



ADTALEM
GLOBAL EDUCATION

A Force For Good

Baird Global Healthcare Conference

September 13, 2023

Safe Harbor

FORWARD-LOOKING STATEMENTS

Certain statements contained in this presentation 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 Adtalem’s future growth. 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 Adtalem assumes no obligation to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized, 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.

A Force for Good

Purpose driven organization

committed to student and societal outcomes

Creating shareholder value

Growth with Purpose strategy
delivering long-term growth

Systemically important

component of the U.S. healthcare system,
training care providers



5 like-kind institutions

27 campuses

Robust online delivery capabilities



All post-secondary higher education

>75k students
~150 degree programs



All with a center of gravity in healthcare

~90% of student enrollment is healthcare focused



33.3k students¹

Largest nursing school in the U.S

23 campuses

Bachelor of Science in Nursing online in 30 states

1k+ educational alliances

>50% students from diverse backgrounds



37.6k students¹

~80% healthcare enrollment

7 colleges, 100+ programs

100% online

Leading institution for graduate degrees, advancing diversity, equity & inclusion in healthcare

>50% students from diverse backgrounds



4.9k students¹

Medical:

3 campuses

38 health system partnerships

Graduates practice: in 50 states, UK, Canada, and Puerto Rico

88% in low-income communities²

44% in medically underserved or health professional shortages areas

Veterinary:

28 international clinical locations

~8% of new U.S. Doctor of Veterinary Medicine graduates in 2021-2022³

Offering the full breadth of healthcare programs across the entire healthcare learning continuum

Bachelor's
33%

Master's
46%

Doctoral
21%

Nursing



46.3k

Current enrollees

Social & Behavioral
Sciences



16.9k

Current enrollees

Medical &
Veterinary



4.9k

Current enrollees

Post-Secondary
Other Degrees



7.7k

Current enrollees

Nursing pre-licensure 28%

Nursing post-licensure 72%

Utilizing innovative modalities to meet students where, when and how they learn best



~150
Programs

~75%
Programs
offered online

~7.5k
Faculty¹

50
States with nursing
clinical partnerships

9
States plus
Washington D.C. &
UK with medical
clinical partnerships

25 5
States Countries
with veterinarian
clinical rotations

The Opportunity

**Right
Market**

Incredibly large and attractive market with durable supply & demand asymmetry

**Market
Leading
Scale**

The nation's largest¹ healthcare educator, systematically important

**New
Operating
Model**

Walden acquisition catalyzed launch of new operating model

- Creating complementary market profiles
- Integrating & centralizing key capabilities, leveraging best practices across the enterprise
- Capturing synergies and increasing operating leverage, enhancing profitability & free cash flow

Growth with Purpose

Growth with Purpose strategy

Driving organic revenue growth

Marketing

Enrollment

Retention

Pricing

Programs

Expanding Access to Underserved Communities

Ongoing Commitment to Outstanding Student Outcomes

FY 2023 Performance

Repositioned Adtalem, integrating our institutions, focusing on operational execution, creating an unparalleled foundation

\$1,451 million

Revenue
+5.0% vs. prior year

23.7%

Adj. EBITDA¹ margin
~flat vs. prior year

\$4.21

Adj. EPS¹
+35.4% vs. prior year

Financial strength with capital deployment flexibility

Adj. EBITDA¹ margin maintained YoY at 23.7%, up +200 bps vs. FY 2021

- *Executing on Growth with Purpose strategic investments*
- *Operational excellence focus creating efficiencies with increased effectiveness*
- *Achieved our two-year cost synergy program, completing our goal of \$60 million*

Free Cash Flow¹ \$169 million up \$36 million vs. \$133 million generated in FY 2022

Returned \$140 million capital to shareholders through share repurchases

Reduced long term financial obligations by \$151 million resulting in FY 2023 net leverage¹ 1.3x

As a systemically important component of the U.S. healthcare system, with a clear growth roadmap and meaningful shareholder value creation opportunities

Transformed Portfolio, Positioned Well as a Leading Healthcare Educator

In a growing, structurally attractive industry with tailwinds

Creating Long-Term Value with Growth with Purpose Strategy

Focused on accelerating organic total enrollment growth and efficiency

Executing with Operational Excellence

Creating the ability to sustainably invest in accretive growth opportunities while delivering long-term margin expansion

Strong and Stable Financial Profile

With a healthy balance sheet, cash generative model, and an attractive capital allocation philosophy

Greater Scale Driving a Greater Purpose

Committed to student and societal outcomes

Disciplined Capital Allocation Philosophy

Student Growth

Growth with Purpose to invest back into our institutions and capabilities to reach optimal capacity

Return Excess Cash

Execution of the remaining \$173m against our Board-authorized \$300m share repurchase program through February 2025

Financial Strength

Thoughtfully reduce long-term financial obligations to maximize flexibility and balance sheet strength

Opportunistic M&A

Opportunities to enhance our student outcomes through capabilities and technology
Focused on tuck-ins to horizontally expand into in-demand healthcare education markets

Appendix

Adtalem by the numbers

Scale

#1

Grantor of U.S. nursing degrees; 9% of 2022 total

#1

Provider of medical graduates to the U.S. in 2022¹

~3,500

Social & Behavioral Sciences degrees granted in 2022

~300k

Alumni impacting local communities

#1

Educator of U.S. veterinarians; ~8% of new DVM graduates in 2021-22¹

Outcomes

84%

Chamberlain NCLEX pass rate, 2020 - 2022 avg.

81%

RUSVM NAVLE pass rate, 2021 - 2022 avg.

88%

USMLE Step 1 1st time pass rate, 2018 - 2022 avg.²

98%

1st time residency attainment rate for RUSM & AUC 2022 - 2023 graduates³

0.8%

2019 Enterprise cohort default rate⁴

Social Impact

>50%

Of total students are minorities

88%

Of MD graduates serve in low-income communities⁵

#1

Grantor of BSN, MSN-FNP & DNP degrees to minority students

#1

Provider of Black MD graduates to the U.S. in 2020 - 2021¹

#1

Grantor of graduate degrees in multiple disciplines to Black students



1) As compared to all U.S. schools

2) USMLE: First-time pass rate is the number of students passing the USMLE step 1 exam on the first attempt divided by the number of students whose first attempt was in 2018 - 2022. To take the USMLE step 1 exam students must successfully complete the Medical Sciences curriculum.

3) First-time residency attainment rate is the percent of students attaining a 2023 - 2024 residency position out of all graduates or expected graduates in 2022 - 2023 who were active applicants in the 2023 NRMP match or who attained a residency position outside the NRMP match.

4) Cohort default rates: 2019 is the latest data published by the United States Department of Education

5) Per a March 2020 report

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) – Measure of Adtalem's net income adjusted for deferred revenue adjustment, CEO transition costs, restructuring expense, business acquisition and integration expense, intangible amortization expense, gain on sale of assets, pre-acquisition interest expense, write-off of debt discount and issuance costs, gain on extinguishment of debt, litigation reserve, investment impairment, net tax benefit related to a valuation allowance release, and net loss (income) from discontinued operations.

Adjusted earnings per share (most comparable GAAP measure: earnings per share) – Measure of Adtalem's diluted earnings per share adjusted for deferred revenue adjustment, CEO transition costs, restructuring expense, business acquisition and integration expense, intangible amortization expense, gain on sale of assets, pre-acquisition interest expense, write-off of debt discount and issuance costs, gain on extinguishment of debt, litigation reserve, investment impairment, net tax benefit related to a valuation allowance release, and net loss (income) from discontinued operations.

Adjusted operating income (most comparable GAAP measure: operating income) – Measure of Adtalem's operating income adjusted for deferred revenue adjustment, CEO transition costs, restructuring expense, business acquisition and integration expense, intangible amortization expense, litigation reserve, and gain on sale of assets. 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 attributed to Adtalem) – Measure of Adtalem's net income adjusted for net loss (income) from discontinued operations, interest expense, other (income) expense, net, provision for (benefit from) income taxes, depreciation and amortization, stock-based compensation, deferred revenue adjustment, CEO transition costs, restructuring expense, business acquisition and integration expense, litigation reserve, and gain on sale of assets. This measure is applied on a consolidated and segment basis, depending on the context of the discussion. Income taxes, interest expense, and other (income) expense, net 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. We do not include normal, recurring, cash operating expenses in our restructuring expense.
- Business acquisition and integration expense include expenses related to the Walden acquisition and certain costs related to growth transformation initiatives. We do not include normal, recurring, cash operating expenses in our business acquisition and integration expense.
- Intangible amortization expense on acquired intangible assets.
- Gain on sale of Adtalem's Chicago, Illinois, campus facility.
- Pre-acquisition interest expense related to financing arrangements in connection with the Walden acquisition, write-off of debt discount and issuance costs and gain on extinguishment of debt related to prepayments of debt, reserves related to significant litigation, and impairment of an equity investment.
- Net tax benefit related to a valuation allowance release.
- Net loss (income) from discontinued operations includes the operations of ACAMS, Becker, OCL, and EduPristine, including the after-tax gain on the sale of these businesses, in addition to costs related to DeVry University.

Non-GAAP Adjusted EBITDA by Segment Disclosure (1/2)

	(unaudited) (in thousands)							
	Three Months Ended June 30,				Year Ended June 30,			
	2023	2022	Increase/(Decrease)		2023	2022	Increase/(Decrease)	
			\$	%			\$	%
Chamberlain:								
Operating income (GAAP)	\$ 35,683	\$ 41,124	\$ (5,441)	(13.2)%	\$ 134,685	\$ 124,414	\$ 10,271	8.3 %
Restructuring expense	—	572	(572)		818	2,838	(2,020)	
Depreciation	4,279	4,499	(220)		17,264	18,547	(1,283)	
Stock-based compensation	1,118	1,603	(485)		4,719	6,707	(1,988)	
Adjusted EBITDA (non-GAAP)	<u>\$ 41,080</u>	<u>\$ 47,798</u>	<u>\$ (6,718)</u>	(14.1)%	<u>\$ 157,486</u>	<u>\$ 152,506</u>	<u>\$ 4,980</u>	3.3 %
Adjusted EBITDA margin (non-GAAP)	28.4 %	34.1 %			27.6 %	27.4 %		
Walden:								
Operating income (loss) (GAAP)	\$ 9,809	\$ 12,442	\$ (2,633)	(21.2)%	\$ 35,880	\$ (5,306)	\$ 41,186	NM
Deferred revenue adjustment	—	—	—		—	8,561	(8,561)	
Restructuring expense	71	37	34		3,245	4,053	(808)	
Intangible amortization expense	12,303	23,307	(11,004)		61,239	97,274	(36,035)	
Litigation reserve	10,000	—	10,000		10,000	—	10,000	
Depreciation	2,189	2,454	(265)		9,492	9,255	237	
Stock-based compensation	916	721	195		3,861	3,029	832	
Adjusted EBITDA (non-GAAP)	<u>\$ 35,288</u>	<u>\$ 38,961</u>	<u>\$ (3,673)</u>	(9.4)%	<u>\$ 123,717</u>	<u>\$ 116,866</u>	<u>\$ 6,851</u>	5.9 %
Adjusted EBITDA margin (non-GAAP)	25.6 %	28.4 %			23.2 %	24.1 %		
Medical and Veterinary:								
Operating income (GAAP)	\$ 10,477	\$ 13,957	\$ (3,480)	(24.9)%	\$ 59,649	\$ 59,357	\$ 292	0.5 %
Restructuring expense	353	5,034	(4,681)		7,687	9,791	(2,104)	
Depreciation	3,108	3,393	(285)		12,475	13,890	(1,415)	
Stock-based compensation	712	922	(210)		3,003	3,896	(893)	
Adjusted EBITDA (non-GAAP)	<u>\$ 14,650</u>	<u>\$ 23,306</u>	<u>\$ (8,656)</u>	(37.1)%	<u>\$ 82,814</u>	<u>\$ 86,934</u>	<u>\$ (4,120)</u>	(4.7)%
Adjusted EBITDA margin (non-GAAP)	17.8 %	28.0 %			23.9 %	25.7 %		

Non-GAAP Adjusted EBITDA by Segment Disclosure (2/2)

	(unaudited) (in thousands)							
	Three Months Ended June 30,				Year Ended June 30,			
	2023	2022	Increase/(Decrease)		2023	2022	Increase/(Decrease)	
			\$	%			\$	%
Home Office and Other:								
Operating loss (GAAP)	\$ (16,412)	\$ (21,560)	\$ 5,148	23.9 %	\$ (62,044)	\$ (101,719)	\$ 39,675	39.0 %
CEO transition costs	—	—	—		—	6,195	(6,195)	
Restructuring expense	687	2,986	(2,299)		7,067	8,946	(1,879)	
Business acquisition and integration expense	6,959	11,661	(4,702)		42,661	53,198	(10,537)	
Gain on sale of assets	—	—	—		(13,317)	—	(13,317)	
Depreciation	381	757	(376)		2,344	2,882	(538)	
Stock-based compensation	645	761	(116)		2,716	2,784	(68)	
Adjusted EBITDA (non-GAAP)	<u>\$ (7,740)</u>	<u>\$ (5,395)</u>	<u>\$ (2,345)</u>	(43.5)%	<u>\$ (20,573)</u>	<u>\$ (27,714)</u>	<u>\$ 7,141</u>	25.8 %
Adtalem Global Education:								
Net income (GAAP)	\$ 22,244	\$ 6,746	\$ 15,498	229.7 %	\$ 93,358	\$ 310,991	\$ (217,633)	(70.0)%
Net loss (income) from discontinued operations	1,306	(5,609)	6,915		8,394	(346,946)	355,340	
Interest expense	15,294	19,441	(4,147)		63,100	129,348	(66,248)	
Other (income) expense, net	(3,664)	1,327	(4,991)		(6,965)	(1,108)	(5,857)	
Provision for (benefit from) income taxes	4,377	24,058	(19,681)		10,283	(15,539)	25,822	
Operating income (GAAP)	<u>39,557</u>	<u>45,963</u>	<u>(6,406)</u>		<u>168,170</u>	<u>76,746</u>	<u>91,424</u>	
Depreciation and amortization	22,260	34,410	(12,150)		102,814	141,848	(39,034)	
Stock-based compensation	3,391	4,007	(616)		14,299	16,416	(2,117)	
Deferred revenue adjustment	—	—	—		—	8,561	(8,561)	
CEO transition costs	—	—	—		—	6,195	(6,195)	
Restructuring expense	1,111	8,629	(7,518)		18,817	25,628	(6,811)	
Business acquisition and integration expense	6,959	11,661	(4,702)		42,661	53,198	(10,537)	
Litigation reserve	10,000	—	10,000		10,000	—	10,000	
Gain on sale of assets	—	—	—		(13,317)	—	(13,317)	
Adjusted EBITDA (non-GAAP)	<u>\$ 83,278</u>	<u>\$ 104,670</u>	<u>\$ (21,392)</u>	(20.4)%	<u>\$ 343,444</u>	<u>\$ 328,592</u>	<u>\$ 14,852</u>	4.5 %
Adjusted EBITDA margin (non-GAAP)	22.8 %	29.0 %			23.7 %	23.8 %		

Non-GAAP Earnings Disclosure

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

	Three Months Ended June 30,		Year Ended June 30,	
	2023	2022	2023	2022
Net income (GAAP)	\$ 22,244	\$ 6,746	\$ 93,358	\$ 310,991
Deferred revenue adjustment	—	—	—	8,561
CEO transition costs	—	—	—	6,195
Restructuring expense	1,111	8,629	18,817	25,628
Business acquisition and integration expense	6,959	11,661	42,661	53,198
Intangible amortization expense	12,303	23,307	61,239	97,274
Gain on sale of assets	—	—	(13,317)	—
Pre-acquisition interest expense, write-off of debt discount and issuance costs, gain on extinguishment of debt, litigation reserve, and investment impairment	10,000	4,699	19,226	48,804
Net tax benefit related to a valuation allowance release	—	—	(6,184)	—
Income tax impact on non-GAAP adjustments (1)	(8,656)	9,188	(31,997)	(51,683)
Net loss (income) from discontinued operations	1,306	(5,609)	8,394	(346,946)
Adjusted net income (non-GAAP)	<u>\$ 45,267</u>	<u>\$ 58,621</u>	<u>\$ 192,197</u>	<u>\$ 152,022</u>

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

	Three Months Ended June 30,		Year Ended June 30,	
	2023	2022	2023	2022
Earnings per share, diluted (GAAP)	\$ 0.50	\$ 0.15	\$ 2.05	\$ 6.43
Effect on diluted earnings per share:				
Deferred revenue adjustment	—	—	—	0.18
CEO transition costs	—	—	—	0.13
Restructuring expense	0.03	0.19	0.41	0.53
Business acquisition and integration expense	0.16	0.25	0.94	1.09
Intangible amortization expense	0.28	0.51	1.34	1.99
Gain on sale of assets	—	—	(0.29)	—
Pre-acquisition interest expense, write-off of debt discount and issuance costs, gain on extinguishment of debt, litigation reserve, and investment impairment	0.23	0.10	0.42	1.00
Net tax benefit related to a valuation allowance release	—	—	(0.14)	—
Income tax impact on non-GAAP adjustments (1)	(0.20)	0.20	(0.70)	(1.06)
Net loss (income) from discontinued operations	0.03	(0.12)	0.18	(7.17)
Adjusted earnings per share, diluted (non-GAAP)	<u>\$ 1.03</u>	<u>\$ 1.28</u>	<u>\$ 4.21</u>	<u>\$ 3.11</u>
Diluted shares used in non-GAAP EPS calculation	44,129	45,758	45,600	48,804

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	FY23	FY23	FY23	FY22
	Q4	Q4	Q4	Q3	Q2	Q1	Q4
Net cash provided by operating activities-continuing operations (GAAP)	\$ 55,863	\$ 105,231	\$ 205,684	\$ 255,052	\$ 225,247	\$ 225,972	\$ 164,002
Capital expenditures	(17,952)	(8,805)	(37,008)	(27,861)	(26,029)	(29,914)	(31,054)
Free cash flow (non-GAAP)	\$ 37,911	\$ 96,426	\$ 168,676	\$ 227,191	\$ 199,218	\$ 196,058	\$ 132,948

Non-GAAP Net Leverage Disclosure

(unaudited)
(in thousands)

	<u>Year Ended June 30, 2023</u>
Adtalem Global Education:	
Net income (GAAP)	\$ 93,358
Net loss from discontinued operations	8,394
Interest expense	63,100
Other income, net	(6,965)
Provision for income taxes	10,283
Depreciation and amortization	102,814
Stock-based compensation	14,299
Restructuring expense	18,817
Business acquisition and integration expense	42,661
Litigation reserve	10,000
Gain on sale of assets	(13,317)
Adjusted EBITDA (non-GAAP)	<u>\$ 343,444</u>
	June 30, 2023
Long-term debt	\$ 708,283
Less: Cash and cash equivalents	(273,689)
Net debt (non-GAAP)	<u>\$ 434,594</u>
Net leverage (non-GAAP)	1.3 x