

ADT[▲]LEM

GLOBAL EDUCATION

**First Quarter 2023
Earnings Presentation**

November 3, 2022



Safe Harbor

Forward-Looking Statements

Certain statements contained in this release 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 impacts of the COVID-19 pandemic, and the expected synergies from the 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 risk and uncertainties that could cause actual results to differ materially from those described in the statements. These risk and uncertainties include the risk factors described in Item 1A. “Risk Factors” of our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) and our other filings with the SEC. 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

This presentation includes references to certain financial measures that are not calculated in accordance with generally accepted accounting principles in the United States (“GAAP”). 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. Adtalem uses 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. For how we define the non-GAAP financial measures, and a reconciliation of each non-GAAP financial measure to the most directly comparable GAAP measure, please refer to the reconciliation at the end of this presentation.

Q1 2023 Enterprise Performance

Continued margin expansion across all segments

\$355 million

Q1 Revenue

23% growth vs. prior year due to the timing of the Walden acquisition

23%

Q1 Adj. EBITDA¹ Margin

560 bps expansion vs. prior year

\$0.88

Q1 Adj. EPS¹

151% growth vs. prior year

Modest improvement in total enrollment trends

(Year-over-year changes² denoted below)

Adtalem: Q1 2023: -6.3%; Q4 2022: -7.2%

- Chamberlain: Q1 2023: -4.0%; Q4 2022: -5.8%
- Walden: Q1 2023: -9.2%; Q4 2022: -9.5%
- Med & Vet: Q1 2023: 3.4%; Q4 2022: 3.5%

Thoughtful capital allocation

- Reduced gross debt by \$101 million in Q1; 54% reduction vs. prior year
- Reduced net leverage to 1.2x
- Nearing completion of \$150 million accelerated share repurchase program

1. Reconciliations to Non-GAAP Financial Measures can be found in the appendix

2. Represents year-over-year change in total students attending sessions during each institution's most recent enrollment period

Enterprise Highlights

- ✓ **Good progress on strategic positioning**
 - *Sustain momentum of Walden acquisition; on track to deliver synergy targets*
 - *Continue to grow into new operating model, enhanced competitive differentiators*

- ✓ **Improved operational effectiveness and financial outcomes across the enterprise**
 - *Significant margin expansion while building scalable capabilities to drive operating leverage*
 - *Strategic investments in key enrollment and student experience capabilities*
 - *Improved persistence rates across all segments through enhanced student engagement*
 - *Focusing on transformation initiatives designed to accelerate performance across value creating activities*
 - *Executed thoughtful capital allocation strategy through debt repayment and share repurchase*

- ✓ **Expanding access to education through partnerships**
 - *Partnered with the Southern California University of Health Services to enhance educational pathways to medicine for aspiring physicians*
 - *Collaborated with Bethune-Cookman University to create pathways to fill critical physician shortages*
 - *Entered into a transition agreement to support displaced Stratford University nursing students*

- ✓ **Making advances in our sustainability strategy**
 - *Published 2022 sustainability report, including first ever comprehensive materiality assessment designed to clearly define ESG priorities*

Enterprise Performance

Year-over-year margin expansion driven by operational efficiencies and realization of cost synergies



\$ millions	Q1 2023	Q1 2022	Change
Revenue	\$354.6	\$289.1	22.7%
Adj. EBITDA¹	\$82.1	\$50.5	62.6%
% Margin	23.1%	17.5%	+560 bps
Adj. EPS¹	\$0.88	\$0.35	151.4%
Total Enrollment ²	79,559	84,874	(6.3)%

Revenue up 22.7% driven primarily by the timing of the Walden acquisition

Adj. EBITDA¹ margin increased 560 bps driven by operational efficiencies and the realization of cost synergies associated with the Walden acquisition

Chamberlain Performance

Significant margin expansion driven by benefit of cost synergy initiatives implemented in FY 2022



\$ millions	Q1 2023	Q1 2022	Change
Revenue	\$135.4	\$135.6	(0.2)%
Adj. EBITDA¹	\$33.8	\$27.0	25.1%
% Margin	24.9%	19.9%	+500 bps
Total Enrollment ²	33,153	34,539	(4.0)%

Total Enrollment down 4% due to declines in post-licensure programs, partially offset by growth in pre-licensure programs

Adj. EBITDA¹ margin increased 500 bps driven by lower labor from continued cost reduction initiatives



Walden Performance

Pandemic related headwinds continue to negatively impact total enrollment

\$ millions	Q1 2023	Q1 2022	Change
Revenue	\$130.9	\$68.6	90.8%
Adj. EBITDA¹	\$27.9	\$13.4	107.7%
% Margin	21.3%	19.6%	+170 bps
Total Enrollment ²	40,772	44,886	(9.2)%



Student enrollment down 9.2% due to pandemic related headwinds in post-licensure nursing programs and declines in the management and technology programs

Adj. EBITDA¹ margin increased 170 bps driven by benefits associated with the realization of cost synergies

Medical & Veterinary Performance

Total enrollment up due to growth in new enrollments and improved persistence

\$ millions	Q1 2023	Q1 2022	Change
Revenue	\$88.3	\$84.8	4.1%
Adj. EBITDA¹	\$21.9	\$20.1	9.4%
% Margin	24.9%	23.6%	+130 bps
Total Enrollment ²	5,634	5,449	3.4%



ROSS UNIVERSITY
SCHOOL OF MEDICINE



ROSS UNIVERSITY
SCHOOL OF VETERINARY MEDICINE



American University
of the Caribbean
School of Medicine



MEDICAL EDUCATION
READINESS PROGRAM

Total Enrollment up 3.4% driven by growth in new enrollment and improved persistence

Adj. EBITDA¹ margin increased 130 bps primarily driven by continued cost discipline

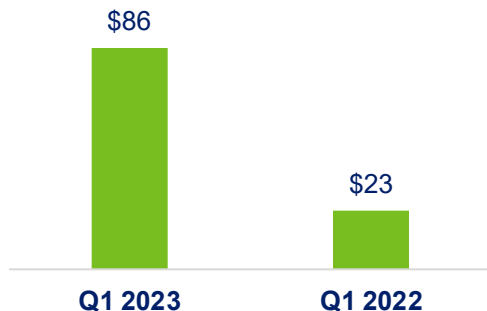
Free Cash Flow

Strong free cash flow continues

Significant increase year-over-year and for the trailing twelve months

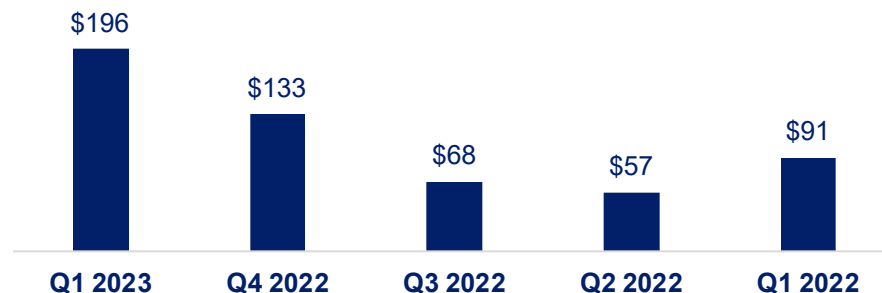
Q1 – Three Months

(\$ millions)



Trailing Twelve Months

(\$ millions)



Operating Cash Flow	\$92	\$30
Capital Expenditures	(\$6)	(\$7)
Free Cash Flow¹	\$86	\$23

Operating Cash Flow	\$226	\$164	\$102	\$92	\$125
Capital Expenditures	(\$30)	(\$31)	(\$34)	(\$35)	(\$34)
Free Cash Flow¹	\$196	\$133	\$68	\$57	\$91

Appendix



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 the subsequent GAAP to non-GAAP reconciliation tables:

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).

Free cash flow (most comparable GAAP measure: net cash provided by operating activities-continuing operations) – Defined as net cash provided by operating activities-continuing operations less capital expenditures.

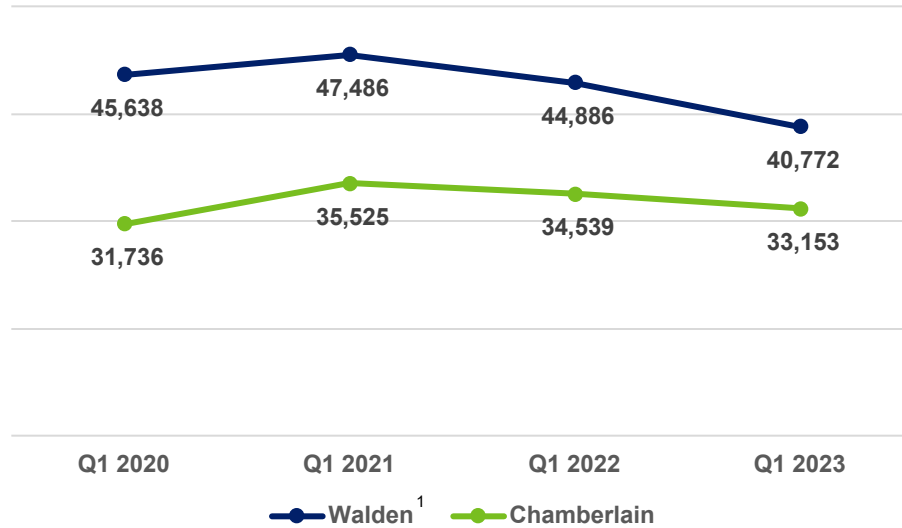
Net debt – Defined as long-term debt less cash and cash equivalents.

Net leverage – Defined as net debt divided by adjusted EBITDA.

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.

Historical Q1 Total Enrollment Trends



1. Q1 2020 and Q1 2021 Walden enrollment figures are calculated by Walden while owned by Laureate Education, Inc., and are included here for comparative purposes only. Total enrollment included above represents total students attending sessions during each institution's most recent enrollment period in the given quarter.

Non-GAAP Adjusted EBITDA by Segment Disclosure

	Unaudited (in thousands)		Three Months Ended September 30,	
	2022	2021	Increase/(Decrease)	
			\$	%
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 %		

Non-GAAP Earnings Disclosure

(unaudited)
(in thousands, except per share data)

	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)	\$ 41,005	\$ 17,592

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

	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)	\$ 0.88	\$ 0.35
Diluted shares used in non-GAAP EPS calculation	46,342	50,222

Note: May not sum due to rounding.

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

Non-GAAP Free Cash Flow Disclosure

(unaudited)
(in thousands)

	Three Months Ended		Twelve Months Ended					
	FY23	FY22	FY23	FY22	FY22	FY22	FY22	FY21
	Q1	Q1	Q1	Q4	Q3	Q2	Q1	Q4
Net cash provided by operating activities-continuing operations (GAAP)	\$ 91,524	\$ 29,506	\$ 225,843	\$ 163,825	\$ 101,481	\$ 91,835	\$ 124,742	\$ 168,760
Capital expenditures	(5,551)	(6,691)	(29,914)	(31,054)	(33,539)	(34,949)	(34,256)	(39,881)
Free cash flow (non-GAAP)	<u>\$ 85,973</u>	<u>\$ 22,815</u>	<u>\$ 195,929</u>	<u>\$ 132,771</u>	<u>\$ 67,942</u>	<u>\$ 56,886</u>	<u>\$ 90,486</u>	<u>\$ 128,879</u>



Non-GAAP Net Leverage Disclosure

(unaudited)
(in thousands)

Adtalem Global Education:

Net income (GAAP)
 Net income from discontinued operations
 Net other expense
 Benefit from income taxes
 Depreciation and amortization
 Stock-based compensation
 Deferred revenue adjustment
 Restructuring expense
 Business acquisition and integration expense
 Adjusted EBITDA (non-GAAP)

Long-term debt
 Less: Cash and cash equivalents
 Net debt (non-GAAP)

Net leverage (non-GAAP)

**Twelve Months Ended
September 30, 2022**

\$	377,901
	(324,700)
	95,206
	(22,787)
	144,231
	19,045
	2,354
	37,599
	35,060
\$	363,909

September 30, 2022

\$	758,283
	(327,515)
\$	430,768

1.2 x