
**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 September 30, 2022

or

☐ **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: 001-13988

Adtalem Global Education Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-3150143
(I.R.S. Employer
Identification No.)

500 West Monroe Street
Chicago, Illinois
(Address of principal executive offices)

60661
(Zip Code)

(312) 651-1400
(Registrant's telephone number; including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.01 par value per share	ATGE	New York Stock Exchange
Common stock, \$0.01 par value per share	ATGE	Chicago 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 ☒
Non-accelerated filer ☐

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 ☒

As of October 27, 2022, there were 45,404,650 shares of the registrant's common stock, \$0.01 par value per share outstanding.

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Part I. Financial Information

Item 1. Financial Statements

Addalem Global Education Inc. **Consolidated Balance Sheets** **(unaudited)** **(in thousands, except par value)**

	September 30, 2022	June 30, 2022	September 30, 2021
Assets:			
Current assets:			
Cash and cash equivalents	\$ 327,515	\$ 346,973	\$ 323,994
Restricted cash	2,480	964	20,220
Accounts receivable, net	111,858	81,635	140,390
Prepaid expenses and other current assets	128,069	126,467	162,463
Current assets held for sale	—	—	62,725
Total current assets	569,922	556,039	709,792
Noncurrent assets:			
Property and equipment, net	281,581	289,926	308,759
Operating lease assets	158,287	177,995	167,249
Deferred income taxes	49,318	51,093	61,654
Intangible assets, net	855,049	873,577	954,400
Goodwill	961,262	961,262	952,764
Other assets, net	120,630	119,283	113,819
Noncurrent assets held for sale	—	—	530,627
Total noncurrent assets	2,426,127	2,473,136	3,089,272
Total assets	\$ 2,996,049	\$ 3,029,175	\$ 3,799,064
Liabilities and shareholders' equity:			
Current liabilities:			
Accounts payable	\$ 64,407	\$ 57,140	\$ 99,691
Accrued payroll and benefits	55,034	66,642	57,463
Accrued liabilities	93,805	98,124	124,748
Deferred revenue	227,238	144,840	236,990
Current operating lease liabilities	50,065	50,781	55,925
Current portion of long-term debt	—	—	6,375
Current liabilities held for sale	—	—	55,038
Total current liabilities	490,549	417,527	636,230
Noncurrent liabilities:			
Long-term debt	741,696	838,908	1,600,043
Long-term operating lease liabilities	164,840	177,045	164,172
Deferred income taxes	26,408	25,554	26,390
Other liabilities	62,517	65,074	72,688
Noncurrent liabilities held for sale	—	—	32,570
Total noncurrent liabilities	995,461	1,106,581	1,895,863
Total liabilities	1,486,010	1,524,108	2,532,093
Commitments and contingencies (Note 19)			
Redeemable noncontrolling interest	—	—	1,790
Shareholders' equity:			
Common stock, \$0.01 par value per share, 200,000 shares authorized; 45,396, 45,177, and 49,753 shares outstanding as of September 30, 2022, June 30, 2022, and September 30, 2021, respectively	821	818	817
Additional paid-in capital	529,229	521,848	537,402
Retained earnings	2,325,002	2,322,810	1,947,101
Accumulated other comprehensive loss	(2,227)	(960)	(740)
Treasury stock, at cost, 36,703, 36,619, and 31,903 shares as of September 30, 2022, June 30, 2022, and September 30, 2021, respectively	(1,342,786)	(1,339,449)	(1,219,399)
Total shareholders' equity	1,510,039	1,505,067	1,265,181
Total liabilities and shareholders' equity	\$ 2,996,049	\$ 3,029,175	\$ 3,799,064

See accompanying Notes to Consolidated Financial Statements.

Addalem Global Education Inc.
Consolidated Statements of Income (Loss)
(unaudited)
(in thousands, except per share data)

	Three Months Ended September 30,	
	2022	2021
Revenue	\$ 354,559	\$ 289,070
Operating cost and expense:		
Cost of educational services	159,645	152,050
Student services and administrative expense	148,341	129,436
Restructuring expense	15,065	3,094
Business acquisition and integration expense	8,415	26,553
Total operating cost and expense	331,466	311,133
Operating income (loss)	23,093	(22,063)
Other income (expense):		
Interest income	1,567	878
Interest expense	(17,760)	(47,393)
Net other expense	(16,193)	(46,515)
Income (loss) from continuing operations before income taxes	6,900	(68,578)
Provision for income taxes	(1,054)	(8,604)
Income (loss) from continuing operations	5,846	(77,182)
Discontinued operations:		
Loss from discontinued operations before income taxes	(3,438)	(6,050)
Loss on disposal of discontinued operations before income taxes	(3,359)	—
Benefit from income taxes	3,143	25,228
(Loss) income from discontinued operations	(3,654)	19,178
Net income (loss)	\$ 2,192	\$ (58,004)
Earnings (loss) per share:		
Basic:		
Continuing operations	\$ 0.13	\$ (1.55)
Discontinued operations	\$ (0.08)	\$ 0.39
Total basic earnings (loss) per share	\$ 0.05	\$ (1.17)
Diluted:		
Continuing operations	\$ 0.13	\$ (1.55)
Discontinued operations	\$ (0.08)	\$ 0.39
Total diluted earnings (loss) per share	\$ 0.05	\$ (1.17)
Weighted-average shares outstanding:		
Basic shares	45,274	49,663
Diluted shares	46,342	49,663

See accompanying Notes to Consolidated Financial Statements.

Addalem Global Education Inc.
Consolidated Statements of Comprehensive Income (Loss)
(unaudited)
(in thousands)

	Three Months Ended	
	September 30,	
	2022	2021
Net income (loss)	\$ 2,192	\$ (58,004)
Other comprehensive income (loss), net of tax		
Loss on foreign currency translation adjustments	(1,267)	(70)
Comprehensive income (loss) before reclassification	925	(58,074)
Reclassification adjustment for loss on interest rate swap	—	6,695
Comprehensive income (loss)	<u>\$ 925</u>	<u>\$ (51,379)</u>

See accompanying Notes to Consolidated Financial Statements.

Addalem Global Education Inc.
Consolidated Statements of Cash Flows
(unaudited)
(in thousands)

	Three Months Ended September 30,	
	2022	2021
Operating activities:		
Net income (loss)	\$ 2,192	\$ (58,004)
Loss (income) from discontinued operations	3,654	(19,178)
Income (loss) from continuing operations	5,846	(77,182)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Stock-based compensation expense	6,145	9,711
Amortization and impairments to operating lease assets	19,708	12,323
Depreciation	10,805	10,499
Amortization of intangible assets	18,528	16,451
Amortization and write-off of debt discount and issuance costs	4,227	17,858
Provision for bad debts	5,991	6,189
Deferred income taxes	2,629	(10,186)
Loss on disposals, accelerated depreciation, and impairments to property and equipment	3,483	282
Gain on extinguishment of debt	(71)	—
Changes in assets and liabilities:		
Accounts receivable	(33,219)	(78,283)
Prepaid expenses and other current assets	(1,602)	(199)
Accounts payable	7,586	26,706
Accrued payroll and benefits	(11,593)	(21,231)
Accrued liabilities	(9,010)	(24,846)
Deferred revenue	82,398	157,225
Operating lease liabilities	(12,921)	(13,397)
Other assets and liabilities	(7,406)	(2,414)
Net cash provided by operating activities-continuing operations	91,524	29,506
Net cash (used in) provided by operating activities-discontinued operations	(130)	11,358
Net cash provided by operating activities	91,394	40,864
Investing activities:		
Capital expenditures	(5,551)	(6,691)
Payment for purchase of business, net of cash and restricted cash acquired	—	(1,481,789)
Net cash used in investing activities-continuing operations	(5,551)	(1,488,480)
Net cash used in investing activities-discontinued operations	—	(633)
Payment for working capital adjustment for sale of business	(811)	—
Net cash used in investing activities	(6,362)	(1,489,113)
Financing activities:		
Proceeds from exercise of stock options	1,241	7,685
Employee taxes paid on withholding shares	(3,486)	(2,228)
Proceeds from stock issued under Colleague Stock Purchase Plan	132	114
Proceeds from long-term debt	—	850,000
Repayments of long-term debt	(100,861)	(291,000)
Payment of debt discount and issuance costs	—	(49,553)
Net cash (used in) provided by financing activities	(102,974)	515,018
Effect of exchange rate changes on cash, cash equivalents and restricted cash	—	(70)
Net decrease in cash, cash equivalents and restricted cash	(17,942)	(933,301)
Cash, cash equivalents and restricted cash at beginning of period	347,937	1,313,616
Cash, cash equivalents and restricted cash at end of period	329,995	380,315
Less: cash, cash equivalents and restricted cash of discontinued operations at end of period	—	36,101
Cash, cash equivalents and restricted cash of continuing operations at end of period	\$ 329,995	\$ 344,214
Non-cash investing and financing activities:		
Accrued capital expenditures	\$ 4,713	\$ 6,576

See accompanying Notes to Consolidated Financial Statements.

Addalem Global Education Inc.
Consolidated Statements of Shareholders' Equity
(unaudited)
(in thousands)

	Common Stock		Additional	Retained	Accumulated	Treasury Stock		
	Shares	Amount	Paid-In	Earnings	Other	Shares	Amount	Total
			Capital		Loss			
June 30, 2021	81,099	\$ 811	\$ 519,826	\$ 2,005,105	\$ (7,365)	31,846	\$ (1,217,307)	\$ 1,301,070
Net loss				(58,004)				(58,004)
Other comprehensive loss, net of tax					(70)			(70)
Reclassification adjustment for loss on interest rate swap					6,695			6,695
Stock-based compensation			9,906					9,906
Net activity from stock-based compensation awards	557	6	7,679			61	(2,228)	5,457
Proceeds from stock issued under Colleague Stock Purchase Plan			(9)			(4)	136	127
September 30, 2021	<u>81,656</u>	<u>\$ 817</u>	<u>\$ 537,402</u>	<u>\$ 1,947,101</u>	<u>\$ (740)</u>	<u>31,903</u>	<u>\$ (1,219,399)</u>	<u>\$ 1,265,181</u>
June 30, 2022	81,796	\$ 818	\$ 521,848	\$ 2,322,810	\$ (960)	36,619	\$ (1,339,449)	\$ 1,505,067
Net income				2,192				2,192
Other comprehensive loss, net of tax					(1,267)			(1,267)
Stock-based compensation			6,145					6,145
Net activity from stock-based compensation awards	303	3	1,238			88	(3,486)	(2,245)
Proceeds from stock issued under Colleague Stock Purchase Plan			(2)			(4)	149	147
September 30, 2022	<u>82,099</u>	<u>\$ 821</u>	<u>\$ 529,229</u>	<u>\$ 2,325,002</u>	<u>\$ (2,227)</u>	<u>36,703</u>	<u>\$ (1,342,786)</u>	<u>\$ 1,510,039</u>

See accompanying Notes to Consolidated Financial Statements.

Addalem Global Education Inc.
Notes to Consolidated Financial Statements
(unaudited)
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1. Nature of Operations

In this Quarterly Report on Form 10-Q, Adtalem Global Education Inc., together with its subsidiaries, is collectively referred to as “Adtalem,” “we,” “our,” “us,” or similar references.

Beginning in the second quarter of fiscal year 2022, Adtalem eliminated its Financial Services segment when the Association of Certified Anti-Money Laundering Specialists (“ACAMS”), Becker Professional Education (“Becker”), OnCourse Learning (“OCL”), and EduPristine were classified as discontinued operations and assets held for sale. In accordance with U.S. generally accepted accounting principles (“GAAP”), we have classified the ACAMS, Becker, OCL, and EduPristine entities as “Held for Sale” and “Discontinued Operations” in all periods presented as applicable. As a result, all financial results, disclosures, and discussions of continuing operations in this Quarterly Report on Form 10-Q exclude ACAMS, Becker, OCL, and EduPristine operations, unless otherwise noted. On March 10, 2022, we completed the sale of ACAMS, Becker, and OCL and on June 17, 2022, we completed the sale of EduPristine. In addition, we continue to incur costs associated with ongoing litigation and settlements related to the DeVry University divestiture, which was completed during fiscal year 2019, and are classified as expense within discontinued operations. See Note 4 “Discontinued Operations and Assets Held for Sale” for additional information.

Adtalem is a leading healthcare educator. We present three reportable segments as follows:

Chamberlain – Offers degree and non-degree programs in the nursing and health professions postsecondary education industry. This segment includes the operations of Chamberlain University (“Chamberlain”).

Walden – Offers more than 100 online certificate, bachelor’s, master’s, and doctoral degrees, including those in nursing, education, counseling, business, psychology, public health, social work and human services, public administration and public policy, and criminal justice. This segment includes the operations of Walden University (“Walden”), which was acquired by Adtalem on August 12, 2021. See Note 3 “Acquisitions” for additional information.

Medical and Veterinary – Offers degree and non-degree programs in the medical and veterinary postsecondary education industry. This segment includes the operations of the American University of the Caribbean School of Medicine (“AUC”), Ross University School of Medicine (“RUSM”), and Ross University School of Veterinary Medicine (“RUSVM”), which are collectively referred to as the “medical and veterinary schools.”

“Home Office and Other” includes activities not allocated to a reportable segment. Financial and descriptive information about Adtalem’s reportable segments is presented in Note 20 “Segment Information.”

Business acquisition and integration costs incurred were \$8.4 million and \$26.6 million in the three months ended September 30, 2022 and 2021, respectively. In addition, during the first quarter of fiscal year 2023, we initiated transformation initiatives to accelerate growth and organizational agility and certain costs relating to this transformation are included in business acquisition and integration costs in the Consolidated Statements of Income (Loss).

2. Summary of Significant Accounting Policies

Basis of Presentation

A full listing of our significant accounting policies is described in Note 2 “Summary of Significant Accounting Policies” of our Annual Report on Form 10-K for the fiscal year ended June 30, 2022 (“2022 Form 10-K”). We have prepared the accompanying unaudited consolidated financial statements in accordance with GAAP for interim financial statements and pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (which are normal and recurring in nature) considered necessary for a fair presentation have been included. The year-end balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. These consolidated financial statements and accompanying notes should be read in conjunction with our annual consolidated financial statements and the notes thereto included in our 2022 Form 10-K.

We use the same accounting policies in preparing quarterly and annual financial statements. Unless otherwise noted, amounts presented within the Notes to Consolidated Financial Statements refer to our continuing operations.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Although our current estimates contemplate current conditions, including the impact of the novel coronavirus (“COVID-19”) pandemic, and how we anticipate them to change in the future, as appropriate, it is reasonably possible that actual conditions could differ from what was anticipated in those estimates, which could materially affect our results of operations and financial condition. On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization, which recommended containment and mitigation measures worldwide. COVID-19 and the response of governmental and public health organizations in dealing with the pandemic included restricting general activity levels within communities, the economy, and operations of our customers. While we have experienced an impact to our business, operations, and financial results as a result of the COVID-19 pandemic, it may have even more far-reaching impacts on many aspects of our operations including the impact on customer behaviors, business operations, our employees, and the market in general. The extent to which the COVID-19 pandemic ultimately impacts our business, financial condition, results of operations, cash flows, and liquidity may differ from management’s current estimates due to inherent uncertainties regarding the duration and further spread of COVID-19, actions taken to contain the virus, the efficacy and distribution of the vaccines, as well as, how quickly and to what extent normal economic and operating conditions can resume.

Recent Accounting Standards

Recently adopted accounting standards

In October 2021, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2021-08: “Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers.” The amendments require that an entity (acquirer) recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. At the acquisition date, an acquirer should account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. The amendments should be applied prospectively to business combinations occurring on or after the effective date of the amendments. Early adoption of the amendments is permitted, including adoption in an interim period. An entity that early adopts in an interim period should apply the amendments (1) retrospectively to all business combinations for which the acquisition date occurs on or after the beginning of the fiscal year that includes the interim period of early application and (2) prospectively to all business combinations that occur on or after the date of initial application. We adopted this guidance on July 1, 2022 and will apply the guidance to any future business combinations.

Recently issued accounting standards not yet adopted

In March 2022, the FASB issued ASU No. 2022-02: “Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures.” The guidance was issued as improvements to ASU No. 2016-13. The vintage disclosure changes are relevant to Adtalem and require an entity to disclose current-period gross write-offs by year of origination for financing receivables. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. The amendments should be applied prospectively. Early adoption of the amendments is permitted, including adoption in an interim period. Management expects to implement this guidance effective July 1, 2023. The amendments will impact our disclosures but will not otherwise impact Adtalem’s Consolidated Financial Statements.

We reviewed all other recently issued accounting pronouncements and concluded that they were either not applicable or not expected to have a significant impact on our Consolidated Financial Statements.

3. Acquisitions

Walden University

On August 12, 2021, Adtalem completed the acquisition of 100% of the equity interest of Walden for \$1,488.1 million, net of cash and restricted cash of \$83.4 million. Adtalem funded the purchase with the \$800.0 million in Notes (as defined in Note 13 “Debt”), the \$850.0 million Term Loan B (as defined in Note 13 “Debt”), and available cash on hand. Walden offers more than 100 online certificate, bachelor’s, master’s, and doctoral degrees. The acquisition furthers Adtalem’s growth strategy as a leading healthcare educator.

The operations of Walden are included in Adtalem’s Walden reportable segment (see Note 20 “Segment Information”). The results of Walden’s operations have been included in the Consolidated Financial Statements of Adtalem since the date of acquisition, which included revenue of \$68.6 million and net loss of \$9.2 million from the operations of Walden for the three months ended September 30, 2021. In addition, we incurred acquisition-related costs of \$22.3 million in the three months ended September 30, 2021, which were included in business acquisition and integration expense in the Consolidated Statements of Income (Loss).

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition (in thousands):

	August 12, 2021
Assets acquired:	
Cash and cash equivalents	\$ 65,010
Restricted cash	18,389
Accounts receivable	22,091
Prepaid expenses and other current assets	8,819
Property and equipment	25,882
Operating lease assets	6,096
Deferred income taxes	59
Intangible assets	833,351
Goodwill	651,052
Other assets, net	21,316
Total assets acquired	1,652,065
Liabilities assumed:	
Accounts payable	31,971
Accrued payroll and benefits	25,639
Accrued liabilities	1,620
Deferred revenue	10,958
Current operating lease liabilities	1,983
Long-term operating lease liabilities	4,343
Other liabilities	4,098
Total liabilities assumed	80,612
Net assets acquired	\$ 1,571,453

The fair value of the assets acquired includes accounts receivable of \$22.1 million. The gross amount due under contracts is \$37.9 million, of which \$15.8 million was expected to be uncollectible.

Goodwill, which represents the excess of the purchase price over the fair value of the net assets acquired, was all assigned to the Walden reporting unit and reportable segment. The entire goodwill amount is tax deductible. Factors that contributed to a purchase price resulting in the recognition of goodwill includes Walden’s strategic fit into Adtalem’s healthcare educator strategy, the reputation of the Walden brand as a leader in online education industry, and potential future growth opportunity. Of the \$833.4 million of acquired intangible assets, \$495.8 million was assigned to Title IV eligibility and accreditations and \$119.6 million was assigned to trade names, each of which has been determined not to

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be subject to amortization. The values and estimated useful lives of other intangible assets acquired are as follows (in thousands):

	August 12, 2021	
	Value Assigned	Estimated Useful Life
Student relationships	\$ 161,900	3 years
Curriculum	\$ 56,091	5 years

The Title IV eligibility and accreditations intangible asset was valued using the with and without method of the income approach. The student relationships intangible asset was valued using the multi-period excess earnings method. The trade name intangible asset was valued using the relief-from-royalty method. The curriculum intangible asset was valued using the cost to replace method. Significant judgments and assumptions were used in these valuations. We applied judgment which involved the use of significant assumptions with respect to the discount rate and recovery period for the Title IV eligibility and accreditations intangible asset and royalty rate and discount rate for the trade name intangible asset. We also applied judgment which involved the use of assumptions, including the discount rate and EBITDA margin for the student relationships intangible asset and labor rates and hours and obsolescence rate for the curriculum intangible asset.

The following unaudited pro forma financial information summarizes our results of operations as though the acquisition occurred on July 1, 2020 (in thousands):

	Three Months Ended September 30, 2021	
Revenue	\$	417,566
Net loss	\$	(14,693)

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 had been applied from July 1, 2020, with the consequential tax effects. The unaudited pro forma financial information also includes adjustments to reflect the additional interest expense on the debt we issued to fund the acquisition (see Note 13 “Debt” for additional information). As the ticking fees are representative of the historical interest expense incurred by Adtalem on the Term Loan B from the period of February 12, 2021 to August 12, 2021 and the unaudited pro forma financial information for fiscal year 2021 has been adjusted to include interest expense assuming the Term Loan B had been entered into as of July 1, 2020, we have made a further adjustment to remove the ticking fees recognized in the unaudited pro forma financial information for the three months ended September 30, 2021 (see Note 13 “Debt” for additional information on ticking fees). Had the Term Loan B been drawn upon on July 1, 2020, none of the ticking fees would have been incurred and, accordingly, the inclusion of such amounts would be duplicative to the interest expense incurred by Adtalem on a pro forma basis. The acquisition transaction costs we incurred in connection with the Walden acquisition are reflected in the unaudited pro forma financial information results for fiscal year 2021.

This unaudited pro forma financial information is for informational purposes only. It does not reflect the integration of the business or any synergies 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 July 1, 2020. In addition, the unaudited pro forma financial information amounts are not indicative of future operating results.

4. Discontinued Operations and Assets Held for Sale

On December 11, 2018, Adtalem completed the sale of DeVry University to Cogswell Education, LLC (“Cogswell”) for de minimis consideration. As the sale represented a strategic shift that had a major effect on Adtalem’s operations and financial results, DeVry University is presented in Adtalem’s Consolidated Financial Statements as a discontinued operation. The purchase agreement includes an earn-out entitling Adtalem to payments of up to \$20.0 million over a ten-year period payable based on DeVry University’s free cash flow. Adtalem received \$2.9 million during the second quarter of fiscal year 2022 related to the earn-out. In connection with the closing of the sale, Adtalem loaned to DeVry University \$10.0 million under the terms of the promissory note, dated as of December 11, 2018 (the “DeVry Note”). The DeVry

Note bore interest at a rate of 4% per annum, payable annually in arrears, and had a maturity date of January 1, 2022. We received the loan repayment of \$10.0 million during the third quarter of fiscal year 2022. The DeVry Note is included on the Consolidated Balance Sheets in prepaid expenses and other current assets as of September 30, 2021. Adtalem has retained certain leases associated with DeVry University operations. Adtalem remains the primary lessee on these leases and subleases to DeVry University. In addition, Adtalem owns the buildings for certain DeVry University operating and administrative office locations and leases space to DeVry University under one-year operating leases, renewable annually at DeVry University's option with the exception of one lease which expires in December 2023. Adtalem records the proceeds from these leases and subleases as an offset to operating costs. Adtalem also assigned certain leases to DeVry University but remains contingently liable under these leases.

On March 10, 2022, Adtalem completed the sale of ACAMS, Becker, and OCL to Wendel Group and Colibri Group ("Purchaser"), pursuant to the Equity Purchase Agreement ("Purchase Agreement") dated January 24, 2022. Pursuant to the terms and subject to the conditions set forth in the Purchase Agreement, Adtalem sold the issued and outstanding shares of ACAMS, Becker, and OCL to the Purchaser for \$962.7 million, net of cash of \$21.5 million, subject to certain post-closing adjustments. In addition, on June 17, 2022, Adtalem completed the sale of EduPristine for de minimis consideration, which resulted in a transfer of \$1.9 million in cash. We recorded a loss of \$3.4 million in the first quarter of fiscal year 2023 for post-closing working capital adjustments to the initial sales price for ACAMS, Becker, and OCL, which is included in loss on disposal of discontinued operations before income taxes in the Consolidated Statements of Income (Loss). These divestitures are the culmination of a long-term strategy to sharpen the focus of our portfolio and enhance our ability to address the rapidly growing and unmet demand for healthcare professionals in the U.S. As these sales represented a strategic shift that had a major effect on Adtalem's operations and financial results, these businesses previously included in our former Financial Services segment are presented in Adtalem's Consolidated Financial Statements as discontinued operations. In accordance with GAAP, we have classified ACAMS, Becker, OCL, and EduPristine entities as "Held for Sale" and "Discontinued Operations" in all periods presented as applicable.

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The following is a summary of balance sheet information of assets and liabilities reported as held for sale as of September 30, 2021, which includes ACAMS, Becker, OCL, and EduPristine (in thousands):

	September 30, 2021
Assets:	
Current assets:	
Cash and cash equivalents	\$ 36,101
Accounts receivable, net	22,821
Prepaid expenses and other current assets	3,803
Total current assets held for sale	62,725
Noncurrent assets:	
Property and equipment, net	13,546
Operating lease assets	1,377
Intangible assets, net	136,263
Goodwill	376,164
Other assets, net	3,277
Total noncurrent assets held for sale	530,627
Total assets held for sale	\$ 593,352
Liabilities:	
Current liabilities:	
Accounts payable	\$ 13,886
Accrued payroll and benefits	7,584
Accrued liabilities	2,605
Deferred revenue	29,664
Current operating lease liabilities	1,299
Total current liabilities held for sale	55,038
Noncurrent liabilities:	
Long-term operating lease liabilities	503
Deferred income taxes	31,155
Other liabilities	912
Total noncurrent liabilities held for sale	32,570
Total liabilities held for sale	\$ 87,608

The following is a summary of income statement information of operations reported as discontinued operations, which includes ACAMS, Becker, OCL, and EduPristine operations through the date of each respective sale, a loss from post-closing working capital adjustments, and activity related to the DeVry University divestiture, which includes litigation and settlement costs we continue to incur (in thousands):

	Three Months Ended September 30,	
	2022	2021
Revenue	\$ —	\$ 59,257
Operating cost and expense:		
Cost of educational services	—	11,060
Student services and administrative expense	3,438	54,247
Total operating cost and expense	3,438	65,307
Loss from discontinued operations before income taxes	(3,438)	(6,050)
Loss on disposal of discontinued operations before income taxes	(3,359)	—
Benefit from income taxes	3,143	25,228
(Loss) income from discontinued operations	\$ (3,654)	\$ 19,178

5. Revenue

Revenue is recognized when control of the promised goods or services is transferred to our customers (students), in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services.

The following tables disaggregate revenue by source (in thousands):

Three Months Ended September 30, 2022				
	Chamberlain	Walden	Medical and Veterinary	Consolidated
Tuition and fees	\$ 135,405	\$ 130,901	\$ 85,514	\$ 351,820
Other	—	—	2,739	2,739
Total	<u>\$ 135,405</u>	<u>\$ 130,901</u>	<u>\$ 88,253</u>	<u>\$ 354,559</u>

Three Months Ended September 30, 2021				
	Chamberlain	Walden	Medical and Veterinary	Consolidated
Tuition and fees	\$ 135,639	\$ 68,617	\$ 82,475	\$ 286,731
Other	—	—	2,339	2,339
Total	<u>\$ 135,639</u>	<u>\$ 68,617</u>	<u>\$ 84,814</u>	<u>\$ 289,070</u>

In addition, see Note 20 “Segment Information” for a disaggregation of revenue by geographical region.

Performance Obligations and Revenue Recognition

Tuition and fees: The majority of revenue is derived from tuition and fees, which is recognized on a straight-line basis over the academic term as instruction is delivered. Books and other educational product revenue are recognized when products are shipped or students receive access to electronic materials. Under certain circumstances, we report revenue from these books and other educational products on a net basis because our performance obligation is to facilitate a transaction between the student and a vendor, which revenue was not significant for the three months ended September 30, 2022 and 2021.

Other: Other revenue consists of housing and other miscellaneous services. Other revenue is recognized over the period in which the applicable performance obligation is satisfied.

Arrangements for payment are agreed to prior to registration of the student’s first academic term. The majority of U.S. students obtain Title IV or other financial aid resulting in institutions receiving a significant amount of the transaction price at the beginning of the academic term. Students not utilizing Title IV or other financial aid funding may pay after the academic term is complete.

Transaction Price

Revenue, or transaction price, is measured as the amount of consideration expected to be received in exchange for transferring goods or services.

Students may receive discounts, scholarships, or refunds, which gives rise to variable consideration. The amounts of discounts or scholarships are applied to individual student accounts when such amounts are awarded. Therefore, the transaction price is reduced directly by these discounts or scholarships from the amount of the standard tuition rate charged. Upon withdrawal, a student may be eligible to receive a refund, or partial refund, the amount of which is dependent on the timing of the withdrawal during the academic term. If a student withdraws prior to completing an academic term, federal and state regulations and accreditation criteria permit Adtalem to retain only a set percentage of the total tuition received from such student, which varies with, but generally equals or exceeds, the percentage of the academic term completed by such student. Payment amounts received by Adtalem in excess of such set percentages of tuition are refunded to the student or the appropriate funding source. For contracts with similar characteristics and historical data on refunds, the expected value method is applied in determining the variable consideration related to refunds. Estimates of Adtalem’s expected refunds are determined at the outset of each academic term, based upon actual refunds in previous academic terms.

Reserves related to refunds are presented as refund liabilities within accrued liabilities on the Consolidated Balance Sheets. All refunds are netted against revenue during the applicable academic term.

Management reassesses collectability on a student-by-student basis throughout the period revenue is recognized. This reassessment is based upon new information and changes in facts and circumstances relevant to a student's ability to pay. Management also reassesses collectability when a student withdraws from the institution and has unpaid tuition charges. Such unpaid charges do not meet the threshold of reasonably collectible and are recognized as revenue on a cash basis.

We believe it is probable that no significant reversal will occur in the amount of cumulative revenue recognized when the uncertainty associated with the variable consideration is subsequently resolved. Therefore, the estimate of variable consideration is not constrained.

Contract Balances

Students are billed at the beginning of each academic term and payment is due at that time. Adtalem's performance obligation is to provide educational services in the form of instruction during the academic term. As instruction is provided, deferred revenue is reduced. A significant portion of student payments are from Title IV financial aid and other programs and are generally received during the first month of the respective academic term. For students utilizing Adtalem's credit extension programs (see Note 9 "Accounts Receivable and Credit Losses"), payments are generally received after the academic term, and the corresponding performance obligation, is complete. When payments are received, accounts receivable is reduced.

Revenue of \$140.7 million and \$68.8 million was recognized during the first three months of fiscal year 2023 and 2022, respectively, that was included in the deferred revenue balance at the beginning of fiscal year 2023 and 2022, respectively. Revenue recognized from performance obligations that were satisfied or partially satisfied in prior periods was not material.

The difference between the opening and closing balances of deferred revenue includes decreases from revenue recognized during the period, increases from charges related to the start of academic terms beginning during the period, and increases from payments received related to academic terms commencing after the end of the reporting period. In addition, for fiscal year 2022, the difference between the opening and closing balances of deferred revenue included an increase from the Walden acquisition.

Practical Expedients

As our performance obligations have an original expected duration of one year or less, we have applied the practical expedient (as provided in ASC 606-10-50-14) to not disclose the information in ASC 606-10-50-13, which requires disclosure of the amount of the transaction price allocated to our performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period and when the entity expects to recognize this amount as revenue. All consideration from contracts with customers is included in the transaction price.

6. Restructuring Charges

During the first quarter of fiscal year 2023, Adtalem recorded restructuring charges primarily driven by real estate consolidations at Walden, Medical and Veterinary, and Adtalem's home office resulting in impairments on operating lease assets and property and equipment. During the first quarter of fiscal year 2022, Adtalem recorded restructuring charges primarily driven by workforce reductions and contract terminations related to synergy actions with regards to the Walden acquisition and Adtalem's home office real estate consolidations. When estimating costs of exiting lease space, estimates are made which could differ materially from actual results and may result in additional restructuring charges or reversals in future periods. Termination benefit charges represent severance pay and benefits for employees impacted by workforce reductions. Adtalem's home office is classified as "Home Office and Other" in Note 20 "Segment Information." Pre-tax restructuring charges by segment were as follows (in thousands):

	Three Months Ended September 30, 2022		
	Real Estate and Other	Termination Benefits	Total
Chamberlain	\$ 818	\$ —	\$ 818
Walden	3,026	54	3,080
Medical and Veterinary	6,826	—	6,826
Home Office and Other	4,069	272	4,341
Total	<u>\$ 14,739</u>	<u>\$ 326</u>	<u>\$ 15,065</u>

	Three Months Ended September 30, 2021		
	Real Estate and Other	Termination Benefits	Total
Home Office and Other	\$ 989	\$ 2,105	\$ 3,094
Total	<u>\$ 989</u>	<u>\$ 2,105</u>	<u>\$ 3,094</u>

The following table summarizes the separation and restructuring plan activity for fiscal years 2022 and 2023, for which cash payments are required (in thousands):

Liability balance as of June 30, 2021	\$ —
Increase in liability (separation and other charges)	11,851
Reduction in liability (payments and adjustments)	<u>(11,038)</u>
Liability balance as of June 30, 2022	813
Increase in liability (separation and other charges)	326
Reduction in liability (payments and adjustments)	<u>(471)</u>
Liability balance as of September 30, 2022	<u>\$ 668</u>

The liability balance of \$0.7 million is recorded as accrued liabilities on the Consolidated Balance Sheets as of September 30, 2022. We continue to incur restructuring charges or reversals related to exiting leased space from previous restructuring activities.

7. Income Taxes

Our income tax provisions from continuing operations were \$1.1 million and \$8.6 million in the three months ended September 30, 2022 and 2021, respectively. The income tax provision for the first quarter of fiscal year 2023 decreased compared to the year-ago period primarily due to the impacts recognized in the year-ago period related to the Walden acquisition. The income tax expenses reflect the U.S. federal tax rate of 21% adjusted for taxes related to global intangible low-taxed income (“GILTI”), state and local taxes, benefits of the foreign rate differences, and benefits associated with local tax incentives.

Three of Adtalem’s businesses benefit from local tax incentives: AUC, which operates in St. Maarten, RUSM, which operates in Barbados, and RUSVM, which operates in St. Kitts. AUC’s effective tax rate reflects benefits derived from investment incentives. RUSM and RUSVM each have agreements with their respective domestic governments that exempt them from local income taxation. RUSM has an exemption in Barbados until 2039. RUSVM has an exemption in St. Kitts until 2037.

8. Earnings per Share

As a result of incurring a net loss from continuing operations for the three months ended September 30, 2021, potential common stock of 559 thousand shares were excluded from diluted loss per share because the effect would have been antidilutive. As further described in Note 15 “Share Repurchases,” on March 14, 2022, we entered into an accelerated share repurchase (“ASR”) agreement to repurchase \$150.0 million of common stock. For purposes of calculating earnings per share for the periods presented, Adtalem reflected the ASR agreement as a repurchase of Adtalem common stock and as a forward contract indexed to its own common stock. As of September 30, 2022, based on the volume-weighted average price of Adtalem’s common stock per the terms of the ASR agreement, common stock of 306 thousand shares were contingently issuable by Adtalem under the ASR agreement and were included in the diluted earnings per share calculation for the three months ended September 30, 2022 because the effect would have been dilutive. Certain shares related to stock awards were excluded from the computation of earnings per share because the effect would have been antidilutive. The following table sets forth the computations of basic and diluted earnings per share and antidilutive shares (in thousands, except per share data):

	Three Months Ended September 30,	
	2022	2021
Numerator:		
Net income (loss):		
Continuing operations	\$ 5,846	\$ (77,182)
Discontinued operations	(3,654)	19,178
Net income (loss)	<u>\$ 2,192</u>	<u>\$ (58,004)</u>
Denominator:		
Weighted-average basic shares outstanding	45,274	49,663
Effect of dilutive stock awards	762	—
Effect of ASR	306	—
Weighted-average diluted shares outstanding	<u>46,342</u>	<u>49,663</u>
Earnings (loss) per share:		
Basic:		
Continuing operations	\$ 0.13	\$ (1.55)
Discontinued operations	\$ (0.08)	\$ 0.39
Total basic earnings (loss) per share	<u>\$ 0.05</u>	<u>\$ (1.17)</u>
Diluted:		
Continuing operations	\$ 0.13	\$ (1.55)
Discontinued operations	\$ (0.08)	\$ 0.39
Total diluted earnings (loss) per share	<u>\$ 0.05</u>	<u>\$ (1.17)</u>
Weighted-average antidilutive shares	477	1,045

9. Accounts Receivable and Credit Losses

We categorize our accounts receivable balances as trade receivables or financing receivables. Our trade receivables relate to student balances occurring in the normal course of business. Trade receivables have a term of less than one year and are included in accounts receivable, net on our Consolidated Balance Sheets. Our financing receivables relate to credit extension programs where the student is provided payment terms in excess of one year with their respective school and are included in accounts receivable, net and other assets, net on our Consolidated Balance Sheets.

The classification of our accounts receivable balances was as follows (in thousands):

	September 30, 2022		
	Gross	Allowance	Net
Trade receivables, current	\$ 142,071	\$ (32,882)	\$ 109,189
Financing receivables, current	5,955	(3,286)	2,669
Accounts receivable, current	<u>\$ 148,026</u>	<u>\$ (36,168)</u>	<u>\$ 111,858</u>
Financing receivables, current	\$ 5,955	\$ (3,286)	\$ 2,669
Financing receivables, noncurrent	37,467	(12,338)	25,129
Total financing receivables	<u>\$ 43,422</u>	<u>\$ (15,624)</u>	<u>\$ 27,798</u>
	June 30, 2022		
	Gross	Allowance	Net
Trade receivables, current	\$ 109,882	\$ (30,897)	\$ 78,985
Financing receivables, current	6,116	(3,466)	2,650
Accounts receivable, current	<u>\$ 115,998</u>	<u>\$ (34,363)</u>	<u>\$ 81,635</u>
Financing receivables, current	\$ 6,116	\$ (3,466)	\$ 2,650
Financing receivables, noncurrent	36,265	(11,425)	24,840
Total financing receivables	<u>\$ 42,381</u>	<u>\$ (14,891)</u>	<u>\$ 27,490</u>
	September 30, 2021		
	Gross	Allowance	Net
Trade receivables, current	\$ 153,838	\$ (16,497)	\$ 137,341
Financing receivables, current	8,294	(5,245)	3,049
Accounts receivable, current	<u>\$ 162,132</u>	<u>\$ (21,742)</u>	<u>\$ 140,390</u>
Financing receivables, current	\$ 8,294	\$ (5,245)	\$ 3,049
Financing receivables, noncurrent	37,509	(11,819)	25,690
Total financing receivables	<u>\$ 45,803</u>	<u>\$ (17,064)</u>	<u>\$ 28,739</u>

Our financing receivables relate to credit extension programs available to students at Chamberlain, AUC, RUSM, and RUSVM. These credit extension programs are designed to assist students who are unable to completely cover educational costs consisting of tuition, fees, and books, and are available only after all other student financial assistance has been applied toward those purposes. In addition, AUC, RUSM, and RUSVM allow students to finance their living expenses. Repayment plans for financing agreements are developed to address the financial circumstances of the particular student. Interest charges at rates from 3.0% to 12.0% per annum accrue each month on the unpaid balance once a student withdraws or graduates from a program. Most students are required to begin repaying their loans while they are still in school with a minimum payment level designed to demonstrate their capability to repay, which reduces the possibility of over borrowing. Payments may increase upon completing or departing school. After a student leaves school, the student typically will have a monthly installment repayment plan.

Credit Quality

The primary credit quality indicator for our financing receivables is delinquency. Balances are considered delinquent when contractual payments on the loan become past due. We write-off financing receivable balances after they have been sent to a third party collector, the timing of which varies by the institution granting the loan, but in most cases is when the financing agreement is at least 181 days past due. Payments are applied first to outstanding interest and then to the unpaid principal balance.

The credit quality analysis of financing receivables as of September 30, 2022 was as follows (in thousands):

	Amortized Cost Basis by Origination Year						Total
	Prior	2019	2020	2021	2022	2023	
1-30 days past due	\$ 232	\$ 151	\$ 38	\$ 873	\$ 1,112	\$ 989	\$ 3,395
31-60 days past due	106	172	264	199	646	—	1,387
61-90 days past due	7	11	3	299	35	—	355
91-120 days past due	62	—	3	1,063	24	—	1,152
121-150 days past due	390	146	72	409	244	—	1,261
Greater than 150 days past due	7,472	1,175	634	1,948	657	—	11,886
Total past due	8,269	1,655	1,014	4,791	2,718	989	19,436
Current	6,971	1,321	1,179	7,592	5,062	1,861	23,986
Financing receivables, gross	\$ 15,240	\$ 2,976	\$ 2,193	\$ 12,383	\$ 7,780	\$ 2,850	\$ 43,422

The credit quality analysis of financing receivables as of June 30, 2022 was as follows (in thousands):

	Amortized Cost Basis by Origination Year						Total
	Prior	2018	2019	2020	2021	2022	
1-30 days past due	\$ 104	\$ 140	\$ 114	\$ 191	\$ 699	\$ 782	\$ 2,030
31-60 days past due	278	38	214	145	691	332	1,698
61-90 days past due	58	29	217	8	668	273	1,253
91-120 days past due	97	139	113	45	670	14	1,078
121-150 days past due	17	30	20	41	206	81	395
Greater than 150 days past due	6,978	876	1,077	683	1,596	377	11,587
Total past due	7,532	1,252	1,755	1,113	4,530	1,859	18,041
Current	4,687	2,229	1,483	1,167	8,910	5,864	24,340
Financing receivables, gross	\$ 12,219	\$ 3,481	\$ 3,238	\$ 2,280	\$ 13,440	\$ 7,723	\$ 42,381

The credit quality analysis of financing receivables as of September 30, 2021 was as follows (in thousands):

	Amortized Cost Basis by Origination Year						Total
	Prior	2018	2019	2020	2021	2022	
1-30 days past due	\$ 149	\$ 60	\$ 145	\$ 342	\$ 1,498	\$ 33	\$ 2,227
31-60 days past due	52	257	230	19	462	101	1,121
61-90 days past due	25	66	—	19	227	86	423
91-120 days past due	124	16	131	12	467	—	750
121-150 days past due	545	13	38	2	323	—	921
Greater than 150 days past due	9,347	1,826	1,195	891	1,083	—	14,342
Total past due	10,242	2,238	1,739	1,285	4,060	220	19,784
Current	6,670	2,710	1,930	1,280	11,638	1,791	26,019
Financing receivables, gross	\$ 16,912	\$ 4,948	\$ 3,669	\$ 2,565	\$ 15,698	\$ 2,011	\$ 45,803

Allowance for Credit Losses

The allowance for credit losses represents an estimate of the lifetime expected credit losses inherent in our accounts receivable balances as of each balance sheet date. In evaluating the collectability of all our accounts receivable balances, we utilize historical events, current conditions, and reasonable and supportable forecasts about the future.

For our trade receivables, we primarily use historical loss rates based on an aging schedule and a student's status to determine the allowance for credit losses. As these trade receivables are short-term in nature, management believes a student's status provides the best credit loss estimate, while also factoring in delinquency. Students still attending classes, recently graduated, or current on payments are more likely to pay than those who are inactive due to being on a leave of absence, withdrawing from school, or not current on payments.

For our financing receivables, we primarily use historical loss rates based on an aging schedule. As these financing receivables are based on long-term financing agreements offered by Adtalem, management believes that delinquency provides the best credit loss estimate. As the financing receivable balances become further past due, it is less likely we will receive payment, causing our estimate of credit losses to increase.

The following tables provide a rollforward of the allowance for credit losses (in thousands):

	Three Months Ended September 30, 2022		
	Trade	Financing	Total
Beginning balance	\$ 30,897	\$ 14,891	\$ 45,788
Write-offs	(5,464)	(219)	(5,683)
Recoveries	2,408	2	2,410
Provision for credit losses	5,041	950	5,991
Ending balance	\$ 32,882	\$ 15,624	\$ 48,506

	Three Months Ended September 30, 2021		
	Trade	Financing	Total
Beginning balance	\$ 11,559	\$ 16,832	\$ 28,391
Write-offs	(1,733)	(537)	(2,270)
Recoveries	1,251	—	1,251
Provision for credit losses	5,420	769	6,189
Ending balance	\$ 16,497	\$ 17,064	\$ 33,561

Allowance for bad debts on short-term and long-term receivables as of September 30, 2022, June 30, 2022, and September 30, 2021 was \$48.5 million, \$45.8 million, and \$33.6 million, respectively. The increase in the reserve from the year-ago period is driven by the provision for credit losses at Walden.

Other Financing Receivables

In connection with the sale of DeVry University, Adtalem loaned \$10.0 million to DeVry University under the terms of the DeVry Note. The DeVry Note bore interest at a rate of 4% per annum, payable annually in arrears, and had a maturity date of January 1, 2022. We received the loan payment of \$10.0 million during the third quarter of fiscal year 2022. The DeVry Note is included on the Consolidated Balance Sheets in prepaid expenses and other current assets as of September 30, 2021 and was estimated by discounting the future cash flows using an average of current rates for similar arrangements, which was estimated at 4% per annum.

On July 31, 2019, Adtalem sold its Chicago, Illinois, campus facility to DePaul College Prep Foundation (“DePaul College Prep”). In connection with the sale, Adtalem holds a mortgage from DePaul College Prep for \$46.8 million. The mortgage is due on July 31, 2024 as a balloon payment and bears interest at a rate of 4% per annum, payable monthly. The carrying value of the DePaul College Prep loan receivable is included in other assets, net on the Consolidated Balance Sheets as of September 30, 2022, June 30, 2022, and September 30, 2021 is \$44.3 million, \$44.0 million, and \$43.0 million, respectively, and was originally determined by discounting the future cash flows using an average of current rates for similar arrangements, which is estimated at 7% per annum. Management has evaluated the collectability of this note and has determined no reserve is necessary.

10. Property and Equipment, Net

Property and equipment, net consisted of the following (in thousands):

	September 30, 2022	June 30, 2022	September 30, 2021
Land	\$ 44,476	\$ 44,478	\$ 44,460
Building	333,954	342,236	339,404
Equipment	256,864	268,352	264,418
Construction in progress	10,600	11,188	11,191
Property and equipment, gross	645,894	666,254	659,473
Accumulated depreciation	(364,313)	(376,328)	(350,714)
Property and equipment, net	\$ 281,581	\$ 289,926	\$ 308,759

On July 31, 2019, Adtalem sold its Chicago, Illinois, campus facility to DePaul College Prep for \$52.0 million. Adtalem received \$5.2 million of cash at the time of closing and holds a mortgage, secured by the property, from DePaul College Prep for \$46.8 million. The mortgage is due on July 31, 2024 as a balloon payment and bears interest at a rate of 4% per annum, payable monthly. The buyer has an option to make prepayments. Due to Adtalem's involvement with financing the sale, the transaction did not qualify as a sale for accounting purposes. Adtalem continues to maintain the assets associated with the sale on the Consolidated Balance Sheets. We recorded a note receivable of \$40.3 million and a financing payable of \$45.5 million at the time of the sale, which were classified as other assets, net and other liabilities, respectively, on the Consolidated Balance Sheets. See Note 9 "Accounts Receivable and Credit Losses" for a discussion on the discounting of the note receivable.

11. Leases

We determine if a contract contains a lease at inception. We have entered into operating leases for academic sites, housing facilities, and office space which expire at various dates through June 2032, most of which include options to terminate for a fee or extend the leases for an additional five-year period. The lease term includes the noncancelable period of the lease, as well as any periods for which we are reasonably certain to exercise extension options. We elected to account for lease and non-lease components (e.g., common-area maintenance costs) as a single lease component for all operating leases. Leases with an initial term of 12 months or less are not recorded on the Consolidated Balance Sheets. We have not entered into any financing leases.

Operating lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease assets represent our right to use an underlying asset during the lease term. Operating lease assets and liabilities are recognized at the lease commencement date based on the present value of future lease payments over the lease term. Operating lease assets are adjusted for any prepaid or accrued lease payments, lease incentives, initial direct costs, and impairments. Our incremental borrowing rate is utilized in determining the present value of the lease payments based upon the information available at the commencement date. Our incremental borrowing rate is determined using a secured borrowing rate for the same currency and term as the associated lease. Operating lease expense is recognized on a straight-line basis over the lease term.

As of September 30, 2022, we entered into three additional operating leases that have not yet commenced. One lease is expected to commence during the second quarter of fiscal year 2023, has a 12-year lease term, and will result in an additional operating lease asset and operating lease liability of approximately \$18.9 million. The second lease is expected to commence during the third quarter of fiscal year 2023, has a 10-year lease term, and will result in an additional operating lease asset and operating lease liability of approximately \$5.3 million. The third lease is expected to commence during the second quarter of fiscal year 2024, has a 12-year lease term, and will result in an additional operating lease asset and operating lease liability of approximately \$16.6 million.

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The components of lease cost were as follows (in thousands):

	Three Months Ended September 30,	
	2022	2021
Operating lease cost	\$ 12,375	\$ 14,225
Sublease income	(3,570)	(3,338)
Total lease cost	<u>\$ 8,805</u>	<u>\$ 10,887</u>

Maturities of lease liabilities by fiscal year as of September 30, 2022 were as follows (in thousands):

Fiscal Year	Operating Leases
2023 (remaining)	\$ 46,055
2024	54,027
2025	43,342
2026	30,470
2027	27,954
Thereafter	48,547
Total lease payments	<u>250,395</u>
Less: imputed interest	<u>(35,490)</u>
Present value of lease liabilities	<u>\$ 214,905</u>

Lease term and discount rate were as follows:

	September 30, 2022
Weighted-average remaining operating lease term (years)	5.4
Weighted-average operating lease discount rate	5.5%

Supplemental disclosures of cash flow information related to leases were as follows (in thousands):

	Three Months Ended September 30,	
	2022	2021
Cash paid for amounts in the measurement of operating lease liabilities (net of sublease receipts)	\$ 12,428	\$ 13,204
Operating lease assets obtained in exchange for operating lease liabilities	\$ —	\$ 6,111

Adtalem maintains agreements to lease either a portion or the full space of two facilities owned by Adtalem to DeVry University with various expiration dates through December 2023. Adtalem maintains agreements to sublease either a portion or the full leased space at 11 of its operating lease locations. Most of these subleases are a result of Adtalem retaining leases associated with restructured lease activities at DeVry University and Carrington College prior to their divestitures during fiscal year 2019. All sublease expirations with DeVry University and Carrington College coincide with Adtalem's original head lease expiration dates. At that time, Adtalem will be relieved of its obligations. In addition, Adtalem has entered into subleases with non-affiliated entities for vacated or partially vacated space from restructuring activities. Adtalem's sublease agreements expire at various dates through December 2025. We record sublease income as an offset against our lease expense recorded on the head lease. For leases which Adtalem vacated or partially vacated space, we recorded estimated restructuring charges in prior periods. Actual results may differ from these estimates, which

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could result in additional restructuring charges or reversals in future periods. Future minimum lease and sublease rental income under these agreements as of September 30, 2022, were as follows (in thousands):

Fiscal Year	Amount
2023 (remaining)	\$ 12,222
2024	10,261
2025	5,121
2026	2,038
Total lease and sublease rental income	<u>\$ 29,642</u>

12. Goodwill and Intangible Assets

The table below summarizes goodwill balances by reporting unit (in thousands):

Reporting Unit	September 30, 2022	June 30, 2022	September 30, 2021
Chamberlain	\$ 4,716	\$ 4,716	\$ 4,716
Walden	651,052	651,052	642,554
AUC	68,321	68,321	68,321
RUSM and RUSVM	237,173	237,173	237,173
Total	<u>\$ 961,262</u>	<u>\$ 961,262</u>	<u>\$ 952,764</u>

The table below summarizes goodwill balances by reportable segment (in thousands):

	September 30, 2022	June 30, 2022	September 30, 2021
Chamberlain	\$ 4,716	\$ 4,716	\$ 4,716
Walden	651,052	651,052	642,554
Medical and Veterinary	305,494	305,494	305,494
Total	<u>\$ 961,262</u>	<u>\$ 961,262</u>	<u>\$ 952,764</u>

The table below summarizes the changes in goodwill balances by reportable segment (in thousands):

	Chamberlain	Walden	Medical and Veterinary	Total
June 30, 2021	\$ 4,716	\$ —	\$ 305,494	\$ 310,210
Acquisition	—	642,554	—	642,554
September 30, 2021	4,716	642,554	305,494	952,764
Purchase accounting adjustments	—	8,498	—	8,498
June 30, 2022	4,716	651,052	305,494	961,262
September 30, 2022	<u>\$ 4,716</u>	<u>\$ 651,052</u>	<u>\$ 305,494</u>	<u>\$ 961,262</u>

Amortizable intangible assets consisted of the following (in thousands):

	September 30, 2022		June 30, 2022		September 30, 2021		
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Weighted-Average Amortization Period
Student relationships	\$ 161,900	\$ (103,180)	\$ 161,900	\$ (87,457)	\$ 161,900	\$ (15,049)	3 Years
Curriculum	56,091	(12,622)	56,091	(9,817)	56,091	(1,402)	5 Years
Total	<u>\$ 217,991</u>	<u>\$ (115,802)</u>	<u>\$ 217,991</u>	<u>\$ (97,274)</u>	<u>\$ 217,991</u>	<u>\$ (16,451)</u>	

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Indefinite-lived intangible assets consisted of the following (in thousands):

	September 30, 2022	June 30, 2022	September 30, 2021
Walden trade name	\$ 119,560	\$ 119,560	\$ 119,560
AUC trade name	17,100	17,100	17,100
Ross trade name	5,100	5,100	5,100
Chamberlain Title IV eligibility and accreditations	1,200	1,200	1,200
Walden Title IV eligibility and accreditations	495,800	495,800	495,800
AUC Title IV eligibility and accreditations	100,000	100,000	100,000
Ross Title IV eligibility and accreditations	14,100	14,100	14,100
Total	<u>\$ 752,860</u>	<u>\$ 752,860</u>	<u>\$ 752,860</u>

The table below summarizes the indefinite-lived intangible asset balances by reportable segment (in thousands):

	September 30, 2022	June 30, 2022	September 30, 2021
Chamberlain	\$ 1,200	\$ 1,200	\$ 1,200
Walden	615,360	615,360	615,360
Medical and Veterinary	136,300	136,300	136,300
Total	<u>\$ 752,860</u>	<u>\$ 752,860</u>	<u>\$ 752,860</u>

Amortization expense for amortized intangible assets was \$18.5 million and \$16.5 million in the three months ended September 30, 2022 and 2021, respectively. Future intangible asset amortization expense, by reporting unit, is expected to be as follows (in thousands):

Fiscal Year	Walden
2023 (remaining)	\$ 42,711
2024	35,644
2025	11,220
2026	11,220
2027	1,394
Total	<u>\$ 102,189</u>

Curriculum is amortized on a straight-line basis. Student relationships is amortized based on the estimated retention of the students and giving consideration to the revenue and cash flow associated with these existing students.

Indefinite-lived intangible assets related to trade names and Title IV eligibility and accreditations are not amortized, as there are no legal, regulatory, contractual, economic or other factors that limit the useful life of these intangible assets to the reporting entity.

Goodwill and indefinite-lived intangibles are not amortized, but are tested for impairment annually and when an event occurs or circumstances change such that it is more likely than not that an impairment may exist. Our annual testing date is May 31.

Adtalem has four reporting units that contain goodwill. These reporting units constitute components for which discrete financial information is available and regularly reviewed by segment management. If the carrying amount of a reporting unit containing the goodwill exceeds the fair value of that reporting unit, an impairment loss is recognized to the extent the fair value of the reporting unit goodwill is less than the carrying amount of the goodwill, up to the amount of goodwill recorded. In analyzing the results of operations and business conditions of all four reporting units, it was determined that no triggering event had occurred that would indicate the carrying value of a reporting unit had exceeded its fair value as of September 30, 2022.

Adtalem has four reporting units that contain indefinite-lived intangible assets. For indefinite-lived intangible assets, management first analyzes qualitative factors, including results of operations and business conditions of the four reporting

units that contain indefinite-lived intangible assets, significant changes in cash flows at the individual indefinite-lived intangible asset level, if applicable, as well as how much previously calculated fair values exceed carrying values to determine if it is more likely than not that the intangible assets associated with these reporting units have been impaired. In qualitatively assessing the indefinite-lived intangible assets of the four reporting units, it was determined that it was more likely than not that these assets' fair values exceeded their carrying values as of September 30, 2022.

These interim triggering event conclusions were based on the fact that the annual impairment review of Adtalem's reporting units and indefinite-lived intangible assets resulted in no impairments as of the end of fiscal year 2022, and that no interim events or deviations from planned operating results occurred as of September 30, 2022 that would cause management to reassess these conclusions. Although the COVID-19 pandemic is expected to have a negative effect on the operating results of all four reporting units that contain goodwill and indefinite-lived intangible assets, at this time none of the effects are considered significant enough to create a triggering event. The effects are currently projected to be short-term and would not significantly decrease long-term cash flow projections; however, should economic conditions continue to deteriorate, the revenue and operating results could also deteriorate to the point where a triggering event would exist and require reassessment of the fair values of goodwill and intangible assets and potential impairments.

Determining the fair value of a reporting unit or an intangible asset involves the use of significant estimates and assumptions. Management bases its fair value estimates on assumptions it believes to be reasonable at the time, but such assumptions are subject to inherent uncertainty. Actual results may differ from those estimates, which could lead to future impairments of goodwill or intangible assets.

13. Debt

Long-term debt consisted of the following senior secured credit facilities (in thousands):

	September 30, 2022	June 30, 2022	September 30, 2021
Total debt:			
Senior Secured Notes due 2028	\$ 404,950	\$ 405,882	\$ 800,000
Term Loan B	353,333	453,333	850,000
Total principal payments due	758,283	859,215	1,650,000
Unamortized debt discount and issuance costs	(16,587)	(20,307)	(43,582)
Total amount outstanding	741,696	838,908	1,606,418
Less current portion:			
Term Loan B	—	—	(6,375)
Noncurrent portion	<u>\$ 741,696</u>	<u>\$ 838,908</u>	<u>\$ 1,600,043</u>

Scheduled future maturities of long-term debt were as follows (in thousands):

Fiscal Year	Maturity Payments
2023 (remaining)	\$ —
2024	—
2025	—
2026	—
2027	—
Thereafter	758,283
Total	<u>\$ 758,283</u>

Senior Secured Notes due 2028

On March 1, 2021, Adtalem Escrow Corporation (the "Escrow Issuer"), a wholly-owned subsidiary of Adtalem, issued \$800.0 million aggregate principal amount of 5.50% Senior Secured Notes due 2028 (the "Notes"), which mature on March 1, 2028, pursuant to an indenture, dated as of March 1, 2021 (the "Indenture"), by and between the Escrow Issuer and U.S. Bank National Association, as trustee and notes collateral agent. The Notes were sold within the U.S. only to

qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), and outside the U.S. to non-U.S. persons in reliance on Regulation S under the Securities Act.

The Escrow Issuer deposited the net proceeds of the offering, along with certain additional funds, into a segregated depositary account (the “Escrow Account”). On August 12, 2021, Adtalem used the net proceeds of the offering, along with other financing sources, to finance the purchase price paid in connection with the Walden acquisition, repay the then existing \$291.0 million senior secured term loan B, and to pay related acquisition fees and expenses.

On August 12, 2021, the Escrow Issuer merged with and into Adtalem, with Adtalem continuing as the surviving corporation (the “Escrow Merger”), and Adtalem assumed all of the Escrow Issuer’s obligations under the Notes, the Indenture, any supplemental indentures thereto, the applicable collateral documents, and the other applicable documents (the “Assumption”) and subject to the satisfaction of certain other conditions, the net proceeds from the offering and the other additional funds were released from the Escrow Account to the Issuer or its designee. The term “Issuer” refers (a) prior to the Assumption, to the Escrow Issuer and (b) from and after the Assumption, to Adtalem.

The Notes were issued at 100.0% of their par value. The Notes bear interest at a rate of 5.50% per year, payable semi-annually in arrears on March 1 and September 1 of each year, commencing on September 1, 2021, to holders of record on the preceding February 15 and August 15, as the case may be. The Notes were initially the senior secured obligations of the Escrow Issuer, secured only by the amounts deposited in the Escrow Account. As of August 12, 2021, the Notes are guaranteed by certain of Adtalem’s subsidiaries that are borrowers or guarantors under its senior secured credit facilities and certain of its other senior indebtedness, subject to certain exceptions (the “Guarantors”). As of August 12, 2021, the Notes are secured, subject to permitted liens and certain other exceptions, by first priority liens on the same collateral that secures the obligations under Adtalem’s senior secured credit facilities.

At any time prior to March 1, 2024, the Issuer may redeem all or a part of the Notes at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus a make-whole premium set forth in the Indenture and accrued and unpaid interest, if any, to, but not including, the redemption date. The Issuer may redeem the Notes, in whole or in part, at any time on or after March 1, 2024 at redemption prices equal to 102.75%, 101.375% and 100% of the principal amount of the Notes redeemed if the redemption occurs during the twelve-month periods beginning on March 1 of the years 2024, 2025, and 2026 and thereafter, respectively, in each case plus accrued and unpaid interest, if any, thereon to, but not including, the applicable redemption date. In addition, at any time prior to March 1, 2024, the Issuer may redeem up to 40% of the aggregate principal amount of the Notes at a redemption price equal to 105.5% of the aggregate principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to, but not including, the redemption date, with the net cash proceeds the Issuer receives from one or more qualifying equity offerings.

On April 11, 2022, we repaid \$373.3 million of Notes at a price equal to 100% of the principal amount of the Notes. During June 2022, we repurchased on the open market an additional \$20.8 million of Notes at a price equal to approximately 90% of the principal amount of the Notes. This debt was subsequently retired. During the first quarter of fiscal year 2023, we repurchased on the open market an additional \$0.9 million of Notes at a price equal to approximately 92% of the principal amount of the Notes, resulting in a gain on extinguishment of debt of \$0.1 million recorded within interest expense in the Consolidated Statements of Income (Loss) for the three months ended September 30, 2022. This debt was subsequently retired.

Accrued interest on the Notes of \$1.9 million, \$7.4 million, and \$3.7 million is recorded within accrued liabilities on the Consolidated Balance Sheets as of September 30, 2022, June 30, 2022, and September 30, 2021, respectively.

Credit Agreement

On February 12, 2021, Adtalem placed a \$850.0 million senior secured term loan (“Term Loan B”) into the loan market to provide future funding for the Walden acquisition. For 30 days beginning on March 15, 2021, Adtalem began accruing ticking fees at 50% of the applicable 4.5% margin. Beginning on April 14, 2021 and until the closing date of the Term Loan B, Adtalem accrued ticking fees at a rate equal to LIBOR plus a 4.5% margin, subject to a LIBOR floor of 0.75%. All ticking fees were paid at the time of the Term Loan B closing date, on August 12, 2021, and are recorded within interest expense as accrued in the Consolidated Statements of Income (Loss).

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On August 12, 2021, Adtalem replaced the Prior Credit Agreement (as defined below) by entering into its new credit agreement (the “Credit Agreement”) that provides for (1) a \$850.0 million senior secured term loan with a maturity date of August 12, 2028 and (2) a \$400.0 million senior secured revolving loan facility (“Revolver”) with a maturity date of August 12, 2026. We refer to the Term Loan B and Revolver collectively as the “Credit Facility.” The Revolver has availability for letters of credit and currencies other than U.S. dollars of up to \$400.0 million.

Term Loan B

Borrowings under the Term Loan B bear interest at Adtalem’s option at a rate per annum equal to LIBOR, subject to a LIBOR floor of 0.75%, plus an applicable margin ranging from 4.00% to 4.50% for eurocurrency term loan borrowings or 3.00% to 3.50% for alternative base rate (“ABR”) borrowings depending on Adtalem’s net first lien leverage ratio for such period. As of September 30, 2022, the interest rate for borrowings under the Term Loan B facility was 7.05%, which approximated the effective interest rate. The proceeds of the Credit Facility were used, among other things, to finance the Walden acquisition, refinance Adtalem’s Prior Credit Agreement (as defined below), pay fees and expenses related to the Walden acquisition, and in the case of the Revolver, to finance ongoing working capital and for general corporate purposes. The Term Loan B originally required quarterly installment payments of \$2.125 million beginning on March 31, 2022. On March 11, 2022, we made a prepayment of \$396.7 million on the Term Loan B. With that prepayment, we are no longer required to make quarterly installment payments. On September 22, 2022, we made an additional prepayment of \$100.0 million on the Term Loan B.

Interest on our Term Loan B and the Revolver is set based on LIBOR, which is based on observable market transactions. The U.K. Financial Conduct Authority, which regulates LIBOR, has announced that no new contracts referencing LIBOR are allowed. In addition, publication of one-week and two-month LIBOR rates ceased on December 31, 2021; however, all other LIBOR tenors will be published through June 30, 2023. Various parties, including government agencies, are seeking to identify an alternative rate to replace LIBOR. Management is monitoring their efforts. The Credit Agreement provides guidance surrounding the implementation of a replacement benchmark rate, however the specific replacement benchmark rate has not been identified. We expect to amend the Credit Agreement during fiscal year 2023 to transition from LIBOR to the Secured Overnight Financing Rate (“SOFR”).

Revolver

Borrowings under the Revolver bear interest at a rate per annum equal to LIBOR, subject to a LIBOR floor of 0.75%, plus an applicable margin ranging from 3.75% to 4.25% for LIBOR borrowings or 2.75% to 3.25% for ABR borrowings depending on Adtalem’s net first lien leverage ratio for such period.

The Credit Agreement requires payment of a commitment fee equal to 0.25% as of September 30, 2022, of the undrawn portion of the Revolver, and is recorded within interest expense in the Consolidated Statements of Income (Loss). The amount undrawn under the Revolver was \$400.0 million as of September 30, 2022. The commitment fees are adjustable quarterly based upon Adtalem’s achievement of certain financial ratios.

Prior Credit Agreement

On April 13, 2018, Adtalem entered into a credit agreement (the “Prior Credit Agreement”) that provided for (1) a \$300.0 million senior secured term loan (“Prior Term Loan B”), which was set to mature on April 13, 2025 and (2) a \$300.0 million revolving facility (“Prior Revolver”), which was set to mature on April 13, 2023. We refer to the Prior Term Loan B and Prior Revolver collectively as the “Prior Credit Facility.”

Prior Term Loan B

For eurocurrency rate loans, Prior Term Loan B interest is equal to LIBOR or a LIBOR-equivalent rate plus 3%. For base rate loans, Prior Term Loan B interest is equal to the base rate plus 2%. The Prior Term Loan B required quarterly installment payments of \$750,000, with the balance due at maturity on April 13, 2025.

On March 24, 2020, we executed a pay-fixed, receive-variable interest rate swap agreement (the “Swap”) with a multinational financial institution to mitigate risks associated with the variable interest rate on our Prior Term Loan B debt. We paid interest at a fixed rate of 0.946% and received variable interest of one-month LIBOR (subject to a minimum of

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0.00%), on a notional amount equal to the amount outstanding under the Prior Term Loan B. The effective date of the Swap was March 31, 2020 and settlements with the counterparty occurred on a monthly basis. The Swap was set to terminate on February 28, 2025.

During the operating term of the Swap, the annual interest rate on the amount of the Prior Term Loan B was fixed at 3.946% (including the impact of the 3% interest rate margin on LIBOR loans) for the applicable interest rate period.

The Swap was designated as a cash flow hedge and as such, changes in its fair value were recognized in accumulated other comprehensive loss on the Consolidated Balance Sheets and were reclassified into the Consolidated Statements of Income (Loss) within interest expense in the periods in which the hedged transactions affected earnings.

On July 29, 2021, prior to refinancing our Credit Agreement (as discussed above), we settled and terminated the Swap for \$4.5 million, which resulted in a charge to interest expense in the three months ended September 30, 2021.

Prior Revolver

Prior Revolver interest was equal to LIBOR or a LIBOR-equivalent rate for eurocurrency rate loans or a base rate, plus an applicable margin based on Adtalem's consolidated leverage ratio, as defined in the Prior Credit Agreement. The applicable margin ranged from 1.75% to 2.75% for eurocurrency rate loans and from 0.75% to 1.75% for base rate loans.

Debt Discount and Issuance Costs

The Term Loan B was issued at a price of 99% of its principal amount, resulting in an original issue discount of 1%. The debt discount and issuance costs related to the Notes and Term Loan B are capitalized and presented as a direct deduction from the face amount of the debt, while the debt issuance costs related to the Revolver are classified as other assets, net on the Consolidated Balance Sheets. The debt discount and issuance costs are amortized as interest expense over seven years for the Notes and Term Loan B and over five years for the Revolver. The remaining \$6.0 million of unamortized debt issuance costs related to the Prior Credit Facility and the \$10.3 million of debt issuances costs associated with an unused bridge facility, which was in place should the permanent financing not have been obtained, were expensed in interest expense in the Consolidated Statements of Income (Loss) in the three months ended September 30, 2021. In addition, based on the \$100.0 million Term Loan B prepayment on September 22, 2022, we expensed \$2.9 million in interest expense in the Consolidated Statements of Income (Loss) in the three months ended September 30, 2022, which was the proportionate amount of the remaining unamortized debt discount and issuance costs related to the Term Loan B as of the prepayment date. The following table summarizes the unamortized debt discount and issuance costs activity for the three months ended September 30, 2022 (in thousands):

	Notes	Term Loan B	Revolver	Total
Unamortized debt discount and issuance costs as of June 30, 2022	\$ 6,725	\$ 13,582	\$ 8,383	\$ 28,690
Amortization of debt discount and issuance costs	(281)	(544)	(507)	(1,332)
Debt discount and issuance costs write-off	(15)	(2,880)	—	(2,895)
Unamortized debt discount and issuance costs as of September 30, 2022	<u>\$ 6,429</u>	<u>\$ 10,158</u>	<u>\$ 7,876</u>	<u>\$ 24,463</u>

Letter of Credits

Adtalem had a surety-backed letter of credit outstanding of \$84.0 million as of September 30, 2022, which was assumed by Adtalem on August 12, 2021 after acquiring Walden, in favor of the U.S. Department of Education, which allows Walden to participate in Title IV programs.

Adtalem had a letter of credit outstanding of \$68.4 million as of September 30, 2021, which was posted in the second quarter of fiscal year 2017 in relation to a settlement with the Federal Trade Commission ("FTC") and required the letter of credit to be equal to the greater of 10% of DeVry University's annual Title IV disbursements or \$68.4 million for a five-year period. Adtalem continued to post the letter of credit in relation to the settlement with the FTC on behalf of DeVry

University and was reimbursed by DeVry University for 2.00% of the outstanding amount of this letter of credit. This letter of credit expired during the second quarter of fiscal year 2022 and is no longer outstanding as of September 30, 2022.

Interest Expense

The components of interest expense were as follows (in thousands):

	Three Months Ended September 30,	
	2022	2021
Notes interest expense	\$ 5,597	\$ 11,000
Term Loan B interest expense	7,001	6,198
Term Loan B ticking fees	—	5,330
Prior Term Loan B interest expense	—	1,272
Term Loan B debt discount and issuance costs write-off	2,880	—
Notes issuance costs write-off	15	—
Gain on extinguishment of debt	(71)	—
Unused bridge fee	—	10,329
Prior Credit Facility issuance costs write-off	—	6,000
Swap settlement	—	4,525
Amortization of debt discount and issuance costs	1,332	1,529
Other	1,006	1,210
Total interest expense	<u>\$ 17,760</u>	<u>\$ 47,393</u>

Covenants and Guarantees

The Credit Agreement and Notes contain customary covenants, including restrictions on our restricted subsidiaries' ability to merge and consolidate with other companies, incur indebtedness, grant liens or security interest on assets, make acquisitions, loans, advances or investments, or sell or otherwise transfer assets.

Under the terms of the Credit Agreement, beginning on the fiscal quarter ending December 31, 2021 and through December 31, 2023, Adtalem is required to maintain a Total Net Leverage Ratio of equal to or less than 4.00 to 1.00, which requirement reduces to 3.25 to 1.00 for the fiscal quarter ending March 31, 2024 and thereafter. The Total Net Leverage Ratio under the Credit Agreement is defined as the ratio of (a) the aggregate principal amount of Consolidated Debt (as defined in the Credit Agreement) of Adtalem and its subsidiaries as of the last day of the most recently ended Test Period (as defined in the Credit Agreement) *minus* Unrestricted Cash (as defined in the Credit Agreement) and Permitted Investments (as defined in the Credit Agreement) of the Borrower and its subsidiaries for such Test Period to (b) EBITDA (as defined in the Credit Agreement) for such Test Period. EBITDA for purposes of these restrictive covenants includes incremental adjustments beyond those included in traditional EBITDA calculations. Specifically, the Credit Agreement EBITDA definition includes the pro forma impact of EBITDA to be received from certain acquisition-related synergies and cost optimization activities, subject to a 20% cap.

Obligations under the Credit Agreement are secured by a first-priority lien on substantially all of the assets of Adtalem and certain of its domestic wholly owned subsidiaries (the "Subsidiary Guarantors"), which Subsidiary Guarantors also guarantee the obligations of Adtalem under the Credit Agreement, subject to certain exceptions. The Credit Agreement contains customary affirmative and negative covenants customary for facilities of its type, which, among other things, generally limit (with certain exceptions): mergers, amalgamations, or consolidations; the incurrence of additional indebtedness (including guarantees); the incurrence of additional liens; the sale, assignment, lease, conveyance or transfer of assets; certain investments; dividends and stock redemptions or repurchases in excess of certain amounts; transactions with affiliates; engaging in materially different lines of business; payments and modifications of indebtedness or the governing documents of Adtalem or any Subsidiary Guarantor; and other activities customarily restricted in such agreements.

The Credit Agreement contains customary events of default for facilities of this type. If an event of default under the Credit Agreement occurs and is continuing, the commitments thereunder may be terminated and the principal amount

outstanding thereunder, together with all accrued and unpaid interest and other amounts owed thereunder, may be declared immediately due and payable.

The Term Loan B requires mandatory prepayments equal to the net cash proceeds from an asset sale or disposition which is not reinvested in assets within one-year from the date of disposition if the asset sale or disposition is in excess of \$20.0 million, among other mandatory prepayment terms (see the Credit Agreement, as filed under Form 8-K dated August 12, 2021, for additional information and term definitions). With the \$396.7 million prepayment on March 11, 2022 on the Term Loan B, the \$394.1 million prepayment on the Notes during the fourth quarter of fiscal year 2022, and the \$100.0 million prepayment on September 22, 2022 on the Term Loan B, we satisfied the mandatory prepayment requirement resulting from the sale proceeds received from the sale of the Financial Services segment. No other mandatory prepayments have been required or made since the execution of the Credit Agreement.

The Notes contain covenants that limit the ability of the Issuer and each of the Guarantors to incur or guarantee additional debt or issue disqualified stock or preferred stock; pay dividends and make other distributions on, or redeem or repurchase, capital stock; make certain investments; incur certain liens; enter into transactions with affiliates; consolidate, merge, sell or otherwise dispose of all or substantially all of its assets; create certain restrictions on the Guarantors to make dividends or other payments to Adtalem; designate restricted subsidiaries as unrestricted subsidiaries; and transfer or sell certain assets. These covenants are subject to a number of important exceptions and qualifications. The Indenture and the Notes also provide for certain customary events of default which, if any of them occurs, would permit or require the principal of and accrued interest on the Notes to become or be declared due and payable or would allow the trustee or the holders of at least 25% in principal amount of the then outstanding Notes to declare the principal of and accrued and unpaid interest, if any, on all the Notes to be due and payable by notice in writing to the Issuer and, upon such declaration, such principal and accrued and unpaid interest, if any, will be due and payable immediately.

Adtalem was in compliance with the debt covenants related to the Credit Agreement and the Notes covenants as of September 30, 2022.

14. Redeemable Noncontrolling Interest

Prior to the third quarter of fiscal year 2022, Adtalem maintained a 69% ownership interest in EduPristine with the remaining 31% owned by Kaizen Management Advisors (“Kaizen”), an India-based private equity firm. Beginning on March 26, 2020, Adtalem has had the right to exercise a call option and purchase any remaining EduPristine stock from Kaizen. Likewise, Kaizen has had the right to exercise a put option and sell up to 33% of its remaining ownership interest in EduPristine to Adtalem. Beginning on March 26, 2022, Kaizen had the right to exercise a put option and sell its remaining ownership interest in EduPristine to Adtalem. During the third quarter of fiscal year 2022, Adtalem purchased the remaining ownership interest in EduPristine from Kaizen for \$1.8 million, resulting in Adtalem owning 100% of EduPristine. Subsequently, Adtalem sold EduPristine in its entirety on June 17, 2022 (see Note 4 “Discontinued Operations and Assets Held for Sale” for additional information).

Since the put option was out of the control of Adtalem, authoritative guidance required the redeemable noncontrolling interest, which included the value of the put option, to be displayed outside of the equity section of the Consolidated Balance Sheets.

15. Share Repurchases

Open Market Share Repurchase Programs

On February 4, 2020, we announced that the Board of Directors (the “Board”) authorized Adtalem’s twelfth share repurchase program, which allowed Adtalem to repurchase up to \$300.0 million of its common stock through December 31, 2021. The twelfth share repurchase program commenced in January 2021 and expired on December 31, 2021. On March 1, 2022, we announced that the Board authorized Adtalem’s thirteenth share repurchase program, which allows Adtalem to repurchase up to \$300.0 million of its common stock through February 25, 2025.

We did not make any share repurchases during the three months ended September 30, 2022 and 2021. As of September 30, 2022, \$300.0 million of authorized share repurchases were remaining under the current share repurchase program. The timing and amount of any future repurchases will be determined based on an evaluation of market conditions and other

factors. These repurchases may be made through the open market, including block purchases, in private negotiated transactions, or otherwise. Repurchases will be funded through available cash balances and/or borrowings and may be suspended or discontinued at any time. Shares of stock repurchased under the programs are held as treasury shares. Repurchases under our share repurchase programs reduce the weighted-average number of shares of common stock outstanding for basic and diluted earnings per share calculations.

ASR Agreement

On March 14, 2022, we entered into an ASR agreement to repurchase \$150.0 million of common stock. We received an initial delivery of 4,709,576 shares of common stock representing approximately 80% of the total shares expected to be delivered at the time of executing the ASR based on the per share price on the day prior to the execution date. This initial delivery of shares has reduced the weighted-average number of shares of common stock outstanding for basic and diluted earnings per share calculations. The final number of shares to be repurchased is based on the volume-weighted average price of Adtalem's common stock during the term of the ASR agreement, less a discount and subject to adjustments pursuant to the terms of the ASR agreement. See Note 8 "Earnings per Share" for information on the ASR impact to earnings per share for the three months ended September 30, 2022. The ASR agreement ended on October 14, 2022. Based on the volume-weighted average price of Adtalem's common stock during the term of the ASR agreement, Adtalem owed the counter party 332,212 shares of common stock. We elected to settle the contract in cash instead of delivering shares by making a cash payment of \$13.2 million on November 2, 2022.

On March 14, 2022, we recorded the \$150.0 million purchase price of the ASR as a reduction to shareholders' equity, consisting of a \$120.0 million increase in treasury stock and a \$30.0 million reduction in additional paid-in capital, which represented an equity forward contract, on the Consolidated Balance Sheets. During the second quarter of fiscal year 2023, the \$30.0 million recorded in additional paid-in capital will be reclassified to treasury stock and an additional \$13.2 million will be recorded in treasury stock, which represents our final cash settlement payment.

16. Accumulated Other Comprehensive Loss

The following table shows the changes in accumulated other comprehensive loss by component (in thousands):

	Three Months Ended September 30,	
	2022	2021
Foreign currency translation adjustments		
Beginning balance	\$ (960)	\$ (670)
Loss on foreign currency translation	(1,267)	(70)
Ending balance	<u>\$ (2,227)</u>	<u>\$ (740)</u>
Interest rate swap		
Beginning balance, gross	\$ —	\$ (8,926)
Beginning balance, tax effect	—	2,231
Beginning balance, net of tax	—	(6,695)
Reclassification from other comprehensive income	—	6,695
Ending balance	<u>\$ —</u>	<u>\$ —</u>
Total ending balance	<u>\$ (2,227)</u>	<u>\$ (740)</u>

17. Stock-Based Compensation

Adtalem maintains two stock-based incentive plans: the Amended and Restated Incentive Plan of 2005 and the Fourth Amended and Restated Incentive Plan of 2013, which are administered by the Compensation Committee of the Board. Under these plans, directors, key executives, and managerial employees are eligible to receive incentive or nonqualified stock options to purchase shares of Adtalem's common stock, and also permit the granting of stock appreciation rights, restricted stock units ("RSUs"), performance-based RSUs, and other stock and cash-based compensation. Although options remain outstanding under the 2005 incentive plan, no further grants will be issued under this plan. We issue options

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generally with a four-year graduated vesting from the grant date and expire ten years from the grant date. The option price under the plans is the fair market value of the shares on the date of the grant. The Compensation Committee of the Board determined to no longer grant stock options beginning with the fiscal year 2023 stock-based grant awards.

Stock-based compensation expense is measured at the grant date based on the fair value of the award. Adtalem accounts for stock-based compensation granted to retirement eligible employees that fully vests upon an employee's retirement under the non-substantive vesting period approach. Under this approach, the entire stock-based compensation expense is recognized at the grant date for stock-based grants issued to retirement eligible employees. For non-retirement eligible employees, stock-based compensation expense is recognized as expense over the employee requisite service period. We account for forfeitures of unvested awards in the period they occur.

As of September 30, 2022, 2,892,138 shares were authorized for issuance but not issued or subject to outstanding awards under Adtalem's stock-based incentive plans.

The following is a summary of options activity for the three months ended September 30, 2022:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding as of July 1, 2022	1,144,372	\$ 35.36		
Exercised	(47,809)	25.96		
Expired	(1,575)	18.60		
Outstanding as of September 30, 2022	1,094,988	35.80	6.2	\$ 2,792
Exercisable as of September 30, 2022	820,207	\$ 35.74	5.4	\$ 2,338

The total intrinsic value of options exercised for the three months ended September 30, 2022 and 2021 was \$0.6 million and \$6.6 million, respectively.

The fair value of Adtalem's options was estimated using a binomial model. This model uses historical cancellation and exercise experience of Adtalem to determine the option value. It also considers the illiquid nature of employee options during the vesting period.

The weighted-average estimated grant date fair value of options granted at market price under Adtalem's stock-based incentive plans during the first three months of fiscal year 2022 was \$14.72 per share. No stock options were granted during the three months of fiscal year 2023. The fair value of Adtalem's option grants was estimated assuming the following weighted-average assumptions:

	Fiscal Year 2022
Expected life (in years)	6.56
Expected volatility	39.99 %
Risk-free interest rate	0.94 %
Dividend yield	0.00 %

The expected life of the options granted is based on the weighted-average exercise life with age and salary adjustment factors from historical exercise behavior. Adtalem's expected volatility is computed by combining and weighting the implied market volatility, the most recent volatility over the expected life of the option grant, and Adtalem's long-term historical volatility.

During the first three months of fiscal year 2023, Adtalem granted 281,550 RSUs to selected employees, all of which were non-performance-based RSUs. Our annual grant of performance-based RSUs are expected to be granted later in fiscal year 2023. We issue performance-based RSUs generally with a three-year cliff vest from the grant date. The final number of shares issued under performance-based RSUs is based on metrics approved by the Compensation Committee of the Board. Prior to fiscal year 2023, we issued non-performance-based RSUs generally with a four-year graduated vesting from the grant date. Beginning in fiscal year 2023, we issue non-performance-based RSUs generally with a three-year

graduated vesting from the grant date. We also regularly issue RSUs to our Board members with a one-year cliff vest from the grant date. The recipient of the non-performance-based RSUs has the right to receive dividend equivalents, if any. This right does not pertain to the performance-based RSUs. The following is a summary of RSU activity for the three months ended September 30, 2022:

	Number of RSUs	Weighted-Average Grant Date Fair Value
Unvested as of July 1, 2022	1,171,692	\$ 35.05
Granted	281,550	39.53
Vested	(254,743)	38.31
Forfeited	(48,135)	38.65
Unvested as of September 30, 2022	1,150,364	\$ 35.27

The weighted-average estimated grant date fair values of RSUs granted at market price under Adtalem's stock-based incentive plans during the first three months of fiscal years 2023 and 2022 were \$39.53 and \$36.87, per share, respectively.

Stock-based compensation expense, which is included in student services and administrative expense, and the related income tax benefit were as follows (in thousands):

	Three Months Ended September 30,	
	2022	2021
Stock-based compensation	\$ 6,145	\$ 9,711
Income tax benefit	(1,682)	(1,420)
Stock-based compensation, net of tax	\$ 4,463	\$ 8,291

As of September 30, 2022, \$22.6 million of total pre-tax unrecognized stock-based compensation expense related to unvested grants is expected to be recognized over a weighted-average period of 2.5 years. The total fair value of options and RSUs vested during the three months ended September 30, 2022 and 2021 was \$12.0 million and \$12.0 million, respectively. There was no capitalized stock-based compensation cost as of each of September 30, 2022, June 30, 2022, and September 30, 2021. Adtalem issues new shares of common stock to satisfy option exercises and RSU vests.

18. Fair Value Measurements

Adtalem has elected not to measure any assets or liabilities at fair value other than those required to be measured at fair value on a recurring basis. Assets measured at fair value on a nonrecurring basis include goodwill, intangible assets, and assets of businesses where the long-term value of the operations have been impaired.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The guidance specifies a fair value hierarchy based upon the observability of inputs used in valuation techniques. Observable inputs (highest level) reflect market data obtained from independent sources, while unobservable inputs (lowest level) reflect internally developed market assumptions. The guidance establishes fair value measurement classifications under the following hierarchy:

Level 1 – Quoted prices for identical instruments in active markets.

Level 2 – Observable inputs other than prices included in Level 1, such as quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs or significant value-drivers are observable in active markets.

Level 3 – Model-derived valuations in which one or more significant inputs or significant value-drivers are unobservable.

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When available, Adtalem uses quoted market prices to determine fair value, and such measurements are classified within Level 1. In cases where market prices are not available, Adtalem makes use of observable market-based inputs to calculate fair value, in which case the measurements are classified within Level 2. If quoted or observable market prices are not available, fair value is based upon internally developed models that use, where possible, current market-based parameters such as interest rates and yield curves. These measurements are classified within Level 3.

Fair value measurements are classified according to the lowest level input or value-driver that is significant to the valuation. A measurement may therefore be classified within Level 3 even though there may be significant inputs that are readily observable.

The carrying value of our cash and cash equivalents approximates fair value because of their short-term nature and is classified as Level 1.

Adtalem maintains a rabbi trust with investments in stock and bond mutual funds to fund obligations under a nonqualified deferred compensation plan. The fair value of the investments in the rabbi trust included in prepaid expenses and other current assets on the Consolidated Balance Sheets as of September 30, 2022, June 30, 2022, and September 30, 2021 was \$17.0 million, \$17.8 million, and \$20.5 million, respectively. These investments are recorded at fair value based upon quoted market prices using Level 1 inputs.

The fair value of the credit extension programs, which approximates its carrying value, included in accounts receivable, net and other assets, net on the Consolidated Balance Sheets as of September 30, 2022, June 30, 2022, and September 30, 2021 of \$27.8 million, \$27.5 million, and \$28.7 million, respectively, is estimated by discounting the future cash flows using current rates for similar arrangements and is classified as Level 2. See Note 9 “Accounts Receivable and Credit Losses” for additional information on these credit extension programs.

In connection with the sale of DeVry University, Adtalem loaned \$10.0 million to DeVry University under the terms of the DeVry Note. The DeVry Note bore interest at a rate of 4% per annum, payable annually in arrears, and had a maturity date of January 1, 2022. We received the loan repayment of \$10.0 million during the third quarter of fiscal year 2022. The fair value of the DeVry Note approximated its carrying value of \$10.0 million as of September 30, 2021. The carrying value is included in prepaid expenses and other current assets on the Consolidated Balance Sheets as of September 30, 2021. Fair value was estimated by discounting the future cash flows using an average of current rates for similar arrangements, which was estimated at 4% per annum and is classified as Level 2.

On July 31, 2019, Adtalem sold its Chicago, Illinois, campus facility to DePaul College Prep. In connection with the sale, Adtalem holds a mortgage from DePaul College Prep for \$46.8 million. The mortgage is due on July 31, 2024 as a balloon payment and bears interest at a rate of 4% per annum, payable monthly. The carrying value of the DePaul College Prep loan receivable, which approximates its fair value, included in other assets, net on the Consolidated Balance Sheets as of September 30, 2022, June 30, 2022, and September 30, 2021 is \$44.3 million, \$44.0 million, and \$43.0 million, respectively. Fair value is estimated by discounting the future cash flows using an average of current rates for similar arrangements, which is estimated at 7% per annum and is classified as Level 2.

Adtalem has a nonqualified deferred compensation plan for highly compensated employees and its Board members. The participant’s “investments” are in a hypothetical portfolio of investments which are tracked by an administrator. Changes in the fair value of the nonqualified deferred compensation obligation are derived using quoted prices in active markets based on the market price per unit multiplied by the number of units. Total liabilities under the plan included in accrued liabilities on the Consolidated Balance Sheets as of September 30, 2022, June 30, 2022, and September 30, 2021 were \$15.3 million, \$16.3 million, and \$20.7 million, respectively. The fair value of the nonqualified deferred compensation obligation is classified as Level 2 because their inputs are derived principally from observable market data by correlation to the hypothetical investments.

As of September 30, 2022, June 30, 2022, and September 30, 2021, borrowings under our long-term debt agreements were \$758.3 million, \$859.2 million, and \$1,650.0 million, respectively. The fair value of the Notes was \$361.7 million as of September 30, 2022, which is based upon quoted market prices and is classified as Level 1. The fair value of the Term Loan B was \$350.0 million as of September 30, 2022, which is based upon quoted market prices in a non-active market and is classified as Level 2. See Note 13 “Debt” for additional information on our long-term debt agreements.

As of September 30, 2022, June 30, 2022, and September 30, 2021, there were no assets or liabilities measured at fair value using Level 3 inputs.

Assets measured at fair value on a nonrecurring basis include goodwill and indefinite-lived intangibles arising from a business combination. These assets are not amortized and charged to expense over time. Instead, goodwill and indefinite-lived intangibles must be reviewed annually for impairment or more frequently if circumstances arise indicating potential impairment. This impairment review was most recently completed as of May 31, 2022. See Note 12 “Goodwill and Intangible Assets” for additional information on the impairment review, including valuation techniques and assumptions.

19. Commitments and Contingencies

Adtalem is subject to lawsuits, administrative proceedings, regulatory reviews, and investigations associated with financial assistance programs and other matters arising in the normal conduct of its business. As of September 30, 2022, Adtalem believes it has adequately reserved for potential losses. The following is a description of pending legal and regulatory matters that may be considered other than ordinary, routine, and incidental to the business. Descriptions of certain matters from prior SEC filings may not be carried forward in this report to the extent we believe such matters no longer are required to be disclosed or there has not been, to our knowledge, significant activity relating to them. We have recorded accruals for those matters where management believes a loss is probable and can be reasonably estimated as of September 30, 2022. For those matters for which we have not recorded an accrual, their possible impact on Adtalem’s business, financial condition, or results of operations, cannot be predicted at this time. The continued defense, resolution, or settlement of any of the following matters could require us to expend significant resources and could have a material adverse effect on our business, financial condition, results of operations, and cash flows, and result in the imposition of significant restrictions on us and our ability to operate.

On April 13, 2018, a putative class action lawsuit was filed by Nicole Versetto, individually and on behalf of others similarly situated, against Adtalem, DeVry University Inc., and DeVry/New York Inc. (collectively the “Adtalem Parties”) in the Circuit Court of Cook County, Illinois, Chancery Division. The complaint was filed on behalf of herself and three separate classes of similarly situated individuals who were citizens of the State of Illinois and who purchased or paid for a DeVry University program between January 1, 2008 and April 8, 2016. The plaintiff claimed that defendants made false or misleading statements regarding DeVry University’s graduate employment rate and asserts causes of action under the Illinois Uniform Deceptive Trade Practices Act, Illinois Consumer Fraud and Deceptive Trade Practices Act, and Illinois Private Business and Vocational Schools Act, and claims of breach of contract, fraudulent misrepresentation, concealment, negligence, breach of fiduciary duty, conversion, unjust enrichment, and declaratory relief as to violations of state law. The plaintiff sought compensatory, exemplary, punitive, treble, and statutory penalties and damages, including pre-judgment and post-judgment interest, in addition to restitution, declaratory and injunctive relief, and attorneys’ fees. The plaintiff later filed an amended complaint asserting similar claims with a new lead plaintiff, Dave McCormick. After discussions among the parties, the court granted a Motion for Preliminary Approval of Class Action Settlement (the “McCormick Settlement”) on May 28, 2020. In conjunction with the McCormick Settlement, Adtalem was required to establish a settlement fund by placing \$44.95 million into an escrow account, which is recorded within prepaid expenses and other current assets on the Consolidated Balance Sheets as of September 30, 2022, June 30, 2022, and September 30, 2021. Adtalem management determined a loss contingency was probable and reasonably estimable. As such, we also recorded a loss contingency accrual of \$44.95 million on the Consolidated Balance Sheets as of June 30, 2020 and charged the contingency loss within discontinued operations in the Consolidated Statements of Income (Loss) for the year ended June 30, 2020. As of June 30, 2020, we had anticipated the potential payments related to this loss contingency to be made from the escrow account during fiscal year 2021. We now anticipate the potential payments related to this loss contingency to be made from the escrow account during fiscal year 2023. This loss contingency estimate could differ from actual results and result in additional charges or reversals in future periods. The court issued an order approving the McCormick Settlement on October 7, 2020 and dismissed the action with prejudice. On November 2, 2020, Stoltmann Law Offices filed on behalf of Jose David Valderrama (“Valderrama”), a class member who objected to the terms of the McCormick Settlement, a notice of appeal of the court’s order approving the McCormick Settlement. On November 5, 2020, Richardo Peart (“Peart”), another class member who objected to the terms of the McCormick Settlement, filed a similar notice of appeal. Those appeals were consolidated before the Appellate Court of Illinois, First District and fully briefed. The Appellate Court agreed to stay Valderrama’s and Peart’s appeals of the McCormick Settlement pending the outcome of mediation involving the objections to the McCormick Settlement. The objections were not resolved at a mediation on February 1, 2022. Valderrama’s objection was withdrawn as part of the Stoltmann settlement discussed below. Peart’s

objection remained pending a decision by the Appellate Court. On May 4, 2022, the Appellate Court denied Peart's objection and affirmed the Circuit Court of Cook County's approval of the McCormick Settlement. Adtalem settled with Peart and the McCormick Settlement is now final. The Circuit Court of Cook County is in the process of administering the \$44.95 million settlement fund.

In addition to Valderrama, Stoltmann Law Offices represented 552 individuals ("Stoltmann Claimants") who opted out of the McCormick Settlement and filed claims with the Judicial Arbitration and Mediation Services, Inc. ("JAMS") alleging fraud-based claims based on DeVry University's graduate employment statistics.

On November 2, 2021, Adtalem and the Stoltmann Law Offices participated in a mediation to resolve the claims of the Stoltmann Claimants. Adtalem and the Stoltmann Law Offices have reached agreement on settlement terms ("Stoltmann Settlement"). The Adtalem Board of Directors approved the Stoltmann Settlement. The settlement amount, \$20,375,000, was reduced by \$75,000 for each of the Stoltmann Claimants that declined to participate in the settlement. Of Stoltmann's 552 Claimants, six declined to participate, reducing the settlement amount by \$450,000. On February 28, 2022, Adtalem remitted \$19,925,000 to the Stoltmann Law Offices on behalf of the 546 participating Stoltmann Claimants. Of the six Stoltmann Claimants that declined to participate in the settlement, two voluntarily dismissed their arbitrations; one arbitration was stayed at the Claimant's request; and three Claimants have not recommenced their arbitrations.

On January 19, 2021, a putative class action was filed in the United States District Court for the Northern District of Ohio against Chamberlain by Tanesia Dean on behalf of herself and similarly situated students of Chamberlain. The complaint alleged breach of contract and unjust enrichment claims against Chamberlain related to its decision to transition all classes online in March 2020, in light of the global COVID-19 pandemic, without altering tuition or fees. The putative class was defined to include all students, nationwide, who paid tuition and fees during the following academic sessions: May 2020, July 2020, September 2020, November 2020, and January 2021. Plaintiff sought monetary relief exceeding \$5 million, and attorneys' fees, costs, and expenses. On April 5, 2021, Chamberlain filed a motion to dismiss the complaint in its entirety. The motion to dismiss was granted in full on August 16, 2021 and the case was dismissed. On September 14, 2021, plaintiff filed an appeal in the Sixth Circuit asserting that the trial judge erred in dismissing plaintiff's complaint. On June 16, 2022 the Sixth Circuit affirmed the dismissal of the plaintiff's complaint. The plaintiff did not request a rehearing and did not timely file a writ of certiorari with the U.S. Supreme Court. This matter is now final.

On March 12, 2021, Travontae Johnson, a current student of Chamberlain, filed a putative class action against Chamberlain in the Circuit Court of Cook County, Illinois, Chancery Division. The plaintiff claims that Chamberlain's use of Respondus Monitor, an online remote proctoring tool for student examinations, violated the Illinois Biometric Information Privacy Act ("BIPA"), 740 ILCS 14/15. More particularly, the plaintiff claims that Chamberlain required students to use Respondus Monitor, which collected, captured, stored, used, and disclosed students' biometric identifiers and biometric information without written and informed consent. The plaintiff also alleges that Chamberlain lacked a legally compliant written policy establishing a retention schedule and guidelines for destroying biometric identifiers and biometric information. The potential class purportedly includes all students who took an assessment using the proctoring tool, as a student of Chamberlain in Illinois, at any time from March 12, 2016 through January 20, 2021. The plaintiff and the putative class seek damages in excess of \$50,000, attorney's fees and costs. The plaintiff and class also seek an unspecified amount of enhanced damages based on alleged negligent or reckless conduct by Chamberlain. On June 16, 2021, Chamberlain filed a motion to dismiss plaintiff's complaint. On June 29, 2021, plaintiff filed an amended complaint. On July 19, 2021, Chamberlain filed its motion to dismiss the amended complaint arguing that plaintiff's lawsuit is expressly preempted by Title V of the Gramm-Leach-Bliley Act. Chamberlain's motion is pending.

On July 22, 2021, plaintiffs Cheryl Burleigh and Chad Harris (both contributing faculty members at Walden) filed a class action complaint in the Superior Court of Alameda County, California alleging violations of California wage and hour laws by Walden and Laureate Education, Inc. The complaint alleges that Walden's "per assignment" pay scale results in uncompensated work time for plaintiffs and class members for time spent in trainings and meetings. Plaintiffs also allege that they were not paid for meal and rest breaks, that they were not reimbursed for necessary business expenses, that Walden did not provide wage statements as required by California state law, and that they were not paid wages due upon termination. Plaintiffs also allege derivative claims under California's Unfair Competition Law. The complaint seeks restitution including pay for uncompensated hours of work, unreimbursed business expenses and interest, liquidated damages, declaratory relief, injunctive relief, penalties, and attorney fees and costs. Walden and Laureate have filed a demurrer. On January 28, 2022, the parties agreed to settle the complaint for an immaterial amount, subject to the approval

of the Superior Court of Alameda County, California. The Plaintiffs filed their motion for preliminary approval of the settlement on June 7, 2022. The court issued a preliminary approval Order on July 26, 2022. The court has scheduled a hearing to consider final approval of the settlement on December 6, 2022.

On January 12, 2022, Walden was served with a complaint filed in the United States District Court for the District of Maryland by Aljanal Carroll, Claudia Provost Charles, and Tiffany Fair against Walden for damages, injunctive relief, and declaratory relief on behalf of themselves and all other similarly-situated individuals alleging violations of Title VI of the Civil Rights Act of 1964, the Equal Credit Opportunity Act, the Minnesota Prevention of Consumer Fraud Act, the Minnesota Uniform Deceptive Trade Practices Act, Minnesota statutes prohibiting false statements in advertising, and for common law fraudulent misrepresentation. Plaintiffs allege that Walden has targeted, deceived, and exploited Black and female Doctor of Business Administration (“DBA”) students by knowingly misrepresenting and understating the number of “capstone” credits required to complete the DBA program and obtain a degree. On March 23, 2022, Walden filed a Motion to Dismiss the Plaintiffs’ claims for failure to state a claim upon which relief can be granted. This motion is fully briefed and we await a ruling by the court.

As previously disclosed, pursuant to the terms of the Stock Purchase Agreement (“SPA”) by and between Adtalem and Cogswell Education, LLC (“Cogswell”), dated as of December 4, 2017, as amended, Adtalem sold DeVry University to Cogswell and Adtalem agreed to indemnify DeVry University for certain losses up to \$340.0 million (the “Liability Cap”). Adtalem has previously disclosed DeVry University related matters that have consumed a portion of the Liability Cap.

20. Segment Information

Beginning in the second quarter of fiscal year 2022, Adtalem eliminated its Financial Services segment when ACAMS, Becker, OCL, and EduPristine, were classified as discontinued operations. See Note 4 “Discontinued Operations and Assets Held for Sale” for additional information. Segment information presented excludes the results of the former Financial Services segment. Discontinued operations assets are included in the table below to reconcile to total consolidated assets presented on the Consolidated Balance Sheets. In addition, certain expenses previously allocated to ACAMS, Becker, OCL, and EduPristine within our former Financial Services segment during the first quarter of fiscal year 2022 were reclassified to Home Office and Other based on discontinued operations reporting guidance regarding allocation of corporate overhead. Beginning in the second quarter of fiscal year 2022, these costs are being allocated to the Chamberlain, Walden, and Medical and Veterinary segments.

We present three reportable segments as follows:

Chamberlain – Offers degree and non-degree programs in the nursing and health professions postsecondary education industry. This segment includes the operations of Chamberlain.

Walden – Offers more than 100 online certificate, bachelor’s, master’s, and doctoral degrees, including those in nursing, education, counseling, business, psychology, public health, social work and human services, public administration and public policy, and criminal justice. This segment includes the operations of Walden, which was acquired by Adtalem on August 12, 2021. See Note 3 “Acquisitions” for additional information on the acquisition.

Medical and Veterinary – Offers degree and non-degree programs in the medical and veterinary postsecondary education industry. This segment includes the operations of AUC, RUSM, and RUSVM, which are collectively referred to as the “medical and veterinary schools.”

These segments are consistent with the method by which the Chief Operating Decision Maker (Adtalem’s President and Chief Executive Officer) evaluates performance and allocates resources. Performance evaluations are based on each segment’s adjusted operating income. Adjusted operating income excludes special items, which consists of deferred revenue adjustment, CEO transition costs, restructuring expense, business acquisition and integration expense, and intangible asset amortization. Adtalem’s management excludes these items from its review of the results of the operating segments for purposes of measuring segment profitability and allocating resources. “Home Office and Other” includes activities not allocated to a reportable segment and is included to reconcile segment results to the Consolidated Financial Statements. Total assets by segment is not presented as our CODM does not review or allocate resources based on segment assets. Segments may have allocated depreciation expense related to depreciable assets reported as an asset in a

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different segment or at Home Office and Other. The accounting policies of the segments are the same as those described in Note 2 “Summary of Significant Accounting Policies.”

Summary financial information by reportable segment is as follows (in thousands):

	Three Months Ended September 30,	
	2022	2021
Revenue:		
Chamberlain	\$ 135,405	\$ 135,639
Walden	130,901	68,617
Medical and Veterinary	88,253	84,814
Total consolidated revenue	<u>\$ 354,559</u>	<u>\$ 289,070</u>
Adjusted operating income:		
Chamberlain	\$ 27,002	\$ 20,855
Walden	23,391	11,012
Medical and Veterinary	17,354	15,665
Home Office and Other	(2,646)	(11,095)
Total consolidated adjusted operating income	<u>65,101</u>	<u>36,437</u>
Reconciliation to Consolidated Financial Statements:		
Deferred revenue adjustment	—	(6,207)
CEO transition costs	—	(6,195)
Restructuring expense	(15,065)	(3,094)
Business acquisition and integration expense	(8,415)	(26,553)
Intangible amortization expense	(18,528)	(16,451)
Total consolidated operating income (loss)	<u>23,093</u>	<u>(22,063)</u>
Net other expense	(16,193)	(46,515)
Total consolidated income (loss) from continuing operations before income taxes	<u>\$ 6,900</u>	<u>\$ (68,578)</u>
Capital expenditures:		
Chamberlain	\$ 1,426	\$ 3,645
Walden	825	184
Medical and Veterinary	573	1,255
Home Office and Other	2,727	1,607
Total consolidated capital expenditures	<u>\$ 5,551</u>	<u>\$ 6,691</u>
Depreciation expense:		
Chamberlain	\$ 4,481	\$ 4,584
Walden	2,595	1,712
Medical and Veterinary	3,105	3,455
Home Office and Other	624	748
Total consolidated depreciation expense	<u>\$ 10,805</u>	<u>\$ 10,499</u>
Intangible asset amortization expense:		
Walden	\$ 18,528	\$ 16,451
Total consolidated intangible asset amortization expense	<u>\$ 18,528</u>	<u>\$ 16,451</u>

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Adtalem conducts its educational operations in the U.S., Barbados, St. Kitts, and St. Maarten. Revenue and long-lived assets by geographic area are as follows (in thousands):

	Three Months Ended September 30,	
	2022	2021
Revenue from unaffiliated customers:		
Domestic operations	\$ 266,306	\$ 204,256
Barbados, St. Kitts, and St. Maarten	88,253	84,814
Total consolidated revenue	<u>\$ 354,559</u>	<u>\$ 289,070</u>
Long-lived assets:		
Domestic operations	\$ 272,597	\$ 318,036
Barbados, St. Kitts, and St. Maarten	167,271	157,972
Total consolidated long-lived assets	<u>\$ 439,868</u>	<u>\$ 476,008</u>

No one customer accounted for more than 10% of Adtalem's consolidated revenue for all periods presented.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

In this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), Adtalem Global Education Inc., together with its subsidiaries, is collectively referred to as "Adtalem," "we," "our," "us," or similar references.

Discussions within this MD&A may contain forward-looking statements. See the "Forward-Looking Statements" section for details about the uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements.

Throughout this MD&A, we sometimes use information derived from the Consolidated Financial Statements and the notes thereto but not presented in accordance with U.S. generally accepted accounting principles ("GAAP"). Certain of these items are considered "non-GAAP financial measures" under the Securities and Exchange Commission ("SEC") rules. See the "Non-GAAP Financial Measures and Reconciliations" section for the reasons we use these non-GAAP financial measures and the reconciliations to their most directly comparable GAAP financial measures.

Certain items presented in tables may not sum due to rounding. Percentages presented are calculated from the underlying numbers in thousands. Discussions throughout this MD&A are based on continuing operations unless otherwise noted. The MD&A should be read in conjunction with the Consolidated Financial Statements and the notes thereto.

Available Information

We use our website (www.adtalem.com) as a routine channel of distribution of company information, including press releases, presentations, and supplemental information, as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Accordingly, investors should monitor our website in addition to following press releases, SEC filings, and public conference calls and webcasts. Investors and others can receive notifications of new information posted on our investor relations website in real time by signing up for email alerts. You may also access our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, as well as other reports relating to us that are filed with or furnished to the SEC, free of charge in the investor relations section of our website as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. The SEC also maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at www.sec.gov. The content of the websites mentioned above is not incorporated into and should not be considered a part of this report.

Segments

Beginning in the second quarter of fiscal year 2022, Adtalem eliminated its Financial Services segment when the Association of Certified Anti-Money Laundering Specialists ("ACAMS"), Becker Professional Education ("Becker"), OnCourse Learning ("OCL"), and EduPristine were classified as discontinued operations and assets held for sale. In

accordance with GAAP, we have classified the ACAMS, Becker, OCL, and EduPristine entities as “Held for Sale” and “Discontinued Operations” in all periods presented as applicable. As a result, all financial results, disclosures, and discussions of continuing operations in this Quarterly Report on Form 10-Q exclude ACAMS, Becker, OCL, and EduPristine operations, unless otherwise noted. On March 10, 2022, we completed the sale of ACAMS, Becker, and OCL and on June 17, 2022, we completed the sale of EduPristine. In addition, we continue to incur costs associated with ongoing litigation and settlements related to the DeVry University divestiture, which was completed during fiscal year 2019, and are classified as expense within discontinued operations. See Note 4 “Discontinued Operations and Assets Held for Sale” to the Consolidated Financial Statements for additional discontinued operations information.

We present three reportable segments as follows:

Chamberlain – Offers degree and non-degree programs in the nursing and health professions postsecondary education industry. This segment includes the operations of Chamberlain University (“Chamberlain”).

Walden – Offers more than 100 online certificate, bachelor’s, master’s, and doctoral degrees, including those in nursing, education, counseling, business, psychology, public health, social work and human services, public administration and public policy, and criminal justice. This segment includes the operations of Walden University (“Walden”), which was acquired by Adtalem on August 12, 2021. See Note 3 “Acquisitions” to the Consolidated Financial Statements for additional information on the acquisition.

Medical and Veterinary – Offers degree and non-degree programs in the medical and veterinary postsecondary education industry. This segment includes the operations of the American University of the Caribbean School of Medicine (“AUC”), Ross University School of Medicine (“RUSM”), and Ross University School of Veterinary Medicine (“RUSVM”), which are collectively referred to as the “medical and veterinary schools.”

“Home Office and Other” includes activities not allocated to a reportable segment. Financial and descriptive information about Adtalem’s reportable segments is presented in Note 20 “Segment Information” to the Consolidated Financial Statements.

Certain expenses previously allocated to ACAMS, Becker, OCL, and EduPristine within our former Financial Services segment during the first quarter of fiscal year 2022 have been reclassified to Home Office and Other based on discontinued operations reporting guidance regarding allocation of corporate overhead. Beginning in the second quarter of fiscal year 2022, these costs are being allocated to the Chamberlain, Walden, and Medical and Veterinary segments.

Walden University Acquisition

On August 12, 2021, Adtalem completed the acquisition of all the issued and outstanding equity interest in Walden e-Learning, LLC, a Delaware limited liability company (“e-Learning”), and its subsidiary, Walden University, LLC, a Florida limited liability company, from Laureate Education, Inc. (“Laureate” or “Seller”) in exchange for a purchase price of \$1.5 billion in cash (the “Acquisition”). 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 Annual Report on Form 10-K for the fiscal year ended June 30, 2022 (“2022 Form 10-K”).

First Quarter Highlights

Financial and operational highlights for the first quarter of fiscal year 2023 include:

- Adtalem revenue grew \$65.5 million, or 22.7%, in the first quarter of fiscal year 2023 compared to the year-ago period. Excluding the timing of the Walden acquisition in the prior year, Adtalem revenue grew \$1.3 million, or 0.5%, in the first quarter of fiscal year 2023 compared to the year-ago period.
- Net income of \$2.2 million (\$0.05 diluted earnings per share) increased \$60.2 million (\$1.22 diluted earnings per share) in the first quarter of fiscal year 2023 compared to net loss of \$58.0 million in the year-ago period. This increase was primarily driven by decreased interest expense and business acquisition and integration expense in the first quarter of fiscal year 2023. Adjusted net income of \$41.0 million (\$0.88 diluted earnings per share) increased

\$23.4 million (\$0.53 diluted earnings per share), or 133.1%, in the first quarter of fiscal year 2023 compared to the year-ago period. This increase was due to the timing of the Walden acquisition in the prior year, increased adjusted operating income at Chamberlain and Medical and Veterinary, and decreased interest expense.

- For the July 2022 and September 2022 sessions, total student enrollment at Chamberlain decreased 4.1% and 4.0%, respectively, compared to the same sessions last year.
- As of September 30, 2022, total student enrollment at Walden decreased 9.2% compared to September 30, 2021.
- For the September 2022 semester, total student enrollment at the medical and veterinary schools increased 3.4% compared to the same semester last year.
- On September 22, 2022, we made a prepayment of \$100.0 million on our Term Loan B debt.

Overview of the Impact of COVID-19

On March 11, 2020, the novel coronavirus (“COVID-19”) outbreak was declared a pandemic by the World Health Organization. COVID-19 has had tragic consequences across the globe and altered business and consumer activity across many industries. Management initiated several changes to the operations of our institutions and administrative functions in order to protect the health of our students and employees and to mitigate the financial effects of COVID-19 and its resultant economic slowdown. We will continue to evaluate, and if appropriate, adopt other measures in the future required for the ongoing safety of our students and employees.

Results of Operations

Management believes that enrollments are negatively impacted at Chamberlain and Walden, and to a lesser extent at Medical and Veterinary, are partially driven by disruptions in the nursing and healthcare markets caused by COVID-19. The amount of revenue, operating income, and earnings per share losses in the first quarter of fiscal year 2023 and 2022 driven by this disruption are not quantifiable. Management anticipates COVID-19 will continue to negatively affect consolidated revenue, operating income, and earnings per share during the remainder of fiscal year 2023 and beyond or for as long as the pandemic and the various surges continue. In the first quarter of fiscal year 2022, we experienced higher variable expenses associated with bringing students back to campus and providing a safe environment in the context of COVID-19 as in-person instruction returned at Chamberlain and the medical and veterinary schools.

Remote and hybrid work arrangements continue in both the U.S. and at foreign locations, and employees have begun to return to the office. The remote work arrangements have not adversely affected Adtalem’s ability to maintain operations, financial reporting systems, internal control over financial reporting, or disclosure controls and procedures. The effectiveness of our remote technology enables our ability to maintain these systems and controls. Management does not anticipate Adtalem will be materially impacted by any constraints or other impacts on our human capital resources and productivity. Travel restrictions and border closures are not expected to have a material impact on our ability to operate and achieve operational goals. While recent travel expenditures have been lower than historical levels, we would expect these costs to increase as the effects of COVID-19 continue to dissipate. No significant home office costs related to COVID-19 were incurred in the first quarter of fiscal year 2023 and 2022, and no such costs are anticipated during the remainder of fiscal year 2023 and beyond.

Although COVID-19 has had a negative effect on the operating results of all four reporting units that contain goodwill and indefinite-lived intangible assets as of September 30, 2022, none of the effects are considered significant enough to create an impairment triggering event during the first quarter of fiscal year 2023. In addition, our annual impairment assessment performed as of May 31, 2022 did not identify any impairments. While management has considered the effects of the COVID-19 pandemic in evaluating the existence of an impairment triggering event, it is possible that effects to revenue and cash flows will be more significant than currently expected if the effects of the COVID-19 pandemic and measures established to combat the virus become more severe and restrictive and continue for an extended period of time. Should economic conditions deteriorate beyond expectations during the remainder of fiscal year 2023, an impairment triggering event could arise and require reassessment of the fair values of goodwill and intangible assets.

Liquidity

Adtalem's cash and cash equivalents balance as of September 30, 2022 was \$327.5 million. Adtalem generated \$91.5 million in operating cash flow from continuing operations in the first three months of fiscal year 2023. In the event of unexpected market conditions or negative economic changes, including those caused by COVID-19, that could negatively affect Adtalem's earnings and/or operating cash flow, Adtalem maintains a \$400.0 million revolving credit facility with availability of \$400.0 million as of September 30, 2022. Management currently projects that COVID-19 will continue to have an effect on operations; however, we believe the current balances of cash, cash generated from operations, and our credit facility will be sufficient to fund both Adtalem's current domestic and international operations and growth plans for the foreseeable future. See further discussion on the financing executed to close the Acquisition in the section of this MD&A titled "Liquidity and Capital Resources."

Results of Operations

The following table presents selected Consolidated Statements of Income (Loss) data as a percentage of revenue:

	Three Months Ended September 30,	
	2022	2021
Revenue	100.0 %	100.0 %
Cost of educational services	45.0 %	52.6 %
Student services and administrative expense	41.8 %	44.8 %
Restructuring expense	4.2 %	1.1 %
Business acquisition and integration expense	2.4 %	9.2 %
Total operating cost and expense	93.5 %	107.6 %
Operating income (loss)	6.5 %	(7.6)%
Net other expense	(4.6)%	(16.1)%
Income (loss) from continuing operations before income taxes	1.9 %	(23.7)%
Provision for income taxes	(0.3)%	(3.0)%
Income (loss) from continuing operations	1.6 %	(26.7)%
(Loss) income from discontinued operations, net of tax	(1.0)%	6.6 %
Net income (loss)	0.6 %	(20.1)%

Revenue

The following table presents revenue by segment detailing the changes from the year-ago period (in thousands):

	Three Months Ended September 30, 2022			
	Chamberlain	Walden	Medical and Veterinary	Consolidated
Fiscal year 2022 as reported	\$ 135,639	\$ 68,617	\$ 84,814	\$ 289,070
Organic (decline) growth	(234)	(1,866)	3,439	1,339
Effect of acquisitions	—	64,150	—	64,150
Fiscal year 2023 as reported	\$ 135,405	\$ 130,901	\$ 88,253	\$ 354,559
<u>Fiscal year 2023 % change:</u>				
Organic (decline) growth	(0.2)%	(2.7)%	4.1 %	0.5 %
Effect of acquisitions	—	93.5 %	—	22.2 %
Fiscal year 2023 % change as reported	(0.2)%	90.8 %	4.1 %	22.7 %

Chamberlain

Chamberlain Student Enrollment:

Session	Fiscal Year 2023	
	July 2022	Sept. 2022
Total students	31,371	33,153
% change from prior year	(4.1)%	(4.0)%

Session	Fiscal Year 2022					
	July 2021	Sept. 2021	Nov. 2021	Jan. 2022	Mar. 2022	May 2022
Total students	32,729	34,539	33,648	34,141	34,158	32,891
% change from prior year	1.6 %	(2.8)%	(2.1)%	(4.5)%	(4.3)%	(5.8)%

Chamberlain revenue decreased 0.2%, or \$0.2 million, to \$135.4 million in the first quarter of fiscal year 2023 compared to the year-ago period, driven by declining total enrollments in the July 2022 and September 2022 sessions compared to the same sessions from the prior year. Management believes that a decrease in total student enrollment in several programs, with the most pronounced being in the Registered Nurse to Bachelor of Science in Nursing (“RN-to-BSN”) online degree program, may partially be driven by prolonged COVID-19 disruptions in the healthcare industry. It is expected disruptions caused by COVID-19 may continue to effect enrollment for as long as the pandemic and its aftermath continue to stress healthcare professionals. Chamberlain’s revenue and our ability to provide educational services are not materially exposed to the economic impact from the volatile supply chain disruptions that are a hallmark of the current global macroeconomic environment.

Chamberlain currently operates 23 campuses in 15 states, including Chamberlain’s newest campus in Irwindale, California, which began instruction in May 2021.

Tuition Rates:

Tuition for the BSN onsite and online degree program ranges from \$675 to \$730 per credit hour. Tuition for the RN-to-BSN online degree program is \$590 per credit hour. Tuition for the online Master of Science in Nursing (“MSN”) degree program is \$650 per credit hour. Tuition for the online Family Nurse Practitioner (“FNP”) degree program is \$665 per credit hour. Tuition for the online Doctor of Nursing Practice (“DNP”) degree program is \$775 per credit hour. Tuition for the online Master of Public Health (“MPH”) degree program is \$550 per credit hour. Tuition for the online Master of Social Work (“MSW”) degree program is \$695 per credit hour. The majority of the tuition rates are unchanged from the prior year. These tuition rates do not include the cost of course fees, books, supplies, transportation, clinical fees, living expenses, or other fees as listed in the Chamberlain academic catalog.

Walden

Walden Student Enrollment:

Period	Fiscal Year 2023	
	September 30, 2022	
Total students	40,772	
% change from prior year	(9.2)%	

Period	Fiscal Year 2022			
	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022
Total students	44,886	41,158	42,788	39,470

Walden total student enrollment represents those students attending instructional sessions as of the dates identified above. Walden revenue increased 90.8%, or \$62.3 million, to \$130.9 million in the first quarter of fiscal year 2023 compared to the year-ago period. Excluding the timing of the Walden acquisition in the prior year, Walden revenue

decreased 2.7%, or \$1.9 million. In the first quarter of fiscal year 2022, \$6.2 million was excluded from revenue due to an adjustment required for purchase accounting to record Walden's deferred revenue at fair value. The first quarter of fiscal year 2023 did not require a similar adjustment. Excluding the timing of the Walden acquisition in the prior year and the \$6.2 million deferred revenue adjustment, Walden revenue in the first quarter of fiscal year 2023 would have decreased 10.8%, or \$8.1 million, compared to the year-ago period. Management believes that the decrease in total enrollment compared to the prior year may be driven by prolonged COVID-19 disruptions in the healthcare industry. It is expected disruptions caused by COVID-19 may continue to effect enrollment for as long as the pandemic and its aftermath continue to stress healthcare professionals. Walden's revenue and our ability to provide educational services are not materially exposed to the economic impact from the volatile supply chain disruptions that are a hallmark of the current global macroeconomic environment.

Tuition Rates:

On a per credit hour basis, tuition for Walden programs range from \$123 per credit hour to \$1,020 per credit hour, with the wide range due to the nature of the programs. General education courses are charged at \$333 per credit hour. Other programs such as those with a subscription-based learning modality or those billed on a subscription period or term basis range from \$1,500 to \$6,970 per term. Students are charged a technology fee that ranges from \$50 to \$220 per term as well as a clinical fee of \$150 per course for specific programs. Some programs require students to attend residencies, skills labs, and pre-practicum labs, which are charged at a range of \$938 to \$2,475 per event. All of these tuition rates did not materially change from the prior year. These tuition rates, event charges, and fees do not include the cost of books or personal technology, supplies, transportation, or living expenses.

Medical and Veterinary

Medical and Veterinary Student Enrollment:

Semester	Fiscal Year 2023		
	Sept. 2022		
Total students	5,634		
% change from prior year	3.4 %		
Semester	Fiscal Year 2022		
	Sept. 2021	Jan. 2022	May 2022
Total students	5,449	5,228	5,304
% change from prior year	(6.9)%	(1.2)%	3.5 %

Medical and Veterinary revenue increased 4.1%, or \$3.4 million, to \$88.3 million in the first quarter of fiscal year 2023 compared to the year-ago period, driven by increased enrollment and clinical revenue at AUC and RUSM. Medical and Veterinary's revenue and our ability to provide educational services are not materially exposed to the economic impact from the volatile supply chain disruptions that are a hallmark of the current global macroeconomic environment.

Management is executing its plan to differentiate the medical and veterinary schools from the competition, with a core goal of increasing international students, increasing affiliations with historically black colleges and universities ("HBCU") and Hispanic-serving institutions ("HSI"), expanding AUC's medical education program based in the U.K. in partnership with the University of Central Lancashire ("UCLAN"), and improving the effectiveness of marketing and enrollment investments.

Tuition Rates:

- Effective for semesters beginning in September 2022, for students enrolled prior to May 2022, tuition rates for the beginning basic sciences and final clinical rotation portions of AUC's medical program are \$24,990 and \$27,955, respectively, per semester. These tuition rates represent a 5.0% increase from the prior academic year. Effective for semesters beginning in September 2022, for students first enrolled in May 2022 and after, tuition rates for the beginning basic sciences and final clinical rotation portions of AUC's medical program are \$20,202 and \$25,116,

respectively, per semester. In addition, students first enrolled in May 2022, and after, pay administrative fees of \$5,086 and \$3,427 for the basic sciences and final clinical rotation portions of the program, respectively, per semester.

- Effective for semesters beginning in September 2022, for students who first enrolled prior to May 2022, tuition rates for the beginning basic sciences and final clinical rotation portions of RUSM's medical program are \$25,988 and \$28,676, respectively, per semester. These tuition rates represent a 5.0% increase from the prior academic year. Effective for semesters beginning in September 2022, for students first enrolled in May 2022 and after, tuition rates for the beginning basic sciences and final clinical rotation portions of RUSM's medical program are \$21,966 and \$25,893, respectively, per semester. In addition, students first enrolled in May 2022, and after, pay administrative fees ranging from \$5,552 to \$6,287 for the basic sciences portion of the program and \$3,228 for the final clinical rotation portion of the program, per semester.
- For students who entered the RUSVM program in September 2018 or later, the tuition rate for the pre-clinical (Semesters 1-7) and clinical curriculum (Semesters 8-10) is \$22,683 per semester effective September 2022. For students who entered RUSVM before September 2018, tuition rates for the pre-clinical and clinical curriculum are \$21,069 and \$26,449, respectively, per semester effective September 2022. All of these tuition rates represent a 5.0% increase from the prior academic year.

The respective tuition rates for AUC, RUSM, and RUSVM do not include the cost of transportation, living expenses, or health insurance.

Cost of Educational Services

The largest component of cost of educational services is the cost of faculty and staff who support educational operations. This expense category also includes the costs of facilities, adjunct faculty, supplies, housing, bookstore, other educational materials, student education-related support activities, and the provision for bad debts. We have not yet experienced significant inflationary pressures on wages or other costs of delivering our educational services; however, should inflation persist in the overall economy, cost increases could affect our results of operations in the future. The following table presents cost of educational services by segment detailing the changes from the year-ago period (in thousands):

	Three Months Ended September 30, 2022			
	Chamberlain	Walden	Medical and Veterinary	Consolidated
Fiscal year 2022 as reported	\$ 65,688	\$ 34,053	\$ 52,309	\$ 152,050
Cost decrease	(5,515)	(8,611)	(1,290)	(15,416)
Effect of acquisitions	—	23,011	—	23,011
Fiscal year 2023 as reported	\$ 60,173	\$ 48,453	\$ 51,019	\$ 159,645
<u>Fiscal year 2023 % change:</u>				
Cost decrease	(8.4)%	(25.3)%	(2.5)%	(10.1)%
Effect of acquisitions	—	67.6 %	—	15.1 %
Fiscal year 2023 % change as reported	(8.4)%	42.3 %	(2.5)%	5.0 %

Cost of educational services increased 5.0%, or \$7.6 million, to \$159.6 million in the first quarter of fiscal year 2023 compared to the year-ago periods. Excluding the timing of the Walden acquisition in the prior year, cost of educational services decreased 10.1%, or \$15.4 million. This cost decrease was primarily driven by cost reduction efforts across all institutions.

As a percentage of revenue, cost of educational services was 45.0% and 52.6% in the first quarter of fiscal year 2023 and 2022, respectively. The decrease in the percentage was primarily the result of cost reduction efforts and the influence of Walden's higher gross margins, which impacted the full first quarter of fiscal year 2023 compared to only a portion of the first quarter of fiscal year 2022. Walden's fully online operating model results in lower comparable cost of educational services.

Student Services and Administrative Expense

The student services and administrative expense category includes expenses related to student admissions, marketing and advertising, general and administrative, and amortization expense of finite-lived intangible assets related to business acquisitions. We have not yet experienced significant inflationary pressures on wages or other costs of providing services to our students and educational institutions; however, should inflation persist in the overall economy, cost increases could affect our results of operations in the future. The following table presents student services and administrative expense by segment detailing the changes from the year-ago period (in thousands):

	Three Months Ended September 30, 2022				
	Chamberlain	Walden	Medical and Veterinary	Home Office and Other	Consolidated
Fiscal year 2022 as reported	\$ 49,096	\$ 46,210	\$ 16,839	\$ 17,291	\$ 129,436
Cost (decrease) increase	(865)	2,146	3,041	(8,451)	(4,129)
Effect of acquisitions excluding special items	—	27,152	—	—	27,152
Intangible amortization expense change	—	2,077	—	—	2,077
CEO transition costs change	—	—	—	(6,195)	(6,195)
Fiscal year 2023 as reported	\$ 48,231	\$ 77,585	\$ 19,880	\$ 2,645	\$ 148,341
<u>Fiscal year 2023 % change:</u>					
Cost (decrease) increase	(1.8)%	4.6 %	18.1 %	NM	(3.2)%
Effect of acquisitions excluding special items	—	58.8 %	—	NM	21.0 %
Effect of intangible amortization expense change	—	4.5 %	—	NM	1.6 %
Effect of CEO transition costs change	—	—	—	NM	(4.8)%
Fiscal year 2023 % change as reported	(1.8)%	67.9 %	18.1 %	NM	14.6 %

Student services and administrative expense increased 14.6%, or \$18.9 million, to \$148.3 million in the first quarter of fiscal year 2023 compared to the year-ago period. Excluding the timing of the Walden acquisition in the prior year, intangible amortization expense, and CEO transition costs, student services and administrative expense decreased 3.2%, or \$4.1 million. This cost decrease was primarily driven by cost reduction efforts across all institutions and home office.

As a percentage of revenue, student services and administrative expense was 41.8% and 44.8% in the first quarter of fiscal year 2023 and 2022, respectively. The decrease in the percentage was primarily the result of the CEO transition costs incurred in the first quarter of fiscal year 2022 and cost reduction efforts.

Restructuring Expense

Restructuring expense was \$15.1 million and \$3.1 million in the first quarter of fiscal year 2023 and 2022, respectively. The increased restructure expense in the first quarter of fiscal year 2023 was primarily driven by real estate consolidations at Walden, Medical and Veterinary, and Adtalem's home office resulting in impairments on operating lease assets and property and equipment. See Note 6 "Restructuring Charges" to the Consolidated Financial Statements for additional information on restructuring charges.

We continue to incur restructuring charges or reversals related to exiting leased space from previous restructuring activities.

Business Acquisition and Integration Expense

Business acquisition and integration expense was \$8.4 million and \$26.6 million in the first quarter of fiscal year 2023 and 2022, respectively. These are transaction costs associated with acquiring Walden and costs associated with integrating Walden into Adtalem. In addition, during the first quarter of fiscal year 2023, we initiated transformation initiatives to accelerate growth and organizational agility and certain costs relating to this transformation are included in business

acquisition and integration costs in the Consolidated Statements of Income (Loss). We expect to incur additional integration costs through the remainder of fiscal year 2023.

Operating Income (Loss)

The following table presents operating income (loss) by segment detailing the changes from the year-ago period (in thousands):

	Three Months Ended September 30, 2022				
	Chamberlain	Walden	Medical and Veterinary	Home Office and Other	Consolidated
Fiscal year 2022 as reported	\$ 20,855	\$ (11,646)	\$ 15,665	\$ (46,937)	\$ (22,063)
Organic change	6,147	(1,609)	1,689	8,449	14,676
Effect of acquisitions excluding special items	—	13,988	—	—	13,988
Deferred revenue adjustment change	—	6,207	—	—	6,207
CEO transition costs change	—	—	—	6,195	6,195
Restructuring expense change	(818)	(3,080)	(6,826)	(1,247)	(11,971)
Business acquisition and integration expense change	—	—	—	18,138	18,138
Intangible amortization expense change	—	(2,077)	—	—	(2,077)
Fiscal year 2023 as reported	\$ 26,184	\$ 1,783	\$ 10,528	\$ (15,402)	\$ 23,093

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The following table presents a reconciliation of operating income (loss) (GAAP) to adjusted operating income (non-GAAP) by segment (in thousands):

	Three Months Ended September 30,			
			Increase/(Decrease)	
	2022	2021	\$	%
Chamberlain:				
Operating income (GAAP)	\$ 26,184	\$ 20,855	\$ 5,329	25.6 %
Restructuring expense	818	—	818	
Adjusted operating income (non-GAAP)	<u>\$ 27,002</u>	<u>\$ 20,855</u>	<u>\$ 6,147</u>	29.5 %
Operating margin (GAAP)	19.3 %	15.4 %		
Operating margin (non-GAAP)	19.9 %	15.4 %		
Walden:				
Operating income (loss) (GAAP)	\$ 1,783	\$ (11,646)	\$ 13,429	NM
Deferred revenue adjustment	—	6,207	(6,207)	
Restructuring expense	3,080	—	3,080	
Intangible amortization expense	18,528	16,451	2,077	
Adjusted operating income (non-GAAP)	<u>\$ 23,391</u>	<u>\$ 11,012</u>	<u>\$ 12,379</u>	112.4 %
Operating margin (GAAP)	1.4 %	(17.0)%		
Operating margin (non-GAAP)	17.9 %	16.0 %		
Medical and Veterinary:				
Operating income (GAAP)	\$ 10,528	\$ 15,665	\$ (5,137)	(32.8)%
Restructuring expense	6,826	—	6,826	
Adjusted operating income (non-GAAP)	<u>\$ 17,354</u>	<u>\$ 15,665</u>	<u>\$ 1,689</u>	10.8 %
Operating margin (GAAP)	11.9 %	18.5 %		
Operating margin (non-GAAP)	19.7 %	18.5 %		
Home Office and Other:				
Operating loss (GAAP)	\$ (15,402)	\$ (46,937)	\$ 31,535	67.2 %
CEO transition costs	—	6,195	(6,195)	
Restructuring expense	4,341	3,094	1,247	
Business acquisition and integration expense	8,415	26,553	(18,138)	
Adjusted operating loss (non-GAAP)	<u>\$ (2,646)</u>	<u>\$ (11,095)</u>	<u>\$ 8,449</u>	76.2 %
Adtalem Global Education:				
Operating income (loss) (GAAP)	\$ 23,093	\$ (22,063)	\$ 45,156	NM
Deferred revenue adjustment	—	6,207	(6,207)	
CEO transition costs	—	6,195	(6,195)	
Restructuring expense	15,065	3,094	11,971	
Business acquisition and integration expense	8,415	26,553	(18,138)	
Intangible amortization expense	18,528	16,451	2,077	
Adjusted operating income (non-GAAP)	<u>\$ 65,101</u>	<u>\$ 36,437</u>	<u>\$ 28,664</u>	78.7 %
Operating margin (GAAP)	6.5 %	(7.6)%		
Operating margin (non-GAAP)	18.4 %	12.6 %		

Consolidated operating income of \$23.1 million increased \$45.2 million in the first quarter of fiscal year 2023 compared to operating loss of \$22.1 in the year-ago period. The primary drivers of the operating income increase in the first quarter of fiscal year 2023 was due to the timing of the Walden acquisition in the prior year and decreased business acquisition and integration costs.

Consolidated adjusted operating income increased 78.7%, or \$28.7 million, in the first quarter of fiscal year 2023 compared to the year-ago period. The primary drivers of the adjusted operating income increase was due to the timing of the Walden acquisition in the prior year and increased adjusted operating income at Chamberlain and Medical and Veterinary.

Chamberlain

Chamberlain operating income increased 25.6%, or \$5.3 million, to \$26.2 million in the first quarter of fiscal year 2023 compared to the year-ago period. Segment adjusted operating income increased 29.5%, or \$6.1 million, to \$27.0 million

in the first quarter of fiscal year 2023 compared to the year-ago period. The primary driver of the increase in adjusted operating income in the first quarter of fiscal year 2023 was the result of labor cost reductions.

Walden

Walden operating income was \$1.8 million in the first quarter of fiscal year 2023 compared to operating loss of \$11.6 million in the year-ago period, which were impacted by intangible amortization expense and the deferred revenue purchase accounting adjustments. Segment adjusted operating income increased 112.4%, or \$12.4 million, to \$23.4 million in the first quarter of fiscal year 2023 compared to the year-ago period, primarily due to the timing of the Walden acquisition in the prior year.

Medical and Veterinary

Medical and Veterinary operating income decreased 32.8%, or \$5.1 million, to \$10.5 million in the first quarter of fiscal year 2023 compared to the year-ago period. Segment adjusted operating income increased 10.8%, or \$1.7 million, to \$17.4 million in the first quarter of fiscal year 2023 compared to the year-ago period. The increase in adjusted operating income in the first quarter of fiscal year 2023 was primarily driven by the increase in revenue.

Net Other Expense

Net other expense in the first quarter of fiscal year 2023 was \$16.2 million compared to \$46.5 million in the year-ago period. The decrease in net other expense was primarily the result of decreased borrowings in the first quarter of fiscal year 2023 compared to the year-ago period due to prepayments of debt and also from the year-ago period incurring charges due to the write-off of issuance costs on the Prior Credit Facility and unused bridge fee (as defined and discussed in Note 13 “Debt” to the Consolidated Financial Statements).

Provision for Income Taxes

Our effective income tax rate (“ETR”) from continuing operations can differ from the 21% U.S. federal statutory rate due to several factors, including tax on GILTI, limitation of tax benefits on certain executive compensation, the rate of tax applied by state and local jurisdictions, the rate of tax applied to earnings outside the U.S., tax incentives, changes in valuation allowances, liabilities for uncertain tax positions, and tax benefits on stock-based compensation awards.

Our income tax provisions from continuing operations were \$1.1 million and \$8.6 million in the three months ended September 30, 2022 and 2021, respectively. The income tax provision for the first quarter of fiscal year 2023 decreased compared to the year-ago period due to the impacts recognized in the year-ago period related to the Walden acquisition.

Discontinued Operations

Beginning in the second quarter of fiscal year 2022, ACAMS, Becker, OCL, and EduPristine operations were classified as discontinued operations. In addition, we continue to incur costs associated with ongoing litigation and settlements related to the DeVry University divestiture, which was completed during fiscal year 2019, and are classified as expense within discontinued operations.

Net loss from discontinued operations in the first quarter of fiscal year 2023 was \$3.7 million. This loss consisted of the following: (i) \$3.4 million of expense primarily related to ongoing litigation costs and settlements related to the DeVry University divestiture; (ii) a loss on the sale of ACAMS, Becker, and OCL of \$3.4 million for working capital adjustments to the initial sale prices; and (iii) a benefit from income taxes of \$3.1 million associated with the items listed above.

Net income from discontinued operations in the first quarter of fiscal year 2022 was \$19.2 million. This income consisted of the following: (i) loss of \$6.1 million driven by the operating results and divestiture costs related to ACAMS, Becker, OCL, and EduPristine, and ongoing litigation costs and settlements related to the DeVry University divestiture; and (ii) a benefit from income taxes of \$25.2 million associated with the items listed above.

Regulatory Environment**Student Payments**

Adtalem's primary source of liquidity is the cash received from payments for student tuition, books, other educational materials, and fees. These payments include funds originating as financial aid from various federal and state loan and grant programs, student and family educational loans ("private loans"), employer educational reimbursements, scholarships, and student and family financial resources. Adtalem continues to provide financing options for its students, including Adtalem's credit extension programs.

The following table, which excludes ACAMS, Adtalem Brazil (divestiture completed during fiscal year 2020), Becker, EduPristine, and OCL revenue, summarizes Adtalem's revenue by fund source as a percentage of total revenue for fiscal years 2021 and 2020. Final data for fiscal year 2022 is not yet available.

	Fiscal Year	
	2021	2020
Federal assistance (Title IV) program funding (grants and loans)	72 %	71 %
State grants	1 %	1 %
Private loans	2 %	2 %
Student accounts, cash payments, private scholarships, employer and military provided tuition assistance, and other	25 %	26 %
Total	100 %	100 %

The pattern of cash receipts during the year is seasonal. Adtalem's cash collections on accounts receivable peak at the start of each institution's term. Accounts receivable reach their lowest level at the end of each institution's term.

Financial Aid

Like other higher education companies, Adtalem is highly dependent upon the timely receipt of federal financial aid funds. All financial aid and assistance programs are subject to political and governmental budgetary considerations. In the U.S., the Higher Education Act ("HEA") guides the federal government's support of postsecondary education. If there are changes to financial aid programs that restrict student eligibility or reduce funding levels, Adtalem's financial condition and cash flows could be materially and adversely affected. See Item 1A. "Risk Factors" in our 2022 Form 10-K for a discussion of student financial aid related risks.

In addition, government-funded financial assistance programs are governed by extensive and complex regulations in the U.S. Like any other educational institution, Adtalem's administration of these programs is periodically reviewed by various regulatory agencies and is subject to audit or investigation by other governmental authorities. Any violation could be the basis for penalties or other disciplinary action, including initiation of a suspension, limitation, or termination proceeding.

If the U.S. Department of Education ("ED") determines that we have failed to demonstrate either financial responsibility or administrative capability in any pending program review, or otherwise determines that an institution has violated the terms of its Program Participation Agreement ("PPA"), we could be subject to sanctions including: fines, penalties, reimbursement for discharged loan obligations, a requirement to post a letter of credit, and/or suspension or termination of our eligibility to participate in the Title IV programs.

Chamberlain was most recently recertified and issued an unrestricted PPA in September 2020, with an expiration date of March 31, 2024. Walden was issued a Temporary Provisional PPA ("TPPPA") on September 17, 2021 in connection with their acquisition by Adtalem. During the fourth quarter of fiscal year 2020 and the first quarter of fiscal year 2021, ED provisionally recertified AUC, RUSM, and RUSVM's Title IV PPAs with expiration dates of December 31, 2022, March 31, 2023, and June 30, 2023, respectively. The provisional nature of the agreements for AUC, RUSM, and RUSVM stemmed from increased and/or repeated Title IV compliance audit findings. Walden's TPPPA included financial requirements, which were in place prior to acquisition, such as a letter of credit, heightened cash monitoring, and additional reporting. No similar requirements were imposed on AUC, RUSM, or RUSVM. While corrective actions have been taken to resolve past compliance matters and eliminate the incidence of repetition, if AUC, RUSM, or RUSVM fail to maintain

administrative capability as defined by ED while under provisional status or otherwise fail to comply with ED requirements, the institution(s) could lose eligibility to participate in Title IV programs or have that eligibility adversely conditioned, which could have a material adverse effect on the businesses, financial condition, results of operations, and cash flows.

On October 13, 2016, DeVry University and ED reached a negotiated agreement (the “ED Settlement”) to settle the claims asserted in a Notice of Intent to Limit from the Multi-Regional and Foreign School Participation Division of the Federal Student Aid office of the Department of Education (“ED FSA”). Under the terms of the ED Settlement, among other things, without admitting wrongdoing, DeVry University agreed to certain compliance requirements regarding its past and future advertising, that DeVry University’s participation in Title IV programs was subject to provisional certification for five years and that DeVry University was required to post a letter of credit equal to the greater of 10% of DeVry University’s annual Title IV disbursements or \$68.4 million for a five-year period. The posted letter of credit continued to be posted by Adtalem following the closing of the sale of DeVry University. This letter of credit expired during the second quarter of fiscal year 2022 and is no longer outstanding as of September 30, 2022.

Walden must apply periodically to ED for continued certification to participate in Title IV programs. Such recertification generally is required every six years, but may be required earlier, including when an institution undergoes a change in control. ED may place an institution on provisional certification status if it finds that the institution does not fully satisfy all of the eligibility and certification standards and in certain other circumstances, such as when an institution is certified for the first time or undergoes a change in control. During the period of provisional certification, the institution must comply with any additional conditions included in the institution’s PPA. In addition, ED may more closely review an institution that is provisionally certified if it applies for recertification or approval to open a new location, add an educational program, acquire another institution, or make any other significant change. Students attending provisionally certified institutions remain eligible to receive Title IV program funds. If ED determines that a provisionally certified institution is unable to meet its responsibilities under its PPA, it may seek to revoke the institution’s certification to participate in Title IV programs without advance notice or opportunity for the institution to challenge the action. Walden is currently on a TPPPA which is required for participation in Title IV programs on a month-to-month basis. Walden’s provisional certification prior to acquisition was due to Walden’s prior parent company (Laureate Education Inc.) failing composite score under ED’s financial responsibility standards and ED’s approval of Laureate’s initial public offering in February 2017, which it viewed as a change in control. As a result of Adtalem’s acquisition of Walden, the provisional nature of Walden’s PPA remains in effect on a month-to-month basis while ED reviews the change in ownership application relating to the acquisition of Walden by Adtalem. Walden also is subject to a letter of credit and is subject to additional cash management requirements with respect to its disbursements of Title IV funds, as well as a restriction on changes to its educational programs, including a prohibition on the addition of new programs or locations that had not been approved by ED prior to the change in ownership during the period in which Walden participates under provisional certification (either as a result of the change in ownership or because of the continuation of the financial responsibility letter of credit). As of September 30, 2022, Adtalem maintains a letter of credit for \$84.0 million in favor of ED, which allows Walden to participate in Title IV programs.

An ED regulation known as the “90/10 Rule” affects only proprietary postsecondary institutions, such as Chamberlain, Walden, AUC, RUSM, and RUSVM. Under this regulation, an institution that derives more than 90% of its revenue on a cash basis from Title IV student financial assistance programs in two consecutive fiscal years loses eligibility to participate in these programs for at least two fiscal years. The American Rescue Plan Act of 2021 (the “Rescue Act”) enacted on March 11, 2021 amended the 90/10 rule to require that a proprietary institution derive no more than 90% of its revenue from federal education assistance funds, including but not limited to previously excluded U.S. Department of Veterans Affairs and military tuition assistance benefits. This change was subject to negotiated rulemaking, which ended in March 2022. The amended rule will first apply to institutional fiscal years beginning on or after January 1, 2023. The following table details the percentage of revenue on a cash basis from federal financial assistance programs as calculated under the

current regulations (excluding the U.S. Department of Veterans Affairs and military tuition assistance benefits) for each of Adtalem's Title IV-eligible institutions for fiscal years 2021 and 2020. Final data for fiscal year 2022 is not yet available.

	Fiscal Year	
	2021	2020
Chamberlain University	66 %	62 %
American University of the Caribbean School of Medicine	80 %	81 %
Ross University School of Medicine	85 %	85 %
Ross University School of Veterinary Medicine	82 %	84 %

Fiscal year data for Walden is not available as they previously reported on a calendar year basis. As reported by Laureate Education, Inc. in their February 2021 Annual Report on Form 10-K, Walden derived approximately 76% of its revenues (calculated on a cash basis) from Title IV program funds for the year ended December 31, 2020.

In September 2016, Adtalem committed to voluntarily limit to 85% the amount of revenue that each of its Title IV-eligible institutions derive from federal funding, including the U.S. Department of Veterans Affairs and military tuition assistance benefits. As disclosed in the third party review reports that have been made publicly available, Adtalem's institutions that were owned at each reporting date have met this lower threshold for each fiscal year since the commitment was made. Adtalem is committed to implementing measures to promote responsible recruitment and enrollment, successful student outcomes, and informed student choice. Management believes students deserve greater transparency to make informed choices about their education. This commitment builds upon a solid foundation and brings Adtalem to a new self-imposed level of public accountability and transparency.

A financial responsibility test is required for continued participation by an institution's students in U.S. federal financial assistance programs. For Adtalem's participating institutions, this test is calculated at the consolidated Adtalem level. The test is based upon a composite score of three ratios: an equity ratio that measures the institution's capital resources; a primary reserve ratio that measures an institution's ability to fund its operations from current resources; and a net income ratio that measures an institution's ability to operate profitably. A minimum score of 1.5 is necessary to meet ED's financial standards. Institutions with scores of less than 1.5 but greater than or equal to 1.0 are considered financially responsible, but require additional oversight. These institutions are subject to heightened cash monitoring and other participation requirements. An institution with a score of less than 1.0 is considered not financially responsible. However, an institution with a score of less than 1.0 may continue to participate in the Title IV programs under provisional certification. In addition, this lower score typically requires that the institution be subject to heightened cash monitoring requirements and post a letter of credit (equal to a minimum of 10% of the Title IV aid it received in the institution's most recent fiscal year).

For the past several years, Adtalem's composite score has exceeded the required minimum of 1.5. Changes to the manner in which the composite score is calculated that were effective on July 1, 2020 has negatively affected Adtalem's composite score for fiscal year 2022 and will continue to negatively affect future Adtalem scores. At this time, management does not believe these changes by themselves will result in the score falling below 1.5. However, as a result of the acquisition of Walden and the related transactions, Adtalem expects its consolidated composite score to fall below 1.5 for its fiscal year 2022 financial responsibility test. If Adtalem becomes unable to meet requisite financial responsibility standards within the regulations, management believes it will be able to otherwise demonstrate its ability to continue to provide educational services; however, our institutions will be required to request additional state regulatory approvals, heightened cash monitoring, and/or be required to post a letter of credit to continue to participate in federal and state financial assistance programs.

ED has initiated rulemaking proceedings to amend the financial responsibility regulations. The earliest we believe any new rules will be effective is July 1, 2024.

Liquidity and Capital Resources

Adtalem's consolidated cash and cash equivalents balance of \$327.5 million, \$347.0 million, and \$324.0 million as of September 30, 2022, June 30, 2022, and September 30, 2021, respectively, included cash and cash equivalents held at Adtalem's international operations of \$33.5 million, \$34.2 million, and \$56.5 million as of September 30, 2022, June 30, 2022, and September 30, 2021, respectively, which is available to Adtalem for general corporate purposes.

Under the terms of Adtalem institutions' participation in financial aid programs, certain cash received from state governments and ED is maintained in restricted bank accounts. Adtalem receives these funds either after the financial aid authorization and disbursement process for the benefit of the student is completed, or just prior to that authorization. Once the authorization and disbursement process for a particular student is completed, the funds may be transferred to unrestricted accounts and become available for Adtalem to use in operations. This process generally occurs during the academic term for which such funds have been authorized. Cash in the amount of \$2.5 million, \$1.0 million, and \$1.8 million was held in these restricted bank accounts as of September 30, 2022, June 30, 2022, and September 30, 2021, respectively. In addition, restricted cash of \$18.4 million related to surety bonds discussed below was recorded within restricted cash on the Consolidated Balance Sheets as of September 30, 2021. We are required by various states to post a surety bond. The bonds reflect a financial guarantee of the total amount of non-Title IV adjusted gross tuition and fees from the enrollment of students.

Cash Flow Summary

Operating Activities

The following table provides a summary of cash flows from operating activities (in thousands):

	Three Months Ended September 30,	
	2022	2021
Income (loss) from continuing operations	\$ 5,846	\$ (77,182)
Non-cash items	71,445	63,127
Changes in assets and liabilities	14,233	43,561
Net cash provided by operating activities-continuing operations	\$ 91,524	\$ 29,506

Net cash provided by operating activities from continuing operations in the three months ended September 30, 2022 was \$91.5 million compared to \$29.5 million in the year-ago period. The increase was driven by decreased interest payments and payments for business acquisition and integration expenses related to the Walden acquisition. The increase of \$8.3 million in non-cash items between the three months ended September 30, 2022 and the three months ended September 30, 2021 was principally driven by increases in impairments to operating lease assets and deferred income taxes, partially offset by decreases in amortization and write-off of debt discount and issuance costs and stock-based compensation expense related to the CEO transition. The decrease of \$29.3 million in cash generated from changes in assets and liabilities was primarily due to timing differences in accounts receivable, prepaid assets, prepaid income taxes, accounts payable, accrued payroll and benefits, accrued liabilities, accrued interest, and deferred revenue.

Investing Activities

Capital expenditures in the first three months of fiscal year 2023 and 2022 were \$5.6 million and \$6.7 million, respectively. The capital expenditures in fiscal year 2023 primarily consisted of spending for Chamberlain's new campus development and improvements and Adtalem's home office. Capital spending for the remainder of fiscal year 2023 will support continued investment for new campus development at Chamberlain and maintenance at the medical and veterinary schools. Management anticipates full fiscal year 2023 capital spending to be in the \$50 to \$60 million range, including \$5.6 million spent during the first three months of fiscal year 2023. The source of funds for this capital spending will be from operations or the Credit Facility (as defined and discussed in Note 13 "Debt" to the Consolidated Financial Statements).

On August 12, 2021, Adtalem completed the acquisition of 100% of the equity interest of Walden for \$1,488.1 million, net of cash and restricted cash of \$83.4 million. The acquisition resulted in a cash outflow on the Consolidated Statements of Cash Flows for the three months ended September 30, 2021 of \$1,481.8 million. An additional payment of \$6.3 million was made during the second quarter of fiscal year 2022 due to certain post-closing adjustments.

During the first quarter of fiscal year 2023, we paid \$0.8 million for a working capital adjustment to the initial sales price for ACAMS.

Financing Activities

The following table provides a summary of cash flows from financing activities (in thousands):

	Three Months Ended September 30,	
	2022	2021
Net (repayments) proceeds from long-term debt	\$ (100,861)	\$ 559,000
Payment of debt discount and issuance costs	—	(49,553)
Other	(2,113)	5,571
Net cash (used in) provided by financing activities	<u>\$ (102,974)</u>	<u>\$ 515,018</u>

On February 4, 2020, we announced that the Board authorized Adtalem's twelfth share repurchase program, which allowed Adtalem to repurchase up to \$300.0 million of its common stock through December 31, 2021. The twelfth share repurchase program commenced in January 2021 and expired on December 31, 2021. On March 1, 2022, we announced that the Board authorized Adtalem's thirteenth share repurchase program, which allows Adtalem to repurchase up to \$300.0 million of its common stock through February 25, 2025. We did not make any share repurchases under these programs during the three months ended September 30, 2022 and 2021. See Note 15 "Share Repurchases" to the Consolidated Financial Statements for additional information on our share repurchase programs.

On March 14, 2022, we entered into an ASR agreement to repurchase \$150.0 million of common stock. We received an initial delivery of 4,709,576 shares of common stock representing approximately 80% of the total shares expected to be delivered at the time of executing the ASR based on the per share price on the day prior to the execution date. The final number of shares to be repurchased will be based on the volume-weighted average price of Adtalem's common stock during the term of the ASR agreement, less a discount and subject to adjustments pursuant to the terms of the ASR agreement. The ASR agreement ended on October 14, 2022. Based on the volume-weighted average price of Adtalem's common stock during the term of the ASR agreement, Adtalem owed the counter party 332,212 shares of common stock. We elected to settle the contract in cash instead of delivering shares as allowed under the terms of the ASR agreement by making a cash payment of \$13.2 million on November 2, 2022.

On March 24, 2020, we executed a pay-fixed, receive-variable interest rate swap agreement (the "Swap") with a multinational financial institution to mitigate risks associated with the variable interest rate on our Prior Term Loan B (as defined in Note 13 "Debt" to the Consolidated Financial Statements) debt. We paid interest at a fixed rate of 0.946% and received variable interest of one-month LIBOR (subject to a minimum of 0.00%), on a notional amount equal to the amount outstanding under the Prior Term Loan B. The effective date of the Swap was March 31, 2020 and settlements with the counterparty occurred on a monthly basis. The Swap was set to terminate on February 28, 2025. On July 29, 2021, prior to refinancing our Prior Credit Agreement (as discussed below), we settled and terminated the Swap for \$4.5 million, which resulted in a charge to interest expense for this amount in the three months ended September 30, 2021. During the operating term of the Swap, the annual interest rate on the amount of the Prior Term Loan B was fixed at 3.946% (including the impact of the 3% interest rate margin on LIBOR loans) for the applicable interest rate period. The Swap was designated as a cash flow hedge and as such, changes in its fair value were recognized in accumulated other comprehensive loss on the Consolidated Balance Sheets and were reclassified into the Consolidated Statements of Income (Loss) within interest expense in the periods in which the hedged transactions affected earnings.

As discussed in the previous section of this MD&A titled "Walden University Acquisition," on August 12, 2021, Adtalem acquired all of the issued and outstanding equity interest in Walden, in exchange for a purchase price of \$1.5 billion in cash. On March 1, 2021, we issued \$800.0 million aggregate principal amount of 5.50% Senior Secured Notes due 2028 (the "Notes"), which mature on March 1, 2028. On August 12, 2021, Adtalem replaced the Prior Credit Facility and Prior Credit Agreement (as defined in Note 13 "Debt" to the Consolidated Financial Statements) by entering into its new credit agreement (the "Credit Agreement") that provides for (1) a \$850.0 million senior secured term loan ("Term Loan B") with a maturity date of August 12, 2028 and (2) a \$400.0 million senior secured revolving loan facility ("Revolver") with a maturity date of August 12, 2026. We refer to the Term Loan B and Revolver collectively as the "Credit Facility." The proceeds of the Notes and the Term Loan B were used, among other things, to finance the Acquisition, refinance Adtalem's Prior Credit Agreement, and pay fees and expenses related to the Acquisition. The Revolver will be used to finance ongoing working capital and for general corporate purposes. During fiscal year 2022, we

made a prepayment of \$396.7 million on the Term Loan B. With this prepayment, we are no longer required to make quarterly installment payments. On April 11, 2022, we repaid \$373.3 million of Notes at a price equal to 100% of the principal amount of the Notes. During June 2022, we repurchased on the open market an additional \$20.8 million of Notes at a price equal to approximately 90% of the principal amount of the Notes, resulting in a gain on extinguishment of \$2.1 million recorded within interest expense in the Consolidated Statements of Income (Loss) for the year ended June 30, 2022. In July 2022, we repurchased an additional \$0.9 million of Notes and on September 22, 2022, we made a prepayment of \$100.0 million on the Term Loan B. As of September 30, 2022, the amount of debt outstanding under the Notes and Credit Facility was \$758.3 million. See Note 13 “Debt” to the Consolidated Financial Statements for additional information on the Notes and our Credit Agreement.

Management currently projects that COVID-19 will continue to have an effect on operations and, as a result, liquidity, as discussed in the previous section of this MD&A titled “Overview of the Impact of COVID-19”; however, we believe the current balances of cash, cash generated from operations, and our Credit Facility will be sufficient to fund both Adtalem’s current domestic and international operations and growth plans for the foreseeable future.

Material Cash Requirements

Long-Term Debt – We have outstanding \$405.0 million of Notes and \$353.3 million of Term Loan B, which requires interest payments. With the prepayment noted above, we are no longer required to make quarterly principal installment payments on the Term Loan B. In addition, we maintain a \$400.0 million revolving credit facility with availability of \$400.0 million as of September 30, 2022. See Note 13 “Debt” to the Consolidated Financial Statements for additional information on our Notes and Credit Agreement.

Operating Lease Obligations – We have operating lease obligations for the minimum payments required under various lease agreements which are recorded on the Consolidated Balance Sheets. In addition, we sublease certain space to third parties, which partially offsets the lease obligations at these facilities. See Note 11 “Leases” to the Consolidated Financial Statements for additional information on our lease agreements.

Seasonality

The seasonal pattern of Adtalem’s enrollments and its educational programs’ starting dates affect the timing of cash flows with higher cash inflows at the beginning of academic terms. Comparisons of financial position should be made to both the end of the previous fiscal year and to the end of the corresponding quarterly period in the preceding year.

Critical Accounting Policies and Estimates

There have been no material changes in our critical accounting policies and estimates as disclosed in our 2022 Form 10-K.

Recent Accounting Pronouncements

For a discussion of recent accounting pronouncements, see Note 2 “Summary of Significant Accounting Policies” to the Consolidated Financial Statements.

Forward-Looking Statements

Certain statements in this Quarterly Report on Form 10-Q are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact, which includes statements regarding the future impact of the COVID-19 pandemic, and the expected synergies from the recent Walden acquisition. Forward-looking statements can also be identified by words such as “future,” “believe,” “expect,” “anticipate,” “estimate,” “plan,” “intend,” “may,” “will,” “would,” “could,” “can,” “continue,” “preliminary,” “range,” and similar terms. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those described in the statements. These risks and uncertainties include the risk factors described in Item 1A. “Risk Factors” of our 2022 Form 10-K and this Quarterly Report on Form 10-Q, which should be read in conjunction with the forward-looking statements in this Quarterly Report on Form 10-Q. These forward-looking

statements are based on information available to us as of the date any such statements are made, and we do not undertake any obligation to update any forward-looking statement, except as required by law.

Non-GAAP Financial Measures and Reconciliations

We believe that certain non-GAAP financial measures provide investors with useful supplemental information regarding the underlying business trends and performance of Adtalem's ongoing operations as seen through the eyes of management and are useful for period-over-period comparisons. We use these supplemental non-GAAP financial measures internally in our assessment of performance and budgeting process. However, these non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. The following are non-GAAP financial measures used in this Quarterly Report on Form 10-Q:

Adjusted net income (most comparable GAAP measure: net income (loss)) – Measure of Adtalem's net income (loss) adjusted for deferred revenue adjustment, CEO transition costs, restructuring expense, business acquisition and integration expense, intangible amortization expense, pre-acquisition interest expense, write-off of debt discount and issuance costs, gain on extinguishment of debt, and net loss (income) from discontinued operations.

Adjusted earnings per share (most comparable GAAP measure: earnings (loss) per share) – Measure of Adtalem's diluted earnings (loss) per share adjusted for deferred revenue adjustment, CEO transition costs, restructuring expense, business acquisition and integration expense, intangible amortization expense, pre-acquisition interest expense, write-off of debt discount and issuance costs, gain on extinguishment of debt, and net loss (income) from discontinued operations.

Adjusted operating income (most comparable GAAP measure: operating income (loss)) – Measure of Adtalem's operating income (loss) adjusted for deferred revenue adjustment, CEO transition costs, restructuring expense, business acquisition and integration expense, and intangible amortization expense. This measure is applied on a consolidated and segment basis, depending on the context of the discussion.

Adjusted EBITDA (most comparable GAAP measure: net income (loss)) – Measure of Adtalem's net income (loss) adjusted for net loss (income) from discontinued operations, net other expense, provision for income taxes, depreciation and amortization, stock-based compensation, deferred revenue adjustment, CEO transition costs, restructuring expense, and business acquisition and integration expense. This measure is applied on a consolidated and segment basis, depending on the context of the discussion. Income taxes and net other expense is not recorded at the reportable segments, and therefore, the segment adjusted EBITDA reconciliations begin with operating income (loss).

A description of special items in our non-GAAP financial measures described above are as follows:

- Deferred revenue adjustment related to a revenue purchase accounting adjustment to record Walden's deferred revenue at fair value.
- CEO transition costs related to acceleration of stock-based compensation expense.
- Restructuring expense primarily related to plans to achieve synergies with the Walden acquisition and real estate consolidations at Walden, Medical and Veterinary, and Adtalem's home office.
- Business acquisition and integration expense include expenses related to the Walden acquisition and growth transformation initiatives.
- Intangible amortization expense on acquired intangible assets.
- Pre-acquisition interest expense, write-off of debt discount and issuance costs, and gain on extinguishment of debt related to financing arrangements in connection with the Walden acquisition and prepayment of debt.
- Net loss (income) from discontinued operations includes the operations of ACAMS, Becker, OCL, and EduPristine, in addition to costs related to DeVry University.

The following tables provide a reconciliation from the most directly comparable GAAP measure to these non-GAAP financial measures. The operating income reconciliation is included in the results of operations section within this MD&A.

Net income (loss) reconciliation to adjusted net income (in thousands):

	Three Months Ended September 30,	
	2022	2021
Net income (loss) (GAAP)	\$ 2,192	\$ (58,004)
Deferred revenue adjustment	—	6,207
CEO transition costs	—	6,195
Restructuring expense	15,065	3,094
Business acquisition and integration expense	8,415	26,553
Intangible amortization expense	18,528	16,451
Pre-acquisition interest expense, write-off of debt discount and issuance costs, and gain on extinguishment of debt	2,824	31,634
Income tax impact on non-GAAP adjustments (1)	(9,673)	4,640
Net loss (income) from discontinued operations	3,654	(19,178)
Adjusted net income (non-GAAP)	<u>\$ 41,005</u>	<u>\$ 17,592</u>

(1) Represents the income tax impact of non-GAAP continuing operations adjustments that is recognized in our GAAP financial statements.

Earnings (loss) per share reconciliation to adjusted earnings per share (shares in thousands):

	Three Months Ended September 30,	
	2022	2021
Earnings (loss) per share, diluted (GAAP)	\$ 0.05	\$ (1.17)
Effect on diluted earnings per share:		
Deferred revenue adjustment	-	0.12
CEO transition costs	-	0.12
Restructuring expense	0.33	0.06
Business acquisition and integration expense	0.18	0.53
Intangible amortization expense	0.40	0.33
Pre-acquisition interest expense, write-off of debt discount and issuance costs, and gain on extinguishment of debt	0.06	0.63
Income tax impact on non-GAAP adjustments (1)	(0.21)	0.09
Net loss (income) from discontinued operations	0.08	(0.39)
Adjusted earnings per share, diluted (non-GAAP)	<u>\$ 0.88</u>	<u>\$ 0.35</u>
Diluted shares used in non-GAAP EPS calculation	46,342	50,222

(1) Represents the income tax impact of non-GAAP continuing operations adjustments that is recognized in our GAAP financial statements.

Net income (loss) reconciliation to adjusted EBITDA (in thousands):

	Three Months Ended September 30,			
			Increase/(Decrease)	
	2022	2021	\$	%
Chamberlain:				
Operating income (GAAP)	\$ 26,184	\$ 20,855	\$ 5,329	25.6 %
Restructuring expense	818	—	818	
Depreciation	4,481	4,584	(103)	
Stock-based compensation	2,274	1,547	727	
Adjusted EBITDA (non-GAAP)	<u>\$ 33,757</u>	<u>\$ 26,986</u>	<u>\$ 6,771</u>	25.1 %
Adjusted EBITDA margin (non-GAAP)	24.9 %	19.9 %		
Walden:				
Operating income (loss) (GAAP)	\$ 1,783	\$ (11,646)	\$ 13,429	NM
Deferred revenue adjustment	—	6,207	(6,207)	
Restructuring expense	3,080	—	3,080	
Intangible amortization expense	18,528	16,451	2,077	
Depreciation	2,595	1,712	883	
Stock-based compensation	1,905	707	1,198	
Adjusted EBITDA (non-GAAP)	<u>\$ 27,891</u>	<u>\$ 13,431</u>	<u>\$ 14,460</u>	107.7 %
Adjusted EBITDA margin (non-GAAP)	21.3 %	19.6 %		
Medical and Veterinary:				
Operating income (GAAP)	\$ 10,528	\$ 15,665	\$ (5,137)	(32.8)%
Restructuring expense	6,826	—	6,826	
Depreciation	3,105	3,455	(350)	
Stock-based compensation	1,475	928	547	
Adjusted EBITDA (non-GAAP)	<u>\$ 21,934</u>	<u>\$ 20,048</u>	<u>\$ 1,886</u>	9.4 %
Adjusted EBITDA margin (non-GAAP)	24.9 %	23.6 %		
Home Office and Other:				
Operating loss (GAAP)	\$ (15,402)	\$ (46,937)	\$ 31,535	67.2 %
CEO transition costs	—	6,195	(6,195)	
Restructuring expense	4,341	3,094	1,247	
Business acquisition and integration expense	8,415	26,553	(18,138)	
Depreciation	624	748	(124)	
Stock-based compensation	491	334	157	
Adjusted EBITDA (non-GAAP)	<u>\$ (1,531)</u>	<u>\$ (10,013)</u>	<u>\$ 8,482</u>	84.7 %
Adtalem Global Education:				
Net income (loss) (GAAP)	\$ 2,192	\$ (58,004)	\$ 60,196	NM
Net loss (income) from discontinued operations	3,654	(19,178)	22,832	
Net other expense	16,193	46,515	(30,322)	
Provision for income taxes	1,054	8,604	(7,550)	
Operating income (loss) (GAAP)	<u>23,093</u>	<u>(22,063)</u>	<u>45,156</u>	
Depreciation and amortization	29,333	26,950	2,383	
Stock-based compensation	6,145	3,516	2,629	
Deferred revenue adjustment	—	6,207	(6,207)	
CEO transition costs	—	6,195	(6,195)	
Restructuring expense	15,065	3,094	11,971	
Business acquisition and integration expense	8,415	26,553	(18,138)	
Adjusted EBITDA (non-GAAP)	<u>\$ 82,051</u>	<u>\$ 50,452</u>	<u>\$ 31,599</u>	62.6 %
Adjusted EBITDA margin (non-GAAP)	23.1 %	17.5 %		

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The interest rate on Adtalem's Term Loan B is based upon LIBOR for eurocurrency rate loans or an alternative base rate for periods typically ranging from one to three months. As of September 30, 2022, Adtalem had \$353.3 million in outstanding borrowings under the Term Loan B with an interest rate of 7.05%. Based upon borrowings of \$353.3 million, a 100 basis point increase in short-term interest rates would result in \$3.5 million of additional annual interest expense.

Interest on our Credit Facility is set based on LIBOR, which is based on observable market transactions. The U.K. Financial Conduct Authority, which regulates LIBOR, has announced that no new contracts referencing LIBOR are allowed. In addition, publication of one-week and two-month LIBOR rates ceased on December 31, 2021; however, all other LIBOR tenors will be published through June 30, 2023. Various parties, including government agencies, are seeking to identify an alternative rate to replace LIBOR. Management is monitoring their efforts. The Credit Agreement provides guidance surrounding the implementation of a replacement benchmark rate, however the specific replacement benchmark rate has not been identified. We expect to amend the Credit Agreement during fiscal year 2023 to transition from LIBOR to the Secured Overnight Financing Rate (“SOFR”).

There have been no other material changes in Adtalem’s market risk exposure during the first three months of fiscal year 2023. For a discussion of Adtalem’s exposure to market risk, refer to Item 7A. “Quantitative and Qualitative Disclosures About Market Risk” contained in Adtalem’s Annual Report on Form 10-K for the fiscal year ended June 30, 2022.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Based on an evaluation under the supervision and with the participation of Adtalem’s management, Adtalem’s Chief Executive Officer and Chief Financial Officer have concluded that Adtalem’s disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act were effective as of September 30, 2022 to ensure that information required to be disclosed by Adtalem in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and communicated to Adtalem’s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes during the first quarter of fiscal year 2023 in our internal control over financial reporting that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

For information regarding legal proceedings, see Note 19 “Commitments and Contingencies” to the Consolidated Financial Statements included in Item 1. “Financial Statements.”

Item 1A. Risk Factors

In addition to the other information set forth in this report, the factors discussed in Item 1A. “Risk Factors” in Adtalem’s Annual Report on Form 10-K for the fiscal year ended June 30, 2022, which could materially affect Adtalem’s business, financial condition, or future results, should be carefully considered. Such risks are not the only risks facing Adtalem. Additional risks and uncertainties not currently known to Adtalem or that management currently deems to be immaterial also may materially adversely affect its business, financial condition, and/or operating results. There have been no material changes to Adtalem’s risk factors since its Annual Report on Form 10-K for the fiscal year ended June 30, 2022.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)
July 1, 2022 - July 31, 2022	—	\$ —	—	\$ 300,000,000
August 1, 2022 - August 31, 2022	—	—	—	300,000,000
September 1, 2022 - September 30, 2022	—	—	—	300,000,000
Total	—	\$ —	—	\$ 300,000,000

(1) On February 4, 2020, we announced that the Board authorized Adtalem’s twelfth share repurchase program, which allowed Adtalem to repurchase up to \$300.0 million of its common stock through December 31, 2021. The twelfth share repurchase program commenced in January 2021 and expired on December 31, 2021. On March 1, 2022, we announced that the Board authorized Adtalem’s thirteenth share repurchase program, which allows Adtalem to repurchase up to \$300.0 million of its common stock through February 25, 2025. The timing and amount of any future repurchases will be determined based on an evaluation of market conditions and other factors. On March 14, 2022, we entered into an accelerated share repurchase (“ASR”) agreement to repurchase \$150.0 million of common stock under which 4,709,576 shares were initially delivered. The ASR agreement ended on October 14, 2022. Based on the volume-weighted average price of Adtalem’s common stock during the term of the ASR agreement, Adtalem owed the counter party 332,212 shares of common stock. We elected to settle the contract in cash instead of delivering shares as allowed under the terms of the ASR agreement by making a cash payment of \$13.2 million on November 2, 2022. See Note 15 “Share Repurchases” to the Consolidated Financial Statements for additional information on our share repurchase programs, including the ASR agreement.

Other Purchases of Equity Securities

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
July 1, 2022 - July 31, 2022	—	\$ —	NA	NA
August 1, 2022 - August 31, 2022	76,302	39.78	NA	NA
September 1, 2022 - September 30, 2022	11,998	37.54	NA	NA
Total	88,300	\$ 39.48	NA	NA

(1) Represents shares delivered back to Adtalem for payment of withholding taxes from employees for vesting restricted stock units and shares swapped for payment on exercise of incentive stock options pursuant to the terms of Adtalem’s stock incentive plans.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

10(a)*	Form of Restricted Stock Unit Award Agreement for Executive Officers under the Fourth Amended and Restated Incentive Compensation Plan of 2013 (effective fiscal year 2023)
10(b)*	Form of Restricted Stock Unit Award Agreement for Employees under the Fourth Amended and Restated Incentive Compensation Plan of 2013 (effective fiscal year 2023)
10(c)*	Form of Performance-Based Restricted Stock Unit Award Agreement for Executive Officers under the Fourth Amended and Restated Incentive Compensation Plan of 2013 (effective fiscal year 2023)
10(d)*	Form of Performance-Based Restricted Stock Unit Award Agreement for Employees under the Fourth Amended and Restated Incentive Compensation Plan of 2013 (effective fiscal year 2023)
10(e)*	Form of Restricted Cash Award Agreement for Employees under the Fourth Amended and Restated Incentive Compensation Plan of 2013 (effective fiscal year 2023)
10(f)*	Registrant's Fourth Amended and Restated Incentive Plan of 2013
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended
32	Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Designates management contracts and compensatory plans or arrangements.

** Furnished herewith.

SIGNATURE

Pursuant to the requirements 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.

Adtalem Global Education Inc.

Date: November 3, 2022

By: /s/ Robert J. Phelan

Robert J. Phelan

Senior Vice President and Chief Financial Officer

(Principal Financial Officer)

**Adtalem Global Education Inc.
Restricted Stock Unit Award Agreement (Executive Officer)**

Participant Name :

Participant Address :

Awards Granted :

Award Type :

Grant Name :

Award Date :

Award Accepted on :

Vesting Schedule :

THIS AGREEMENT, made and entered into as of the Award Date by and between Adtalem Global Education Inc., a Delaware corporation ("Adtalem"), and the Participant.

WHEREAS, Adtalem maintains the Adtalem Global Education, Inc. Amended and Restated Incentive Plan of 2013 (the "Plan"); and

WHEREAS, the Participant is an officer of Adtalem or one of its subsidiaries who is subject to Section 16 of the Securities and Exchange Act of 1934 and has been selected by the Compensation Committee of Adtalem's Board of Directors (the "Committee") to receive an award of Stock Units (this award is referred to as "Full Value Shares" in this Agreement because it represents the Participant's ability to receive actual shares of common stock of Adtalem ("Common Stock") as the Full Value Share award vests).

NOW, THEREFORE, Adtalem and the Participant hereby agree as follows:

1. Agreement. This Agreement evidences the award to the Participant of the number of Full Value Shares relating to the Common Stock of Adtalem as set forth above. A Full Value Shares is the right to receive a distribution of a share of Common Stock for each Full Value Shares as described in Section 5 of the Agreement. The Agreement and Full Value Shares award shall be subject to the following terms and conditions and the provisions of the Plan, which are hereby incorporated by reference. A copy of the Plan may be obtained by the Participant from the office of the Secretary of Adtalem or from the stock administrator's website.
 2. Full Value Shares Account. Adtalem shall maintain an account (the "Account") on its books in the name of the Participant which shall reflect the number of Full Value Shares awarded to the Participant and not vested. Until the Full Value Shares vest, they are not actual shares of Common Stock, but represent the right to receive shares of Common Stock upon vesting.
 3. Payment of Dividends. Upon the payment of any dividends on Common Stock occurring while any portion of the Participant's Full Value Shares award is outstanding, Adtalem shall credit an amount equal to the dividends that the Participant would have received had the Participant been the actual owner
-

of the number of shares of Common Stock represented by the Full Value Shares in the Participant's Account on that date, which will be paid to the Participant upon, or shortly after, vest.

4. Vesting.

(a) Except as described below, the Participant shall become vested in his or her Full Value Shares award in accordance with the Vesting Schedule set forth above if he or she remains in continuous employment with Adtalem or an affiliate until such date.

(b) If the Participant's employment with Adtalem and all affiliates terminates prior to the completion of the Vesting Schedule due to death or disability, the Full Value Shares award shall become fully vested on such date. For this purpose "disability" means the Participant's being determined to be disabled under Adtalem's long-term disability plan as in effect from time to time, regardless of whether the Participant is an actual participant in such plan (if the Participant is a participant in such plan, the determination of disability shall be made by the party responsible for making such determination under the plan, and if the Participant is not a participant in such plan, the determination of disability shall be made by the Committee in its sole discretion).

(c) If the Participant's employment with Adtalem and all affiliates terminates prior to the completion of the Vesting Schedule other than due to death, disability or retirement, Adtalem may, in its sole discretion, enter into a written agreement with the Participant providing that the Participant shall be credited with one additional year of service for purposes of determining the vested portion of the Full Value Shares award. Adtalem shall have complete discretion, which need not be exercised in a consistent manner, whether to enter into such an agreement (which agreement may be conditioned upon the Participant's execution of a release of claims, actions following the Participant's termination of employment or such other factors as Adtalem may determine), and the Participant shall have no rights under this Section 4(c) unless such an agreement, specifically referring to this award, is entered into in writing.

(d) If the Participant's employment with Adtalem and all affiliates terminates prior to the completion of the Vesting Schedule due to retirement, the Full Value Shares award shall continue to vest in accordance with the Vesting Schedule. For this purpose, "retirement" means the Participant's termination without cause on or after the date on which the Participant has attained age 55 and the sum of his or her age and service equals or exceeds 65.

For this purpose (i) the term "service" means the Participant's period of employment with Adtalem and all affiliates (including any predecessor company or business acquired by Adtalem or any affiliate, provided the Participant was immediately employed by Adtalem or any affiliate) and (ii) the term "cause" has the meaning set forth in Section 7(b)(i). Age and service shall be determined in fully completed years.

Any Participant whose employment terminates due to retirement as described in this Section 4(d) or who enters into an agreement as described in Section 4(c) must execute and deliver to Adtalem an agreement, in a form prescribed by Adtalem, and in accordance with procedures established by Adtalem, that he or she will not compete with, or solicit employees of, Adtalem and its affiliates for the remainder of the vesting period, and that he or she releases all claims against Adtalem and its affiliates.

If the Participant fails to execute such agreement, or if the agreement is revoked by the Participant, the Full Value Shares award shall be forfeited to Adtalem on the date of the Participant's retirement.

(e) If the Participant's employment with Adtalem and all affiliates terminates prior to the completion of the Vesting Schedule for any reason other than death, disability or retirement, the portion of the Participant's Full Value Shares award that is not vested as of such date shall be forfeited to Adtalem, except as provided in Section 4(c).

(f) For purposes of this Agreement, the term "affiliate" means each entity with whom Adtalem would be considered a single employer under Sections 414(b) and 414(c) of the Code, substituting "at least 50%" instead of "at least 80%" in making such determination.

(g) If the Committee determines, in its sole discretion, that there is an Excess Award, the Excess Award shall be satisfied:

(i) From any portion of the Award that has not yet been settled, by (A) forfeiting unvested Restricted Stock Units, then (B) to the extent necessary, forfeiting vested Restricted Stock Units not yet settled.

(ii) To the extent necessary with respect to the portion of the Award that has been settled, by (A) the Participant returning the Shares issued under this Award, (B) forfeiting all or any portion of the Participant's other Awards, (C) in the Committee's sole discretion, entering into an agreement with the Participant for the repayment of all or any portion of an Excess Award, (D) to the extent permitted by law, offsetting any portion of an Excess Award against any other amounts owed to the Participant by Adtalem or any affiliate, (E) in the Committee's sole discretion, pursuing legal action against the Participant to secure repayment of the Excess Award, and/or (F) any other method of recoupment the Committee determines is appropriate.

(h) For purposes of this Agreement:

(i) "Excess Award" shall mean all or any portion of this Award that the Committee determines, in its sole discretion, was granted based on the financial results that subsequently become Restated Financials.

(ii) "Restated Financials" shall mean any applicable financial results of Adtalem and/or one or more of its affiliates that are subsequently restated due to conduct by the Participant that the independent directors of the Board of Directors or a committee of such board determine, in their sole discretion, was knowing, intentionally fraudulent or illegal.

(i) The foregoing provisions of this Section 4 shall be subject to the provisions of any written employment security agreement or severance agreement that has been or may be executed by the Participant and Adtalem, and the provisions in such employment security agreement or severance agreement concerning vesting of a Full Value Shares award shall supersede any inconsistent or contrary provision of this Section 4.

5. Settlement of Award. If and when a Participant becomes vested in his or her Full Value Shares award in accordance with Section 4 or Section 7, Adtalem shall distribute to him or her, or his or her personal representative, beneficiary or estate, as applicable, a number of shares of Common Stock equal

to the number of Full Value Shares subject to the Full Value Shares award that become so vested. Such shares shall be delivered within 30 days following the date of vesting.

6. Withholding Taxes. The Participant shall pay to Adtalem an amount sufficient to satisfy all minimum Federal, state and local withholding tax requirements arising in connection with the vesting of the Full Value Shares award prior to the delivery of any shares subject to such Full Value Shares award. Payment of such taxes may be made by one or more of the following methods: (a) in cash, (b) in cash received from a broker-dealer to whom the Participant has submitted irrevocable instructions to deliver the amount of withholding tax to Adtalem from the proceeds of the sale of shares subject to the Full Value Shares award, (c) by directing Adtalem to withhold a number of shares otherwise issuable pursuant to the Full Value Shares award with a fair market value equal to the tax required to be withheld, or (d) by delivery (including attestation) to Adtalem of other Common Stock owned by the Participant that is acceptable to Adtalem, valued at its fair market value on the date of payment.

7. Change in Control.

(a) In the event that the Participant's employment with Adtalem and all affiliates is terminated without Cause or for Good Reason within twenty four months following a Change in Control (as defined in the Plan), the Full Value Shares award (or any shares or other award into which the Full Value Shares award is converted, or that is issued in substitution for the Full Value Shares award, pursuant to the Change in Control) shall become immediately vested in full. Notwithstanding the foregoing, if as a result of the Change in Control either Adtalem or the successor to its business ceases to be publicly traded, or the successor to Adtalem does not assume the Full Value Shares award, or issue a new award in substitution for it, the Committee shall have the sole discretion to provide for accelerated vesting of the Full Value Shares award and take other appropriate actions with respect to the Full Value Shares award, including providing for the mandatory purchase of the Full Value Shares for an amount equal to the consideration paid for a share of Common Stock pursuant to the terms of the Change in Control multiplied by the number of vested Full Value Shares.

(b) For purposes of this Section 7:

(i) "Cause" means (A) the commission of a felony or other crime involving moral turpitude or the commission of any other act or omission involving misappropriation, dishonesty, fraud, illegal drug use or breach of fiduciary duty, (B) willful failure to perform duties as reasonably directed by the Chief Executive Officer of Adtalem or its successor (the "CEO") or the CEO's designee, (C) the Participant's gross negligence or willful misconduct with respect to the performance of the Participant's duties, or (D) obtaining any personal profit not fully disclosed to and approved by the Adtalem Board of Directors in connection with any transaction entered into by, or on behalf of, Adtalem or its successor; and

(ii) "Good Reason" means, without the Participant's consent, (A) material diminution in title, duties, responsibilities or authority; (B) reduction in base salary, bonus target or employee benefits except for across the board changes for Participants at the Participant's level; (C) exclusion from the employee benefits/compensation plans otherwise applicable to employees at the Participant's level; (D) a material breach of any employment agreement between Adtalem and the Participant that Adtalem or its successor has not cured within thirty (30) days after the Participant has provided Adtalem or its successor notice of the material breach which shall be given within sixty (60) days of the Participant's knowledge of the occurrence of the material breach; or (E) resignation in compliance with securities, corporate governance

or other applicable law (such as the US Sarbanes-Oxley Act) as specifically applicable to such Participant (other than by reason of a breach by Participant of any such law). For avoidance of doubt, a change in reporting relationship to the CEO's designee shall not constitute "Good Reason".

8. **Rights as Stockholder.** The Participant shall not be entitled to any of the rights of a stockholder of Adtalem with respect to the Full Value Shares award, including the right to vote and to receive dividends and other distributions, until and to the extent the Full Value Shares award vests and is settled in shares of Common Stock.

9. **Share Delivery.** Delivery of any shares in connection with settlement of the Full Value Shares award will be by book-entry credit to an account in the Participant's name established by Adtalem with Adtalem's transfer agent, or upon written request from the Participant (or his or her personal representative, beneficiary or estate, as the case may be), in certificates in the name of the Participant (or his or her personal representative, beneficiary or estate).

10. **Award Not Transferable.** The Full Value Shares award may not be transferred other than by will or the applicable laws of descent or distribution or pursuant to a qualified domestic relations order. The Full Value Shares award shall not otherwise be assigned, transferred, or pledged for any purpose whatsoever and is not subject, in whole or in part, to attachment, execution or levy of any kind. Any attempted assignment, transfer, pledge, or encumbrance of the Full Value Shares award, other than in accordance with its terms, shall be void and of no effect.

11. **Beneficiary Designation.** The Participant may, from time to time, name any beneficiary or beneficiaries to whom distribution of the shares of Common Stock subject to the vested portion of the Full Value Shares award is to be made, in the event of his or her death. Each such designation will revoke all prior designations, shall be in a form prescribed by the Committee, and will be effective only when filed by the Participant with the Committee during his or her lifetime. In the absence of any such designation, or if all beneficiaries predecease the Participant, then the Participant's beneficiary shall be his or her estate.

12. **Administration.** The Full Value Shares award shall be administered in accordance with such regulations as the Committee shall from time to time adopt.

13. **Governing Law.** This Agreement, and the Full Value Shares award, shall be construed, administered and governed in all respects under and by the laws of the State of Delaware.

14. **Restrictive Covenants.** The Participant's acceptance of this Agreement signifies the Participant's agreement that: (a) the Full Value Shares award is good and valuable consideration for any restrictive covenant agreement entered into between the Participant and Adtalem in connection with this Full Value Shares award; and (b) whether or not vested, this Full Value Shares award is subject to forfeiture or clawback, as applicable, upon the Participant's breach of any restrictive covenant agreement between the Participant and Adtalem.

15. **Acceptance of Agreement by Participant.** The Participant's receipt of the Full Value Shares award is conditioned upon the acceptance of this Agreement by the Participant no later than 60 days after the Award Date set forth above or, if later, 30 days after the Participant receives this Agreement. Upon execution of the Agreement, the Participant and Adtalem signify their agreement with the terms and conditions of this Agreement.

**Adtalem Global Education Inc.
Restricted Stock Unit Award Agreement (Employee)**

Participant Name :

Participant Address :

Awards Granted :

Award Type :

Grant Name :

Award Date :

Award Accepted on :

Vesting Schedule :

THIS AGREEMENT, made and entered into as of the Award Date by and between Adtalem Global Education Inc., a Delaware corporation ("Adtalem"), and the Participant.

WHEREAS, Adtalem maintains the Adtalem Global Education, Inc. Amended and Restated Incentive Plan of 2013 (the "Plan"); and

WHEREAS, the Participant is an employee of Adtalem or one of its subsidiaries and has been selected by the Compensation Committee of Adtalem's Board of Directors (the "Committee") to receive an award of Stock Units (this award is referred to as "Full Value Shares" in this Agreement because it represents the Participant's ability to receive actual shares of common stock of Adtalem ("Common Stock") as the Full Value Share award vests).

NOW, THEREFORE, Adtalem and the Participant hereby agree as follows:

1. **Agreement.** This Agreement evidences the award to the Participant of the number of Full Value Shares relating to the Common Stock of Adtalem as set forth above. A Full Value Shares is the right to receive a distribution of a share of Common Stock for each Full Value Shares as described in Section 5 of the Agreement. The Agreement and Full Value Shares award shall be subject to the following terms and conditions and the provisions of the Plan, which are hereby incorporated by reference. A copy of the Plan may be obtained by the Participant from the office of the Secretary of Adtalem or from the stock administrator's website.
 2. **Full Value Shares Account.** Adtalem shall maintain an account (the "Account") on its books in the name of the Participant which shall reflect the number of Full Value Shares awarded to the Participant and not vested. Until the Full Value Shares vest, they are not actual shares of Common Stock, but represent the right to receive shares of Common Stock upon vesting.
 3. **Payment of Dividends.** Upon the payment of any dividends on Common Stock occurring while any portion of the Participant's Full Value Shares award is outstanding, Adtalem shall credit an amount equal to the dividends that the Participant would have received had the Participant been the actual owner
-

of the number of shares of Common Stock represented by the Full Value Shares in the Participant's Account on that date, which will be paid to the Participant upon, or shortly after, vest.

4. Vesting.

(a) Except as described below, the Participant shall become vested in his or her Full Value Shares award in accordance with the Vesting Schedule set forth above if he or she remains in continuous employment with Adtalem or an affiliate until such date.

(b) If the Participant's employment with Adtalem and all affiliates terminates prior to the completion of the Vesting Schedule due to death or disability, the Full Value Shares award shall become fully vested on such date. For this purpose "disability" means the Participant's being determined to be disabled under Adtalem's long-term disability plan as in effect from time to time, regardless of whether the Participant is an actual participant in such plan (if the Participant is a participant in such plan, the determination of disability shall be made by the party responsible for making such determination under the plan, and if the Participant is not a participant in such plan, the determination of disability shall be made by the Committee in its sole discretion).

(c) If the Participant's employment with Adtalem and all affiliates terminates prior to the completion of the Vesting Schedule other than due to death, disability or retirement, Adtalem may, in its sole discretion, enter into a written agreement with the Participant providing that the Participant shall be credited with one additional year of service for purposes of determining the vested portion of the Full Value Shares award. Adtalem shall have complete discretion, which need not be exercised in a consistent manner, whether to enter into such an agreement (which agreement may be conditioned upon the Participant's execution of a release of claims, actions following the Participant's termination of employment or such other factors as Adtalem may determine), and the Participant shall have no rights under this Section 4(c) unless such an agreement, specifically referring to this award, is entered into in writing.

(d) If the Participant's employment with Adtalem and all affiliates terminates prior to the completion of the Vesting Schedule due to retirement, the Full Value Shares award shall continue to vest in accordance with the Vesting Schedule. For this purpose, "retirement" means the Participant's termination without cause on or after the date on which the Participant has attained age 55 and the sum of his or her age and service equals or exceeds 65.

For this purpose (i) the term "service" means the Participant's period of employment with Adtalem and all affiliates (including any predecessor company or business acquired by Adtalem or any affiliate, provided the Participant was immediately employed by Adtalem or any affiliate) and (ii) the term "cause" has the meaning set forth in Section 7(b)(i). Age and service shall be determined in fully completed years.

Any Participant whose employment terminates due to retirement as described in this Section 4(d) who enters into an agreement as described in Section 4(c) must execute and deliver to Adtalem an agreement, in a form prescribed by Adtalem, and in accordance with procedures established by Adtalem, that he or she will not compete with, or solicit employees of, Adtalem and its affiliates for the remainder of the vesting period, and that he or she releases all claims against Adtalem and its affiliates.

If the Participant fails to execute such agreement, or if the agreement is revoked by the Participant, the Full Value Shares award shall be forfeited to Adtalem on the date of the Participant's retirement.

(e) If the Participant's employment with Adtalem and all affiliates terminates prior to the completion of the Vesting Schedule for any reason other than death, disability or retirement, the portion of the Participant's Full Value Shares award that is not vested as of such date shall be forfeited to Adtalem, except as described in Section 4(c).

(f) For purposes of this Agreement, the term "affiliate" means each entity with whom Adtalem would be considered a single employer under Sections 414(b) and 414(c) of the Code, substituting "at least 50%" instead of "at least 80%" in making such determination.

(g) The foregoing provisions of this Section 4 shall be subject to the provisions of any written employment security agreement or severance agreement that has been or may be executed by the Participant and Adtalem, and the provisions in such employment security agreement or severance agreement concerning vesting of a Full Value Shares award shall supersede any inconsistent or contrary provision of this Section 4.

5. Settlement of Award. If and when a Participant becomes vested in his or her Full Value Shares award in accordance with Section 4 or Section 7, Adtalem shall distribute to him or her, or his or her personal representative, beneficiary or estate, as applicable, a number of shares of Common Stock equal to the number of Full Value Shares subject to the Full Value Shares award that become so vested. Such shares shall be delivered within 30 days following the date of vesting.

6. Withholding Taxes. The Participant shall pay to Adtalem an amount sufficient to satisfy all minimum Federal, state and local withholding tax requirements arising in connection with the vesting of the Full Value Shares award prior to the delivery of any shares subject to such Full Value Shares award. Payment of such taxes may be made by one or more of the following methods: (a) in cash, (b) in cash received from a broker-dealer to whom the Participant has submitted irrevocable instructions to deliver the amount of withholding tax to Adtalem from the proceeds of the sale of shares subject to the Full Value Shares award, (c) by directing Adtalem to withhold a number of shares otherwise issuable pursuant to the Full Value Shares award with a fair market value equal to the tax required to be withheld, or (d) by delivery (including attestation) to Adtalem of other Common Stock owned by the Participant that is acceptable to Adtalem, valued at its fair market value on the date of payment.

7. Change in Control.

(a) In the event that the Participant's employment with Adtalem and all affiliates is terminated without Cause or for Good Reason within twenty four months following a Change in Control (as defined in the Plan), the Full Value Shares award (or any shares or other award into which the Full Value Shares award is converted, or that is issued in substitution for the Full Value Shares award, pursuant to the Change in Control) shall become immediately vested in full. Notwithstanding the foregoing, if as a result of the Change in Control either Adtalem or the successor to its business ceases to be publicly traded, or the successor to Adtalem does not assume the Full Value Shares award, or issue a new award in substitution for it, the Committee shall have the sole discretion to provide for accelerated vesting of the Full Value Shares award and take other appropriate actions with respect to the Full Value Shares award, including providing for the mandatory purchase of the Full Value Shares for an amount equal to the

consideration paid for a share of Common Stock pursuant to the terms of the Change in Control multiplied by the number of vested Full Value Shares.

(b) For purposes of this Section 7:

(i) "Cause" means (A) the commission of a felony or other crime involving moral turpitude or the commission of any other act or omission involving misappropriation, dishonesty, fraud, illegal drug use or breach of fiduciary duty, (B) willful failure to perform duties as reasonably directed by the Chief Executive Officer of Adtalem or its successor (the "CEO") or the CEO's designee, (C) the Participant's gross negligence or willful misconduct with respect to the performance of the Participant's duties, or (D) obtaining any personal profit not fully disclosed to and approved by the Adtalem Board of Directors in connection with any transaction entered into by, or on behalf of, Adtalem or its successor; and

(ii) "Good Reason" means, without the Participant's consent, (A) material diminution in title, duties, responsibilities or authority; (B) reduction in base salary, bonus target or employee benefits except for across the board changes for Participants at the Participant's level; (C) exclusion from the employee benefits/compensation plans otherwise applicable to employees at the Participant's level; (D) a material breach of any employment agreement between Adtalem and the Participant that Adtalem or its successor has not cured within thirty (30) days after the Participant has provided Adtalem or its successor notice of the material breach which shall be given within sixty (60) days of the Participant's knowledge of the occurrence of the material breach; or (E) resignation in compliance with securities, corporate governance or other applicable law (such as the US Sarbanes-Oxley Act) as specifically applicable to such Participant (other than by reason of a breach by Participant of any such law). For avoidance of doubt, a change in reporting relationship to the CEO's designee shall not constitute "Good Reason".

8. Rights as Stockholder. The Participant shall not be entitled to any of the rights of a stockholder of Adtalem with respect to the Full Value Shares award, including the right to vote and to receive dividends and other distributions, until and to the extent the Full Value Shares award vests and is settled in shares of Common Stock.

9. Share Delivery. Delivery of any shares in connection with settlement of the Full Value Shares award will be by book-entry credit to an account in the Participant's name established by Adtalem with Adtalem's transfer agent, or upon written request from the Participant (or his or her personal representative, beneficiary or estate, as the case may be), in certificates in the name of the Participant (or his or her personal representative, beneficiary or estate).

10. Award Not Transferable. The Full Value Shares award may not be transferred other than by will or the applicable laws of descent or distribution or pursuant to a qualified domestic relations order. The Full Value Shares award shall not otherwise be assigned, transferred, or pledged for any purpose whatsoever and is not subject, in whole or in part, to attachment, execution or levy of any kind. Any attempted assignment, transfer, pledge, or encumbrance of the Full Value Shares award, other than in accordance with its terms, shall be void and of no effect.

11. Beneficiary Designation. The Participant may, from time to time, name any beneficiary or beneficiaries to whom distribution of the shares of Common Stock subject to the vested portion of the

Full Value Shares award is to be made, in the event of his or her death. Each such designation will revoke all prior designations, shall be in a form prescribed by the Committee, and will be effective only when filed by the Participant with the Committee during his or her lifetime. In the absence of any such designation, or if all beneficiaries predecease the Participant, then the Participant's beneficiary shall be his or her estate.

12. Administration. The Full Value Shares award shall be administered in accordance with such regulations as the Committee shall from time to time adopt.

13. Governing Law. This Agreement, and the Full Value Shares award, shall be construed, administered and governed in all respects under and by the laws of the State of Delaware.

14. Restrictive Covenants. The Participant's acceptance of this Agreement signifies the Participant's agreement that: (a) the Full Value Shares award is good and valuable consideration for any restrictive covenant agreement entered into between the Participant and Adtalem in connection with this Full Value Shares award; and (b) whether or not vested, this Full Value Shares award is subject to forfeiture or clawback, as applicable, upon the Participant's breach of any restrictive covenant agreement between the Participant and Adtalem.

15. Acceptance of Agreement by Participant. The Participant's receipt of the Full Value Shares award is conditioned upon the acceptance of this Agreement by the Participant no later than 60 days after the Award Date set forth above or, if later, 30 days after the Participant receives this Agreement. Upon execution of the Agreement, the Participant and Adtalem signify their agreement with the terms and conditions of this Agreement.

Adtalem Global Education Inc.
Performance-Based Restricted Stock Unit Award Agreement (Executive Officer)

Participant Name :
Participant Address :
Awards Granted :
Award Type :
Grant Name :
Award Accepted on :
Award Date :

THIS AGREEMENT, made and entered into as of the Award Date by and between Adtalem Global Education Inc., a Delaware corporation ("Adtalem"), and the Participant.

WHEREAS, Adtalem maintains the Adtalem Global Education Inc. Amended and Restated Incentive Plan of 2013 (the "Plan"); and

WHEREAS, the Participant is an officer of Adtalem or one of its subsidiaries who is subject to Section 16 of the Securities and Exchange Act of 1934 and has been selected by the Compensation Committee of Adtalem's Board of Directors (the "Committee") to receive an award of Restricted Stock Units (this award is referred to as "Performance Shares" in this Agreement because it represents the Participant's ability to receive actual shares of common stock of Adtalem ("Common Stock") as described in this Agreement).

NOW, THEREFORE, Adtalem and the Participant hereby agree as follows:

1. Agreement. This Agreement evidences the award to the Participant of the number of Performance Shares set forth above relating to the Common Stock. Each Performance Share represents the right to receive a share of Common Stock following the end of the Performance Period, as described in this Agreement. The Agreement and the Performance Share award shall be subject to the following terms and conditions and the provisions of the Plan, including the Long-Term Incentive Program ("LTIP") adopted by the Committee, which are hereby incorporated by reference. A copy of the Plan and the LTIP may be obtained by the Participant from the office of the Secretary of Adtalem.

2. Performance Account. Adtalem shall maintain an account (the "Account") on its books in the name _____ of the Participant which shall reflect the number of Performance Shares awarded to the Participant and the number of Performance Shares in which the Participant becomes vested.

3. Vesting.

(a) Except as described in this Section 3 and in Section 5, the Participant shall become vested in a portion of his or her Performance Shares at the end of the Performance Period, as described in Exhibit I to this Agreement, provided that he or she remains in continuous

employment with Adtalem or an affiliate until the date the Committee certifies as to the achievement of the performance goals for a Performance Period (the "Certification Date").

(b) If the Participant's employment with Adtalem and all affiliates terminates prior to the Certification Date due to death, disability or retirement, the Performance Shares shall remain outstanding and shall continue to vest during the Performance Period as if the Participant's employment had not terminated, and the vested shares shall be settled as described in Section 4 of this Agreement. For this purpose:

(i) "disability" means the Participant's being determined to be disabled under Adtalem's long-term disability plan as in effect from time to time, regardless of whether the Participant is an actual participant in such plan (if the Participant is a participant in such plan, the determination of disability shall be made by the party responsible for making such determination under the plan, and if the Participant is not a participant in such plan, the determination of disability shall be made by the Committee in its sole discretion);

(ii) "retirement" means the Participant's termination without cause (as defined in Section 5(d)(i)) on or after the date on which the Participant has attained age 55 and the sum of his or her age and service equals or exceeds 65 (with age and service determined in fully completed years); and

(iii) "service" means the Participant's period of employment with Adtalem and all affiliates (including any predecessor company or business acquired by Adtalem or any affiliate, provided the Participant was immediately employed by Adtalem or any affiliate).

(c) If the Participant's employment with Adtalem and all affiliates terminates during the Performance Period or prior to the Certification Date other than due to death, disability or retirement, Adtalem may, in its sole discretion, enter into a written agreement, with the Participant providing that the Performance Shares shall remain outstanding and shall continue to vest during the Performance Period as if the Participant's employment had not terminated for one year following the date the Participant's employment terminates and vested Performance Shares shall be settled pursuant to Section 4 despite the Participant's termination before the Certification Date. Adtalem shall have complete discretion, which need not be exercised in a consistent manner, whether to enter into such an agreement (which agreement may be conditioned upon the Participant's execution of a release of claims, actions following the Participant's termination of employment or such other factors as Adtalem may determine), and the Participant shall have no rights under the Section 3(c) unless such an agreement, specifically referring to this award, is entered into in writing.

(d) Any Participant whose employment terminates due to retirement as described in Section 3(b) or who enters into an agreement as described in Section 3(c) must execute and deliver to Adtalem an agreement, in a form prescribed by Adtalem, and in accordance with procedures established by Adtalem, that he or she will not compete with, or solicit employees of, Adtalem and its affiliates from the date of retirement or termination until the Certification Date, and that he or she releases all claims against Adtalem and its affiliates. If the Participant fails to

execute such agreement, or if the agreement is revoked by the Participant, the Performance Share award shall be immediately forfeited to Adtalem.

(e) If the Participant's employment with Adtalem and all affiliates terminates prior to the Certification Date for any reason other than death, disability, retirement or mutual agreement, the Participant's entire Performance Share award, including any previously vested portion, shall be forfeited to Adtalem on the date of the Participant's termination.

(f) For purposes of this Agreement, the term "affiliate" means each entity with whom Adtalem would be considered a single employer under Sections 414(b) and 414(c) of the Code, substituting "at least 50%" instead of "at least 80%" in making such determination.

(g) If the Committee determines, in its sole discretion, that there is an Excess Award, the Excess Award shall be satisfied:

(i) From any portion of the Award that has not yet been settled, by (A) forfeiting unvested Performance Shares, then (B) to the extent necessary, forfeiting vested Performance Shares not yet settled.

(ii) To the extent necessary with respect to the portion of the Award that has been settled, by (A) the Participant returning the Shares issued under this Award, (B) forfeiting all or any portion of the Participant's other Awards, (C) in the Committee's sole discretion, entering into an agreement with the Participant for the repayment of all or any portion of an Excess Award, (D) to the extent permitted by law, offsetting any portion of an Excess Award against any other amounts owed to the Participant by Adtalem or any affiliate, (E) in the Committee's sole discretion, pursuing legal action against the Participant to secure repayment of the Excess Award, and/or (F) any other method of recoupment the Committee determines is appropriate.

(h) For purposes of this Agreement:

(i) "Excess Award" shall mean all or any portion of this Award that the Committee determines, in its sole discretion, was granted, vested and/or settled based on the financial results that subsequently become Restated Financials.

(ii) "Restated Financials" shall mean any applicable financial results of Adtalem and/or one or more of its affiliates that are subsequently restated due to conduct by the Participant that the independent directors of the Board of Directors or a committee of such board determine, in their sole discretion, was knowing, intentionally fraudulent or illegal.

(i) The foregoing provisions of this Section 3 shall be subject to the provisions of any written employment security agreement or severance agreement that has been or may be executed by the Participant and Adtalem, and the provisions in such employment security agreement or severance agreement concerning vesting of a Performance Share award shall supersede any inconsistent or contrary provision of this Section 3.

4. Settlement of Award. Following the Certification Date, Adtalem shall distribute to the Participant, or his or her personal representative, beneficiary or estate, as applicable, a number of shares of Common Stock equal to the number of Performance Shares that have vested and have not been forfeited in accordance with Section 3. Such shares shall be delivered within 30 days following the Certification Date.

5. Change in Control.

(a) In the event of a Change in Control of Adtalem (as defined in the Plan), the Committee will determine in good faith the number of Performance Shares that would have been anticipated to vest at the end of the Performance Period, based upon the extent to which the performance goals have been attained at the time of the Change in Control and such other factors as the Committee deems appropriate (the "Adjusted Shares"), and a number of Performance Shares equal to the Adjusted Shares shall vest on the last day of the Performance Period (subject to the remaining provisions of this Agreement); provided that if the Participant's employment with Adtalem and all affiliates is terminated without cause or for good reason within twenty four months following the Change in Control then, unless Section 5(b) or 5(c) applies, the Participant shall be treated as having been employed through the Certification Date, and shall become immediately vested in a number of his or her Performance Shares equal to the Adjusted Shares.

(b) Notwithstanding the foregoing, if as a result of the Change in Control either Adtalem or the successor to its business ceases to be publicly traded, or the successor to Adtalem does not assume this award, or issue a new award in substitution for it, the Committee shall have the sole discretion to provide for accelerated vesting of a number of Performance Shares equal to the Adjusted shares and take other appropriate actions with respect to the award, including (i) to cause such Performance Shares award to be settled in shares of Common stock equal to the number of Adjusted Shares, which shares shall be subject to the terms of the change in Control event in the same manner as the other shares of outstanding Common stock, or (ii) to provide for the mandatory purchase of the Performance share award for an amount of cash equal to the then fair market value of the Common Stock, multiplied by the number of Adjusted Shares.

(c) In lieu of calculating the number of Adjusted Shares pursuant to Section 5(a), the Committee may, unless Section 5(b) applies, provide for the award of Performance Shares to remain outstanding, or for a new award to be issued in lieu of the award of Performance Shares, with such modifications to the performance goals as the Committee determines to be equitable and appropriate, in which event the Performance Share award shall vest on the Certification Date (subject to the remaining terms of this Agreement), and if the Participant's employment with Adtalem and all affiliates is terminated without cause or for good reason prior to the Certification Date but within twenty-four months after the Change in Control then, in lieu of the provisions of section 3, the Performance Shares shall remain outstanding and shall continue to vest during the Performance Period as if the Participant's employment had not terminated.

(d) For purposes of this Section 5:

(i) "cause" means (A) the commission of a felony or other crime involving moral turpitude or the commission of any other act or omission involving misappropriation, dishonesty, fraud, illegal drug use or breach of fiduciary duty, (B) willful failure to perform duties as reasonably directed by the Chief executive Officer of Adtalem or its successor (the "CEO") or the CEO's designee, (C) the Participant's gross negligence or willful misconduct with respect to the performance of the Participant's duties, or (D) obtaining any personal profit not fully disclosed to and approved by the Adtalem Board of Directors in connection with any transaction entered into by, and on behalf of, Adtalem or its successor; and

(ii) "good reason" means, without the Participant's consent, (A) material diminution in title, duties, responsibilities or authority ; (B) reduction of base salary, bonus target or employee benefits except for across-the-board changes for Participants at the Participant's level; (C) exclusion from employee benefit/compensation plan otherwise applicable to employees at the Participant's level; (D) a material breach of any employment agreement between Adtalem and Participant that Adtalem or its successor has not cured within thirty (30) days after the Participant has provided Adtalem or its successor notice of the material breach which shall be given within sixty (60) days of the Participant's knowledge of the occurrence of the material breach; or (E) resignation in compliance with securities, corporate governance or other applicable law (such as the US Sarbanes-Oxley Act) as specifically applicable to such Participant (other than by reason of a breach by Participant of any such law). For avoidance of doubt, a change in reporting relationship to the CEO's designee shall not constitute "good reason".

6. Withholding Taxes. The Participant shall pay to Adtalem an amount sufficient to satisfy all minimum Federal, state and local withholding tax requirements arising in connection with the settlement of the Performance Share award prior to the delivery of any shares of Common Stock subject to such Performance Share award. Payment of such taxes may be made by one or more of the following methods: (a) in cash, (b) in cash received from a broker-dealer to whom the Participant has submitted irrevocable instructions to deliver the amount of withholding tax to Adtalem from the proceeds of the sale of shares subject to the Performance Share award, (c) by directing Adtalem to withhold a number of shares otherwise issuable pursuant to the Performance Share award with a fair market value equal to the tax required to be withheld, or (d) by delivery (including attestation) to Adtalem of other Common Stock owned by the Participant that is acceptable to Adtalem, valued at its fair market value on the date of payment.

7. Rights as Stockholder. The Participant shall not be entitled to any of the rights of a stockholder of Adtalem with respect to the Performance Share award, including the right to vote and to receive dividends and other distributions, until and to the extent the Performance Share award is settled in shares of Common Stock.

8. Share Delivery. Delivery of any shares in connection with settlement of the Performance Share award will be by book-entry credit to an account in the Participant's name established by Adtalem with Adtalem's transfer agent, or upon written request from the Participant (or his or her personal representative, beneficiary or estate, as the case may be), in certificates in the name of the Participant (or his or her personal representative, beneficiary or estate).

9. Award Not Transferable. The Performance Share award may not be transferred other than by will or the applicable laws of descent or distribution or pursuant to a qualified domestic relations order. The Performance Share award shall not otherwise be assigned, transferred, or pledged for any purpose whatsoever and is not subject, in whole or in part, to attachment, execution or levy of any kind. Any attempted assignment, transfer, pledge, or encumbrance of the Performance Share award, other than in accordance with its terms, shall be void and of no effect.

10. Beneficiary Designation. The Participant may, from time to time, name any beneficiary or beneficiaries to whom distribution of the shares of Common Stock subject to the vested portion of the Performance Share award is to be made, in the event of his or her death. Each such designation will revoke all prior designations, shall be in a form prescribed by the Committee, and will be effective only when filed by the Participant with the Committee during his or her lifetime. In the absence of any such designation, or if all beneficiaries predecease the Participant, then the Participant's beneficiary shall be his or her estate.

11. Administration. The Performance Share award shall be administered in accordance with the LTIP and with such regulations as the Committee shall from time to time adopt.

12. Governing Law. This Agreement, and the Performance Share award, shall be construed, administered and governed in all respects under and by the laws of the State of Delaware.

13. Restrictive Covenants. The Participant's acceptance of this Agreement signifies the Participant's agreement that: (a) this Performance Share award is good and valuable consideration for any restrictive covenant agreement entered into between the Participant and Adtalem in connection with this award; and (b) whether or not vested, this Performance Share award is subject to forfeiture or clawback, as applicable, upon the Participant's breach of any restrictive covenant agreement between the Participant and Adtalem.

14. Acceptance of Agreement by Participant. The Participant's receipt of the Performance Share is conditioned upon the acceptance of this Agreement by the Participant no later than 60 days after the Award Date set forth above or, if later, 30 days after the Participant receives this Agreement. Upon execution of the Agreement, the Participant and Adtalem signify their agreement with the terms and conditions of this Agreement.

**Adtalem Global Education Inc.
Performance-Based Restricted Stock Unit Award Agreement (Employee)**

Participant Name :
Participant Address :
Awards Granted :
Award Type :
Grant Name :
Award Accepted on :
Award Date :

THIS AGREEMENT, made and entered into as of the Award Date by and between Adtalem Global Education Inc., a Delaware corporation ("Adtalem"), and the Participant.

WHEREAS, Adtalem maintains the Adtalem Global Education Inc. Amended and Restated Incentive Plan of 2013 (the "Plan"); and

WHEREAS, the Participant is an employee of Adtalem or one of its subsidiaries who has been selected by the Compensation Committee of Adtalem's Board of Directors (the "Committee") to receive an award of Restricted Stock Units (this award is referred to as "Performance Shares" in this Agreement because it represents the Participant's ability to receive actual shares of common stock of Adtalem ("Common Stock") as described in this Agreement).

NOW, THEREFORE, Adtalem and the Participant hereby agree as follows:

1. Agreement. This Agreement evidences the award to the Participant of the number of Performance Shares set forth above relating to the Common Stock. Each Performance Share represents the right to receive a share of Common Stock following the end of the Performance Period, as described in this Agreement. The Agreement and the Performance Share award shall be subject to the following terms and conditions and the provisions of the Plan, including the Long-Term Incentive Program ("LTIP") adopted by the Committee, which are hereby incorporated by reference. A copy of the Plan and the LTIP may be obtained by the Participant from the office of the Secretary of Adtalem.
 2. Performance Account. Adtalem shall maintain an account (the "Account") on its books in the name of the Participant which shall reflect the number of Performance Shares awarded to the Participant and the number of Performance Shares in which the Participant becomes vested.
 3. Vesting.
 - (a) Except as described in this Section 3 and in Section 5, the Participant shall become vested in a portion of his or her Performance Shares at the end of the Performance Period, as described in Exhibit I to this Agreement, provided that he or she remains in continuous
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employment with Adtalem or an affiliate until the date the Committee certifies as to the achievement of the performance goals for a Performance Period (the "Certification Date").

(b) If the Participant's employment with Adtalem and all affiliates terminates prior to the Certification Date due to death, disability or retirement, the Performance Shares shall remain outstanding and shall continue to vest during the Performance Period as if the Participant's employment had not terminated, and the vested shares shall be settled as described in Section 4 of this Agreement. For this purpose:

(i) "disability" means the Participant's being determined to be disabled under Adtalem's long-term disability plan as in effect from time to time, regardless of whether the Participant is an actual participant in such plan (if the Participant is a participant in such plan, the determination of disability shall be made by the party responsible for making such determination under the plan, and if the Participant is not a participant in such plan, the determination of disability shall be made by the Committee in its sole discretion);

(ii) "retirement" means the Participant's termination without cause (as defined in Section 5(d)(i)) on or after the date on which the Participant has attained age 55 and the sum of his or her age and service equals or exceeds 65 (with age and service determined in fully completed years); and

(iii) "service" means the Participant's period of employment with Adtalem and all affiliates (including any predecessor company or business acquired by Adtalem or any affiliate, provided the Participant was immediately employed by Adtalem or any affiliate).

(c) If the Participant's employment with Adtalem and all affiliates terminates during the Performance Period or prior to the Certification Date other than due to death, disability or retirement, Adtalem may, in its sole discretion, enter into a written agreement with the Participant providing that the Performance Shares shall remain outstanding and shall continue to vest during the Performance Period as if the Participant's employment had not terminated for one year following the date the Participant's employment terminates and vested Performance Shares shall be settled pursuant to Section 4 despite the Participant's termination before the Certification Date. Adtalem shall have complete discretion, which need not be exercised in a consistent manner, whether to enter into such an agreement (which agreement may be conditioned upon the Participant's execution of a release of claims, actions following the Participant's termination of employment or such other factors as Adtalem may determine), and the Participant shall have no rights under the Section 3(c) unless such an agreement, specifically referring to this award, is entered into in writing.

(d) Any Participant whose employment terminates due to retirement as described in Section 3(b) who enters into an agreement as described in Section 3(c) must execute and deliver to Adtalem an agreement, in a form prescribed by Adtalem, and in accordance with procedures established by Adtalem, that he or she will not compete with, or solicit employees of, Adtalem and its affiliates from the date of retirement or termination until the Certification Date, and that he or she releases all claims against Adtalem and its affiliates. If the Participant fails to execute such

agreement, or if the agreement is revoked by the Participant, the Performance Share award shall be immediately forfeited to Adtalem.

(e) If the Participant's employment with Adtalem and all affiliates terminates prior to the Certification Date for any reason other than death, disability, retirement or mutual agreement, the Participant's entire Performance Share award, including any previously vested portion, shall be forfeited to Adtalem on the date of the Participant's termination.

(f) For purposes of this Agreement, the term "affiliate" means each entity with whom Adtalem would be considered a single employer under Sections 414(b) and 414(c) of the Code, substituting "at least 50%" instead of "at least 80%" in making such determination.

(g) The foregoing provisions of this Section 3 shall be subject to the provisions of any written employment security agreement or severance agreement that has been or may be executed by the Participant and Adtalem, and the provisions in such employment security agreement or severance agreement concerning vesting of a Performance Share award shall supersede any inconsistent or contrary provision of this Section 3.

4. Settlement of Award. Following the Certification Date, Adtalem shall distribute to the Participant, or his or her personal representative, beneficiary or estate, as applicable, a number of shares of Common Stock equal to the number of Performance Shares that have vested and have not been forfeited in accordance with Section 3. Such shares shall be delivered within 30 days following the Certification Date.

5. Change in Control.

(a) In the event of a Change in Control of Adtalem (as defined in the Plan), the Committee will determine in good faith the number of Performance Shares that would have been anticipated to vest at the end of the Performance Period, based upon the extent to which performance goals have been attained at the time of the Change in Control and such other factors as the Committee deems appropriate (the "Adjusted Shares"), and a number of Performance Shares equal to the Adjusted Shares shall vest on the last day of the Performance Period (subject to the remaining provisions of this agreement); provided that if the Participant's employment with Adtalem and all affiliates is terminated without cause or for good reason within twenty four months following the Change in Control then, unless Section 5(b) or 5(c) applies, the Participant shall be treated as having been employed through Certification Date, and shall become immediately vested in a number of his or her Performance Shares equal to the Adjusted Shares.

(b) Notwithstanding the foregoing, if as a result of the Change in Control either Adtalem or the successor to its business ceases to be publicly traded, or the successor to Adtalem does not assume this award, or issue a new award in substitution for it, the Committee shall have sole discretion to provide for accelerated vesting of a number of Performance Shares equal to the Adjusted Shares and take other appropriate actions with respect to the award, including (i) to cause such Performance Shares award to be settled in shares of Common Stock equal to the number of Adjusted Shares, which shares shall be subject to the terms of the Change in Control event in the same manner as the other shares of outstanding Common Stock, (ii) to provide for the mandatory

purchase of the Performance Share award for an amount of cash equal to the then fair market value of the Common Stock, multiplied by the number of Adjusted Shares.

(c) In lieu of calculating the number of Adjusted Shares pursuant to Section 5(a), the Committee may, unless Section 5(b) applies, provide for the award of Performance Shares to remain outstanding, or for a new award to be issued in lieu of the award of Performance Shares, with such modifications to the performance goals as the Committee determines to be equitable and appropriate, in which event the Performance Share award shall vest on the Certification Date (subject to the remaining terms of this Agreement), and if the Participant's employment with Adtalem and all affiliates is terminated without cause or for good reason prior to the Certification Date but within twenty-four months after the Change in Control then, in lieu of the provisions of Section 3, the Performance Shares shall remain outstanding, and shall continue to vest during the Performance Period as if the Participant's employment had not terminated.

(d) For purposes of this Section 5:

(i) "cause" means (A) the commission of a felony or other crime involving moral turpitude or the commission of any other act or omission involving misappropriation, dishonesty, fraud, illegal drug use or breach of fiduciary duty, (B) willful failure to perform duties as reasonably directed by the Chief Executive Officer of Adtalem or its successor (the "CEO") or the CEO's designee, (C) the Participant's gross negligence or willful misconduct with respect to the performance of the Participant's duties, or (D) obtaining any personal profit not fully disclosed to and approved by the Adtalem Board of Directors in connection with any transaction entered into by, or on behalf of, Adtalem or its successor; and

(ii) "good reason" means, without the Participant's consent, (A) material diminution in title, duties, responsibilities or authority; (B) reduction of base salary, bonus target or employee benefits except for across-the-board changes for Participants at the Participant's level; (C) exclusion from employee benefit/compensation plans otherwise applicable to employees at the Participant's level; (D) a material breach of any employment agreement between Adtalem and Participant that Adtalem or its successor has not cured within thirty (30) days after the Participant has provided Adtalem or its successors notice of the material breach which shall be given within sixty (60) days of the Participant's knowledge of the occurrence of the material breach; or (E) resignation in compliance with securities, corporate governance or other applicable law (such as the US Sarbanes-Oxley Act) as specifically applicable to such Participant (other than by reason of a breach by Participant of any such law). For avoidance of doubt, a change in reporting relationship to the CEO's designee shall not constitute "good reason."

6. Withholding Taxes. The Participant shall pay to Adtalem an amount sufficient to satisfy all minimum Federal, state and local withholding tax requirements arising in connection with the settlement of the Performance Share award prior to the delivery of any shares of Common Stock subject to such Performance Share award. Payment of such taxes may be made by one or more of the following methods: (a) in cash, (b) in cash received from a broker-dealer to whom the Participant has submitted irrevocable instructions to deliver the amount of withholding tax to Adtalem from the proceeds of the sale of shares subject to the Performance Share award, (c) by directing Adtalem to withhold a number of shares otherwise issuable pursuant to the Performance

Share award with a fair market value equal to the tax required to be withheld, or (d) by delivery (including attestation) to Adtalem of other Common Stock owned by the Participant that is acceptable to Adtalem, valued at its fair market value on the date of payment.

7. Rights as Stockholder. The Participant shall not be entitled to any of the rights of a stockholder of Adtalem with respect to the Performance Share award, including the right to vote and to receive dividends and other distributions, until and to the extent the Performance Share award is settled in shares of Common Stock.

8. Share Delivery. Delivery of any shares in connection with settlement of the Performance Share award will be by book-entry credit to an account in the Participant's name established by Adtalem with Adtalem's transfer agent, or upon written request from the Participant (or his or her personal representative, beneficiary or estate, as the case may be), in certificates in the name of the Participant (or his or her personal representative, beneficiary or estate).

9. Award Not Transferable. The Performance Share award may not be transferred other than by will or the applicable laws of descent or distribution or pursuant to a qualified domestic relations order. The Performance Share award shall not otherwise be assigned, transferred, or pledged for any purpose whatsoever and is not subject, in whole or in part, to attachment, execution or levy of any kind. Any attempted assignment, transfer, pledge, or encumbrance of the Performance Share award, other than in accordance with its terms, shall be void and of no effect.

10. Beneficiary Designation. The Participant may, from time to time, name any beneficiary or beneficiaries to whom distribution of the shares of Common Stock subject to the vested portion of the Performance Share award is to be made, in the event of his or her death. Each such designation will revoke all prior designations, shall be in a form prescribed by the Committee, and will be effective only when filed by the Participant with the Committee during his or her lifetime. In the absence of any such designation, or if all beneficiaries predecease the Participant, then the Participant's beneficiary shall be his or her estate.

11. Administration. The Performance Share award shall be administered in accordance with the LTIP and with such regulations as the Committee shall from time to time adopt.

12. Governing Law. This Agreement, and the Performance Share award, shall be construed, administered and governed in all respects under and by the laws of the State of Delaware.

13. Restrictive Covenants. The Participant's acceptance of this Agreement signifies the Participant's agreement that: (a) this Performance Share award is good and valuable consideration for any restrictive covenant agreement entered into between the Participant and Adtalem in connection with this award; and (b) whether or not vested, this Performance Share award is subject to forfeiture or clawback, as applicable, upon the Participant's breach of any restrictive covenant agreement between the Participant and Adtalem.

14. Acceptance of Agreement by Participant. The Participant's receipt of the Performance Share is conditioned upon the acceptance of this Agreement by the Participant no later than 60 days after the Award Date set forth above or, if later, 30 days after the Participant receives this

Agreement. Upon execution of the Agreement, the Participant and Adtalem signify their agreement with the terms and conditions of this Agreement.

**Adtalem Global Education Inc.
Restricted Cash Award Agreement (Employee)**

Participant Name :

Participant Address :

Awards Granted :

Award Type :

Grant Name :

Award Date :

Award Accepted on :

Vesting Schedule :

THIS AGREEMENT, made and entered into as of the Award Date by and between Adtalem Global Education Inc., a Delaware corporation ("Adtalem"), and the Participant.

WHEREAS, Adtalem maintains the Adtalem Global Education Inc. Amended and Restated Incentive Plan of 2013 (the "Plan"); and

WHEREAS, the Participant is an employee of Adtalem or one of its subsidiaries and has been selected by the Compensation Committee of Adtalem's Board of Directors (the "Committee") to receive a cash award (the "Cash Award") in the amount reflected above.

NOW, THEREFORE, Adtalem and the Participant hereby agree as follows:

1. Agreement. This Agreement evidences the award to the Participant of the cash amount set forth above. This Cash Award is the right to receive the amount of cash reflected above as described in Section 4 of the Agreement. The Agreement and the Cash Award shall be subject to the following terms and conditions and the provisions of the Plan, which are hereby incorporated by reference. A copy of the Plan may be obtained by the Participant from the office of the Secretary of Adtalem or from the stock administrator's website.

2. Cash Account. Adtalem shall maintain an account (the "Account") on its books in the name of the Participant which shall reflect the amount of the Cash Award to the Participant and that is not yet vested. Until the Cash Award vest, it just represents Adtalem's unsecured promise to pay to the Participant cash upon vesting.

3. Vesting.

(a) Except as described below, the Participant shall become vested in the Cash Award in accordance with the Vesting Schedule set forth above if he or she remains in continuous employment with Adtalem or an affiliate until such date.

(b) If the Participant's employment with Adtalem and all affiliates terminates prior to the completion of the Vesting Schedule due to death or disability, the Cash Award shall become fully vested on such date. For this purpose "disability" means the Participant's being determined to be disabled under Adtalem's long-term disability plan as in effect from time to time, regardless of whether the Participant is an actual participant in such plan (if the Participant is a participant in such plan, the determination of disability shall be made by the party responsible for making such determination under the plan, and if the Participant is not a participant in such plan, the determination of disability shall be made by the Committee in its sole discretion).

(c) If the Participant's employment with Adtalem and all affiliates terminates prior to the completion of the Vesting Schedule other than due to death, disability or retirement, Adtalem may, in its sole discretion, enter into an agreement with the Participant providing that the Participant shall be credited with one additional year of service for purposes of determining the vested portion of the Cash Award. If such additional service results in the Participant becoming vested in an additional portion of the Cash Award, such amount shall be paid at the same time and in the same manner as it would have been if the Participant remained continuously employed with Adtalem or an affiliate for that additional period. Adtalem shall have complete discretion, which need not be exercised in a consistent manner, whether to enter into such an agreement (which agreement maybe conditioned upon the Participant's execution of a release of claims, actions following the Participant's termination of employment or such other factors as Adtalem may determine), and the Participant shall have no rights under this Section 3(c) unless such an agreement, specifically referring to this award, is entered into in writing.

(d) If the Participant's employment with Adtalem and all affiliates terminates prior to the completion of the Vesting Schedule due to retirement, the Cash Award shall continue to vest in accordance with the Vesting Schedule. For this purpose, "retirement" means the Participant's termination without cause on or after the date on which the Participant has attained age 55 and the sum of his or her age and service equals or exceeds 65.

For this purpose (i) the term "service" means the Participant's period of employment with Adtalem and all affiliates (including any predecessor company or business acquired by Adtalem or any affiliate, provided the Participant was immediately employed by Adtalem or any affiliate) and (ii) the term "cause" has the meaning set forth in Section 6(b)(i). Age and service shall be determined in fully completed years.

Any Participant whose employment terminates due to retirement as described in this Section 3(d) or who enters into an agreement as described in Section 3(c) must execute and deliver to Adtalem an agreement, in a form prescribed by Adtalem, and in accordance with procedures established by Adtalem, that he or she will not compete with, or solicit employees of, Adtalem and its affiliates for the remainder of the vesting period, and that he or she releases all claims against Adtalem and its affiliates. If the Participant fails to execute such agreement, or if the agreement is revoked by the Participant, the Cash Award shall be forfeited to Adtalem on the date of the Participant's retirement.

(e) If the Participant's employment with Adtalem and all affiliates terminates prior to the completion of the Vesting Schedule for any reason other than death, disability, or retirement, the portion of the Participant's Cash Award that is not vested as of such date shall be forfeited to Adtalem, except as provided in Section 3(c).

(f) For purposes of this Agreement, the term “affiliate” means each entity with whom Adtalem would be considered a single employer under Sections 414(b) and 414(c) of the Code, substituting “at least 50%” instead of “at least 80%” in making such determination.

(g) The foregoing provisions of this Section 3 shall be subject to the provisions of any written employment security agreement or severance agreement that has been or may be executed by the Participant and Adtalem, and the provisions in such employment security agreement or severance agreement concerning vesting of a Cash Award shall supersede any inconsistent or contrary provision of this Section 3.

4. Settlement of Award. If and when a Participant becomes vested in his or her Cash Award in accordance with Section 3, Adtalem shall distribute to him or her, or his or her personal representative, beneficiary or estate, as applicable, the amount of cash subject to the Cash Award that becomes so vested. Such cash shall be delivered within 30 days following the date of vesting.

5. Withholding Taxes. Adtalem shall withhold from the settlement of a Cash Award an amount sufficient to satisfy all minimum Federal, state and local withholding tax requirements arising in connection with such settlement.

6. Change in Control.

(a) In the event that the Participant's employment with Adtalem and all affiliates within twenty-four months following a Change in Control (as defined in the Plan), the Participant shall become immediately vested in his or her Cash Award, and such Award shall be settled pursuant to Section 4.

(b) For the purposes of this Section 6:

(i) “cause” means (A) the commission of a felony or other crime involving moral turpitude or the commission of any other act or omission involving misappropriation, dishonesty, fraud, illegal drug use or breach of fiduciary duty, (B) willful failure to perform duties as reasonably directed by the Chief Executive Officer of Adtalem or its successor (the “CEO”) or the CEO’s designee, (C) the Participant’s gross negligence or willful misconduct with respect to the performance of the Participant’s duties, or (D) obtaining any personal profit not fully disclosed to and approved by the Adtalem Board of Directors in connection with any transaction entered into by, or on behalf of, Adtalem or its successor; and

(ii) “good reason” means, without the Participant’s consent, (A) material diminution in title, duties, responsibilities or authority; (B) reduction of base salary, bonus target or employee benefits except for across-the-board changes for Participants at the Participant’s level; (C) exclusion from employee benefit/compensation plans otherwise applicable to employees at the Participant’s level; (D) a material breach of any employment agreement between Adtalem and Participant that Adtalem or its successor has not cured within thirty (30) days after the Participant has provided Adtalem or its successor notice of the material breach which shall be given within sixty (60) days of the Participant’s knowledge of the occurrence of the material breach; or (E) resignation in compliance with securities, corporate governance or other applicable law (such as the US Sarbanes-Oxley Act) as specifically applicable to such Participant (other than by reason of a breach by Participant of any such law). For avoidance of doubt, a change in reporting relationship to the CEO’s designee shall not constitute “good reason.”

7. Award Not Transferable. The Cash Award may not be transferred other than by will or the applicable laws of descent or distribution or pursuant to a qualified domestic relations order. The Cash Award shall not otherwise be assigned, transferred, or pledged for any purpose whatsoever and is not subject, in whole or in part, to attachment, execution or levy of any kind. Any attempted assignment, transfer, pledge, or encumbrance of the Cash Award, other than in accordance with its terms, shall be void and of no effect.
8. Beneficiary Designation. The Participant may, from time to time, name any beneficiary or beneficiaries to whom distribution of the vested Cash Award is to be made, in the event of his or her death. Each such designation will revoke all prior designations, shall be in a form prescribed by the Committee, and will be effective only when filed by the Participant with the Committee during his or her lifetime. In the absence of any such designation, or if all beneficiaries predecease the Participant, then the Participant's beneficiary shall be his or her estate.
9. Administration. The Cash Award shall be administered in accordance with such regulations as the Committee shall from time to time adopt.
10. Governing Law. This Agreement, and the Cash Award, shall be construed, administered and governed in all respects under and by the laws of the State of Delaware.
11. Restrictive Covenants. The Participant's acceptance of this Agreement signifies the Participant's agreement that: (a) this Cash Award is good and valuable consideration for any restrictive covenant agreement entered into between the Participant and Adtalem in connection with this Cash Award; and (b) whether or not vested, this Cash Award is subject to forfeiture or clawback, as applicable, upon the Participant's breach of any restrictive covenant agreement between the Participant and Adtalem.
12. Acceptance of Agreement by Participant. This Agreement, and the Cash Award, shall be construed, administered and governed in all respects under and by the laws of the State of Delaware.
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Adtalem Global Education Inc.
Fourth Amended and Restated Incentive Plan of 2013

1. Purpose; Relationship to 2005 Plan. The purposes of the Adtalem Global Education Inc. Fourth Amended and Restated Incentive Plan of 2013 (the “Plan”) are (i) to encourage outstanding individuals to accept or continue employment with Adtalem Global Education Inc., formerly known as DeVry Education Group Inc. (“ATGE” or the “Company”) and its subsidiaries or to serve as directors of ATGE, and (ii) to furnish maximum incentive to those persons to improve operations and increase profits and to strengthen the mutuality of interest between those persons and ATGE’s stockholders by providing them stock options and other stock and cash incentives.

The Company currently maintains the DeVry Inc. Incentive Plan of 2005 (the “2005 Plan”). Upon approval of the Plan by the stockholders pursuant to Section 23, no further grants will be made under the 2005 Plan, but all prior grants under the 2005 Plan will remain outstanding in accordance with their terms. If the Plan is not approved by the stockholders, the 2005 Plan will remain in effect.

The Board of Directors of the Company originally approved the Plan, subject to stockholder approval, on May 15, 2013 and amended and restated the Plan on October 28, 2013, subject to shareholder approval, to reduce the number of shares available under the Plan pursuant to Section 4 below. On November 6, 2013, the stockholders of ATGE approved the Plan and a change of the Company’s name from DeVry Inc. to DeVry Education Group Inc. In furtherance of such name change, and under authority delegated by the Board of Directors, the Plan was amended and restated a second time on November 6, 2013 solely to reflect the Company’s new name. On May 22, 2017, the stockholders of ATGE approved a change in the Company’s name from DeVry Education Group Inc. to Adtalem Global Education Inc. On August 23, 2017, the Board of Directors approved a third amendment and restatement of the Plan, subject to approval of the stockholders, in order to reflect the Company’s new name, to increase the number of shares available for grant under the Plan, and to make certain other changes. On October 10, 2017, and prior to approval of the third amendment and restatement, the Board of Directors approved a fourth amendment and restatement of the Plan, to be submitted to the stockholders for approval in lieu of the third amendment and restatement. The fourth amendment and restatement shall supersede the third amendment and restatement in its entirety, and the third amendment and restatement shall have no force or effect.

2. Administration. The Plan will be administered by the Compensation Committee (the “Committee”) of the ATGE Board of Directors (the “Board”), which consists of two or more directors as the Board may designate from time to time, each of whom shall satisfy such requirements as:

- (a) the Securities and Exchange Commission may establish for administrators acting under plans intended to qualify for exemption under Rule 16b-3 or its successor under the Securities Exchange Act of 1934 (the “Exchange Act”);
- (b) the New York Stock Exchange may establish pursuant to its rule-making authority; and
- (c) the Internal Revenue Service may establish for outside directors acting under plans intended to qualify for exemption under Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”).

The Committee shall have the authority to construe and interpret the Plan and any awards granted thereunder, to establish and amend rules for Plan administration, to change the terms and conditions of options and other awards at or after grant (subject to Section 19), and to make all other determinations which it deems necessary or advisable for the administration of the Plan. The determinations of the Committee shall be made in accordance with their judgment as to the best interests of ATGE and its stockholders and in accordance with the purposes of the Plan. A majority of the members of the Committee shall constitute a quorum, and all determinations of the Committee shall be made by a majority of its members. Any determination of the Committee under the Plan may be made without notice or meeting of the Committee, in writing signed by all the Committee members. The Committee shall authorize the Company’s chief executive officer (the “CEO”) or one or more other officers of the Company to (i) select employees to participate in the Plan, (ii) determine, from the total number of option shares and other awards approved by the Committee, the number of option shares and other awards to be granted to such participants, and (iii) determine the applicable terms and conditions of such awards, except in each case with respect to awards to officers subject to Section 16 of the Exchange Act or officers who are or may become “covered employees” within the meaning of Section 162(m) of the Code (“Covered

Employees”). Any reference in the Plan to the Committee (other than in Section 19) shall include such authorized officer or officers. The CEO or such other officer(s) authorized to select employees to receive such option shares and other awards shall provide written notice of all such action to the Committee.

Awards to the CEO shall be approved by a subcommittee of the Board consisting of all directors who meet the requirements of (a), (b) and (c) above, which shall constitute the “compensation committee” as defined in Section 162(m) of the Code for purposes of such awards.

3. Participants. Participants may consist of all employees of ATGE and its subsidiaries and all non-employee directors of ATGE. Any corporation or other entity in which a 50% or greater interest is at the time directly or indirectly owned by ATGE shall be a subsidiary for purposes of the Plan. Designation of a participant in any year shall not require the Committee to designate that person to receive an award in any other year or to receive the same type or size of award as granted to the participant in any other year or as granted to any other participant in any year. The Committee or, if authorized pursuant to Section 2 hereof, the CEO or one or more other officers of the Company shall consider all factors deemed relevant in selecting participants and in determining the type and amount of their respective awards.

4. Shares Available under the Plan.

(a) There is hereby reserved for issuance under the Plan an aggregate of 7,800,000 shares of ATGE common stock. If there is (i) a lapse, expiration, termination or cancellation of any Stock Option or other award granted under the Plan or the 2005 Plan prior to the issuance of shares thereunder or (ii) a forfeiture of any shares of restricted stock or shares subject to stock awards granted under the Plan or the 2005 Plan prior to vesting, the shares subject to these options or other awards shall be added to the shares available for awards under the Plan. Shares covered by an award granted under the Plan shall not be counted as used unless and until they are actually issued and delivered to a participant; provided that shares that are withheld for payment of the exercise price of a Stock Option, or for payment of tax withholding, shall be treated as issued. The total number of shares covered by a Stock Appreciation Right, rather than the net number of shares issued, shall be counted as used upon exercise of the right. In addition, any shares covered by a Stock Option, Stock Appreciation Right, or an award of Restricted Stock, Restricted Stock Units, or Performance Shares shall be treated as issued even if the award is settled in cash. All shares issued under the Plan may be either authorized and unissued shares or issued shares reacquired by ATGE.

(b) During any fiscal year, no individual participant other than a non-employee director may receive Stock Options relating to more than 50% of the total number of shares reserved pursuant to the first sentence of this Section 4 (as amended from time to time), and no individual participant may receive Stock Appreciation Rights relating to more than 50% of the total number of shares reserved pursuant to the first sentence of this Section 4 (as amended from time to time). The shares reserved for issuance and the limitations set forth above shall be subject to adjustment in accordance with Section 15 hereof. All of the available shares (without adjustment) may, but need not, be issued pursuant to the exercise of Incentive Stock Options.

(c) During any fiscal year, no non-employee director may receive grants for more than 50,000 shares.

5. Types of Awards. Awards under the Plan shall consist of Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Stock, Performance Stock Units, Performance Cash Awards, Annual Management Incentive Awards and Other Stock or Cash Awards, all as described below.

6. Stock Options. Stock Options may be granted to participants, at any time as determined by the Committee. The Committee or, if authorized pursuant to Section 2 hereof, the CEO or one or more other officers of the Company shall determine the number of shares subject to each option and whether the option is an Incentive Stock Option. The option price for each option shall be determined by the Committee, but shall not be less than 100% of the fair market value of ATGE’s common stock on the date the option is granted. Each option shall expire at such time as the Committee shall determine at the time of grant. Options shall be exercisable at such time and subject to such terms and conditions as the Committee shall determine; provided, however, that no option shall be exercisable later than the tenth anniversary of its grant. The option price, upon exercise of any option, shall be payable to ATGE in full by (a) cash payment or its equivalent, (b) tendering previously acquired shares having a fair market value at the time of exercise equal to the option price or certification of ownership of such previously-acquired shares, (c) delivery of a

properly executed exercise notice, together with irrevocable instructions to a broker to promptly deliver to ATGE the amount of sale proceeds from the option shares or loan proceeds to pay the exercise price and any withholding taxes due to ATGE, and (d) such other methods of payment as the Committee, at its discretion, deems appropriate. In no event shall the Committee (a) cancel any outstanding Stock Option for the purpose of reissuing the option to the participant at a lower exercise price or reduce the option price of an outstanding option, or (b) cause any Stock Option to be repurchased or otherwise cancelled in exchange for a payment of any form of consideration if the exercise price is greater than the fair market value of the shares covered by the Stock Option.

7. Stock Appreciation Rights. Stock Appreciation Rights ("SARs") may be granted to participants at any time as determined by the Committee. The Committee or, if authorized pursuant to Section 2 hereof, the CEO or one or more other officers of the Company shall determine the number of SARs to be granted to each participant. A SAR may be granted in tandem with a Stock Option granted under this Plan or on a free-standing basis. The grant price of a tandem SAR shall be equal to the option price of the related option. The grant price of a free-standing SAR shall be equal to the fair market value of ATGE's common stock on the date of its grant. A SAR may be exercised upon such terms and conditions and for the term as the Committee in its sole discretion determines; provided, however, that the term shall not exceed the option term in the case of a tandem SAR or ten years in the case of a free-standing SAR. Upon exercise of a SAR, the participant shall be entitled to receive payment from ATGE in an amount determined by multiplying the excess of the fair market value of a share of common stock on the date of exercise over the grant price of the SAR by the number of shares with respect to which the SAR is exercised. The payment may be made in cash or stock, at the discretion of the Committee. In no event shall the Committee (a) cancel any outstanding SAR for the purpose of reissuing the right to the participant at a lower exercise price or reduce the exercise price of an outstanding SAR, or (b) cause any SAR to be repurchased or otherwise cancelled in exchange for a payment of any form of consideration if the grant price is greater than the fair market value of the shares covered by the SAR.

8. Restricted Stock and Restricted Stock Units. Restricted Stock and Restricted Stock Units may be awarded to participants under such terms and conditions as shall be established by the Committee. The Committee or, if authorized pursuant to Section 2 hereof, the CEO or one or more other officers of the Company shall determine the amount or number of Restricted Stock and Restricted Stock Units to be granted to each participant. Restricted Stock Units provide participants the right to receive shares at a future date upon the attainment of certain conditions specified by the Committee. Restricted Stock and Restricted Stock Units shall be subject to such restrictions and conditions as the Committee determines, including, without limitation, any of the following:

(a) a prohibition against sale, assignment, transfer, pledge, hypothecation or other encumbrance for a specified period; or

(b) a requirement that the holder forfeit such shares or units in the event of termination of employment during the period of restriction.

All restrictions shall expire at such times as the Committee shall specify.

9. Performance Stock and Performance Stock Units. The Committee or, if authorized pursuant to Section 2 hereof, the CEO or one or more other officers of the Company shall designate the participants to whom shares of Performance Stock and Performance Stock Units are to be awarded and determine the number of shares, the length of the performance period and the other terms and conditions of each such award; provided the stated performance period will not be less than 12 months except in the case of a newly hired participant. Each award of Performance Stock shall consist of a number of shares of stock that shall be issued upon the grant of the award, but shall be subject to forfeiture if the stated performance goals are not achieved, and each award of Performance Share Units shall entitle the participant to a payment in the form of shares of common stock upon the attainment of performance goals, in both cases subject to such other terms and conditions as the Committee may specify.

Notwithstanding satisfaction of any performance goals, the number of shares issued under a Performance Stock award may be adjusted by the Committee on the basis of such further consideration as the Committee in its sole discretion shall determine. The maximum number of shares of Performance Stock and Performance Stock Units that may be earned by any Covered Employee in any fiscal year shall not exceed 50% of the total number of shares reserved pursuant to the first sentence of this Section 4 (as amended from time to time). The Committee may, in its discretion, make a cash payment equal to the fair market value of shares of common stock otherwise required to be issued to a participant pursuant to a Performance Stock Unit award.

10. Performance Cash Awards. The Committee or, if authorized pursuant to Section 2 hereof, the CEO or one or more other officers of the Company shall designate the participants to whom Performance Cash Awards (“Performance Cash Awards”) are to be awarded and determine the number of units and the terms and conditions of each such award; provided the stated performance period will not be less than 12 months except in the case of a newly hired participant. Each Performance Cash Award shall entitle the participant to a payment in cash upon the attainment of performance goals and other terms and conditions specified by the Committee.

Notwithstanding the satisfaction of any performance goals, the amount to be paid under a Performance Cash Award may be adjusted by the Committee on the basis of such further consideration as the Committee in its sole discretion shall determine. The maximum amount earned by a Covered Employee in any fiscal year may not exceed \$5,000,000. The Committee may, in its discretion, substitute actual shares of common stock for the cash payment otherwise required to be made to a participant pursuant to a Performance Cash Award.

11. Annual Management Incentive Awards. For each fiscal year commencing with the fiscal year beginning July 1, 2014, there is hereby established an incentive pool equal to 5% of ATGE’s consolidated operating earnings for the fiscal year. The Committee may, by resolution adopted during the first 90 days of the fiscal year, allocate an incentive pool percentage to each designated participant for each fiscal year; but if the Committee does not adopt a different allocation, then 20% of the incentive pool shall be allocated to each person who is a “named executive officer” of the Company for the fiscal year, as defined by Item 402(a)(3)(i) through (iii) (but not (iv)) of SEC Regulation S-K), determined as of the end of the fiscal year and disregarding any person who is a named executive officer solely by reason of having served as principal executive officer or principal financial officer earlier in the fiscal year. In no event may the incentive pool percentage for any one participant exceed 20% of the total pool, regardless of how many participants are allocated a percentage. Consolidated operating earnings shall mean the consolidated earnings before income taxes of the Company, computed in accordance with generally accepted accounting principles, but shall exclude the effects of Special Items. Special Items shall include (i) gains or losses on the disposition of a business, (ii) changes in tax or accounting regulations or laws, or (iii) the effect of a merger or acquisition, as determined in accordance with generally accepted accounting principles.

As soon as possible after the determination of the incentive pool for a fiscal year, the Committee shall certify each participant’s allocated portion of the incentive pool based upon the percentage established in the preceding paragraph. The participant’s incentive award then shall be determined by the Committee (or, in the case of the CEO, the outside members of the Board as provided in the last paragraph of Section 2) based on the participant’s allocated portion of the incentive pool subject to reduction in the sole discretion of the Committee. In no event may the portion of the incentive pool allocated to a participant be increased in any way, including as a result of the reduction of any other participant’s allocated portion, and in no event shall any person be entitled to any Annual Management Incentive Award under this Section 11 until the Committee has affirmatively certified such person’s allocated share of the incentive pool and the final amount of such person’s payment.

12. Other Stock or Cash Awards. In addition to the incentives described in Sections 6 through 11 above, the Committee may grant other incentives payable in cash or in common stock under the Plan as it determines to be in the best interests of ATGE and subject to such other terms and conditions as it deems appropriate; provided an outright grant of stock will not be made unless it is offered in exchange for cash compensation that has otherwise already been earned by the recipient.

13. Performance Criteria. Awards of Stock Options, SARs, Performance Stock, Performance Stock Units, Performance Cash Awards and other incentives under the Plan may be made subject to the attainment of performance goals relating to one or more business criteria, including, but not limited to, cash flow; cost; ratio of debt to debt plus equity; profit before tax; economic profit; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; earnings per share; operating earnings; economic value added; ratio of operating earnings to capital spending; free cash flow; net profit; net sales; sales growth; price of ATGE common stock; return on net assets, equity or stockholders’ equity; market share; total return to stockholders; or measurable student outcomes or satisfaction (“Performance Criteria”). Any Performance Criteria may be used to measure the performance of the Company as a whole or any business unit of the Company and may be measured relative to a peer group or index. Any Performance Criteria may include or exclude Special Items (as defined in section 11 above). In all other respects, Performance Criteria shall be calculated in accordance with the Company’s financial statements, generally accepted accounting principles, or under a methodology established by the Committee not later than the issuance of an award.

Notwithstanding the foregoing, any award of Performance Stock, Performance Stock Units, or Performance Cash Awards to a Covered Employee shall be subject to the following requirements, unless the Committee determines at the time of grant that the award is not intended to constitute “qualified performance-based compensation” for purposes of Section 162(m) of the Code:

(a) The Performance Criteria for such award shall be established by the earlier of the first 90 days, or the first 25%, of the period of service to which the award relates (which may be the period commencing on the participant’s date of employment, even if the Performance Criteria takes into account periods prior to such date), and at a time when achievement of the Performance Criteria is substantially uncertain.

(b) The Performance Criteria for such award shall be limited to one or more of the specific Performance Criteria listed above, and shall be stated in terms so that a third party having knowledge of the relevant performance results could calculate the amount to be paid pursuant to the award; provided that the foregoing shall not preclude the Committee from exercising negative discretion to reduce a Covered Employee’s award based upon other criteria, including its subjective evaluation of the Covered Employee, to the extent permitted by the terms of the award.

(c) The Committee may not in any event increase the amount of compensation payable to the Covered Employee upon the attainment of the Performance Criteria.

(d) Payment to the Covered Employee may not be made unless the Committee has certified the extent to which the Performance Criteria have been satisfied.

14. Change in Control.

(a) No awards granted under the Plan after November 8, 2017 shall vest solely by reason of the occurrence of a Change in Control of ATGE, unless, as a result of the Change in Control, either ATGE (or the successor to its business) is no longer publicly traded or all outstanding awards are terminated and the successor to ATGE’s business does not either assume such awards or issue new awards in substitution for such awards, in either of which cases the Committee may provide for accelerated vesting of outstanding awards and make such other adjustments as may be appropriate pursuant to Section 15.

(b) In the event that a participant’s employment is terminated without cause within two years following a Change in Control not described in Section 14(a) then, except as otherwise provided below, all outstanding Stock Options and SARs shall become vested and exercisable; all restrictions on Restricted Stock and Performance Stock shall lapse; all Performance Cash Awards, Restricted Stock Units and Performance Stock Units shall be paid out as promptly as practicable; provided that to the extent the vesting of any award is based upon the achievement of performance goals, such award shall vest only to the extent that the Committee determines that such goals were either achieved, or would have been achieved, at the time of the termination, or on such other basis as the Committee determines to be equitable. The Committee may modify the foregoing provisions either in the terms of an award agreement, or, with the participant’s consent, upon a participant’s termination of employment. For purposes of the Plan, “cause” shall have the meaning set forth in a participant’s award agreement or, if the award agreement does not otherwise specify, shall be determined by the Committee in good faith.

(c) A “Change in Control” shall mean:

(i) the sale or disposition by the Company of all or substantially all of the assets of the Company (or any transaction having a similar effect);

(ii) the consummation of a merger or consolidation of the Company with any other entity other than (A) a merger or consolidation which would result in the voting interests of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting interests of the surviving entity) at least 50% of the combined voting power of the voting interests of the Company or such surviving entity outstanding immediately after such merger or consolidation, or (B) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction); or

(iii) the acquisition, other than from the Company, by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange

Act”)), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 25% or more of the then outstanding voting interests of the Company but excluding, for this purpose, any such acquisition by the Company or any of its affiliates, or by any employee benefit plan (or related trust) of the Company or any of its affiliates.

15. Adjustment Provisions.

(a) In the event of any change affecting the shares of ATGE Common Stock by reason of stock dividend, stock split, reverse stock split, spin-off, recapitalization, merger, consolidation, reorganization, share combination, exchange of shares, stock rights offering, liquidation, extraordinary cash dividend, disaffiliation of a subsidiary or similar event, the Committee shall make such adjustments (if any) as it deems appropriate and equitable, in its discretion, to outstanding awards to reflect such event, including without limitation, (1) adjustments in the aggregate number or class of shares which may be distributed under the Plan, the maximum number of shares which may be made subject to an award in any year and in the number, class and option price or other price of shares subject to the outstanding awards granted under the Plan; (2) the substitution of other property (including, without limitation, other securities) for the stock covered by outstanding awards; and (3) in connection with any disaffiliation of a subsidiary, arrangement for the assumption, or replacement with new awards, of awards held by participants employed by the affected subsidiary by the entity that controls the subsidiary following the disaffiliation.

(b) In the event of any merger, consolidation or reorganization of ATGE with or into another corporation which results in the outstanding common stock of ATGE being converted into or exchanged for different securities, cash or other property, or any combination thereof, there shall be substituted, on an equitable basis as determined by the Committee in its discretion, for each share of common stock then subject to an award granted under the Plan, the number and kind of shares of stock, other securities, cash or other property to which holders of common stock of ATGE will be entitled pursuant to the transaction.

16. Substitution and Assumption of Awards. The Board of Directors or the Committee may authorize the issuance of awards under this Plan in connection with the assumption of, or substitution for, outstanding awards previously granted to individuals who become employees of ATGE or any subsidiary as a result of any merger, consolidation, acquisition of property or stock, or reorganization other than a Change in Control, upon such terms and conditions as the Committee may deem appropriate.

17. Nontransferability. Each award granted under the Plan shall not be transferable otherwise than by will or the laws of descent and distribution and each Stock Option and SAR shall be exercisable during the participant's lifetime only by the participant or, in the event of disability, by the participant's personal representative. In the event of the death of a participant, exercise of any award or payment with respect to any award shall be made only by or to the executor or administrator of the estate of the deceased participant or the person or persons to whom the deceased participant's rights under the award shall pass by will or the laws of descent and distribution. Notwithstanding the foregoing, at its discretion, the Committee may permit the transfer of an award other than an Incentive Stock Option by the participant, on a general or specific basis, subject to such terms and conditions as may be established by the Committee.

18. Taxes. ATGE shall be entitled to withhold the amount of any tax attributable to any amounts payable or shares deliverable under the Plan, after giving the person entitled to receive such payment or delivery notice and ATGE may defer making payment or delivery as to any award, if any such tax is payable until indemnified to its satisfaction. A participant may pay all or a portion of any required withholding taxes arising in connection with the exercise of a Stock Option or SAR or the receipt of shares hereunder by electing to have ATGE withhold shares of common stock, having a fair market value equal to the amount required to be withheld. All awards under this Plan are intended to be exempt from, or to satisfy, the requirements of Section 409A of the Code, and to the maximum extent permitted by law the Plan and all award agreements shall be so interpreted and administered. Without limiting the generality of the foregoing, if any participant is a “specified employee” at the time that he incurs a “separation from service”, as both such terms are defined by Section 409A, any amount that becomes payable to such participant by reason of such separation from service that constitutes a form of deferred compensation subject to Section 409A shall not be paid until the earlier of the first day of the seventh month following the month that includes the separation from service or the date of the participant's death. Notwithstanding the foregoing, in no event shall the Company, the members of the Committee, or any other person have any obligation to indemnify or reimburse any participant for any additional taxes or penalties imposed on such participant by reason of Section 409A.

19. Duration, Amendment and Termination. No award shall be granted more than ten years after the date of adoption of this Plan by the Board of Directors; provided, however, that the terms and conditions applicable to any award granted on or before such date may thereafter be amended or modified by mutual agreement between ATGE and the participant, or such other person as may then have an interest therein. The Board of Directors or the Committee may amend the Plan from time to time or terminate the Plan at any time. However, no such action, and no amendment or modification of an award, shall reduce the amount of any existing award or change the terms and conditions thereof in a manner that is adverse to the interests of the participant, without the participant's consent, except as otherwise permitted. No amendment to the Plan that is material, within the meaning of New York Stock Exchange listing requirements or other applicable law, shall be made without stockholder approval.

20. Fair Market Value. The fair market value of ATGE's common stock at any time shall be determined in such manner as the Committee may deem equitable, or as required by applicable law or regulation.

21. Other Provisions.

(a) Except as otherwise provided below, no portion of any award shall vest until the first anniversary of the date of grant. The foregoing shall not apply to (i) awards covering in the aggregate a number of shares that does not exceed five percent (5%) of the total number of shares reserved for issuance under the Plan and (ii) awards the vesting of which is accelerated on termination of employment for reasons beyond the control of the participant, as specified by the Committee, including involuntary termination without cause, death, disability, and retirement.

(b) Any award under the Plan may also be subject to other provisions (whether or not applicable to an award granted to any other participant) as the Committee determines appropriate, including provisions intended to comply with federal or state securities laws and stock exchange requirements, understandings or conditions as to the participant's employment, requirements or inducements for continued ownership of common stock after exercise or vesting of awards, forfeiture of awards in the event of termination of employment shortly after exercise or vesting, or breach of noncompetition or confidentiality agreements following termination of employment, or provisions permitting the deferral of the receipt of an award for such period and upon such terms as the Committee shall determine. Additionally, a Participant's acceptance of any award made under the Plan shall constitute the Participant's agreement that such award is good and valuable consideration for any restrictive covenant agreement entered into between the Participant and the Company in connection with such award.

(c) In the event any award under this Plan is granted to an employee who is employed or providing services outside the United States and who is not compensated from a payroll maintained in the United States, the Committee may, in its sole discretion, modify the provisions of the Plan as they pertain to such individuals to comply with applicable law, regulation or accounting rules.

(d) The Committee, in its sole discretion, but subject to the requirements of Section 409A of the Code, may permit or require a participant to have amounts or shares of common stock that otherwise would be paid or delivered to the participant as a result of the exercise or settlement of an award under the Plan (other than a Stock Option or SAR) credited to a deferred compensation or stock unit account established for the participant by the Committee on the Company's books of account.

22. Governing Law. The Plan and any actions taken in connection herewith shall be governed by and construed in accordance with the laws of the state of Delaware (without regard to applicable Delaware principles of conflict of laws).

23. Stockholder Approval. This fourth amendment and restatement of the Plan was adopted by the Board of Directors on October 10, 2017, subject to stockholder approval. The Plan and any awards granted thereunder shall be null and void if stockholder approval is not obtained at the next annual meeting of stockholders; provided, however, that to the extent that any such award could have been made under the terms of the second amendment and restatement of the Plan, such award shall remain in effect and be treated as having been made under the second amendment and restatement of the Plan.

CERTIFICATION

I, Stephen W. Beard, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Adtalem Global Education 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 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 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 controls 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 controls over financial reporting.

Date: November 3, 2022

/s/ Stephen W. Beard

Stephen W. Beard
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Robert J. Phelan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Adtalem Global Education 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 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 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 controls 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 controls over financial reporting.

Date: November 3, 2022

/s/ Robert J. Phelan

Robert J. Phelan

Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATIONS 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 on Form 10-Q of Adtalem Global Education Inc. (“Adtalem”) for the quarterly period ended September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned officers of Adtalem certifies pursuant to 18 U.S.C. Section 1350, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to their knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities and 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 Adtalem for the periods covered by the Report.

Date: November 3, 2022

/s/ Stephen W. Beard

Stephen W. Beard
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 3, 2022

/s/ Robert J. Phelan

Robert J. Phelan
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)
