



ADTALEM

GLOBAL EDUCATION

First Quarter 2024 Earnings

October 26, 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

>81k students
~150 degree programs



All with a center of gravity in healthcare

~90% of student enrollment is healthcare focused

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

Q1 2024 Performance

Total enrollment growth YoY: +1.9%

\$369 million

Revenue
+4.1% vs. prior year

21.8%

Adj. EBITDA¹ margin
(180) bps vs. prior year

\$0.93

Adj. EPS¹
+3.3% vs. prior year

Growth with Purpose delivering enterprise total enrollment growth

- **Chamberlain:** 34.9k students
 - Accelerated growth in total enrollment; leveraging scale & national footprint with a full breadth of nursing programs & modalities
- **Walden:** 41.0k students
 - Total enrollment returned to growth; executing on transformation, operational excellence, and brand investments
- **Med/Vet:** 5.2k students
 - Med & Vet: Continued high-quality academic outcomes as a leading educator of diverse veterinarian & medical professionals
 - Med: Sequential improvement in total enrollment trend; remediation plans stabilizing enrollment

Q1 2024 Highlights

Revenue & Adj. EPS¹ ahead of expectations

- *Total enrollment returned to growth*
- *Brand campaigns delivering strong demand*
- *Delivering enhanced student experiences, maintained high persistence, quality academic outcomes*
- *Deploying capital through Board authorized share repurchase program*

Growth with Purpose

Programs:

- *Chamberlain: Practice Ready. Specialty Focused.™ model has certified over 1,000 BSN students nationwide, now offered at all 23 campuses*
- *Walden: Tempo, competency-based learning aligns to working professionals' needs, Q1 '24 strong double-digit growth in new enrollments*
- *Medical: Capstone program to enhance and accelerate USMLE step 1 medical student preparedness, starting October '23*

Marketing:

- *Optimized top of funnel brand campaigns, incremental spend efficiency, enterprise Q1 '24 inquiries up double digits YoY*

Enrollment:

- *Simplifying student application experience, removing friction by leveraging technology, enterprise Q1 '24 application conversion rate up YoY*

Retention:

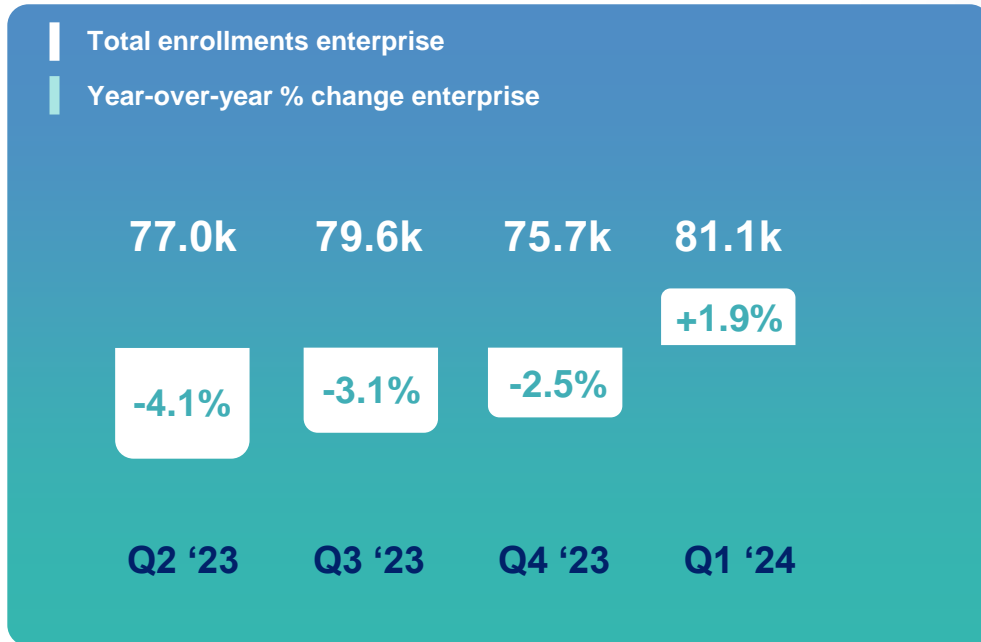
- *Proprietary next gen-NCLEX; preparatory tools based on situational and case-based testing across Chamberlain*
- *Focus on early-term persistence, enhancing student experience, leading to growth in retention*

Accelerating Total Enrollment Trends

Chamberlain third straight quarter of YoY total enrollment growth in pre-licensure & post-licensure programs

Walden positive YoY total enrollment growth led by healthcare programs

Continue to deliver enhanced student outcomes, high persistence levels



Year-over-year % change

	Q1 '24	Q4 '23
Chamberlain:	+5.2%	+1.2%
Walden:	+0.5%	-4.8%
Med/Vet:	-7.5%	-8.2%

Enterprise Performance

Growth with Purpose strategy improving key areas of value creation
Operational efficiencies offset by strategic investments

<i>\$ in Millions</i>	Q1 '24	Q1 '23	Δ vs. Q1 '23
Revenue	\$368.8	\$354.3	+4.1%
Adj. EBITDA¹	\$80.5	\$83.7	(3.8)%
% Margin¹	21.8%	23.6%	(180) bps
Adj. EPS¹	\$0.93	\$0.90	+3.3%
Total Enrollment²	81,073	79,559	+1.9%

Total Enrollment +1.9%

- Improvement of +440 basis points compared to Q4 '23 YoY

Adj. EBITDA¹ margin (180) bps

- Revenue growth and operational efficiencies offset by investments in Growth with Purpose strategic initiatives and other costs

Adj. EPS¹ +3.3%

- Repurchased 2.2 million shares in Q1 '24

Chamberlain Performance

Growth driven by pre-licensure & post-licensure nursing programs
High persistence

<i>\$ in Millions</i>	Q1 '24	Q1 '23	Δ vs. Q1 '23
Revenue	\$142.6	\$135.4	+5.3%
Adj. EBITDA¹	\$31.5	\$33.8	(6.5)%
<i>% Margin¹</i>	22.1%	24.9%	(280) bps
Total Enrollment²	34,889	33,153	+5.2%

Q1 '24 vs. Q1 '23:

- Pre-licensure: BSN online program triple digit total enrollment YoY percentage growth
- Post-licensure: growth in MSN programs, specifically Psychiatric-Mental Health now over 2k students

Total Enrollment +5.2%

- Growth in pre-licensure & post-licensure nursing programs and high persistence

Adj. EBITDA¹ margin (280) bps

- Operational efficiencies more than offset primarily by investments in student support services to enhance academic outcomes and other costs



Walden Performance

Returned to total enrollment growth, continued strength in new enrollment demand
High persistence

<i>\$ in Millions</i>	Q1 '24	Q1 '23	Δ vs. Q1 '23
Revenue	\$141.6	\$130.9	+8.2%
Adj. EBITDA¹	\$35.1	\$29.0	+21.0%
<i>% Margin¹</i>	24.8%	22.2%	+260 bps
Total Enrollment ²	40,975	40,772	+0.5%

Q1 '24 vs. Q1 '23:

- Elimination of off-cycle start dates adversely impacts total enrollment growth by 2.9%

Total Enrollment +0.5%

- Total enrollments up YoY, led by social and behavioral sciences & nursing
- New enrollments up YoY, strength in both healthcare & non-healthcare programs

Adj. EBITDA¹ margin +260 bps

- Transformation and operational efficiencies

Medical & Veterinary Performance

Vet maintaining leading position

Med early improvements against operational plans

<i>\$ in Millions</i>	Q1 '24	Q1 '23	Δ vs. Q1 '23
Revenue	\$84.6	\$88.0	(3.8)%
Adj. EBITDA¹	\$19.1	\$21.6	(11.9)%
<i>% Margin¹</i>	22.5%	24.6%	(210) bps
Total Enrollment²	5,209	5,634	(7.5)%

Medical schools' operational plans on-track:

- Capstone program to enhance & accelerate USMLE step 1 preparedness, starting October '23
- Renewed focus on operational efficiency, specifically academic support and enrollment experience
- Continued improvement in total enrollment trends

Total Enrollment (7.5)%

- *RUSVM operating at near capacity*
- *Medical schools seeing sequential improvement in total enrollment*

Adj. EBITDA margin (210) bps

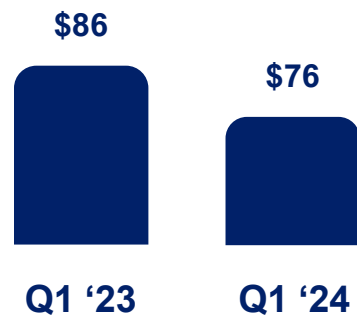
- *Lower revenue only partially offset by medical school remediation cost savings*

Cash Flow

Continued healthy cash generation and disciplined capital allocation

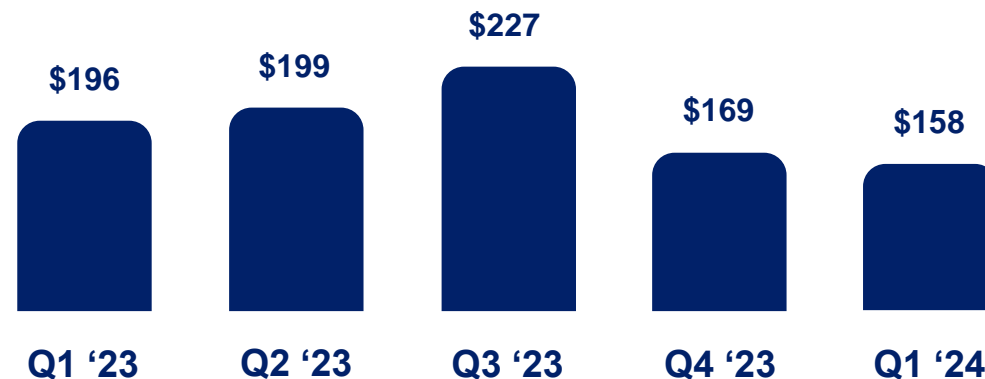
\$ in Millions

Three Months



Operating Cash Flow	\$91	\$91
Capital Expenditure	(\$5)	(\$15)
Free Cash Flow¹	\$86	\$76

Trailing Twelve Months



Operating Cash Flow	\$226	\$225	\$255	\$206	\$205
Capital Expenditure	(\$30)	(\$26)	(\$28)	(\$37)	(\$47)
Free Cash Flow¹	\$196	\$199	\$227	\$169	\$158

FY 2024 Guidance

Raising Revenue and Adj. EPS outlook

Revenue \$1,470m - \$1,530m

Adj. EPS¹ \$4.25 - \$4.45

Composite Score: placing an incremental \$158 million letter of credit early November, 2023

- ~\$6m annualized incremental interest expense

Underlying Themes

Total enrollment & revenue trends improving throughout FY 2024

Maintain Adj. EBITDA¹ margin

Investments in organic growth

Continued strong cash flow & active capital deployment

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

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 \$81m 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

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 restructuring expense, business integration expense, intangible amortization expense, write-off of debt discount and issuance costs, gain on extinguishment of debt, litigation reserve, and net loss from discontinued operations.

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

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

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:

- Restructuring expense primarily related to 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 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 integration expense.
- Intangible amortization expense on acquired intangible assets.
- Write-off of debt discount and issuance costs and gain on extinguishment of debt related to prepayments of debt, and reserves related to significant litigation.
- Net loss from discontinued operations includes expense from ongoing litigation costs and settlements related to the DeVry University divestiture and a loss on the sale of ACAMS, Becker, and OCL for working capital adjustments to the initial sales prices.

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

(unaudited)
(in thousands)

	Three Months Ended September 30,			
	2023	2022	Increase/(Decrease)	
			\$	%
Chamberlain:				
Operating income (GAAP)	\$ 24,324	\$ 26,184	\$ (1,860)	(7.1)%
Restructuring expense	—	818	(818)	
Adjusted operating income (non-GAAP)	<u>\$ 24,324</u>	<u>\$ 27,002</u>	<u>\$ (2,678)</u>	(9.9)%
Operating margin (GAAP)	17.1 %	19.3 %		
Operating margin (non-GAAP)	17.1 %	19.9 %		
Walden:				
Operating income (GAAP)	\$ 1,938	\$ 2,933	\$ (995)	(33.9)%
Restructuring expense	—	3,080	(3,080)	
Intangible amortization expense	10,677	18,528	(7,851)	
Litigation reserve	18,500	—	18,500	
Adjusted operating income (non-GAAP)	<u>\$ 31,115</u>	<u>\$ 24,541</u>	<u>\$ 6,574</u>	26.8 %
Operating margin (GAAP)	1.4 %	2.2 %		
Operating margin (non-GAAP)	22.0 %	18.7 %		
Medical and Veterinary:				
Operating income (GAAP)	\$ 14,363	\$ 10,238	\$ 4,125	40.3 %
Restructuring expense	114	6,826	(6,712)	
Adjusted operating income (non-GAAP)	<u>\$ 14,477</u>	<u>\$ 17,064</u>	<u>\$ (2,587)</u>	(15.2)%
Operating margin (GAAP)	17.0 %	11.6 %		
Operating margin (non-GAAP)	17.1 %	19.4 %		

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

(unaudited)
(in thousands)

	Three Months Ended September 30,			
	2023	2022	Increase/(Decrease)	
			\$	%
Home Office and Other:				
Operating loss (GAAP)	\$ (12,431)	\$ (15,721)	\$ 3,290	20.9 %
Restructuring expense	562	4,341	(3,779)	
Business integration expense	5,262	9,540	(4,278)	
Adjusted operating loss (non-GAAP)	<u>\$ (6,607)</u>	<u>\$ (1,840)</u>	<u>\$ (4,767)</u>	(259.1)%
Adtalem Global Education:				
Operating income (GAAP)	\$ 28,194	\$ 23,634	\$ 4,560	19.3 %
Restructuring expense	676	15,065	(14,389)	
Business integration expense	5,262	9,540	(4,278)	
Intangible amortization expense	10,677	18,528	(7,851)	
Litigation reserve	18,500	—	18,500	
Adjusted operating income (non-GAAP)	<u>\$ 63,309</u>	<u>\$ 66,767</u>	<u>\$ (3,458)</u>	(5.2)%
Operating margin (GAAP)	7.6 %	6.7 %		
Operating margin (non-GAAP)	17.2 %	18.8 %		

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

(unaudited)
(in thousands)

	Three Months Ended				
	September 30,				
	2023	2022	Increase/(Decrease)		
		\$	%		
Chamberlain:					
Operating income (GAAP)	\$ 24,324	\$ 26,184	\$ (1,860)	(7.1)%	
Restructuring expense	—	818	(818)		
Depreciation	4,316	4,481	(165)		
Stock-based compensation	2,907	2,274	633		
Adjusted EBITDA (non-GAAP)	<u>\$ 31,547</u>	<u>\$ 33,757</u>	<u>\$ (2,210)</u>	(6.5)%	
Adjusted EBITDA margin (non-GAAP)	22.1 %	24.9 %			
Walden:					
Operating income (GAAP)	\$ 1,938	\$ 2,933	\$ (995)	(33.9)%	
Restructuring expense	—	3,080	(3,080)		
Intangible amortization expense	10,677	18,528	(7,851)		
Litigation reserve	18,500	—	18,500		
Depreciation	2,162	2,595	(433)		
Stock-based compensation	1,864	1,905	(41)		
Adjusted EBITDA (non-GAAP)	<u>\$ 35,141</u>	<u>\$ 29,041</u>	<u>\$ 6,100</u>	21.0 %	
Adjusted EBITDA margin (non-GAAP)	24.8 %	22.2 %			
Medical and Veterinary:					
Operating income (GAAP)	\$ 14,363	\$ 10,238	\$ 4,125	40.3 %	
Restructuring expense	114	6,826	(6,712)		
Depreciation	2,944	3,105	(161)		
Stock-based compensation	1,640	1,475	165		
Adjusted EBITDA (non-GAAP)	<u>\$ 19,061</u>	<u>\$ 21,644</u>	<u>\$ (2,583)</u>	(11.9)%	
Adjusted EBITDA margin (non-GAAP)	22.5 %	24.6 %			

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

(unaudited)
(in thousands)

	Three Months Ended			
	September 30,			
	2023	2022	Increase/(Decrease)	
		\$	%	
Home Office and Other:				
Operating loss (GAAP)	\$ (12,431)	\$ (15,721)	\$ 3,290	20.9 %
Restructuring expense	562	4,341	(3,779)	
Business integration expense	5,262	9,540	(4,278)	
Depreciation	356	624	(268)	
Stock-based compensation	1,044	491	553	
Adjusted EBITDA (non-GAAP)	<u>\$ (5,207)</u>	<u>\$ (725)</u>	<u>\$ (4,482)</u>	(618.2)%
Adtalem Global Education:				
Net income (GAAP)	\$ 10,646	\$ 592	\$ 10,054	1,698.3 %
Net loss from discontinued operations	1,313	4,921	(3,608)	
Interest expense	15,657	17,760	(2,103)	
Other income, net	(2,214)	(761)	(1,453)	
Provision for income taxes	2,792	1,122	1,670	
Operating income (GAAP)	<u>28,194</u>	<u>23,634</u>	<u>4,560</u>	
Depreciation and amortization	20,455	29,333	(8,878)	
Stock-based compensation	7,455	6,145	1,310	
Restructuring expense	676	15,065	(14,389)	
Business integration expense	5,262	9,540	(4,278)	
Litigation reserve	18,500	—	18,500	
Adjusted EBITDA (non-GAAP)	<u>\$ 80,542</u>	<u>\$ 83,717</u>	<u>\$ (3,175)</u>	(3.8)%
Adjusted EBITDA margin (non-GAAP)	21.8 %	23.6 %		

Non-GAAP Earnings Disclosure

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

	Three Months Ended September 30,	
	2023	2022
Net income (GAAP)	\$ 10,646	\$ 592
Restructuring expense	676	15,065
Business integration expense	5,262	9,540
Intangible amortization expense	10,677	18,528
Write-off of debt discount and issuance costs, gain on extinguishment of debt, and litigation reserve	18,500	2,824
Income tax impact on non-GAAP adjustments (1)	(7,693)	(9,871)
Net loss from discontinued operations	1,313	4,921
Adjusted net income (non-GAAP)	\$ 39,381	\$ 41,599

(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,	
	2023	2022
Earnings per share, diluted (GAAP)	\$ 0.25	\$ 0.01
Effect on diluted earnings per share:		
Restructuring expense	0.02	0.33
Business integration expense	0.12	0.21
Intangible amortization expense	0.25	0.40
Write-off of debt discount and issuance costs, gain on extinguishment of debt, and litigation reserve	0.44	0.06
Income tax impact on non-GAAP adjustments (1)	(0.18)	(0.21)
Net loss from discontinued operations	0.03	0.11
Adjusted earnings per share, diluted (non-GAAP)	\$ 0.93	\$ 0.90
Diluted shares used in non-GAAP EPS calculation	42,184	46,342

(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				
	FY24	FY23	FY24	FY23	FY23	FY23	FY23
	Q1	Q1	Q1	Q4	Q3	Q2	Q1
Net cash provided by operating activities-continuing operations (GAAP)	\$ 90,726	\$ 91,476	\$ 204,934	\$ 205,684	\$ 255,052	\$ 225,247	\$ 225,972
Capital expenditures	(15,046)	(5,551)	(46,503)	(37,008)	(27,861)	(26,029)	(29,914)
Free cash flow (non-GAAP)	<u>\$ 75,680</u>	<u>\$ 85,925</u>	<u>\$ 158,431</u>	<u>\$ 168,676</u>	<u>\$ 227,191</u>	<u>\$ 199,218</u>	<u>\$ 196,058</u>

