 31,		%
	2023	2022	Change	2023	2022	Change
UTI						
Total new student starts	2,374	2,275	4.4 %	4,348	4,247	2.4 %
Average undergraduate full-time active students	12,516	12,903	(3.0)%	13,014	13,316	(2.3)%
End of period undergraduate full-time active students	12,104	12,466	(2.9)%	12,104	12,466	(2.9)%
Concorde[(1)]						
Total new student starts	2,252	—	100.0 %	2,573	—	100.0 %
Average undergraduate full-time active students	7,808	—	100.0 %	7,773	—	100.0 %
End of period undergraduate full-time active students	7,708	—	100.0 %	7,708	—	100.0 %
Consolidated						
Total new student starts	4,626	2,275	103.3 %	6,921	4,247	63.0 %
Average undergraduate full-time active students	20,324	12,903	57.5 %	20,787	13,316	56.1 %
End of period undergraduate full-time active students	19,812	12,466	58.9 %	19,812	12,466	58.9 %

(1) Student data for Concorde presented in the six months ended March 31, 2023 column represents the period of UTI's ownership, or December 1, 2022 through March 31, 2023.

The increase in UTI new student start for the quarter was due primarily to the opening of two new campuses in May and August of fiscal 2022 and strong demand at the MIAT campuses. The decrease in the UTI average undergraduate full-time active students and end of period undergraduate full-time active students was due to the decline in student starts, excluding the new campuses and MIAT campuses. On a consolidated basis, the acquisition of Concorde increases our new student starts, average and end of period undergraduate full-time active students. The UTI and consolidated causals are similar for the six months period.

Our ability to start new students can be influenced by various factors including: impacts of the state of the general macro-economic environment and its impact on price sensitivity and the ability and willingness of students and their families to incur debt to fund their education; unemployment rates; competition; adverse media coverage, legislative, or regulatory actions and investigations by attorneys general and various agencies related to allegations of wrongdoing on the part of other companies within the education and training services industry, which can cast the aggregate "for-profit" education industry in a negative light; and pandemics and or other national, state or local emergencies as declared by various government authorities.

Operations

Revenues for the three months ended March 31, 2023 were $163.8 million, an increase of $61.7 million, or 60.5%, from the comparable period in the prior year. Excluding the acquisition of Concorde, which contributed $56.3 million of revenue during the three months ended March 31, 2023, UTI revenues increased by 5.4% when compared to the prior year, driven primarily by the two new campuses opened in fiscal 2022 along with an overall increase in average revenue per student, partially offset by lower average full time undergraduate active students.

Revenues for the six months ended March 31, 2023 were $283.8 million, an increase of 37.0% or $76.7 million, from the comparable period in the prior year. Excluding the acquisition of Concorde, which contributed $70.7 million of revenue during the six months ended March 31, 2023, UTI revenues increased when compared to the prior year due primarily to the two new campuses opened in fiscal 2022 along with an overall increase in average revenue per student, partially offset by lower average full time undergraduate active students.

We had income from operations of $5.9 million and $10.4 million during the three and six months ended March 31, 2023, compared to income from operations of $3.4 million and $17.0 million during the three and six months ended March 31, 2022. The increase for the three-month period was primarily due to the addition of Concorde. The decrease for the six-month period in our income from operations was primarily driven by increased costs associated with our new campus and program rollouts and both ongoing and one-time costs associated with our growth and diversification strategy. Additionally, productivity improvements and proactive cost actions have been a key part of our operating model for the past several years, and we continue to identify and execute on efficiency opportunities throughout our cost structure, while improving and investing in the overall student experience.

Business Strategy

Our core business strategies are aligned with our mission to serve students, partners and communities by providing quality education and training for in-demand careers. Additionally, as we evolve our business model, we are focused on growth and diversification which is achieved through acquisitions, opening new campus locations, the expansion of new program offerings, and new funding and business operating models.

During the six months ended March 31, 2023, we executed the following as part of our growth and diversification strategy:

- As part of our growth and diversification strategy, we have obtained full regulatory approval for nearly all of the 15 new programs across our campus footprint, including Aviation, HVACR, Robotics, Industrial Maintenance and Wind Energy Technician training to UTI and NASCAR Tech branded campuses, and initiated efforts to add Auto and Diesel Essentials to the MIAT Canton, Michigan campus. The initial planned program additions are projected to begin launching in the fourth quarter of 2023.
- We executed a new agreement which continues the UTI partnership with Snap-on Tools to ensure automotive, diesel, motorcycle, marine and collision repair technician students have the tools and training they need to launch careers in the transportation industry.
- We purchased the three primary buildings and associated land at our UTI Orlando, Florida campus in March 2023, for approximately $26.2 million, including closing costs and other fees, which is expected to generate future cost savings.
- We closed on the acquisition of Concorde on December 1, 2022. Concorde is a leading provider of industry-aligned healthcare education programs in fields such as nursing, dental hygiene and medical diagnostics. Concorde currently operates 17 campuses across eight states with approximately 7,600 students, and offers its programs in ground, hybrid and online formats. The acquisition aligns with our growth and diversification strategy, which is focused on offering a broader array of high-quality, in-demand workforce education solutions which both prepare students for a variety of careers in fast-growing fields and help close the country's skills gap by leveraging key industry partnerships.
- UTI expanded the Volvo TEKNIKER Apprentice Program, a 12-week, manufacturer-paid apprentice program to Volvo's training facility in Ridgeville, South Carolina. Previously this program was only offered at UTI's Avondale, Arizona campus. These are the only two locations in the country offering the program.

In addition, we continue to pursue other opportunities that align with our growth and diversification strategy.

Regulatory Environment

See Note 20 of the notes to our condensed consolidated financial statements herein for a discussion of our regulatory environment.

Results of Operations: Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

The following table sets forth selected statements of operations data as a percentage of revenues for each of the periods indicated.

	Three Months Ended March 31,	
	2023	**2022**
Revenues	100.0 %	100.0 %
Operating expenses:		
Educational services and facilities	53.1 %	48.2 %
Selling, general and administrative	43.3 %	48.5 %
Total operating expenses	96.4 %	96.7 %
Income from operations	3.6 %	3.3 %
Interest income	1.1 %	— %
Interest expense	(1.6)%	(0.5)%
Other income, net	0.1 %	(0.2)%
Total other expense, net	(0.4)%	(0.7)%
Income before income taxes	3.2 %	2.6 %
Income tax (expense) benefit	(1.1)%	4.5 %
Net income	2.1 %	7.1 %
Preferred stock dividends	(0.8)%	(1.3)%
Income available for distribution	1.4 %	5.9 %
Income allocated to participating securities	(0.5)%	(2.3)%
Net income available to common shareholders	0.9 %	3.6 %

Revenues

The following table presents revenue by segment (in thousands):

	Three Months Ended March 31, 2023			Three Months Ended March 31, 2022		
	UTI	**Concorde**	**Consolidated**	**UTI**	**Concorde**	**Consolidated**
Revenue	$ 107,560	$ 56,260	$ 163,820	$ 102,086	$ —	$ 102,086
Year over Year % Change	5.4 %	100.0 %	60.5 %			

Revenues for the three months ended March 31, 2023 were $163.8 million, an increase of $61.7 million, or 60.5%, as compared to revenues of $102.1 million for the three months ended March 31, 2022.

UTI

Revenues for UTI for the three months ended March 31, 2023 were $107.6 million, an increase of 5.4% versus the prior year period. Revenue increased primarily due to the addition of two new campuses in fiscal 2022, and an overall increase in average revenue per student. This was partially offset by a 3.0% decrease in overall average undergraduate full-time active students due to lower student starts across many campuses during fiscal 2022 and in the first two quarters of fiscal 2023.

Concorde

Revenues for Concorde for the three months ended March 31, 2023 were $56.3 million. During the quarter, we had strong student starts of 2,252 and a slight increase of 1% in average undergraduate full-time active students from the prior quarter.

Educational services and facilities expenses

Educational services and facilities expenses were $86.9 million for the three months ended March 31, 2023, which represents an increase of $37.7 million as compared to $49.2 million for the three months ended March 31, 2022, which is primarily due to the acquisition of Concorde on December 1, 2022 and both ongoing and one-time costs associated with our growth and diversification strategy.

The following table sets forth the significant components of our educational services and facilities expenses by segment (in thousands):

	Three Months Ended March 31, 2023		
	UTI	Concorde	Consolidated
Salaries, employee benefits and tax expense	$ 29,129	$ 19,696	$ 48,825
Bonus expense	652	—	652
Stock-based compensation	99	—	99
Compensation and related costs	29,880	19,696	49,576
Occupancy costs	7,944	5,592	13,536
Depreciation and amortization expense	4,763	1,530	6,293
Supplies, maintenance and student expense	5,062	4,104	9,166
Contract services expense	1,012	119	1,131
Other educational services and facilities expense	4,660	2,568	7,228
Total educational services and facilities expense	$ 53,321	$ 33,609	$ 86,930

	Three Months Ended March 31, 2022		
	UTI	Concorde	Consolidated
Salaries, employee benefits and tax expense	$ 26,215	$ —	$ 26,215
Bonus expense	576	—	576
Stock-based compensation	55	—	55
Compensation and related costs	26,846	—	26,846
Occupancy costs	9,488	—	9,488
Depreciation and amortization expense	3,572	—	3,572
Supplies, maintenance and student expense	4,436	—	4,436
Contract services expense	895	—	895
Other educational services and facilities expense	3,972	—	3,972
Total educational services and facilities expense	$ 49,209	$ —	$ 49,209

UTI

Compensation and related costs increased by $3.0 million for the three months ended March 31, 2023 primarily due to increased instructor salaries related to the opening of two new campuses in fiscal 2022 and new program expansions in fiscal 2022 and 2023.

Occupancy costs decreased by $1.5 million for the three months ended March 31, 2023. The decrease was primarily due to the purchasing of our Lisle, Illinois campus and the consolidation of the MMI and UTI campuses in both Arizona and Florida into single sites during fiscal 2022. The decrease was partially offset by the opening of the Austin, Texas and Miramar, Florida campuses in the prior year.

Depreciation expense increased by $1.2 million for the three months ended March 31, 2023 primarily due to purchasing the Lisle, Illinois campus along with the capital expenditures related to construction and new equipment costs for the new campuses in Austin, Texas and Miramar, Florida, and the new welding programs in Mooresville, North Carolina and Exton, Pennsylvania, all of which opened in the prior year.

Other educational services and facilities expense increased by $0.7 million for the three months ended March 31, 2023. The increase was primarily due to a gain of $1.6 million in the prior year period as a result of the settlement of the Lisle, Illinois campus lease. The increase was partially offset by a decrease in the cost of tools of $0.3 million and the cost of books of $0.2 million.

Selling, general and administrative expenses

Selling, general and administrative expenses for the three months ended March 31, 2023 were $70.9 million. This represents an increase of $21.4 million, as compared to $49.5 million for the three months ended March 31, 2022, which is primarily due to the acquisition of Concorde on December 1, 2022 and both ongoing and one-time costs associated with our growth and diversification strategy.

The following table sets forth the significant components of our selling, general and administrative expenses by segment (in thousands):

	Three Months Ended March 31, 2023			
	UTI	**Concorde**	**Corporate**	**Consolidated**
Salaries, employee benefits and tax expense	$ 16,936	$ 6,807	$ 5,164	$ 28,907
Bonus expense	3,339	480	984	4,803
Stock-based compensation	545	—	1,469	2,014
Compensation and related costs	20,820	7,287	7,617	35,724
Advertising and marketing expense	14,179	6,502	—	20,681
Professional and contract services expense	1,906	56	3,051	5,013
Other selling, general and administrative expenses	4,232	2,617	2,674	9,523
Total selling, general and administrative expenses	$ 41,137	$ 16,462	$ 13,342	$ 70,941

	Three Months Ended March 31, 2022			
	UTI	**Concorde**	**Corporate**	**Consolidated**
Salaries, employee benefits and tax expense	$ 14,334	$ —	$ 4,412	$ 18,746
Bonus expense	2,670	—	1,126	3,796
Stock-based compensation	150	—	1,404	1,554
Compensation and related costs	17,154	—	6,942	24,096
Advertising and marketing expense	14,469	—	—	14,469
Professional and contract services expense	1,052	—	3,918	4,970
Other selling, general and administrative expenses	4,628	—	1,337	5,965
Total selling, general and administrative expenses	$ 37,303	$ —	$ 12,197	$ 49,500

UTI

Compensation and related costs increased by $3.7 million for the three months ended March 31, 2023 primarily due to an increase in headcount to support growth and diversification initiatives as compared to the prior year.

Advertising and marketing expense decreased by $0.3 million for the three months ended March 31, 2023, primarily due to timing of spend along with incremental investment to support growth objectives. We continue to target cost-efficient marketing with an increased focus on digital media. UTI advertising and marketing expense as a percentage of revenues decreased to 13.2% for the three months ended March 31, 2023 as compared to 14.2% in the prior year.

Professional and contract services expense increased by $0.9 million primarily due to one-time costs incurred related to growth and diversification initiatives which includes integration related costs.

Concorde

Selling, general and administrative expenses for Concorde for the three months ended March 31, 2023 were $16.5 million. Concorde advertising and marketing expense as a percentage of revenues for the three months ended March 31, 2023 was 11.6%.

Corporate

Selling, general and administrative expenses for Corporate increased by $1.1 million for the three months ended March 31, 2023. This was primarily due to compensation and related costs which increased by $0.7 million due to an increase in headcount to support growth and diversification initiatives as compared to the prior year.

Income taxes

Income tax expense for the three months ended March 31, 2023 was $1.8 million, or 33.6% of pre-tax income, compared to an income tax benefit of $4.6 million, or (166.8)% of pre-tax income, for the three months ended March 31, 2022. The effective income tax rate for the three months ended March 31, 2023 differed from the federal statutory rate of 21% primarily due to non-deductible executive compensation, transaction costs and state and local income and franchise taxes. The effective income tax rate for the three months ended March 31, 2022 differed from the federal statutory rate of 21% primarily as a result of the release of a significant portion of the valuation allowance offset by current state tax expenses. See Note 15 of the notes to the condensed consolidated financial statements herein for additional details.

Preferred stock dividends

As of March 31, 2023 and 2022, 675,885 and 700,000 shares of Series A Convertible Preferred Stock were issued and outstanding, respectively. Pursuant to the Certificate of Designations of the Series A Preferred Stock, we recorded a preferred stock cash dividend of $1.3 million for the three months ended March 31, 2023 and 2022, respectively.

Income available for distribution

Income available for distribution refers to net income reduced by dividends on our Series A Preferred Stock. As a result of the foregoing, we reported income available for distribution of $2.2 million and $6.1 million for the three months ended March 31, 2023 and 2022, respectively.

Income allocated to participating securities

Series A Preferred Stock is considered a participating security because, in the event that we pay a dividend or make a distribution on the outstanding common stock, we shall also pay each holder of the Series A Preferred Stock a dividend on an as-converted basis. The two-class method is an earnings allocation formula that determines earnings per share for common stock and participating securities according to dividend and participation rights in undistributed earnings. Under this method, all earnings, distributed and undistributed, are allocated to common shares and participating securities based on their respective rights to receive dividends. The amount of income allocated to the participating securities for the three months ended March 31, 2023 and 2022 was $0.8 million and $2.4 million, respectively.

Net income available to common shareholders

After allocating the income to the participating securities, we had $1.4 million and $3.7 million of net income available to common shareholders for the three months ended March 31, 2023 and 2022, respectively.

Results of Operations: Six Months Ended March 31, 2023 Compared to Six Months Ended March 31, 2022

The following table sets forth selected statements of operations data as a percentage of revenues for each of the periods indicated.

	Six Months Ended March 31,	
	2023	2022
Revenues	100.0 %	100.0 %
Operating expenses:		
Educational services and facilities	52.3 %	46.9 %
Selling, general and administrative	44.1 %	44.9 %
Total operating expenses	96.4 %	91.8 %
Income from operations	3.7 %	8.2 %
Interest income	0.9 %	— %
Interest expense	(1.4)%	(0.3)%
Other income, net	0.2 %	— %
Total other (expense), net	(0.3)%	(0.3)%
Income before income taxes	3.3 %	7.8 %
Income tax (expense) benefit	(1.2)%	2.9 %
Net income	2.2 %	10.7 %
Preferred stock dividends	(0.9)%	(1.3)%
Income available for distribution	1.3 %	9.4 %
Income allocated to participating securities	(0.5)%	(3.7)%
Net income available to common shareholders	0.8 %	5.8 %

Revenues

The following table presents revenue by segment (in thousands):

	Six Months Ended March 31, 2023			Six Months Ended March 31, 2022		
	UTI	Concorde	Consolidated	UTI	Concorde	Consolidated
Revenue	$ 213,134	$ 70,690	$ 283,824	$ 207,161	$ —	$ 207,161
Year over Year % Change	2.9 %	100.0 %	37.0 %			

Revenues for the six months ended March 31, 2023 were $283.8 million, an increase of $76.7 million, or 37.0%, as compared to revenues of $207.2 million for the six months ended March 31, 2022.

UTI

Revenue for UTI for the six months ended March 31, 2023 were $213.1 million. an increase of 2.9% versus the prior period. Revenue increased primarily due to the addition of two new campuses in fiscal 2022, and an overall increase in average revenue per student. This was partially offset by a 2.3% decrease in overall average undergraduate full-time active students due to lower student starts across many campuses during fiscal 2022 and in the first two quarters of fiscal 2023.

Concorde

Revenues for Concorde, which represent four months as Concorde was acquired on December 1, 2022, were $70.7 million. Concorde programs are offered year round, however, there can be fluctuations in the student population due to the timing and size of class starts which are dictated by the accrediting bodies governing the clinical and core programs.

Educational services and facilities expenses

Educational services and facilities expenses were $148.3 million for the six months ended March 31, 2023, which represents an increase of $51.2 million as compared to $97.1 million for the six months ended March 31, 2022, which is primarily due to the acquisition of Concorde on December 1, 2022 and both ongoing and one-time costs associated with our growth and diversification strategy.

The following table sets forth the significant components of our educational services and facilities expenses by segment (in thousands):

	Six Months Ended March 31, 2023		
	UTI	Concorde	Consolidated
Salaries, employee benefit and tax expenses	$ 55,981	$ 26,255	$ 82,236
Bonus expense	1,308	—	1,308
Stock-based compensation	180	—	180
Compensation and related costs	57,469	26,255	83,724
Occupancy costs	15,626	7,356	22,982
Depreciation and amortization expense	9,180	1,950	11,130
Supplies and maintenance and student expense	9,647	5,015	14,662
Contract services expense	2,077	175	2,252
Other educational services and facilities expense	10,199	3,389	13,588
Total educational services and facilities expense	$ 104,198	$ 44,140	$ 148,338

	Six Months Ended March 31, 2022		
	UTI	Concorde	Consolidated
Salaries, employee benefit and tax expenses	$ 50,497	$ —	$ 50,497
Bonus expense	1,115	—	1,115
Stock-based compensation	101	—	101
Compensation and related costs	51,713	—	51,713
Occupancy costs	18,484	—	18,484
Depreciation and amortization expense	6,979	—	6,979
Supplies, maintenance and student expense	8,964	—	8,964
Contract services expense	2,143	—	2,143
Other educational services and facilities expense	8,827	—	8,827
Total educational services and facilities expense	$ 97,110	$ —	$ 97,110

UTI

Compensation and related costs increased by $5.8 million for the six months ended March 31, 2023 primarily due to increased instructor salaries related to the opening of two new campuses in fiscal 2022 and new program expansions in fiscal 2022 and 2023.

Occupancy costs decreased by $2.9 million for the six months ended March 31, 2023. The decrease was primarily due to purchasing our Lisle, Illinois campus and the consolidation of the MMI and UTI campuses in both Arizona and Florida into single sites during fiscal 2022. This was partially offset by the opening of the Austin, Texas and Miramar, Florida campuses in the prior year.

Supplies, maintenance and student expense increased by $0.7 million primarily due to the increased cost of technical supplies of $0.9 million related to the opening of the Miramar, Florida and Austin, Texas campuses. Partially offsetting this increase was a decrease in spend on laptops of $0.4 million.

Other educational services and facilities expense increased by $1.4 million during the six months ended March 31, 2023. The increase was primarily due to a gain of $1.6 million in the prior year period as a result of the settlement of the Lisle, Illinois campus lease. The gain was partially offset by a decrease in the costs related to taxes and licensing of $0.3 million.

Selling, general and administrative expenses

Selling, general and administrative expenses for the six months ended March 31, 2023 were $125.1 million. This represents an increase of $32.0 million, as compared to $93.1 million for the six months ended March 31, 2022, which is primarily due to the acquisition of Concorde on December 1, 2022 and both ongoing and one-time costs associated with our growth and diversification strategy.

The following table sets forth the significant components of our selling, general and administrative expenses by segment (in thousands):

	Six Months Ended March 31, 2023			
	UTI	**Concorde**	**Corporate**	**Consolidated**
Salaries, employee benefit and tax expense	$ 32,340	$ 8,724	$ 10,265	$ 51,329
Bonus expense	6,226	668	2,118	9,012
Stock-based compensation	716	—	2,386	3,102
Compensation and related costs	39,282	9,392	14,769	63,443
Advertising and marketing expense	27,528	7,782	—	35,310
Professional and Contract services expense	3,906	97	5,226	9,229
Other selling, general and administrative expenses	8,603	3,817	4,687	17,107
Total selling, general and administrative expenses	$ 79,319	$ 21,088	$ 24,682	$ 125,089

	Six Months Ended March 31, 2022			
	UTI	**Concorde**	**Corporate**	**Consolidated**
Salaries, employee benefit and tax expense	$ 27,971	$ —	$ 9,301	$ 37,272
Bonus expense	5,638	—	2,112	7,750
Stock-based compensation	273	—	1,941	2,214
Compensation and related costs	33,882	—	13,354	47,236
Advertising and marketing expense	26,428	—	—	26,428
Professional and Contract services expense	1,788	—	6,000	7,788
Other selling, general and administrative expenses	9,212	—	2,432	11,644
Total selling, general and administrative expenses	$ 71,310	$ —	$ 21,786	$ 93,096

UTI

Compensation and related costs increased by $5.4 million for the six months ended March 31, 2023 primarily due to an increase in headcount to support our growth and diversification initiatives as compared to the prior year.

Advertising and marketing expense increased by $1.1 million for the six months ended March 31, 2023, primarily due to timing of spend along with incremental investment to support our growth objectives. We continue to target cost-efficient marketing with an increased focus on digital media. Advertising expense as a percentage of revenues increased slightly to 12.9% for the six months ended March 31, 2023 as compared to 12.8% in the prior year.

Professional and contract services expense increased by $2.1 million primarily due to one-time costs incurred related to our growth and diversification initiatives.

Other selling, general and administrative expenses decreased by $0.6 million primarily due to a decrease of $0.7 million in bad debt expense.

Concorde

Selling, general and administrative expenses for Concorde for the four months ended March 31, 2023, were $21.1 million. Concorde advertising and marketing expense as a percentage of revenue for the six months ended March 31, 2023 was 11.0%.

Corporate

Selling, general and administrative expenses for Corporate increased by $2.9 million for the six months ended March 31, 2023. This was primarily due to compensation and related costs which increased by $1.4 million due to an increase in headcount to support growth and diversification initiatives as compared to the prior year.

Income taxes

Our income tax expense for the six months ended March 31, 2023 was $3.3 million, or 34.9% of pre-tax income, compared to an income tax benefit of $5.9 million, or (36.6)% of pre-tax income, for the six months ended March 31, 2022. The effective income tax rate for the six months ended March 31, 2023 differed from the federal statutory rate of 21% primarily due to non-deductible executive compensation, transaction costs and state and local income and franchise taxes. The effective income tax rate for the six months ended March 31, 2022 differed from the federal statutory rate of 21% primarily as a result of the release of a significant portion of the valuation allowance offset by current state tax expenses. See Note 15 of the notes to the condensed consolidated financial statements herein for additional details on our valuation allowance.

Preferred stock dividends

As of March 31, 2023 and 2022, 675,885 and 700,000 shares of Series A Convertible Preferred Stock were issued and outstanding, respectively. Pursuant to the Certificate of Designations of the Series A Preferred Stock, we recorded a preferred stock cash dividend of $2.5 million and $2.6 million for the six months ended March 31, 2023 and 2022, respectively.

Income available for distribution

Income available for distribution refers to net income reduced by dividends on our Series A Preferred Stock. As a result of the foregoing, we reported income available for distribution of $3.6 million and $19.6 million for the six months ended March 31, 2023 and 2022, respectively.

Income allocated to participating securities

Series A Preferred Stock is considered a participating security because, in the event that we pay a dividend or make a distribution on the outstanding common stock, we shall also pay each holder of the Series A Preferred Stock a dividend on an as-converted basis. The two-class method is an earnings allocation formula that determines earnings per share for common stock and participating securities according to dividend and participation rights in undistributed earnings. Under this method, all earnings, distributed and undistributed, are allocated to common shares and participating securities based on their respective rights to receive dividends. The amount of income allocated to the participating securities for the six months ended March 31, 2023 and 2022 was $1.3 million and $7.6 million, respectively.

Net income available to common shareholders

After allocating the income to the participating securities, we had $2.3 million and $11.9 million of net income available to common shareholders for the six months ended March 31, 2023 and 2022, respectively.

Non-GAAP Financial Measures

Our earnings before interest income, income taxes, depreciation and amortization ("EBITDA") for the three and six months ended March 31, 2023 were $12.8 million and $22.8 million respectively, compared to $7.1 million and $24.5 million for the three and six months ended March 31, 2022. We define EBITDA as net income, before interest (income) expense, income tax expense (benefit), and depreciation and amortization.

EBITDA is a non-GAAP financial measure which is provided to supplement, but not substitute for, the most directly comparable GAAP measure. We choose to disclose this non-GAAP financial measure because it provides an additional analytical tool to clarify our results from operations and helps to identify underlying trends. Additionally, this measure helps compare our performance on a consistent basis across time periods. Management also utilizes EBITDA as a performance measure internally. To obtain a complete understanding of our performance, this measure should be examined in connection with net income determined in accordance with GAAP. Since the items excluded from this measure should be examined in connection with net income in determining financial performance under GAAP, this measure should not be considered an alternative to net income as a measure of our operating performance or profitability. Exclusion of items in our 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 EBITDA differently than we do, limiting its usefulness as a comparative measure across companies. Investors are encouraged to use GAAP measures when evaluating our financial performance.

EBITDA reconciles to net income, as follows (in thousands):

	Three Months Ended March 31,		Six Months Ended March 31,	
	2023	2022	2023	2022
Net income	$ 3,480	$ 7,354	$ 6,128	$ 22,176
Interest income	(1,805)	(8)	(2,628)	(20)
Interest expense	2,637	466	4,060	699
Income tax expense (benefit)	1,763	(4,598)	3,288	(5,945)
Depreciation and amortization	6,746	3,884	11,994	7,563
EBITDA	$ 12,821	$ 7,098	$ 22,842	$ 24,473

Liquidity and Capital Resources

Overview of Liquidity

Based on past performance and current expectations, we believe that our cash flows from operations, cash on hand and investments will satisfy our working capital needs, capital expenditures, commitments and other liquidity requirements associated with our existing operations, as well as announced growth and diversification initiatives over the next 12 months and beyond. Our cash position is available to fund strategic long-term growth initiatives, including opening additional campuses in new markets and the creation and expansion of new programs, in existing markets where we continue to optimize utilization of our campus facilities.

Our aggregate cash and cash equivalents were $120.6 million as of March 31, 2023, an increase of $54.1 million from September 30, 2022.

Strategic Uses of Cash

On December 1, 2022, using funds from our new revolving credit facility, we acquired of all of the issued and outstanding shares of capital stock of Concorde for a base purchase price of $50.0 million, less $1.3 million in net adjustments, for total cash consideration paid of $48.7 million. The final cash consideration paid is subject to closing working capital and other customary adjustments. The net cash consideration, taking into account cash acquired from Concorde, was $17.0 million. See Note 4 of the notes to the condensed consolidated financial statements herein for additional details on the acquisition.

As previously noted, we purchased three buildings and land at our Orlando, Florida campus in March 2023 for approximately $26.2 million, including closing costs and other fees. We used previously drawn funds from our revolving credit facility to complete the purchase.

We believe that additional strategic uses of our cash resources may include consideration of additional strategic acquisitions and organic growth initiatives, purchase of real estate assets, subsidizing funding alternatives for our students, and the repurchase of common stock, among others. To the extent that potential acquisitions are large enough to require financing beyond cash from operations, cash and cash equivalents, and short-term investments, or we need capital to fund operations, new campus openings or expansion of programs at existing campuses, we may enter into additional credit facilities, issue debt or issue additional equity.

Long-term Debt

As of March 31, 2023, we had $163.7 million of long-term debt outstanding, which is comprised of two term loans and a revolving credit facility. Of the $163.7 million outstanding, $29.7 million relates to a term loan that bears interest at the rate of LIBOR plus 2.0% over the seven year term secured in connection with the Avondale, Arizona campus property purchased in December 2020. Approximately $38.0 million relates to a term loan that bears interest at the rate of SOFR plus 2.0% over the seven year term, secured in connection with the Lisle, Illinois campus property. For each of the term loan, a derivative interest rate swap is in place that fixes the interest rate on 50% of the loan at a market rate at the time the loan was initiated. The remaining $90.0 million relates to funds drawn from a $100.0 million revolving credit facility that was secured in connection with the Concorde acquisition. See Note 13 and Note 21 of the notes to the condensed consolidated financial statements herein for additional details on the term loans and the revolving credit facility.

Dividends

We currently do not pay a cash dividend on our common stock. For our outstanding Series A preferred shares, we currently pay preferred stock cash dividends of approximately $2.5 million during March and September of each fiscal year, which is subject to adjustment for any preferred stock conversions that occur during the year.

Principal Sources of Liquidity

Our principal source of liquidity is operating cash flows and existing cash and cash equivalents. A majority of our revenues are derived from Title IV Programs and various veterans' benefits programs. Federal regulations dictate the timing of disbursements of funds under Title IV Programs. Students must apply for new funding for each academic year consisting of 30-week periods. Loan funds are generally provided in two disbursements for each academic year. The first disbursement for first-time borrowers is usually received 30 days after the start of a student's academic year, and the second disbursement is typically received at the beginning of the 16th week from the start of the student's academic year. Under our UTI proprietary loan program, we bear all credit and collection risk and students are not required to begin repayment until six months after the student completes or withdraws from his or her program. Similarly, we bear all credit and collection risk for students paying through UTI cash payment plans and those under a retail installment contract at Concorde. These factors, together with the timing of when our students begin their programs, affect the timing and seasonality of our operating cash flow.

Operating Activities

Our net cash used in operating activities was $4.3 million for the six months ended March 31, 2023, compared to net cash provided by operating activities of $10.4 million for the six months ended March 31, 2022.

Net income, after adjustments for non-cash items, for the six months ended March 31, 2023 provided cash of $35.2 million. The non-cash items included $12.0 million for depreciation and amortization expense, $10.1 million for amortization of right-of-use assets for operating leases, $3.3 million for stock-based compensation expense, $2.5 million related to changes in deferred tax assets, and $2.1 million for bad debt expense.

Changes in operating assets and liabilities used cash of $39.5 million primarily due to the following:

- The decrease in accounts payable and accrued expenses used cash of $16.4 million primarily related to the timing of payments to vendors and for payroll and bonus accruals.
- Changes in our operating lease liability, primarily as a result of rent payments, used cash of $10.7 million.
- The change in deferred revenue when excluding the initial purchase price allocation for Concorde used cash of $9.6 million and was primarily attributable to the timing of student starts, the number of students in school and where they were at period end in relation to completion of their program at March 31, 2023 as compared to September 30, 2022.

- The change in receivables when excluding the initial purchase price allocation for Concorde used cash of $3.9 million and was primarily due to the timing of Title IV disbursements and other cash receipts on behalf of our students.
- The change in other assets provided cash of $2.7 million primarily due to activity related to the long-term portion of Concorde's retail installment contracts.

Net income, after adjustments for non-cash items, for the six months ended March 31, 2022 provided cash of $36.2 million. The non-cash items included $9.1 million for amortization of right-of-use assets for operating leases, $7.6 million for depreciation and amortization expense and $2.2 million for stock-based compensation expense, partially offset by a change in deferred tax assets of $6.6 million.

Changes in operating assets and liabilities used cash of $25.8 million primarily due to the following:

- The decrease in deferred revenue used cash of $17.5 million and was primarily attributable to the timing of student starts, the number of students in school and where they were at period end in relation to completion of their program at March 31, 2022 as compared to September 30, 2021.
- Changes in our operating lease liability, primarily as a result of rent payments used cash of $8.6 million.
- The change in other liabilities used cash of $3.5 million primarily due to the reclassification of the CARES payroll tax deferral to current liabilities.
- The decrease in receivables provided cash of $3.8 million and was primarily due to the timing of Title IV disbursements and other cash receipts on behalf of our students.

Investing Activities

During the six months ended March 31, 2023, cash used in investing activities was $26.6 million. The cash outflow was primarily related to the purchase of property and equipment of $38.6 million. During the six months ended March 31, 2023, we purchased three buildings and the associated land at our Orlando, Florida campus for $26.2 million, including closing costs and other fees. Additionally, we had continued capital expenditures for further construction at the UTI Austin, Texas and Miramar, Florida campuses, in addition to program expansion costs for both UTI and Concorde. Further, on December 1, 2022, we completed the acquisition of Concorde which resulted in $17.0 million of cash paid for acquisitions, net of cash acquired. Partially offsetting the cash outflows, is the $29.0 million in proceeds from maturities of held-to-maturity securities.

During the six months ended March 31, 2022, cash used in investing activities was $79.5 million. The cash outflow was primarily related to the purchase of property and equipment of $53.2 million, of which $28.4 million related to the purchase of the Lisle, Illinois campus. Other capital expenditures included investments for the Orlando, Florida and MMI, Phoenix consolidations, new campuses in Austin, Texas and Miramar, Florida, and the rollout of new programs at our campuses. Additionally, we purchased MIAT for $26.5 million, which is net of cash consideration received.

Financing Activities

During the six months ended March 31, 2023, cash provided by financing activities was $85.5 million which was primarily related to proceeds from our revolving credit facility of $90.0 million, partially offset by the semi-annual payment of preferred stock dividends of $2.5 million, $0.7 million in payroll taxes paid for stock-based compensation through shares withheld, repayment of long-term debt of $0.7 million, and debt issuance costs related to the revolving credit facility of $0.5 million.

During the six months ended March 31, 2022, cash used by financing activities was $3.9 million which was primarily related to the semi-annual payment of preferred stock dividends of $2.6 million, the payment of payroll taxes on stock-based compensation through shares withheld and payments on our term loans.

Seasonality and Trends

Our operating results normally fluctuate as a result of seasonal variations in our business, principally due to changes in total student population and costs associated with opening or expanding our campuses. Our student population varies as a result of new student enrollments, graduations and student attrition. Historically, UTI has had lower student populations in the third quarter than in the remainder of the year because fewer students are enrolled during the summer months. Additionally, UTI has had higher student populations in the fourth quarter than in the remainder of the year because more students enroll during this period. Concorde typically has higher student populations in January and August through October for its core programs and in February for its clinical programs. UTI and Concorde core program expenses do not vary significantly with changes in student population and revenues. Concorde clinical program expenses fluctuate based on the academic calendar and season due to the timing of clinical starts. We expect quarterly fluctuations in operating results to continue as a result of seasonal enrollment patterns. However, such patterns may change as a result of new school openings, new program introductions, increased enrollments of adult students or acquisitions.

Critical Accounting Policies and Estimates

The preparation of financial statements and related disclosures in conformity with GAAP and management's discussion and analysis of our financial condition and operating results require management to make judgments, assumptions and estimates that affect the amounts reported. There were no significant changes in our critical accounting policies and estimates in the six months ended March 31, 2023 from those previously disclosed in Part II, Item 7 of our 2022 Annual Report on Form 10-K.

Recent Accounting Pronouncements

For information regarding recent accounting pronouncements, see Note 3 of the notes to the condensed consolidated financial statements herein.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our principal exposure to market risk relates to changes in interest rates.

We invest our cash and cash equivalents in money market funds. As of March 31, 2023, we held $120.6 million in cash and cash equivalents. During the six months ended March 31, 2023, we earned interest income of $2.6 million. As we have a conservative investment policy, our financial exposure to fluctuations in interest rates related to our interest income is expected to remain low. We do not believe that the value or liquidity of our cash and cash equivalents and investments have been significantly impacted by current market events.

On May 12, 2021, we entered into a credit agreement to finance the Avondale property through a $31.2 million term loan that bears interest at the rate of LIBOR plus 2.0% with a maturity of seven years. As of March 31, 2023, the fair value of our long-term debt was $29.7 million and bears interest on the outstanding principal amount at a rate equal to the LIBOR plus 2.0%, which was 6.66% as of March 31, 2023. On April 3, 2023, we executed an amendment for our Avondale term loan to convert the stated rate from LIBOR to SOFR. See Note 21 for further details.

On April 14, 2022, we entered into a credit agreement to finance the Lisle property through a $38.0 million term loan that bears interest at the rate of SOFR plus 2.0% with a maturity of seven years. As of March 31, 2023, the fair value of our long-term debt was $38.0 million and bears interest on the outstanding principal amount at a rate equal to the SOFR plus 2.0%, which was 6.67% as of March 31, 2023.

We believe the carrying value of the debt approximates fair value as the interest rate is a floating rate equal to the LIBOR or SOFR plus 2.0%, which is representative of market rates for similar instruments. It is anticipated that the fair market value of our debt will continue to be immaterially affected by fluctuations in interest rates and we do not believe that the value of our debt has been significantly impacted by current market events. The variable rate of interest on our long-term debt can expose us to interest rate volatility due to changes in LIBOR and SOFR. To mitigate this exposure, we entered into interest rate swap agreements that effectively fix the interest rates on 50% of the principal amounts of the term loans at 3.5% and 4.69% for the entire loan term on our Avondale debt and Lisle debt, respectively.

On November 18, 2022, we entered into a $100.0 million senior secured revolving credit facility that bears variable interest in a maturity of three years. On November 28, 2022, we drew $90.0 million from the credit facility in support of the closing of the Concorde acquisition at an interest rate of 6.54%.

During the six months ended March 31, 2023, we recorded interest expense of $4.1 million on our outstanding debt. Assuming all terms of our outstanding long-term debt remained the same, a hypothetical 10.0% change (up or down) in the variable rates would result in a $12.4 million change to our annual interest expense for the portion of the long-term debt not hedged by the interest rate swap agreement.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), pursuant to Exchange Act Rule 13a-15 as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2023 to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms and (ii) accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

On December 1, 2022, we completed the acquisition of Concorde Career Colleges, Inc. We intend to exclude the acquired business from our assessment and report on internal control over financial reporting for the year ended September 30, 2023, as permitted under SEC rules. Other than the foregoing, there were no changes in our internal control over financial reporting identified in connection with the evaluation required by Exchange Act Rule 13a-15(d) or 15d-15(d) that occurred during the three months ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

Our management, including our Chief Executive Officer and our Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, misstatements, errors and instances of fraud, if any, within our company have been or will be prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls also can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks that internal controls may become inadequate as a result of changes in conditions, or through the deterioration of the degree of compliance with policies or procedures.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

In the ordinary conduct of our business, we are periodically subject to lawsuits, demands in arbitrations, investigations, regulatory proceedings or other claims, including, but not limited to, claims involving current and former students, routine employment matters, business disputes and regulatory demands. When we are aware of a claim or potential claim, we assess the likelihood of any loss or exposure. If it is probable that a loss will result and the amount of the loss can be reasonably estimated, we would accrue a liability for the loss. When a loss is not both probable and estimable, we do not accrue a liability. Where a loss is not probable but is reasonably possible, including if a loss in excess of an accrued liability is reasonably possible, we determine whether it is possible to provide an estimate of the amount of the loss or range of possible losses for the claim. Because we cannot predict with certainty the ultimate resolution of the legal proceedings (including lawsuits, investigations, regulatory proceedings or claims) asserted against us, it is not currently possible to provide such an estimate. The ultimate outcome of pending legal proceedings to which we are a party may have a material adverse effect on our business, cash flows, results of operations or financial condition.

Item 1A. RISK FACTORS

In addition to the other information set forth in this Quarterly Report on Form 10-Q, including the information contained in Part I, Item 3, you should carefully consider the factors discussed in Part I, Item IA of our 2022 Annual Report on Form 10-K, which could materially affect our business, financial condition or operating results. The risks described in this Quarterly Report on Form 10-Q and in our 2022 Annual Report on Form 10-K are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or operating results.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

The following exhibits required by Item 601 of Regulation S-K are filed or furnished with this report, as applicable:

Exhibit Number	Description
2.1	Stock Purchase Agreement, dated May 3, 2022, by and among Universal Technical Institute, Inc., Concorde Career Colleges, Inc., Liberty Partners Holdings 28, L.L.C., Liberty Investment IIC, LLC, and Liberty Partners L.P. (incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K dated May 3, 2022).
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1+	Certification of Chief Executive Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2+	Certification of Chief Financial Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

\+ Furnished herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

		UNIVERSAL TECHNICAL INSTITUTE, INC.	
Date:	May 9, 2023	By:	*/s/ Jerome A. Grant*
		Name:	Jerome A. Grant
		Title:	Chief Executive Officer (Principal Executive Officer)

Exhibit 31.1

Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jerome A. Grant, certify that:

1. I have reviewed this Report on Form 10-Q of Universal Technical Institute, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2023

/s/ Jerome A. Grant
Jerome A. Grant
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Troy R. Anderson, certify that:

1. I have reviewed this Report on Form 10-Q of Universal Technical Institute, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2023

/s/ Troy R. Anderson
Troy R. Anderson
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

Certification of CEO Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the quarterly report of Universal Technical Institute, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jerome A. Grant, Chief Executive Officer of the Company, certify, to the best of my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 9, 2023

/s/ Jerome A. Grant
Jerome A. Grant
Chief Executive Officer
(Principal Executive Officer)

This certification accompanies the Quarterly Report on Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Universal Technical Institute, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Quarterly Report on Form 10-Q), irrespective of any general incorporation language contained in such filing.

Exhibit 32.2

Certification of CFO Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the quarterly report of Universal Technical Institute, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Troy R. Anderson, Chief Financial Officer of the Company, certify, to the best of my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 9, 2023

/s/ Troy R. Anderson
Troy R. Anderson
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

This certification accompanies the Quarterly Report on Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Universal Technical Institute, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Quarterly Report on Form 10-Q), irrespective of any general incorporation language contained in such filing.