REFINITIV

DELTA REPORT

10-Q

ATGE - ADTALEM GLOBAL EDUCATION

10-Q - DECEMBER 31, 2023 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1486
CHANGES	217
DELETIONS	453
ADDITIONS	816

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, 2023 December 31, 2023

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	**36-3150143**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
500 West Monroe Street Chicago, Illinois	**60661**
(Address of principal executive offices)	(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 þ 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 þ 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	þ	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

As of October 20, 2023 January 26, 2024, there were 39,828,454 39,188,069 shares of the registrant's common stock, $0.01 par value per share outstanding.

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Adtalem Global Education Inc.

Form 10-Q

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Part I. Financial Information

Item 1. Financial Statements

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

	September 30, 2023	June 30, 2023
Assets:		
Current assets:		
Cash and cash equivalents	$ 262,438	$ 273,689
Restricted cash	1,988	1,386
Accounts receivable, net	147,752	102,749
Prepaid expenses and other current assets	60,750	100,715
Total current assets	472,928	478,539
Noncurrent assets:		
Property and equipment, net	264,766	258,522
Operating lease assets	171,055	174,677
Deferred income taxes	54,855	56,694
Intangible assets, net	801,661	812,338
Goodwill	961,262	961,262
Other assets, net	67,634	68,509
Total noncurrent assets	2,321,233	2,332,002
Total assets	$ 2,794,161	$ 2,810,541
Liabilities and shareholders' equity:		
Current liabilities:		

Accounts payable	$ 76,866	$ 81,812
Accrued payroll and benefits	43,138	52,041
Accrued liabilities	89,395	105,806
Deferred revenue	250,555	153,871
Current operating lease liabilities	35,681	37,673
Total current liabilities	495,635	431,203
Noncurrent liabilities:		
Long-term debt	695,725	695,077
Long-term operating lease liabilities	160,523	163,441
Deferred income taxes	26,394	26,068
Other liabilities	37,221	37,416
Total noncurrent liabilities	919,863	922,002
Total liabilities	1,415,498	1,353,205
Commitments and contingencies		
Shareholders' equity:		
Common stock, $0.01 par value per share, 200,000 shares authorized; 40,401 and 42,310 shares outstanding as of September 30, 2023 and June 30, 2023, respectively	826	822
Additional paid-in capital	576,758	568,761
Retained earnings	2,414,378	2,403,750
Accumulated other comprehensive loss	(2,227)	(2,227)
Treasury stock, at cost, 42,204 and 39,922 shares as of September 30, 2023 and June 30, 2023, respectively	(1,611,072)	(1,513,770)
Total shareholders' equity	1,378,663	1,457,336
Total liabilities and shareholders' equity	$ 2,794,161	$ 2,810,541

	December 31, 2023	**June 30, 2023**
Assets:		
Current assets:		
Cash and cash equivalents	$ 182,894	$ 273,689
Restricted cash	3,183	1,386
Accounts receivable, net	133,666	102,749
Prepaid expenses and other current assets	58,356	100,715
Total current assets	378,099	478,539
Noncurrent assets:		
Property and equipment, net	260,484	258,522
Operating lease assets	176,863	174,677
Deferred income taxes	58,212	56,694
Intangible assets, net	792,328	812,338
Goodwill	961,262	961,262
Other assets, net	65,852	68,509
Assets held for sale	7,825	—
Total noncurrent assets	2,322,826	2,332,002
Total assets	$ 2,700,925	$ 2,810,541
Liabilities and shareholders' equity:		
Current liabilities:		
Accounts payable	$ 88,093	$ 81,812

Accrued payroll and benefits	45,928	52,041
Accrued liabilities	97,675	105,806
Deferred revenue	135,281	153,871
Current operating lease liabilities	31,596	37,673
Total current liabilities	398,573	431,203
Noncurrent liabilities:		
Long-term debt	696,373	695,077
Long-term operating lease liabilities	168,603	163,441
Deferred income taxes	27,243	26,068
Other liabilities	40,734	37,416
Total noncurrent liabilities	932,953	922,002
Total liabilities	1,331,526	1,353,205
Commitments and contingencies		
Shareholders' equity:		
Common stock, $0.01 par value per share, 200,000 shares authorized; 39,526 and 42,310 shares outstanding as of December 31, 2023 and June 30, 2023, respectively	831	822
Additional paid-in capital	597,587	568,761
Retained earnings	2,454,269	2,403,750
Accumulated other comprehensive loss	(2,227)	(2,227)
Treasury stock, at cost, 43,566 and 39,922 shares as of December 31, 2023 and June 30, 2023, respectively	(1,681,061)	(1,513,770)
Total shareholders' equity	1,369,399	1,457,336
Total liabilities and shareholders' equity	$ 2,700,925	$ 2,810,541

See accompanying Notes to Consolidated Financial Statements.

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Adtalem Global Education Inc.

Consolidated Statements of Income

(unaudited)

(in thousands, except per share data)

	Three Months Ended September 30,	
	2023	**2022**
Revenue	$ 368,845	$ 354,269
Operating cost and expense:		
Cost of educational services	168,618	159,645
Student services and administrative expense	166,095	146,385

Restructuring expense	676	15,065
Business integration expense	5,262	9,540
Total operating cost and expense	340,651	330,635
Operating income	28,194	23,634
Interest expense	(15,657)	(17,760)
Other income, net	2,214	761
Income from continuing operations before income taxes	14,751	6,635
Provision for income taxes	(2,792)	(1,122)
Income from continuing operations	11,959	5,513
Discontinued operations:		
Loss from discontinued operations before income taxes	(1,765)	(3,265)
Loss on disposal of discontinued operations before income taxes	—	(3,359)
Benefit from income taxes	452	1,703
Loss from discontinued operations	(1,313)	(4,921)
Net income and comprehensive income	$ 10,646	$ 592
Earnings (loss) per share:		
Basic:		
Continuing operations	$ 0.29	$ 0.12
Discontinued operations	$ (0.03)	$ (0.11)
Total basic earnings per share	$ 0.26	$ 0.01
Diluted:		
Continuing operations	$ 0.28	$ 0.12
Discontinued operations	$ (0.03)	$ (0.11)
Total diluted earnings per share	$ 0.25	$ 0.01
Weighted-average shares outstanding:		
Basic shares	41,399	45,274
Diluted shares	42,184	46,342

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	**2022**	**2023**	**2022**
Revenue	$ 393,242	$ 362,834	$ 762,087	$ 717,103
Operating cost and expense:				
Cost of educational services	172,069	159,303	340,687	318,948
Student services and administrative expense	155,584	141,802	321,679	288,187
Restructuring expense	68	1,363	744	16,428
Business integration expense	6,909	14,816	12,171	24,356
Total operating cost and expense	334,630	317,284	675,281	647,919
Operating income	58,612	45,550	86,806	69,184
Interest expense	(16,693)	(15,589)	(32,350)	(33,349)
Other income (expense), net	3,563	(1,440)	5,777	(679)
Income from continuing operations before income taxes	45,482	28,521	60,233	35,156
Provision for income taxes	(7,769)	(4,395)	(10,561)	(5,517)
Income from continuing operations	37,713	24,126	49,672	29,639
Discontinued operations:				

Income (loss) from discontinued operations before income taxes	2,926	524	1,161	(2,741)
Gain (loss) on disposal of discontinued operations before income taxes	—	185	—	(3,174)
(Provision for) benefit from income taxes	(748)	(182)	(296)	1,521
Income (loss) from discontinued operations	2,178	527	865	(4,394)
Net income and comprehensive income	$ 39,891	$ 24,653	$ 50,537	$ 25,245
Earnings (loss) per share:				
Basic:				
Continuing operations	$ 0.95	$ 0.53	$ 1.22	$ 0.65
Discontinued operations	$ 0.05	$ 0.01	$ 0.02	$ (0.10)
Total basic earnings per share	$ 1.00	$ 0.54	$ 1.24	$ 0.56
Diluted:				
Continuing operations	$ 0.92	$ 0.52	$ 1.20	$ 0.64
Discontinued operations	$ 0.05	$ 0.01	$ 0.02	$ (0.10)
Total diluted earnings per share	$ 0.98	$ 0.53	$ 1.22	$ 0.55
Weighted-average shares outstanding:				
Basic shares	39,872	45,425	40,636	45,350
Diluted shares	40,787	46,121	41,486	46,232

See accompanying Notes to Consolidated Financial Statements.

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

	Three Months Ended September 30,	
	2023	**2022**
Operating activities:		
Net income	$ 10,646	$ 592
Loss from discontinued operations	1,313	4,921
Income from continuing operations	11,959	5,513
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation expense	7,455	6,145
Amortization and impairments to operating lease assets	8,765	19,708

Depreciation	9,778	10,805
Amortization of intangible assets	10,677	18,528
Amortization and write-off of debt discount and issuance costs	1,155	4,227
Provision for bad debts	10,226	5,991
Deferred income taxes	2,165	2,629
Loss on disposals, accelerated depreciation, and impairments to property and equipment	38	3,483
Gain on extinguishment of debt	—	(71)
Loss on investments	447	901
Changes in assets and liabilities:		
Accounts receivable	(50,116)	(33,219)
Prepaid expenses and other current assets	(5,532)	(2,483)
Accounts payable	(2,870)	8,711
Accrued payroll and benefits	(8,882)	(12,743)
Accrued liabilities	13,770	(9,010)
Deferred revenue	98,658	82,688
Operating lease liabilities	(10,053)	(12,921)
Other assets and liabilities	(6,914)	(7,406)
Net cash provided by operating activities-continuing operations	90,726	91,476
Net cash provided by (used in) operating activities-discontinued operations	8,959	(130)
Net cash provided by operating activities	99,685	91,346
Investing activities:		
Capital expenditures	(15,046)	(5,551)
Proceeds from sale of marketable securities	400	356
Purchases of marketable securities	(300)	(308)
Net cash used in investing activities-continuing operations	(14,946)	(5,503)
Payment for working capital adjustment for sale of business	—	(811)
Net cash used in investing activities	(14,946)	(6,314)
Financing activities:		
Proceeds from exercise of stock options	550	1,241
Employee taxes paid on withholding shares	(5,651)	(3,486)
Proceeds from stock issued under Colleague Stock Purchase Plan	190	132
Repurchases of common stock for treasury	(90,477)	—
Repayments of long-term debt	—	(100,861)
Net cash used in financing activities	(95,388)	(102,974)
Net decrease in cash, cash equivalents and restricted cash	(10,649)	(17,942)
Cash, cash equivalents and restricted cash at beginning of period	275,075	347,937
Cash, cash equivalents and restricted cash at end of period	$ 264,426	$ 329,995
Non-cash investing and financing activities:		
Accrued capital expenditures	$ 9,217	$ 4,713
Accrued liability for repurchases of common stock	$ 3,600	$ —
Accrued excise tax on share repurchases	$ 1,928	$ —

	Six Months Ended December 31,	
	2023	**2022**
Operating activities:		
Net income	$ 50,537	$ 25,245

(Income) loss from discontinued operations	(865)	4,394
Income from continuing operations	49,672	29,639
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation expense	13,505	8,113
Amortization and impairments to operating lease assets	17,340	28,612
Depreciation	20,714	21,461
Amortization of intangible assets	20,010	34,704
Amortization and write-off of debt discount and issuance costs	2,310	6,819
Provision for bad debts	23,024	14,275
Deferred income taxes	(343)	(245)
Loss on disposals, accelerated depreciation, and impairments to property and equipment	38	3,483
Gain on extinguishment of debt	—	(71)
(Gain) loss on investments	(575)	4,950
Unrealized loss on assets held for sale	647	—
Changes in assets and liabilities:		
Accounts receivable	(42,429)	(25,045)
Prepaid expenses and other current assets	(2,143)	494
Accounts payable	7,824	13,233
Accrued payroll and benefits	(6,073)	(25,295)
Accrued liabilities	25,130	(4,849)
Deferred revenue	(13,540)	(28,424)
Operating lease liabilities	(20,441)	(25,923)
Other assets and liabilities	(11,601)	(13,654)
Net cash provided by operating activities-continuing operations	83,069	42,277
Net cash provided by (used in) operating activities-discontinued operations	9,515	(862)
Net cash provided by operating activities	92,584	41,415
Investing activities:		
Capital expenditures	(30,328)	(9,747)
Proceeds from sale of marketable securities	626	1,256
Purchases of marketable securities	(498)	(1,257)
Net cash used in investing activities-continuing operations	(30,200)	(9,748)
Payment for working capital adjustment for sale of business	—	(3,174)
Net cash used in investing activities	(30,200)	(12,922)
Financing activities:		
Proceeds from exercise of stock options	15,313	1,422
Employee taxes paid on withholding shares	(6,505)	(4,108)
Proceeds from stock issued under Colleague Stock Purchase Plan	359	289
Repurchases of common stock for treasury	(160,549)	—
Payment on equity forward contract	—	(13,162)
Repayments of long-term debt	—	(150,861)
Net cash used in financing activities	(151,382)	(166,420)
Net decrease in cash, cash equivalents and restricted cash	(88,998)	(137,927)
Cash, cash equivalents and restricted cash at beginning of period	275,075	347,937
Cash, cash equivalents and restricted cash at end of period	$ 186,077	$ 210,010
Non-cash investing and financing activities:		
Accrued capital expenditures	$ 9,062	$ 5,209

Accrued liability for repurchases of common stock	$	2,400	$	—
Accrued excise tax on share repurchases	$	2,358	$	—

See accompanying Notes to Consolidated Financial Statements.

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

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock Shares	Treasury Stock Amount	Total
June 30, 2022	81,796	$ 818	$ 521,848	$ 2,310,396	$ (2,227)	36,619	$ (1,339,449)	$ 1,491,386
Net income				592				592
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	82,099	$ 821	$ 529,229	$ 2,310,988	$ (2,227)	36,703	$ (1,342,786)	$ 1,496,025
June 30, 2023	82,232	$ 822	$ 568,761	$ 2,403,750	$ (2,227)	39,922	$ (1,513,770)	$ 1,457,336
Net income				10,646				10,646
Stock-based compensation			7,455					7,455
Net activity from stock-based compensation awards	373	4	546			130	(5,651)	(5,101)
Proceeds from stock issued under Colleague Stock Purchase Plan			(4)	(18)		(6)	233	211
Repurchases of common stock for treasury						2,158	(91,884)	(91,884)
September 30, 2023	82,605	$ 826	$ 576,758	$ 2,414,378	$ (2,227)	42,204	$ (1,611,072)	$ 1,378,663

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock Shares	Treasury Stock Amount	Total
September 30, 2022	82,099	$ 821	$ 529,229	$ 2,310,988	$ (2,227)	36,703	$ (1,342,786)	$ 1,496,025

Net income				24,653				24,653
Stock-based compensation			1,968					1,968
Net activity from stock-based compensation awards	57	1	180			15	(622)	(441)
Proceeds from stock issued under Colleague Stock Purchase Plan			(1)			(5)	175	174
Settlement of equity forward contract			30,000				(43,162)	(13,162)
December 31, 2022	82,156	$ 822	$ 561,376	$ 2,335,641	$ (2,227)	36,713	$ (1,386,395)	$ 1,509,217
September 30, 2023	82,605	$ 826	$ 576,758	$ 2,414,378	$ (2,227)	42,204	$ (1,611,072)	$ 1,378,663
Net income				39,891				39,891
Stock-based compensation			6,050					6,050
Net activity from stock-based compensation awards	487	5	14,758			15	(855)	13,908
Proceeds from stock issued under Colleague Stock Purchase Plan			21			(4)	167	188
Repurchases of common stock for treasury						1,351	(69,301)	(69,301)
December 31, 2023	83,092	$ 831	$ 597,587	$ 2,454,269	$ (2,227)	43,566	$ (1,681,061)	$ 1,369,399
June 30, 2022	81,796	$ 818	$ 521,848	$ 2,310,396	$ (2,227)	36,619	$ (1,339,449)	$ 1,491,386
Net income				25,245				25,245
Stock-based compensation			8,113					8,113
Net activity from stock-based compensation awards	360	4	1,418			103	(4,108)	(2,686)
Proceeds from stock issued under Colleague Stock Purchase Plan			(3)			(9)	324	321
Settlement of equity forward contract			30,000				(43,162)	(13,162)
December 31, 2022	82,156	$ 822	$ 561,376	$ 2,335,641	$ (2,227)	36,713	$ (1,386,395)	$ 1,509,217
June 30, 2023	82,232	$ 822	$ 568,761	$ 2,403,750	$ (2,227)	39,922	$ (1,513,770)	$ 1,457,336
Net income				50,537				50,537
Stock-based compensation			13,505					13,505
Net activity from stock-based compensation awards	860	9	15,304			145	(6,505)	8,808
Proceeds from stock issued under Colleague Stock Purchase Plan			17	(18)		(10)	400	399
Repurchases of common stock for treasury						3,509	(161,186)	(161,186)
December 31, 2023	83,092	$ 831	$ 597,587	$ 2,454,269	$ (2,227)	43,566	$ (1,681,061)	$ 1,369,399

See accompanying Notes to Consolidated Financial Statements.

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Adtalem 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.

Adtalem is a national leader in post-secondary education and a leading provider of professional talent to the healthcare industry. Our schools consist of Chamberlain University (“Chamberlain”), Walden University (“Walden”), American University of the Caribbean School of Medicine (“AUC”), Ross University School of Medicine (“RUSM”), and Ross University School of Veterinary Medicine (“RUSVM”). AUC, RUSM, and RUSVM are collectively referred to as the “medical and veterinary schools.” See Note 18 “Segment Information” for information on our reportable segments.

2. Summary of Significant Accounting Policies

Basis of Presentation

A full listing of our 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, 2023 (“2023 Form 10-K”). We have prepared the accompanying unaudited consolidated financial statements in accordance with U.S U.S. generally accepted accounting principles (“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 2023 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. 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 fiscal year 2023 Form 10-K.

Business integration expense was $5.3 million $6.9 million and $9.5 million $12.2 million in the three and six months ended September 30, 2023 December 31, 2023, respectively, and 2022, $14.8 million and $24.4 million in the three and six months ended December 31, 2022, respectively. These are 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. Certain costs relating to this transformation are included in business integration expense in the Consolidated Statements of Income.

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.

Recent Accounting Standards

In March 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2022-02: "Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures." The guidance was issued as improvements to Accounting Standards Codification ("ASC") 326. 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. We adopted this guidance on July 1, 2023. The amendments impacted our disclosures and did not otherwise impact Adtalem's Consolidated Financial Statements.

In November 2023, the FASB issued ASU No. 2023-07: "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." The guidance was issued to improve disclosures about reportable segments and addresses requests from investors for additional, more detailed information about a reportable segment's expenses by requiring entities to provide disclosures of significant segment expenses and other segment items. The guidance is effective for financial

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statements issued for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The amendments should be applied retrospectively. Early adoption of the amendments is permitted, including adoption in an interim period. We adopted this The amendments will impact our segment disclosures but will not otherwise impact Adtalem's Consolidated Financial Statements.

In December 2023, the FASB issued ASU No. 2023-09: "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." The guidance on July 1, 2023 was issued to enhance the transparency and decision usefulness of income tax disclosures by requiring entities to provide additional information in the rate reconciliation and additional disclosures about income taxes paid. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2024. The amendments impacted should be applied prospectively and retrospective application is permitted. Early adoption of the amendments is permitted. The amendments will impact our income tax disclosures and did 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.

Revision to Previously Issued Financial Statements

During the third quarter of fiscal year 2023, Adtalem identified an error in its revenue recognition related to certain scholarship programs within its Medical and Veterinary segment. Certain scholarships and discounts offered within that segment provide students a discount on future tuition that constitute a material right under ASC 606 “Revenue from Contracts with Customers” that should be accounted for as a separate performance obligation within a contract. Adtalem assessed the materiality of this error individually and in the aggregate with other previously identified errors to prior periods’ Consolidated Financial Statements in accordance with SEC Staff Accounting Bulletin (“SAB”) No. 99 “Materiality” and SAB 108 “Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements” codified in ASC 250 “Accounting Changes and Error Corrections.” Adtalem concluded that the errors were not material to prior periods and therefore, amendments of previously filed reports were not required. However, Adtalem determined it was appropriate to revise its previously issued financial statements. Treating the discount on future tuition as a material right results in the deferral of revenue for a portion of tuition to future periods. In accordance with ASC 250, Adtalem corrected the prior period periods presented herein by revising the financial statement line item amounts previously disclosed in SEC filings in order to achieve comparability in the Consolidated Financial Statements. The impact of this revision of Adtalem’s previously reported Consolidated Financial Statements are detailed below. In connection with this revision, Adtalem also corrected other immaterial errors in the prior period, periods, including certain errors that had previously been adjusted for as out of period corrections in the period identified.

The following table summarizes the effect of the revisions on the affected line items within the Consolidated Statements of Income (in thousands, except per share data):

	Three Months Ended September 30, 2022		
	As reported	Adjustment	As revised
Revenue	$ 354,559	$ (290)	$ 354,269
Operating cost and expense:			
Student services and administrative expense	148,341	(1,956)	146,385
Business integration expense	8,415	1,125	9,540
Total operating cost and expense	331,466	(831)	330,635
Operating income	23,093	541	23,634
Other income, net	1,567	(806)	761
Income from continuing operations before income taxes	6,900	(265)	6,635
Provision for income taxes	(1,054)	(68)	(1,122)
Income from continuing operations	5,846	(333)	5,513
Discontinued operations:			
Loss from discontinued operations before income taxes	(3,438)	173	(3,265)
Benefit from income taxes	3,143	(1,440)	1,703
Loss from discontinued operations	(3,654)	(1,267)	(4,921)
Net income	2,192	(1,600)	592
Earnings (loss) per share:			
Basic:			
Continuing operations	$ 0.13	$ (0.01)	$ 0.12
Discontinued operations	$ (0.08)	$ (0.03)	$ (0.11)

Total basic earnings per share	$	0.05	$	(0.04)	$	0.01
Diluted:						
Continuing operations	$	0.13	$	(0.01)	$	0.12
Discontinued operations	$	(0.08)	$	(0.03)	$	(0.11)
Total diluted earnings per share	$	0.05	$	(0.04)	$	0.01

To conform to current period presentation, the previously reported interest income line is now included within other income, net.

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The following table summarizes the effect of the revisions on the affected line items within the Consolidated Statements of Income (in thousands, except per share data):

	Three Months Ended December 31, 2022			Six Months Ended December 31, 2022		
	As reported	Adjustment	As revised	As reported	Adjustment	As revised
Revenue	$ 363,302	$ (468)	$ 362,834	$ 717,861	$ (758)	$ 717,103
Operating cost and expense:						
Student services and administrative expense	140,668	1,134	141,802	289,009	(822)	288,187
Business integration expense	15,941	(1,125)	14,816	24,356	—	24,356
Total operating cost and expense	317,275	9	317,284	648,741	(822)	647,919
Operating income	46,027	(477)	45,550	69,120	64	69,184
Other expense, net	(2,574)	1,134	(1,440)	(1,007)	328	(679)
Income from continuing operations before income taxes	27,864	657	28,521	34,764	392	35,156
Provision for income taxes	(4,247)	(148)	(4,395)	(5,301)	(216)	(5,517)
Income from continuing operations	23,617	509	24,126	29,463	176	29,639
Discontinued operations:						
Income (loss) from discontinued operations before income taxes	524	—	524	(2,914)	173	(2,741)
(Provision for) benefit from income taxes	(182)	—	(182)	2,961	(1,440)	1,521
Income (loss) from discontinued operations	527	—	527	(3,127)	(1,267)	(4,394)
Net income	24,144	509	24,653	26,336	(1,091)	25,245
Earnings (loss) per share:						
Basic:						
Continuing operations	$ 0.52	$ 0.01	$ 0.53	$ 0.65	$ 0.00	$ 0.65
Discontinued operations	$ 0.01	$ 0.00	$ 0.01	$ (0.07)	$ (0.03)	$ (0.10)
Total basic earnings per share	$ 0.53	$ 0.01	$ 0.54	$ 0.58	$ (0.02)	$ 0.56

Diluted:						
Continuing operations	$ 0.51	$ 0.01	$ 0.52	$ 0.64	$ 0.00	$ 0.64
Discontinued operations	$ 0.01	$ 0.00	$ 0.01	$ (0.07)	$ (0.03)	$ (0.10)
Total diluted earnings per share	$ 0.52	$ 0.01	$ 0.53	$ 0.57	$ (0.02)	$ 0.55

The following table summarizes the effect of the revisions on the affected line items within the previously reported Consolidated Statements of Comprehensive Income (in thousands):

	Three Months Ended September 30, 2022			Three Months Ended December 31, 2022			Six Months Ended December 31, 2022		
	As reported	Adjustment	As revised	As reported	Adjustment	As revised	As reported	Adjustment	As revised
Net income	$ 2,192	$ (1,600)	$ 592	$ 24,144	$ 509	$ 24,653	$ 26,336	$ (1,091)	$ 25,245
Other comprehensive income (loss), net of tax:									
Loss on foreign currency translation adjustments	(1,267)	1,267	—	—	—	—	(1,267)	1,267	—
Comprehensive income before reclassification	925	(333)	592	24,144	509	24,653	25,069	176	25,245
Comprehensive income	925	(333)	592	24,144	509	24,653	25,069	176	25,245

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The following table summarizes the effect of the revisions on the affected line items within the Consolidated Statements of Cash Flows (in thousands):

	Three Months Ended September 30, 2022			Six Months Ended December 31, 2022		
	As reported	Adjustment	As revised	As reported	Adjustment	As revised
Operating activities:						
Net income	$ 2,192	$ (1,600)	$ 592	$ 26,336	$ (1,091)	$ 25,245
Loss from discontinued operations	3,654	1,267	4,921	3,127	1,267	4,394
Income from continuing operations	5,846	(333)	5,513	29,463	176	29,639
Adjustments to reconcile net income to net cash provided by operating activities:						
Loss on investments	—	901	901	5,000	(50)	4,950
Changes in assets and liabilities:						
Prepaid expenses and other current assets	(1,602)	(881)	(2,483)	227	267	494

Accounts payable	7,586	1,125	8,711			
Accrued payroll and benefits	(11,593)	(1,150)	(12,743)	(24,145)	(1,150)	(25,295)
Deferred revenue	82,398	290	82,688	(29,182)	758	(28,424)
Net cash provided by operating activities-continuing operations	91,524	(48)	91,476	42,276	1	42,277
Net cash provided by operating activities	91,394	(48)	91,346	41,414	1	41,415
Investing activities:						
Proceeds from sales of marketable securities	—	356	356	—	1,256	1,256
Purchases of marketable securities	—	(308)	(308)	—	(1,257)	(1,257)
Net cash used in investing activities-continuing operations	(5,551)	48	(5,503)	(9,747)	(1)	(9,748)
Net cash used in investing activities	(6,362)	48	(6,314)	(12,921)	(1)	(12,922)

The following table summarizes the effect of the revisions on the affected line items within the Consolidated Statements of Shareholders' Equity (in thousands):

	As reported	Adjustment	As revised	As reported	Adjustment	As revised
June 30, 2022						
Retained earnings	2,322,810	(12,414)	2,310,396	2,322,810	(12,414)	2,310,396
Accumulated other comprehensive loss	(960)	(1,267)	(2,227)	(960)	(1,267)	(2,227)
Total shareholders' equity	1,505,067	(13,681)	1,491,386	1,505,067	(13,681)	1,491,386
September 30, 2022						
Retained earnings	2,325,002	(14,014)	2,310,988	2,325,002	(14,014)	2,310,988
Total shareholders' equity	1,510,039	(14,014)	1,496,025	1,510,039	(14,014)	1,496,025
Three Months Ended September 30, 2022						
December 31, 2022						
Retained earnings				2,349,146	(13,505)	2,335,641
Total shareholders' equity				1,522,722	(13,505)	1,509,217
Three Months Ended December 31, 2022						
Net income				24,144	509	24,653
Six Months Ended December 31, 2022						
Net income	2,192	(1,600)	592	26,336	(1,091)	25,245
Other comprehensive loss, net of tax	(1,267)	1,267	—	(1,267)	1,267	—

3. Discontinued Operations

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. financial results. Adtalem received $5.5 million and $4.1 million during the second quarter of fiscal year 2024 and $2.9 million during the second quarter of fiscal year 2023, and 2022, respectively, related to the earn-out, resulting in earn-out. We have received a total of $7.0 million being received $12.5 million related to the earn-out thus far.

On March 10, 2022, Adtalem completed the sale of the Association of Certified Anti-Money Laundering Specialists (“ACAMS”), Becker Professional Education (“Becker”), and OnCourse Learning (“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 gain of $0.2 million and a loss of $3.4 million $3.2 million in the first quarter of fiscal year 2023 three and six months ended December 31, 2022, respectively, for post-closing working capital

adjustments to the initial sales price for ACAMS, Becker, and OCL, which is included in loss gain (loss) on disposal of discontinued operations before income taxes in the Consolidated Statements of Income. These divestitures are the culmination of a long-term strategy to sharpen the focus of our portfolio and enhance our ability to address the 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.

The following is a summary of income statement information of operations reported as discontinued operations, which includes expense from ongoing litigation costs and settlements related to the DeVry University divestiture and Carrington College divestitures, a loss gain (loss) on the sale of ACAMS, Becker, and OCL for working capital adjustments to the initial sales prices, and the earn-outs we received (in thousands):

	Three Months Ended September 30,		Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022	2023	2022
Revenue	$ —	$ —	$ —	$ —	$ —	$ —
Operating cost and expense:						
Student services and administrative expense	1,765	3,265	(2,926)	(524)	(1,161)	2,741
Total operating cost and expense	1,765	3,265	(2,926)	(524)	(1,161)	2,741
Loss from discontinued operations before income taxes	(1,765)	(3,265)				
Loss on disposal of discontinued operations before income taxes	—	(3,359)				
Benefit from income taxes	452	1,703				

Loss from discontinued operations	$ (1,313)	$ (4,921)				
Income (loss) from discontinued operations before income taxes			2,926	524	1,161	(2,741)
Gain (loss) on disposal of discontinued operations before income taxes			—	185	—	(3,174)
(Provision for) benefit from income taxes			(748)	(182)	(296)	1,521
Income (loss) from discontinued operations			$ 2,178	$ 527	$ 865	$ (4,394)

4. 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, 2023				Three Months Ended December 31, 2023			
	Chamberlain	Walden	Medical and Veterinary	Consolidated	Chamberlain	Walden	Medical and Veterinary	Consolidated
Tuition and fees	$ 142,596	$ 141,608	$ 81,157	$ 365,361	$ 153,553	$146,808	$89,438	$ 389,799
Other	—	—	3,484	3,484	—	—	3,443	3,443
Total	$ 142,596	$ 141,608	$ 84,641	$ 368,845	$ 153,553	$146,808	$92,881	$ 393,242

	Three Months Ended September 30, 2022				Six Months Ended December 31, 2023			
	Chamberlain	Walden	Medical and Veterinary	Consolidated	Chamberlain	Walden	Medical and Veterinary	Consolidated
Tuition and fees	$ 135,405	$ 130,901	$ 85,224	$ 351,530	$ 296,149	$288,416	$170,595	$ 755,160
Other	—	—	2,739	2,739	—	—	6,927	6,927
Total	$ 135,405	$ 130,901	$ 87,963	$ 354,269	$ 296,149	$288,416	$177,522	$ 762,087

	Three Months Ended December 31, 2022			
	Chamberlain	Walden	Medical and Veterinary	Consolidated
Tuition and fees	$ 141,396	$ 131,940	$ 86,729	$ 360,065
Other	—	—	2,769	2,769
Total	$ 141,396	$ 131,940	$ 89,498	$ 362,834

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	Six Months Ended December 31, 2022			
	Chamberlain	Walden	Medical and Veterinary	Consolidated
Tuition and fees	$ 276,801	$ 262,841	$ 171,953	$ 711,595
Other	—	—	5,508	5,508
Total	$ 276,801	$ 262,841	$ 177,461	$ 717,103

In addition, see Note 18 “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.

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 generally applied to individual student accounts when such amounts are awarded. Therefore, the transaction price is immediately reduced directly by these discounts or scholarships from the amount of the standard tuition rate charged. Scholarships and discounts that are only applied to future tuition charged are considered a separate performance obligation if they represent a material right in accordance with ASC 606. In those instances, we defer the value of the related performance obligation associated with the future scholarship or discount based on estimates of future redemption based on our historical experience of student persistence toward completion of study. The contract liability associated with these material rights is presented as deferred revenue within current liabilities and other liabilities within noncurrent liabilities on the Consolidated Balance Sheets based on the amounts expected to be redeemed in the next 12 months. The contract liability amount associated with these material rights within current liabilities is $12.0 million $14.4 million and $10.6 million as of September 30, 2023 December 31, 2023 and June 30, 2023, respectively, and the amount within noncurrent liabilities is $12.3 million $15.4 million and $10.4 million as of September 30, 2023 December 31, 2023 and June 30, 2023, respectively. The noncurrent contract liability associated with these material rights is expected to be earned over approximately the next four fiscal years.

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.

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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 and to provide for any scholarships or discounts that are deemed a material right under ASC 606. As instruction is provided or the deferred value of material rights are redeemed, 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.

Deferred revenue within current liabilities is $250.6 million $135.3 million and $153.9 million as of September 30, 2023 December 31, 2023 and June 30, 2023, respectively, and deferred revenue within noncurrent liabilities is $12.3 million $15.4 million and $10.4 million as of September 30, 2023 December 31, 2023 and June 30, 2023, respectively. Revenue of $150.1 million $2.0 million and $142.2 million $152.1 million was recognized during the second quarter and first three six months of fiscal year 2024, respectively, that was included in the deferred revenue balance at the beginning of fiscal year 2024. Revenue of $2.2 million and $144.4 million was recognized during the second quarter and first six months of fiscal year 2023, respectively, that was included in the deferred revenue balance at the beginning of fiscal year 2024 and 2023, respectively. 2023.

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, increases from payments received related to academic terms commencing after the end of the reporting period, and increases from recognizing additional performance liabilities for material rights. rights during the period.

5. Restructuring Charges

During the second quarter and first quarter six months of fiscal year 2024, Adtalem recorded restructuring charges primarily driven by prior real estate consolidations at Adtalem's home office. We continue to incur restructuring charges or reversals related to exited leased space from previous restructuring activities. During the second quarter and first quarter six months 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. 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 18 "Segment Information." Pre-tax restructuring Restructuring charges by segment were as follows (in thousands):

	Three Months Ended September 30, 2023			Three Months Ended December 31, 2023			Six Months Ended December 31, 2023		
	Real Estate and Other	Termination Benefits	Total	Real Estate and Other	Termination Benefits	Total	Real Estate and Other	Termination Benefits	Total
Walden				$ (776)	$ —	$ (776)	$ (776)	$ —	$ (776)
Medical and Veterinary	$ 74	$ 40	$ 114	71	—	71	145	40	185
Home Office and Other	562	—	562	773	—	773	1,335	—	1,335
Total	$ 636	$ 40	$ 676	$ 68	$ —	$ 68	$ 704	$ 40	$ 744

	Three Months Ended September 30, 2022			Three Months Ended December 31, 2022			Six Months Ended December 31, 2022		
	Real Estate and Other	Termination Benefits	Total	Real Estate and Other	Termination Benefits	Total	Real Estate and Other	Termination Benefits	Total
Chamberlain	$ 818	$ —	$ 818	$ —	$ —	$ —	$ 818	$ —	$ 818
Walden	3,026	54	3,080	41	—	41	3,067	54	3,121
Medical and Veterinary	6,826	—	6,826	87	—	87	6,913	—	6,913
Home Office and Other	4,069	272	4,341	557	678	1,235	4,626	950	5,576
Total	$ 14,739	$ 326	$ 15,065	$ 685	$ 678	$ 1,363	$ 15,424	$ 1,004	$ 16,428

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The following table summarizes the separation and restructuring plan activity for fiscal years 2023 and 2024, for which cash payments are required (in thousands):

Liability balance as of June 30, 2022	$ 813	$ 813
Increase in liability (separation and other charges)	1,620	1,620
Reduction in liability (payments and adjustments)	(1,692)	(1,692)
Liability balance as of June 30, 2023	741	741
Increase in liability (separation and other charges)	40	40
Reduction in liability (payments and adjustments)	(488)	(666)
Liability balance as of September 30, 2023	$ 293	

Liability balance as of December 31, 2023	$ 115

The These liability balance of $0.3 million is balances are recorded as accrued liabilities on the Consolidated Balance Sheets as of September 30, 2023 June 30, 2023 and December 31, 2023.

6. Other Income (Expense), Net

Other income (expense), net consists consisted of the following (in thousands):

	Three Months Ended September 30,		Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022	2023	2022
Interest and dividend income	$ 2,661	$ 1,662	$ 2,541	$ 2,609	$ 5,202	$ 4,271
Investment loss	(447)	(901)				
Other income, net	$ 2,214	$ 761				
Investment gain (loss)			1,022	(4,049)	575	(4,950)
Other income (expense), net			$ 3,563	$ (1,440)	$ 5,777	$ (679)

Investment loss gain (loss) includes trading gains and losses related to the rabbi trust used to fund nonqualified deferred compensation plan obligations. In addition, investment gain (loss) includes an impairment of $5.0 million in the three and six months ended December 31, 2022 on an equity investment with no readily determinable fair value (see Note 16 “Fair Value Measurements” for additional information).

7. Income Taxes

Our effective tax rates from continuing operations were 18.9% 17.1% and 16.9% 17.5% in the three and six months ended September 30, 2023 December 31, 2023, respectively, and 2022, 15.4% and 15.7% in the three and six months ended December 31, 2022, respectively. The income tax provision for the second quarter and first quarter six months of fiscal year 2024 increased compared to the year-ago period periods primarily due to a decrease an increase in the percentage of earnings from foreign domestic operations, which are generally taxed at lower higher rates than domestic foreign earnings. The income tax provisions 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, tax credits related to research and development expenditures, and benefits associated with local tax incentives. During the next 12 months our unrecognized tax benefits may decrease by approximately $7 million to $8 million due to the settlement of various audits and the lapsing of statutes of limitation.

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 further described in Note 14 “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. 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. As of October 14, 2022, the ASR agreement is no longer outstanding. Certain shares related to stock awards were excluded from the computation of earnings per share because the

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8. Earnings per Share

As further described in Note 14 "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, Adtalem reflected the ASR agreement as a repurchase of Adtalem common stock and as a forward contract indexed to its own common stock. Based on the volume-weighted average price of Adtalem's common stock per the terms of the ASR agreement, common stock of 153 thousand shares were contingently issuable by Adtalem under the ASR agreement and were included in the diluted earnings per share calculation for the six months ended December 31, 2022 because the effect would have been dilutive. As of October 14, 2022, the ASR agreement is no longer outstanding. Diluted earnings per share was computed using the treasury stock method for stock awards. 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,		Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022	2023	2022
Numerator:						
Net income (loss):						
Continuing operations	$ 11,959	$ 5,513	$37,713	$24,126	$49,672	$29,639
Discontinued operations	(1,313)	(4,921)	2,178	527	865	(4,394)
Net income	$ 10,646	$ 592	$39,891	$24,653	$50,537	$25,245
Denominator:						
Weighted-average basic shares outstanding	41,399	45,274	39,872	45,425	40,636	45,350
Effect of dilutive stock awards	785	762	915	696	850	729
Effect of ASR	—	306	—	—	—	153
Weighted-average diluted shares outstanding	42,184	46,342	40,787	46,121	41,486	46,232
Earnings (loss) per share:						
Basic:						
Continuing operations	$ 0.29	$ 0.12	$ 0.95	$ 0.53	$ 1.22	$ 0.65
Discontinued operations	$ (0.03)	$ (0.11)	$ 0.05	$ 0.01	$ 0.02	$ (0.10)
Total basic earnings per share	$ 0.26	$ 0.01	$ 1.00	$ 0.54	$ 1.24	$ 0.56
Diluted:						
Continuing operations	$ 0.28	$ 0.12	$ 0.92	$ 0.52	$ 1.20	$ 0.64

Discontinued operations	$	(0.03)	$	(0.11)	$	0.05	$	0.01	$	0.02	$ (0.10)
Total diluted earnings per share	$	0.25	$	0.01	$	0.98	$	0.53	$	1.22	$ 0.55
Weighted-average antidilutive shares		332		477		89		365		210	421

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, 2023		
	Gross	Allowance	Net
Trade receivables, current	$177,537	$ (32,361)	$ 145,176
Financing receivables, current	4,811	(2,235)	2,576
Accounts receivable, current	$182,348	$ (34,596)	$ 147,752
Financing receivables, current	$ 4,811	$ (2,235)	$ 2,576
Financing receivables, noncurrent	36,625	(9,951)	26,674
Total financing receivables	$ 41,436	$ (12,186)	$ 29,250

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

	December 31, 2023		
	Gross	Allowance	Net
Trade receivables, current	$166,107	$ (35,020)	$ 131,087
Financing receivables, current	4,941	(2,362)	2,579
Accounts receivable, current	$171,048	$ (37,382)	$ 133,666
Financing receivables, current	$ 4,941	$ (2,362)	$ 2,579
Financing receivables, noncurrent	36,775	(10,964)	25,811
Total financing receivables	$ 41,716	$ (13,326)	$ 28,390

	June 30, 2023		
	Gross	Allowance	Net
Trade receivables, current	$129,318	$ (29,190)	$ 100,128
Financing receivables, current	4,757	(2,136)	2,621
Accounts receivable, current	$134,075	$ (31,326)	$ 102,749
Financing receivables, current	$ 4,757	$ (2,136)	$ 2,621
Financing receivables, noncurrent	36,368	(9,332)	27,036
Total financing receivables	$ 41,125	$ (11,468)	$ 29,657

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 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, 2023 was as follows (in thousands):

	Amortized Cost Basis by Origination Year						
	Prior	2020	2021	2022	2023	2024	Total
1-30 days past due	$ 314	$ 116	$ 211	$ 141	$ 1,812	$ 340	$ 2,934
31-60 days past due	264	13	367	194	1,376	316	2,530
61-90 days past due	242	—	393	52	165	19	871
91-120 days past due	76	90	60	429	687	—	1,342
121-150 days past due	12	—	—	192	276	—	480
Greater than 150 days past due	3,242	593	1,654	1,778	594	—	7,861
Total past due	4,150	812	2,685	2,786	4,910	675	16,018
Current	6,551	776	4,802	2,563	8,333	2,393	25,418
Financing receivables, gross	$ 10,701	$ 1,588	$ 7,487	$ 5,349	$ 13,243	$ 3,068	$ 41,436
Gross write-offs	$ 276	$ 199	$ 156	$ 54	$ 51	$ —	$ 736

The credit quality analysis of financing receivables as of December 31, 2023 was as follows (in thousands):

	Amortized Cost Basis by Origination Year						
	Prior	2020	2021	2022	2023	2024	Total
1-30 days past due	$ 555	$ 120	$ 539	$ 383	$ 2,115	$ 913	$ 4,625
31-60 days past due	112	12	32	97	280	302	835
61-90 days past due	62	—	206	12	804	45	1,129
91-120 days past due	31	—	13	50	364	97	555
121-150 days past due	205	17	188	—	919	321	1,650
Greater than 150 days past due	3,120	573	1,242	2,137	1,047	22	8,141
Total past due	4,085	722	2,220	2,679	5,529	1,700	16,935
Current	6,365	717	5,108	2,321	6,122	4,148	24,781
Financing receivables, gross	$ 10,450	$ 1,439	$ 7,328	$ 5,000	$ 11,651	$ 5,848	$ 41,716
Gross write-offs	$ 345	$ 244	$ 213	$ 145	$ 210	$ —	$ 1,157

The credit quality analysis of financing receivables as of June 30, 2023 was as follows (in thousands):

	Amortized Cost Basis by Origination Year						
	Prior	2019	2020	2021	2022	2023	Total
1-30 days past due	$ 186	$ 79	$ 115	$ 137	$ 735	$ 1,944	$ 3,196
31-60 days past due	61	34	—	359	573	1,103	2,130
61-90 days past due	97	39	110	65	559	368	1,238
91-120 days past due	2	17	2	13	77	200	311
121-150 days past due	62	37	26	45	147	129	446
Greater than 150 days past due	2,641	734	708	2,071	1,457	381	7,992
Total past due	3,049	940	961	2,690	3,548	4,125	15,313
Current	6,199	1,112	820	5,350	2,608	9,723	25,812
Financing receivables, gross	$ 9,248	$ 2,052	$ 1,781	$ 8,040	$ 6,156	$ 13,848	$ 41,125

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.

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

	Three Months Ended September 30, 2023			Three Months Ended December 31, 2023			Six Months Ended December 31, 2023		
	Trade	Financing	Total	Trade	Financing	Total	Trade	Financing	Total
Beginning balance	$ 29,190	$ 11,468	$ 40,658	$ 32,361	$ 12,186	$ 44,547	$ 29,190	$ 11,468	$ 40,658
Write-offs	(8,412)	(736)	(9,148)	(11,139)	(421)	(11,560)	(19,551)	(1,157)	(20,708)
Recoveries	2,621	190	2,811	2,307	254	2,561	4,928	444	5,372
Provision for credit losses	8,962	1,264	10,226	11,491	1,307	12,798	20,453	2,571	23,024
Ending balance	$ 32,361	$ 12,186	$ 44,547	$ 35,020	$ 13,326	$ 48,346	$ 35,020	$ 13,326	$ 48,346

	Three Months Ended September 30, 2022			Three Months Ended December 31, 2022			Six Months Ended December 31, 2022		
	Trade	Financing	Total	Trade	Financing	Total	Trade	Financing	Total
Beginning balance	$ 30,897	$ 14,891	$ 45,788	$ 32,882	$ 15,624	$ 48,506	$ 30,897	$ 14,891	$ 45,788
Write-offs	(5,464)	(219)	(5,683)	(14,712)	(397)	(15,109)	(20,176)	(616)	(20,792)
Recoveries	2,408	2	2,410	1,848	32	1,880	4,256	34	4,290
Provision for credit losses	5,041	950	5,991	7,498	786	8,284	12,539	1,736	14,275
Ending balance	$ 32,882	$ 15,624	$ 48,506	$ 27,516	$ 16,045	$ 43,561	$ 27,516	$ 16,045	$ 43,561

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10. Property and Equipment, Net

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

	September 30, 2023	June 30, 2023	December 31, 2023	June 30, 2023
Land	$ 38,345	$ 38,345	$ 34,127	$ 38,345
Building	308,921	303,737	297,033	303,737
Equipment	241,342	226,600	247,125	226,600
Construction in progress	20,758	28,668	26,991	28,668
Property and equipment, gross	609,366	597,350	605,276	597,350
Accumulated depreciation	(344,600)	(338,828)	(344,792)	(338,828)
Property and equipment, net	$ 264,766	$ 258,522	$ 260,484	$ 258,522

During the second quarter of fiscal year 2024, management committed to a plan to sell a building owned by Adtalem located in Naperville, Illinois, and the building met criteria to be classified as assets held for sale. As a result, the building's carrying value of $8.4 million was adjusted to its estimated fair value less cost to sell of $7.8 million, and the resulting $0.6 million charge was recognized within student services and administrative expense in the Consolidated Statements of Income for the three and six months ended December 31, 2023. In addition, the building is presented as assets held for sale on the Consolidated Balance Sheets as of December 31, 2023.

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 March 2036, November 2039, 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, 2023, we entered into one additional operating lease that has not yet commenced. The 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.

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

	Three Months Ended September 30,	
	2023	2022
Operating lease cost	$ 11,551	$ 12,375
Sublease income	(2,681)	(3,570)
Total lease cost	$ 8,870	$ 8,805

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Maturities same currency and term as the associated lease. Operating lease expense is recognized on a straight-line basis over the lease term.

As of December 31, 2023, we had entered into one operating lease that has not yet commenced. The lease is expected to commence during the second quarter of fiscal year 2025, has a 15-year lease term, and will result in an additional operating lease asset and operating lease liability of approximately $6.3 million.

The components of lease liabilities by fiscal year as of September 30, 2023 cost were as follows (in thousands):

Fiscal Year	Operating Leases
2024 (remaining)	$ 36,191
2025	43,569
2026	38,253
2027	36,706
2028	29,590
Thereafter	76,992
Total lease payments	261,301
Less: tenant improvement allowance not yet received	(4,065)
Less: imputed interest	(61,032)
Present value of lease liabilities	$ 196,204

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
Operating lease cost	$ 11,519	$ 11,595	$ 23,070	$ 23,970
Sublease income	(2,700)	(3,516)	(5,381)	(7,086)
Total lease cost	$ 8,819	$ 8,079	$ 17,689	$ 16,884

Maturities of lease liabilities as of December 31, 2023 were as follows (in thousands):

Fiscal Year	Operating Leases
2024 (remaining)	$ 22,795
2025	44,524
2026	41,027
2027	39,533
2028	32,472
Thereafter	104,857

Total lease payments		285,208
Less: tenant improvement allowance not yet received		(8,631)
Less: imputed interest		(76,378)
Present value of lease liabilities	$	200,199

Lease term and discount rate were as follows:

	September 30,	December 31,
	2023	
Weighted-average remaining operating lease term (years)	6.3	6.9
Weighted-average operating lease discount rate	6.7%	7.2%

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

	Three Months Ended September 30,		Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022	2023	2022
Cash paid for amounts in the measurement of operating lease liabilities (net of sublease receipts)	$ 10,625	$ 12,428	$10,989	$12,390	$21,615	$24,818
Operating lease assets obtained in exchange for operating lease liabilities	$ 5,143	$ —	$14,383	$13,038	$19,526	$13,038

Adtalem maintains an agreement to lease one facility owned by Adtalem to DeVry University with an expiration date of December 2023. Adtalem maintains agreements to sublease either a portion or the full leased space at seven five 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

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which Adtalem vacated or partially vacated space, we recorded estimated restructuring charges in prior periods. Actual results may differ from these estimates, which 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, 2023, December 31, 2023 were as follows (in thousands):

Fiscal Year	Amount	Amount
2024 (remaining)	$ 6,887	$ 3,630

2025	5,255	5,255
2026	2,038	2,038
Total lease and sublease rental income	$ 14,180	
Total sublease rental income		$10,923

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12. Goodwill and Intangible Assets

The table below summarizes goodwill Goodwill balances by reporting unit were as follows (in thousands):

	September 30, 2023	June 30, 2023	December 31, 2023	June 30, 2023
Chamberlain	$ 4,716	$ 4,716	$ 4,716	$ 4,716
Walden	651,052	651,052	651,052	651,052
AUC	68,321	68,321	68,321	68,321
RUSM	180,089	180,089	180,089	180,089
RUSVM	57,084	57,084	57,084	57,084
Total	$ 961,262	$ 961,262	$ 961,262	$961,262

The table below summarizes goodwill Goodwill balances by reportable segment were as follows (in thousands):

	September 30, 2023	June 30, 2023	December 31, 2023	June 30, 2023
Chamberlain	$ 4,716	$ 4,716	$ 4,716	$ 4,716
Walden	651,052	651,052	651,052	651,052
Medical and Veterinary	305,494	305,494	305,494	305,494
Total	$ 961,262	$ 961,262	$ 961,262	$961,262

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

	September 30, 2023		June 30, 2023		
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Weighted-Average Amortization Period
Student relationships	$ 161,900	$ (145,348)	$ 161,900	$ (137,476)	3 Years
Curriculum	56,091	(23,842)	56,091	(21,037)	5 Years
Total	$ 217,991	$ (169,190)	$ 217,991	$ (158,513)	

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

	September 30, 2023	June 30, 2023
Walden trade name	$ 119,560	$ 119,560
AUC trade name	17,100	17,100
RUSM trade name	3,500	3,500
RUSVM trade name	1,600	1,600
Chamberlain Title IV eligibility and accreditations	1,200	1,200
Walden Title IV eligibility and accreditations	495,800	495,800
AUC Title IV eligibility and accreditations	100,000	100,000
RUSM Title IV eligibility and accreditations	11,600	11,600
RUSVM Title IV eligibility and accreditations	2,500	2,500
Total	$ 752,860	$ 752,860

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

	September 30, 2023	June 30, 2023	December 31, 2023		June 30, 2023		
			Gross Carrying	Accumulated	Gross Carrying	Accumulated	Weighted-Average
Chamberlain	$ 1,200	$ 1,200					
Walden	615,360	615,360					
Medical and Veterinary	136,300	136,300					
			Amount	Amortization	Amount	Amortization	Amortization Period
Student relationships			$ 161,900	$ (151,876)	$ 161,900	$ (137,476)	3 Years
Curriculum			56,091	(26,647)	56,091	(21,037)	5 Years
Total	$ 752,860	$ 752,860	$ 217,991	$ (178,523)	$ 217,991	$ (158,513)	

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

	December 31, 2023	June 30, 2023
Walden trade name	$ 119,560	$ 119,560
AUC trade name	17,100	17,100
RUSM trade name	3,500	3,500
RUSVM trade name	1,600	1,600
Chamberlain Title IV eligibility and accreditations	1,200	1,200
Walden Title IV eligibility and accreditations	495,800	495,800
AUC Title IV eligibility and accreditations	100,000	100,000

RUSM Title IV eligibility and accreditations	11,600	11,600
RUSVM Title IV eligibility and accreditations	2,500	2,500
Total	$ 752,860	$ 752,860

Indefinite-lived intangible asset balances by reportable segment were as follows (in thousands):

	December 31, 2023	June 30, 2023
Chamberlain	$ 1,200	$ 1,200
Walden	615,360	615,360
Medical and Veterinary	136,300	136,300
Total	$ 752,860	$ 752,860

Amortization expense for amortized intangible assets was $10.7 million $9.3 million and $18.5 million $20.0 million in the three and six months ended September 30, 2023 December 31, 2023, respectively, and 2022, $16.2 million and $34.7 million in the three and six months ended December 31, 2022, respectively. Future intangible asset amortization expense, by reporting unit, is expected to be as follows (in thousands):

Fiscal Year	Walden	Walden
2024 (remaining)	$ 24,967	$15,634
2025	11,220	11,220
2026	11,220	11,220
2027	1,394	1,394
Total	$ 48,801	$39,468

Curriculum is amortized on a straight-line basis. Student relationships is amortized based on the estimated retention of the students and considers 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 intangible assets 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 five reporting units that contain goodwill and indefinite-lived intangible assets. These reporting units constitute components for which discrete financial information is available and regularly reviewed by segment management. We have the option to assess goodwill for impairment by first performing a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If it is determined that the reporting unit fair value is more likely than not less than its carrying value, or if we do not elect the option to perform an initial qualitative assessment, we perform a quantitative assessment of the reporting unit’s fair value. If the carrying value of a reporting unit containing the goodwill exceeds the fair value of that reporting unit, an impairment loss is recognized equal to the difference between the carrying value of the reporting unit and its fair value, not to exceed the carrying value of goodwill. We also have the option to perform a qualitative assessment to test indefinite-lived intangible assets for impairment by determining whether it is more likely than not that the indefinite-lived intangible assets are impaired. If it is determined that the indefinite-lived intangible asset is more likely than not impaired, or if we do not elect the option to perform an initial qualitative assessment, we perform a quantitative assessment of the indefinite-lived intangible assets. If the carrying value of the indefinite-lived intangible assets exceeds its fair value, an impairment loss is recognized to the extent the carrying value exceeds fair value. After analyzing the results of operations and business conditions of all five reporting units, we 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, 2023 December 31, 2023.

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 2023, and that no interim events or deviations from planned operating results occurred as of September 30, 2023 December 31, 2023 that would cause management to reassess these conclusions.

If economic conditions deteriorate, interest rates continue to rise, or operating performance of our reporting units do not meet expectations such that we revise our long-term forecast, forecasts, we may recognize impairments of goodwill and other intangible assets in future periods.

13. Debt

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

	September 30, 2023	June 30, 2023	December 31, 2023	June 30, 2023
Senior Secured Notes due 2028	$ 404,950	$ 404,950	$ 404,950	$ 404,950
Term Loan B	303,333	303,333	303,333	303,333
Total principal	708,283	708,283	708,283	708,283
Unamortized debt discount and issuance costs	(12,558)	(13,206)	(11,910)	(13,206)
Long-term debt	$ 695,725	$ 695,077	$ 696,373	$ 695,077

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

Fiscal Year	Maturity Payments
2024 (remaining)	$ —
2025	—

2026	—
2027	—
2028	404,950
2029	303,333
Total	$708,283

Senior Secured Notes due 2028

On March 1, 2021, 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 Adtalem 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 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 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 were secured, subject to

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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, we 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. We 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, Adtalem 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 we receive 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

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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 for the three six months ended September 30, 2022 December 31, 2022. This debt was subsequently retired. The principal balance of the Notes is $405.0 million as of September 30, 2023 December 31, 2023.

Accrued interest on the Notes of $1.9 million $7.4 million and $7.4 million is recorded within accrued liabilities on the Consolidated Balance Sheets as of September 30, 2023 December 31, 2023 and June 30, 2023, respectively.

Credit Agreement

On August 12, 2021, in connection with the Walden acquisition, Adtalem entered 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 Revolver has availability for letters of credit and currencies other than U.S. dollars of up to $400.0 million.

On June 27, 2023, Adtalem entered into Amendment No. 1 to Credit Agreement, identifying the Secured Overnight Financing Rate ("SOFR") as the benchmark rate to replace LIBOR for eurocurrency rate loans within the Credit Agreement effective the first quarter of fiscal year 2024.

Term Loan B

Borrowings under the Term Loan B bear interest at Adtalem's option at a rate per annum equal to SOFR, subject to a SOFR 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, 2023 December 31, 2023, the interest rate for borrowings under the Term Loan B facility was 9.43% 9.47%, which approximated the effective interest rate. 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. We made additional Term Loan B prepayments of $100.0 million and $50.0 million on September 22, 2022 and November 22, 2022, respectively. The principal balance of the Notes Term Loan B is $303.3 million as of September 30, 2023 December 31, 2023.

On January 26, 2024, we made an additional Term Loan B prepayment of $50.0 million, reducing the principal balance of the Term Loan B to $253.3 million as of that date, and we repriced our Term Loan B loan resulting in a 0.50% reduction in our margin interest rate. As of January 26, 2024, borrowings under the Term Loan B bear interest at Adtalem's option at a rate per annum equal to SOFR, subject to a SOFR floor of 0.75%, plus an applicable margin ranging from 3.50% to 4.00% for eurocurrency term loan borrowings or 2.50% to 3.00% for ABR borrowings depending on Adtalem's net first lien leverage ratio for such period.

Revolver

Borrowings under the Revolver bear interest at a rate per annum equal to SOFR, subject to a SOFR floor of 0.75%, plus an applicable margin ranging from 3.75% to 4.25% for SOFR borrowings or 2.75% to 3.25% for ABR borrowings depending on Adtalem's net first lien leverage ratio for such period. There were no borrowings under the Revolver during the three six months ended September 30, 2023 December 31, 2023 and 2022.

The Credit Agreement requires payment of a commitment fee equal to 0.25% as of September 30, 2023 December 31, 2023, of the unused portion of the Revolver. The commitment fee expense is recorded within interest expense in the Consolidated Statements of Income. The amount unused under the Revolver was $323.8 million $165.9 million as of September 30, 2023 December 31, 2023.

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. Based on the $100.0 million and $50.0 million Term Loan B prepayment prepayments on September 22, 2022 and November 22, 2022, respectively, we expensed $2.9 million $1.4 million and $4.3 million in interest expense in the Consolidated Statements of Income in the three and six months ended September 30, 2022 December 31, 2022, respectively, 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. dates. The following table

summarizes the unamortized debt discount and issuance costs activity for the three six months ended September 30, 2023 December 31, 2023 (in thousands):

	Notes	Term Loan B	Revolver	Total	Notes	Term Loan B	Revolver	Total
Unamortized debt discount and issuance costs as of June 30, 2023	$ 5,592	$ 7,614	$ 6,355	$ 19,561	$5,592	$ 7,614	$ 6,355	$19,561
Amortization of debt discount and issuance costs	(279)	(369)	(507)	(1,155)	(558)	(738)	(1,014)	(2,310)
Unamortized debt discount and issuance costs as of September 30, 2023	$ 5,313	$ 7,245	$ 5,848	$ 18,406				

Unamortized debt discount and issuance costs as of December 31, 2023	$5,034	$ 6,876	$ 5,341	$17,251

Off-Balance Sheet Arrangements

Adtalem had a surety-backed letter of credit outstanding of $84.0 million as of September 30, 2023 December 31, 2023, in favor of the U.S. Department of Education ("ED") on behalf of Walden, which allows Walden to participate in Title IV programs. In addition, Adtalem posted had a letter of credit outstanding under its Revolver in the amount of $76.2 million as of September 30, 2023 December 31, 2023, in favor of ED, which also allows Walden to participate in Title IV programs. On September 25, 2023, we received a letter from ED, requiring Lastly, Adtalem to provide had a letter of credit outstanding under its Revolver in the amount of $157.9 million as of December 31, 2023, in order for all favor of ED, which allows Adtalem institutions to participate in Title IV programs. This requirement resulted from ED's review of Adtalem's financial responsibility score for fiscal year 2022. The Revolver availability will be reduced to $165.9 million by November 9, 2023 upon issuance of the letter of credit to ED as described above.

Many states require private-sector postsecondary education institutions to post surety bonds for licensure. In the U.S., Adtalem has posted $31.4 million $41.0 million of surety bonds as of September 30, 2023 December 31, 2023 with regulatory authorities on behalf of Chamberlain, Walden, AUC, RUSM, and RUSVM.

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Interest Expense

The components Interest expense consisted of interest expense were as follows the following (in thousands):

	Three Months Ended September 30,		Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022	2023	2022
Notes interest expense	$ 5,568	$ 5,597	$ 5,568	$ 5,568	$11,136	$11,165
Term Loan B interest expense	7,255	7,001	7,321	6,450	14,576	13,451
Term Loan B debt discount and issuance costs write-off	—	2,880	—	1,402	—	4,282
Notes issuance costs write-off	—	15	—	—	—	15
Gain on extinguishment of debt	—	(71)	—	—	—	(71)
Amortization of debt discount and issuance costs	1,155	1,332	1,155	1,190	2,310	2,522
Letters of credit fees	1,441	727	2,478	692	3,919	1,419
Other	238	279	171	287	409	566
Total interest expense	$ 15,657	$ 17,760				
Total			$16,693	$15,589	$32,350	$33,349

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 was required to maintain a Total Net Leverage Ratio of equal to or less than 4.00 to 1.00, which requirement reduces changes 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 our previous Financial Services segment. No other mandatory prepayments have been required since the execution of the Credit Agreement.

The Notes contain covenants that limit the ability of Adtalem 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 Adtalem 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 Credit Agreement debt covenants related to the Credit Agreement and the Notes covenants as of September 30, 2023 December 31, 2023.

14. Share Repurchases

Open Market Share Repurchase Programs

On March 1, 2022, we announced that the Board of Directors (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,

Table February 25, 2025. On January 16, 2024, Adtalem completed its thirteenth share repurchase program. On January 19, 2024, we announced that the Board authorized Adtalem’s fourteenth share repurchase program, which allows Adtalem to repurchase up to $300.0 million of Contents

2025. its common stock through January 16, 2027. Adtalem made share repurchases under its current share repurchase program programs as follows, which includes the market price of the shares, commissions, and excise tax (in thousands, except shares and per share data):

	Three Months Ended September 30,		Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022	2023	2022
Total number of share repurchases	2,158,398	—	1,350,735	—	3,509,133	—

Total cost of share repurchases	$	91,884	$	— $	69,301	$	— $	161,186 $—
Average price paid per share	$	42.57	$	— $	51.31	$	— $	45.93 $—

As of September 30, 2023December 31, 2023, $80.9 million$11.6 million of authorized share repurchases were remaining under the currentthirteenth share repurchase program. Subsequent to December 31, 2023, our authorized share repurchases increased by $300.0 million related to the fourteenth share repurchase program as described above. 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 privateaccelerated share repurchases, privately negotiated transactions, or otherwise. Repurchases will be funded through available cash balances and/or borrowingsand ongoing business operating cash generation 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 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 was based on the volume-weighted

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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 threesix months ended September 30, 2022December 31, 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 initially recorded as a reduction in additional paid-in capital was reclassified to treasury stock and an additional $13.2 million was recorded in treasury stock, which represented our final cash settlement payment.

15. Stock-Based Compensation

Adtalem's current stock-based incentive plan is its Fourth Amended and Restated Incentive Plan of 2013, which is administered by the Compensation Committee of the Board. Under the plan, directors, key executives, and managerial employees are eligible to receive stock options, restricted stock units ("RSUs"), performanceperformance-based restricted stock units ("PSUs"), and other forms of stock awards. As of September 30, 2023 December 31, 2023, 2,275,788 2,065,697 shares of common stock were available for future issuance under this plan.

Stock-based compensation expense is recognized on a straight-line basis over the required service period. 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. Adtalem issues new shares of common stock to satisfy stock option exercises, RSU vests, and PSU vests.

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, 2023	2022	Three Months Ended December 31, 2023	2022	Six Months Ended December 31, 2023	2022
Stock-based compensation	$ 7,455	$ 6,145	$ 6,050	$1,968	$13,505	$ 8,113
Income tax benefit	(2,495)	(1,682)	(2,488)	(622)	(4,983)	(2,303)
Stock-based compensation, net of tax	$ 4,960	$ 4,463	$ 3,562	$1,346	$ 8,522	$ 5,810

There was no capitalized stock-based compensation cost as of September 30, 2023 December 31, 2023 and June 30, 2023.

Stock Options

The Beginning in fiscal year 2023, the Compensation Committee of the Board determined to no longer grant stock options beginning with the options. Prior to fiscal year 2023, stock-based grants. We we granted stock options generally with a four-year graduated vesting from the grant date and expire ten years from the grant date. The option price under the plan is the fair value of the shares on the date of the grant. stock options was estimated using a binomial model. The following table summarizes stock option activity for the three six months ended September 30, 2023 December 31, 2023:

	Number of Stock Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding as of July 1, 2023	1,045,801	$ 36.02		
Exercised	(15,400)	35.65		
Expired	(1,144)	28.32		

Outstanding as of September 30, 2023	1,029,257		36.03	5.3	$	7,405
Exercisable as of September 30, 2023	889,582	$	36.17	5.0	$	6,333

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	Number of Stock Options		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)		Aggregate Intrinsic Value (in thousands)
Outstanding as of July 1, 2023	1,045,801	$	36.02			
Exercised	(451,040)		33.95			
Expired	(1,144)		28.32			
Outstanding as of December 31, 2023	593,617		37.61	6.4	$	12,669
Exercisable as of December 31, 2023	453,942	$	38.36	6.1	$	9,349

The fair value of stock options that vested during the three six months ended September 30, 2023 December 31, 2023 and 2022 was $1.9 million and $2.1 million, respectively. As of September 30, 2023 December 31, 2023, $0.7 million $0.6 million of unrecognized stock-based compensation expense related to unvested stock options is expected to be recognized over a remaining weighted-average period of 1.8 1.5 years. The total intrinsic value of stock options exercised for the three six months ended September 30, 2023 December 31, 2023 and 2022 was $0.1 million $9.1 million and $0.6 million $0.7 million, respectively.

RSUs

Prior to fiscal year 2023, we granted RSUs generally with a four-year graduated vesting from the grant date. Beginning in fiscal year 2023, we grant RSUs generally with a three-year graduated vesting from the grant date. We also regularly grant RSUs to our Board members with a one-year cliff vest from the grant date. The recipient of the RSUs has the right to receive dividend equivalents, if any. The fair value of RSUs is the closing market price of our common stock on the grant date. The following table summarizes RSU activity for the three six months ended September 30, 2023 December 31, 2023:

	Number of RSUs		Weighted-Average Grant Date Fair Value	Number of RSUs	Weighted-Average Grant Date Fair Value
Unvested as of July 1, 2023	737,733	$	37.22	737,733 $	37.22
Granted	354,030		42.98	393,270	44.17
Vested	(231,082)		37.55	(282,447)	37.85
Forfeited	(4,938)		40.02	(11,847)	40.42
Unvested as of September 30, 2023	855,743	$	39.50		
Unvested as of December 31, 2023				836,709 $	40.23

The weighted-average grant date fair value per share of RSUs granted in the three six months ended September 30, 2023 December 31, 2023 and 2022 was $42.98 $44.17 and $39.53, $39.87, respectively. The fair value of RSUs that vested during the three six months ended September 30, 2023 December 31, 2023 and 2022 was $8.7 million $10.7 million and $6.4 million $8.2 million, respectively. As of September 30, 2023 December 31, 2023, $22.5 million $20.9 million of unrecognized

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stock-based compensation expense related to unvested RSUs is expected to be recognized over a remaining weighted-average period of 2.2 2.0 years.

PSUs

We issue PSUs generally with a three-year cliff vest from the grant date. Our annual grant of PSUs is expected to be granted later in fiscal year 2024. The fair value per share of PSUs is the closing market price of our common stock on the grant date. We estimate the number of shares that will vest under our PSU awards when recognizing stock-based compensation expense for each reporting period. The final number of shares that vest under our PSUs is based on metrics approved by the Compensation Committee of the Board. The following table summarizes PSU activity for the three six months ended September 30, 2023 December 31, 2023:

	Number of PSUs	Weighted-Average Grant Date Fair Value
Unvested as of July 1, 2023	490,300	$ 35.17
Granted (1)	149,690	42.98
Vested	(126,918)	29.92
Forfeited	(42,952)	30.10
Unvested as of September 30, 2023	470,120	$ 39.27

(1) Includes incremental PSUs awarded upon achievement of metrics.

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	Number of PSUs	Weighted-Average Grant Date Fair Value

Unvested as of July 1, 2023	490,300	$	35.17
Granted (1)	333,210		50.07
Vested	(126,918)		29.92
Forfeited	(48,712)		31.50
Unvested as of December 31, 2023	647,880	$	43.79

(1) Includes incremental PSUs awarded upon achievement of metrics.

The weighted-average grant date fair value per share of PSUs granted in the three six months ended September 30, 2023 December 31, 2023 and 2022 was $42.98. We did not grant any PSUs for the three months ended September 30, 2022. $50.07 and $33.97, respectively. The fair value of PSUs that vested during the three six months ended September 30, 2023 December 31, 2023 and 2022 was $4.1 million and $3.4 million, respectively. As of September 30, 2023 December 31, 2023, $12.9 million $19.1 million of unrecognized stock-based compensation expense related to unvested PSUs is expected to be recognized over a remaining weighted-average period of 1.8 2.0 years.

16. 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.

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.

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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, and restricted cash 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, 2023 December 31, 2023 and June 30, 2023 was $12.1 million $13.3 million and $12.5 million, respectively. These investments are recorded at fair value based upon quoted market prices using Level 1 inputs.

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The carrying value of the credit extension programs, which approximates its fair value, is included in accounts receivable, net net and other assets, net on the Consolidated Balance Sheets as of September 30, 2023 December 31, 2023 and June 30, 2023 of $29.3 million $28.4 million and $29.7 million, respectively, and is classified as Level 2. See Note 9 “Accounts Receivable and Credit Losses” for additional information on these credit credit extension programs.

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, 2023 December 31, 2023 and June 30, 2023 were $12.2 million $12.8 million and $12.6 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, 2023 December 31, 2023 and June 30, 2023, borrowings under our long-term debt agreements were $708.3 million and $708.3 million, respectively. The fair value of the Notes was $373.9 million $394.2 million as of September 30, 2023 December 31, 2023, which is based upon quoted market prices and is classified as Level 1. The fair value of the Term Loan B was $303.5 million $304.7 million as of September 30, 2023 December 31, 2023, 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, 2023 December 31, 2023 and June 30, 2023, there were no assets or liabilities measured at fair value using Level 3 inputs.

We recorded an impairment of $5.0 million on an equity investment with no readily determinable fair value within other income (expense), net in the Consolidated Statements of Income in the three and six months ended December 31, 2022 as the carrying value is no longer recoverable. Since initial recognition of the investment, there had been no upward or downward adjustments as a result of observable price changes. Following the impairment, the carrying amount of $5.0 million was reduced to zero.

Assets measured at fair value on a nonrecurring basis include goodwill and indefinite-lived intangible assets arising from a business combination. These assets are not amortized and charged to expense over time. Instead, goodwill and indefinite-lived intangible assets 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, 2023. See Note 12 “Goodwill and Intangible Assets” for additional information on the impairment review, including valuation techniques and assumptions.

17. 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. Adtalem believes it has adequately reserved for potential losses. The following is a description business and certain of pending legal and regulatory these matters that may be considered other than ordinary, routine, and incidental to the business. are discussed below. 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 As of December 31, 2023, we have recorded accruals adequately reserved for those matters where that management believes has determined a loss is probable and that loss can be reasonably estimated. 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. As such, we 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. In conjunction with the McCormick Settlement, Adtalem was required to establish a settlement fund by placing $44.95 million into an escrow account, which was recorded within prepaid expenses and other current assets on the Consolidated Balance Sheets. The court issued an order approving the McCormick Settlement on October 7, 2020 and dismissed the action with prejudice. On May 4, 2022, the Appellate Court of Illinois, First District affirmed the Circuit Court of Cook County's approval of the McCormick Settlement. The $44.95 million settlement fund was reduced by $8.92 million (received by Adtalem on July 18, 2023) reflecting an offset of amounts paid to the Settlement Class. The $36.03 million settlement fund is being distributed to the Settlement Class. Adtalem received the $8.92 million return of escrow on July 18, 2023. As a result, the loss contingency accrual and prepaid expense asset associated with the previous escrow balance are no longer outstanding on the Consolidated Balance Sheets as of September 30, 2023 December 31, 2023.

On March 12, 2021, Travontae Johnson, a Chamberlain student, filed a putative class action against Chamberlain in the Circuit Court of Cook County, Illinois, Chancery Division. The plaintiff claimed 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 claimed 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 alleged 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 included 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 sought damages in excess of $50,000, attorney's fees and costs. The plaintiff and class also sought an unspecified amount of enhanced damages based on alleged negligent or reckless conduct by Chamberlain. On July 19, 2021, Chamberlain filed its motion to dismiss the complaint arguing that plaintiff's lawsuit is expressly preempted by Title V of the Gramm-Leach-Bliley Act. On February 1, 2023, the Court granted Chamberlain's motion to dismiss plaintiff's complaint. On March 3, 2023, plaintiff filed an appeal. On September 14, 2023, plaintiff's appeal was dismissed for lack of prosecution. The plaintiff had until October 5, 2023 to file for reconsideration of the dismissal. Plaintiff failed to timely file a motion for reconsideration. This matter is concluded.

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. On November 27, 2022, the Court denied Walden's motion to dismiss the complaint. Plaintiffs filed an amended complaint to add an additional plaintiff, Tareion Fluker. Walden answered the amended complaint on February 2, 2023. The parties participated in a non-binding mediation on May 4, 2023 and settlement discussions continued. The parties filed a joint motion to stay discovery through October 10, 2023 pending the outcome of At a second non-binding mediation held on September 21, 2023. At this mediation, , the parties agreed on a $28.5 million payment to resolve the issues in the case, subject to agreement on non-financial terms, discussions about which are ongoing. We have recorded a $28.5 million loss contingency accrual for this matter within accrued liabilities on the Consolidated Balance Sheets as of September 30, 2023 December 31, 2023. If a tentative settlement is reached, it is subject to approval by Adtalem's Board of Directors and the court. In January 2024, Adtalem made a claim for indemnification under the Membership Interest Purchase Agreement with Laureate Education, Inc. ("Laureate"), dated September 11, 2020, pursuant to which Adtalem purchased Walden. If a settlement is finalized and approved by the court, Adtalem expects to receive $5.5 million from Laureate in connection with such indemnification claim.

On June 6, 2022, plaintiff Rajesh Verma filed a lawsuit on behalf of himself and a class of similarly situated individuals in the Circuit Court of the Fourth Judicial Circuit, Duval County Florida, against Walden alleging that Walden was placing telephonic sales calls to persons on the National Do-Not-Call Registry, in violation of the Telephone Consumer Protection Act, 47 U.S.C. § 227, et seq. Although originally filed in state court, Walden removed the case to federal court and filed a motion to dismiss plaintiff's complaint. On August 26, 2022, plaintiff filed a motion to remand Count I of the complaint to state court. On March 2, 2023, plaintiff filed an amended complaint to add a Florida state law claim against Walden under the Florida Telephone Solicitation Act ("FTSA"). On March 16, 2023, Walden filed its answer to the amended complaint. On March 29, 2023, Walden's motion to dismiss plaintiff's complaint and plaintiff's motion to remand Count I of the complaint were denied. A non-binding mediation was held on September 18, 2023. The parties reached a settlement for an immaterial amount, subject to Court approval.

As previously disclosed, pursuant to the terms of the Stock Purchase Agreement ("SPA") by and between Adtalem and 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.

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18. Segment 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.

Walden – Offers online certificate programs and 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.

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 restructuring expense, business integration expense, intangible amortization expense, litigation reserve, and litigation reserve. loss on assets held for sale. 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. The accounting policies of the segments are the same as those described in Note 2 “Summary of Significant Accounting Policies.”

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

	Three Months Ended September 30,		Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022	2023	2022
Revenue:						
Chamberlain	$ 142,596	$ 135,405	$153,553	$141,396	$296,149	$276,801
Walden	141,608	130,901	146,808	131,940	288,416	262,841
Medical and Veterinary	84,641	87,963	92,881	89,498	177,522	177,461
Total consolidated revenue	$ 368,845	$ 354,269	$393,242	$362,834	$762,087	$717,103
Adjusted operating income:						
Chamberlain	$ 24,324	$ 27,002	$ 29,640	$ 33,229	$ 53,964	$ 60,231
Walden	31,115	24,541	30,155	29,012	61,270	53,553
Medical and Veterinary	14,477	17,064	22,091	22,549	36,568	39,613
Home Office and Other	(6,607)	(1,840)	(6,317)	(6,885)	(12,924)	(8,725)
Total consolidated adjusted operating income	63,309	66,767	75,569	77,905	138,878	144,672
Reconciliation to Consolidated Financial Statements:						
Restructuring expense	(676)	(15,065)	(68)	(1,363)	(744)	(16,428)
Business integration expense	(5,262)	(9,540)	(6,909)	(14,816)	(12,171)	(24,356)
Intangible amortization expense	(10,677)	(18,528)	(9,333)	(16,176)	(20,010)	(34,704)
Litigation reserve	(18,500)	—	—	—	(18,500)	—
Loss on assets held for sale			(647)	—	(647)	—
Total consolidated operating income	28,194	23,634	58,612	45,550	86,806	69,184

Interest expense	(15,657)	(17,760)	(16,693)	(15,589)	(32,350)	(33,349)
Other income, net	2,214	761				
Other income (expense), net			3,563	(1,440)	5,777	(679)
Total consolidated income from continuing operations before income taxes	$ 14,751	$ 6,635	$ 45,482	$ 28,521	$ 60,233	$ 35,156
Capital expenditures:						
Chamberlain	$ 5,285	$ 1,426	$ 5,757	$ 1,492	$ 11,042	$ 2,918
Walden	2,942	825	2,619	268	5,561	1,093
Medical and Veterinary	1,345	573	1,935	342	3,280	915
Home Office and Other	5,474	2,727	4,971	2,094	10,445	4,821
Total consolidated capital expenditures	$ 15,046	$ 5,551	$ 15,282	$ 4,196	$ 30,328	$ 9,747
Depreciation expense:						
Chamberlain	$ 4,316	$ 4,481	$ 5,162	$ 4,099	$ 9,478	$ 8,580
Walden	2,162	2,595	2,305	2,269	4,467	4,864
Medical and Veterinary	2,944	3,105	3,110	3,031	6,054	6,136
Home Office and Other	356	624	359	1,257	715	1,881
Total consolidated depreciation expense	$ 9,778	$ 10,805	$ 10,936	$ 10,656	$ 20,714	$ 21,461
Intangible amortization expense:						
Walden	$ 10,677	$ 18,528	$ 9,333	$ 16,176	$ 20,010	$ 34,704
Total consolidated intangible amortization expense	$ 10,677	$ 18,528	$ 9,333	$ 16,176	$ 20,010	$ 34,704

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

	Three Months Ended September 30,		Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022	2023	2022
Revenue by geographic area:						
Domestic operations	$ 284,204	$ 266,306	$300,361	$273,336	$584,565	$539,642
Barbados, St. Kitts, and St. Maarten	84,641	87,963	92,881	89,498	177,522	177,461
Total consolidated revenue	$ 368,845	$ 354,269	$393,242	$362,834	$762,087	$717,103

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

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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

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 online certificate programs and 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.

Medical and Veterinary – Offers degree and non-degree programs in the medical and veterinary postsecondary education industry. This segment includes the operations of 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 18 "Segment Information" to the Consolidated Financial Statements.

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Revision to Previously Issued Financial Statements

During the third quarter of fiscal year 2023, Adtalem identified an error in its revenue recognition related to certain scholarship programs within its Medical and Veterinary segment. Certain scholarships and discounts offered within that segment provide students a discount on future tuition that constitute a material right under Accounting Standards Codification ("ASC") 606 "Revenue from Contracts with Customers" that should be accounted for as a separate performance obligation within a contract. Adtalem assessed the materiality of this error individually and in the aggregate with other previously identified errors to prior periods' Consolidated Financial Statements in accordance with SEC Staff Accounting Bulletin ("SAB") No. 99 "Materiality" and SAB 108 "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" codified in ASC 250 "Accounting Changes and Error Corrections." Adtalem concluded that the errors were not material to prior periods and therefore, amendments of previously filed reports were not required. However, Adtalem determined it was appropriate to revise its previously issued financial statements. Treating the discount on future tuition as a material right results in the deferral of revenue for a portion of tuition to future periods. In accordance with ASC 250, Adtalem corrected the prior period periods presented herein by revising the financial statement line item amounts previously disclosed in SEC filings in order to achieve comparability in the Consolidated Financial Statements. In connection with this revision, Adtalem also corrected other immaterial errors in the prior period, periods, including certain errors that had previously been adjusted for as out of period corrections in the period identified. See Note 2 "Summary of Significant Accounting Policies" to the Consolidated Financial Statements for additional information.

First Second Quarter Highlights

Financial and operational highlights for the first second quarter of fiscal year 2024 include:

- Adtalem revenue increased $14.6 million $30.4 million, or 4.1% 8.4%, in the first second quarter of fiscal year 2024 compared to the year-ago period driven by increased revenue at Chamberlain, and Walden, partially offset by a revenue decline at and Medical and Veterinary.

- Net income of $10.6 million $39.9 million ($0.25 0.98 diluted earnings per share) increased $10.1 million $15.2 million ($0.24 0.45 diluted earnings per share) in the first second quarter of fiscal year 2024 compared to net income of $0.6 million $24.7 million in the year-ago period. This increase was primarily driven by increased an increase in revenue and decreased along with decreases in intangible amortization expense, restructuring expense, and business integration expense, and investment impairment expense in the first quarter of fiscal year 2024, partially offset by increased litigation reserve in the first second quarter of fiscal year 2024. Adjusted net income of $39.4 million $50.3 million decreased $2.2 million $3.5 million, or 5.3% 6.5%, in the first second quarter of fiscal year 2024 compared to the year-ago period. This decrease was due primarily driven by an increase in costs to increased deliver instruction, incentive compensation expense, provision for bad debts, interest expense, and investments to support growth initiatives. initiatives, partially offset with the increase in revenue. Diluted adjusted earnings per share of $0.93 $1.23 increased $0.03, $0.06, or 3.3% 5.1%, in the first second quarter of fiscal year 2024 compared to the year-ago period driven by lower diluted shares due to share repurchases which offset the lower adjusted net income.

- For the July November 2023 and September 2023 sessions, session, total student enrollment at Chamberlain increased 2.6% and 5.2%, respectively, 6.6% compared to the same sessions session last year.

- As of September 30, 2023 December 31, 2023, total student enrollment at Walden increased 0.5% 7.9% compared to September 30, 2022 December 31, 2022.

- For the September 2023 semester, total student enrollment at the medical and veterinary schools decreased 7.5% compared to the same semester last year.

- Adtalem repurchased a total of 2,158,398 1,350,735 shares of Adtalem's common stock under its share repurchase program programs at an average cost of $42.57 $51.31 per share during the first second quarter of fiscal year 2024. On January 16, 2024, Adtalem completed its thirteenth share repurchase program. On January 19, 2024, we announced that the Board of Directors authorized Adtalem's fourteenth share repurchase program, which allows repurchase of up to $300.0 million of its common stock through January 16, 2027. The timing and amount of any future repurchases will be determined based on an evaluation of market conditions and other factors.

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Results of Operations

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

	Three Months Ended September 30,		Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022	2023	2022
Revenue	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Cost of educational services	45.7 %	45.1 %	43.8 %	43.9 %	44.7 %	44.5 %
Student services and administrative expense	45.0 %	41.3 %	39.6 %	39.1 %	42.2 %	40.2 %
Restructuring expense	0.2 %	4.3 %	0.0 %	0.4 %	0.1 %	2.3 %
Business integration expense	1.4 %	2.7 %	1.8 %	4.1 %	1.6 %	3.4 %
Total operating cost and expense	92.4 %	93.3 %	85.1 %	87.4 %	88.6 %	90.4 %
Operating income	7.6 %	6.7 %	14.9 %	12.6 %	11.4 %	9.6 %
Interest expense	(4.2)%	(5.0)%	(4.2)%	(4.3)%	(4.2)%	(4.7)%
Other income, net	0.6 %	0.2 %				

Other income (expense), net			0.9 %	(0.4)%	0.8 %	(0.1)%
Income from continuing operations before income taxes	4.0 %	1.9 %	11.6 %	7.9 %	7.9 %	4.9 %
Provision for income taxes	(0.8)%	(0.3)%	(2.0)%	(1.2)%	(1.4)%	(0.8)%
Income from continuing operations	3.2 %	1.6 %	9.6 %	6.6 %	6.5 %	4.1 %
Loss from discontinued operations, net of tax	(0.4)%	(1.4)%				
Income (loss) from discontinued operations, net of tax			0.6 %	0.1 %	0.1 %	(0.6)%
Net income	2.9 %	0.2 %	10.1 %	6.8 %	6.6 %	3.5 %

Revenue

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

	Three Months Ended September 30, 2023				Three Months Ended December 31, 2023			
	Chamberlain	Walden	Medical and Veterinary	Consolidated	Chamberlain	Walden	Medical and Veterinary	Consolidated
Fiscal year 2023	$ 135,405	$ 130,901	$ 87,963	$ 354,269	$ 141,396	$131,940	$89,498	$ 362,834
Growth (decline)	7,191	10,707	(3,322)	14,576				
Growth					12,157	14,868	3,383	30,408
Fiscal year 2024	$ 142,596	$ 141,608	$ 84,641	$ 368,845	$ 153,553	$146,808	$92,881	$ 393,242
% change from prior year	5.3 %	8.2 %	(3.8)%	4.1 %	8.6 %	11.3 %	3.8 %	8.4 %

	Six Months Ended December 31, 2023			
	Chamberlain	Walden	Medical and Veterinary	Consolidated
Fiscal year 2023	$ 276,801	$ 262,841	$ 177,461	$ 717,103
Growth	19,348	25,575	61	44,984
Fiscal year 2024	$ 296,149	$ 288,416	$ 177,522	$ 762,087
% change from prior year	7.0 %	9.7 %	0.0 %	6.3 %

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Chamberlain

Chamberlain Student Enrollment:

	Fiscal Year 2024		Fiscal Year 2024		
Session	July 2023	Sept. 2023	July 2023	Sept. 2023	Nov. 2023

Total students	32,175	34,889					32,175	34,889	35,592			
% change from prior year	2.6 %	5.2 %					2.6 %	5.2 %	6.6 %			

	Fiscal Year 2023						Fiscal Year 2023					
Session	**July 2022**	**Sept. 2022**	**Nov. 2022**	**Jan. 2023**	**Mar. 2023**	**May 2023**	**July 2022**	**Sept. 2022**	**Nov. 2022**	**Jan. 2023**	**Mar. 2023**	**May 2023**
Total students	31,371	33,153	33,390	34,760	34,847	33,284	31,371	33,153	33,390	34,760	34,847	33,284
% change from prior year	(4.1)%	(4.0)%	(0.8)%	1.8 %	2.0 %	1.2 %	(4.1)%	(4.0)%	(0.8)%	1.8 %	2.0 %	1.2 %

Chamberlain revenue increased 5.3% 8.6%, or $7.2million, $12.2 million, to $142.6million $153.6 million in the second quarter and increased 7.0%, or $19.3 million, to $296.1 million in the first quarter six months of fiscal year 2024 compared to the year-ago period, periods, driven by an increase in enrollment and higher tuition rates. Enrollment has improved in several graduate and doctoral programs and the undergraduate Bachelor of Science in Nursing ("BSN") programs. These improvements have been partially offset by a decrease in total student enrollment in the Registered Nurse to Bachelor of Science in Nursing ("RN-to-BSN") online degree program.

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Tuition Rates:

Tuition for the BSN onsite and online degree program ranges from $675 to $753 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 $675 per credit hour. Tuition for the online Family Nurse Practitioner ("FNP") degree program is $690 per credit hour. Tuition for the online Doctor of Nursing Practice ("DNP") degree program is $800 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. Tuition for the onsite Master of Physician Assistant Studies ("MPAS") is $8,000 per session. In some cases, these tuition rates increased by approximately 3% to 4% from the prior year for new students. 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 2024 September 30, 2023	Fiscal Year 2024 September 30, 2023	Fiscal Year 2024 December 31, 2023
Total students	40,975	40,975	40,971
% change from prior year	0.5 %	0.5 %	7.9 %

Period	Fiscal Year 2023 September 30, 2022	Fiscal Year 2023 December 31, 2022	Fiscal Year 2023 March 31, 2023	Fiscal Year 2023 June 30, 2023	Fiscal Year 2023 September 30, 2022	Fiscal Year 2023 December 31, 2022	Fiscal Year 2023 March 31, 2023	Fiscal Year 2023 June 30, 2023
Total students	40,772	37,956	39,427	37,582	40,772	37,956	39,427	37,582
% change from prior year	(9.2)%	(7.8)%	(7.9)%	(4.8)%	(9.2)%	(7.8)%	(7.9)%	(4.8)%

Walden total student enrollment represents those students attending instructional sessions as of the dates identified above. Walden revenue increased 8.2% 11.3%, or $10.7million, $14.9 million, to $141.6million $146.8 million in the second quarter and increased 9.7%, or $25.6 million, to $288.4 million in the first quarter six months of fiscal year 2024 compared to the year-ago period, periods, driven by an increase in enrollment, higher tuition rates, and an increase in average credit hours per student. Management believes its marketing efforts to differentiate the Walden brand, combined with operational improvements in enrollment, marketing, and admissions, have driven the turnaround in enrollment in the first quarter six months of fiscal year 2024.

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Tuition Rates:

On a per credit hour basis, tuition for Walden programs range from $130 per credit hour to $1,060 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 $7,180 per term. Students are charged a program fee that ranges from $50 to $230 per term as well as a clinical fee of $160 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 $1,000 to $2,550 per event. In most cases, these tuition rates, event charges, and fees represent increases of approximately 3% 0% to 7% with an average of approximately 3% 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.

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Medical and Veterinary

Medical and Veterinary Student Enrollment:

	Fiscal Year 2024
Semester	**Sept. 2023**
Total students	5,209
% change from prior year	(7.5)%

	Fiscal Year 2023		
Semester	**Sept. 2022**	**Jan. 2023**	**May 2023**
Total students	5,634	5,312	4,869
% change from prior year	3.4 %	1.6 %	(8.2)%

Medical and Veterinary revenue decreased increased 3.8%, or $3.3million, $3.4 million, to $84.6million $92.9 million in the second quarter and was flat in the first quarter six months of fiscal year 2024 compared to the year-ago period, periods, driven by decreased enrollment, partially offset by tuition rate increases at all three institutions in this segment. segment, partially offset by decreased enrollment.

Management's plan to increase enrollment centers around the core goals 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 2023, for students first enrolled prior to May 2022, tuition rates for the beginning basic sciences and final clinical rotation portions of AUC's medical program are $26,680 and $31,328, respectively, per semester, which represents a 6.8% and 12.0% increase, respectively, from the prior academic year. Effective for semesters beginning in September 2023, 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 $21,568 and $28,146, respectively, per semester, which represents a 6.8% and 12.0% increase, respectively, from the prior academic year. In addition, students first enrolled in May 2022 and after are charged administrative fees of $5,430 and $3,841 for the basic sciences and final clinical rotation portions of the program, respectively, per semester, which represents a 6.8% and 12.0% increase, respectively, from the prior academic year.

- Effective for semesters beginning in September 2023, for students first enrolled prior to May 2022, tuition rates for the beginning basic sciences and final clinical rotation portions of RUSM's medical program are $27,547 and $30,397, respectively, per semester. These tuition rates represent a 6.0% increase from the prior academic year. Effective for semesters beginning in September 2023, 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 $23,284 and $27,447, respectively, per semester. In addition, students first enrolled in May 2022 and after are charged administrative fees ranging from $5,883 to $6,662 for the basic sciences portion of the program and $3,420 for the

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final clinical rotation portion of the program, per semester. These tuition rates and fees represent a 6.0% increase from the prior academic year.

- Effective for semesters beginning in September 2023, for students who first enrolled prior to September 2018, tuition rates for the pre-clinical (semesters 1-7) and clinical curriculum (semesters 8-10) of RUSVM's veterinary program are $22,334 and $28,034, respectively, per semester. Effective for semesters beginning in September 2023, for students first enrolled in September 2018 and after, tuition rates for the pre-clinical and clinical curriculum of RUSVM's veterinary program are $24,044 per semester. All of these tuition rates represent a 6.0% 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.

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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 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 tables present cost of educational services by segment detailing the changes from the year-ago period periods (in thousands):

	Three Months Ended December 31, 2023			
	Chamberlain	Walden	Medical and Veterinary	Consolidated
Fiscal year 2023	$ 60,643	$ 50,128	$ 48,532	$ 159,303
Cost increase	6,630	4,860	1,276	12,766
Fiscal year 2024	$ 67,273	$ 54,988	$ 49,808	$ 172,069
% change from prior year	10.9 %	9.7 %	2.6 %	8.0 %

	Three Months Ended September 30, 2023				Six Months Ended December 31, 2023			
	Chamberlain	Walden	Medical and Veterinary	Consolidated	Chamberlain	Walden	Medical and Veterinary	Consolidated
Fiscal year 2023	$ 60,173	$ 48,453	$ 51,019	$ 159,645	$ 120,816	$ 98,580	$99,552	$ 318,948
Cost increase (decrease)	5,233	5,577	(1,837)	8,973	11,863	10,439	(563)	21,739
Fiscal year 2024	$ 65,406	$ 54,030	$ 49,182	$ 168,618	$ 132,679	$109,019	$98,989	$ 340,687
% change from prior year	8.7 %	11.5 %	(3.6)%	5.6 %	9.8 %	10.6 %	(0.6)%	6.8 %

Cost of educational services increased 5.6%8.0%, or $9.0million,$12.8 million, to $168.6million$172.1 million in the second quarter and increased 6.8%, or $21.7 million, to $340.7 million in the first quartersix months of fiscal year 2024 compared to the year-ago period. Thisperiods. These cost increase wasincreases were primarily driven by an increase in provision for bad debtslabor and other costs to support increased enrollment and an increase in labor costs to support increased enrollment,provision for bad debts, partially offset by a decrease in clinical costs at Medical and Veterinary.

As a percentage of revenue, cost of educational services was 45.7%essentially unchanged at 43.8% and 45.1%44.7% in the second quarter and first quartersix months of fiscal year 2024, respectively, compared to 43.9% and 2023, respectively. The increase44.5% in the percentage was primarily the result of the increase in the provision for bad debts.year-ago periods.

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 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 presentstables present student services and administrative expense by segment detailing the changes from the year-ago periodperiods (in thousands):

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	Three Months Ended December 31, 2023				
	Chamberlain	Walden	Medical and Veterinary	Home Office and Other	Consolidated
Fiscal year 2023	$ 47,524	$ 68,976	$ 18,417	$ 6,885	$ 141,802
Cost increase (decrease)	9,116	8,865	2,566	(569)	19,978
Intangible amortization expense change	—	(6,843)	—	—	(6,843)
Loss on assets held for sale change	—	—	—	647	647
Fiscal year 2024	$ 56,640	$ 70,998	$ 20,983	$ 6,963	$ 155,584
Fiscal year 2024 % change:					
Cost increase	19.2 %	12.9 %	13.9 %	NM	14.1 %
Intangible amortization expense change	—	(9.9)%	—	NM	(4.8)%
Loss on assets held for sale change	—	—	—	NM	0.5 %
Fiscal year 2024 % change	19.2 %	2.9 %	13.9 %	NM	9.7 %

Three Months Ended September 30, 2023	Six Months Ended December 31, 2023

	Chamberlain	Walden	Medical and Veterinary	Home Office and Other	Consolidated	Chamberlain	Walden	Medical and Veterinary	Home Office and Other	Consolidated
Fiscal year 2023	$ 48,231	$76,435	$19,880	$1,839	$ 146,385	$ 95,754	$145,412	$38,297	$ 8,724	$ 288,187
Cost increase (decrease)	4,634	(1,444)	1,102	4,769	9,061					
Cost increase						13,751	7,420	3,668	4,200	29,039
Intangible amortization expense change	—	(7,851)	—	—	(7,851)	—	(14,694)	—	—	(14,694)
Litigation reserve change	—	18,500	—	—	18,500	—	18,500	—	—	18,500
Loss on assets held for sale change						—	—	—	647	647
Fiscal year 2024	$ 52,865	$85,640	$20,982	$6,608	$ 166,095	$ 109,505	$156,638	$41,965	$13,571	$ 321,679
Fiscal year 2024 % change:										
Cost increase (decrease)	9.6 %	(1.9)%	5.5 %	NM	6.2 %					
Effect of intangible amortization expense change	—	(10.3)%	—	NM	(5.4)%					
Effect of litigation reserve change	—	24.2 %	—	NM	12.6 %					
Cost increase						14.4 %	5.1 %	9.6 %	NM	10.1 %
Intangible amortization expense change						—	(10.1)%	—	NM	(5.1)%
Litigation reserve change						—	12.7 %	—	NM	6.4 %

Loss on assets held for sale change						—	—	—	NM	0.2 %
Fiscal year 2024 % change	9.6 %	12.0 %	5.5 %	NM	13.5 %	14.4 %	7.7 %	9.6 %	NM	11.6 %

Student services and administrative expense increased 13.5% 9.7%, or $19.7million, $13.8 million, to $166.1million $155.6 million in the second quarter and increased 11.6%, or $33.5 million, to $321.7 million in the first six months of fiscal year 2024 compared to the year-ago periods. Excluding intangible amortization expense and loss on assets held for sale, student services and administrative expense increased 14.1%, or $20.0 million, in the second quarter of fiscal year 2024 compared to the year-ago period. Excluding intangible amortization expense, and litigation reserve, and loss on assets held for sale, student services and administrative expense increased 6.2% 10.1%, or $9.1million. This $29.0 million, in the first six months of fiscal year 2024 compared to the year-ago period. These cost increase was increases were primarily driven by an increase in incentive compensation expense, marketing expense, severance costs, and investments to support growth initiatives.

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As a percentage of revenue, student services and administrative expense was 45.0% 39.6% and 41.3% 42.2% in the second quarter and first quarter six months of fiscal year 2024, respectively, compared to 39.1% and 2023, respectively. The increase 40.2% in the percentage was year-ago periods. The increases in the percentages were primarily the result of the increased incentive compensation expense, marketing expense, severance costs, and litigation reserve reserves in the first quarter six months of fiscal year 2024.

Restructuring Expense

Restructuring expense was $0.7 million and $15.1 million in the second quarter and first quarter six months of fiscal year 2024 was $0.1 million and 2023, respectively. The decreased restructure expense $0.7 million, respectively, compared to $1.4 million and $16.4 million in the year-ago periods. The restructuring expense decreases in the second quarter and first quarter six months of fiscal year 2024 was were primarily driven by higher real estate consolidations in the second quarter and first quarter six months of fiscal year 2023 at Walden, Medical and Veterinary, and Adtalem's home office resulting in impairments on operating lease assets and property and equipment. See Note 5 "Restructuring Charges" to the Consolidated Financial Statements for additional information on restructuring charges. We continue to incur restructuring charges or reversals related to exited leased space from previous restructuring activities.

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Business Integration Expense

Business integration expense was $5.3 million and $9.5 million in the second quarter and first quarter six months of fiscal year 2024 was $6.9 million and 2023, respectively. $12.2 million, respectively, compared to $14.8 million and $24.4 million in the year-ago periods. These are 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. Certain costs relating to this transformation are included in business integration expense in the Consolidated Statements of Income. We expect to incur additional integration expense through the remainder of fiscal year 2024.

Operating Income

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

	Three Months Ended September 30, 2023					Three Months Ended December 31, 2023				
	Chamberlain	Walden	Medical and Veterinary	Home Office and Other	Consolidated	Chamberlain	Walden	Medical and Veterinary	Home Office and Other	Consolidated
Fiscal year 2023	$ 26,184	$ 2,933	$ 10,238	$ (15,721)	$ 23,634	$ 33,229	$12,795	$22,462	$(22,936)	$ 45,550
Organic change	(2,678)	6,574	(2,587)	(4,767)	(3,458)	(3,589)	1,143	(459)	569	(2,336)
Restructuring expense change	818	3,080	6,712	3,779	14,389	—	817	16	462	1,295
Business integration expense change	—	—	—	4,278	4,278	—	—	—	7,907	7,907
Intangible amortization expense change	—	7,851	—	—	7,851	—	6,843	—	—	6,843
Litigation reserve change	—	(18,500)	—	—	(18,500)					
Loss on assets held for sale change						—	—	—	(647)	(647)
Fiscal year 2024	$ 24,324	$ 1,938	$ 14,363	$ (12,431)	$ 28,194	$ 29,640	$21,598	$22,019	$(14,645)	$ 58,612

	Six Months Ended December 31, 2023				
	Chamberlain	Walden	Medical and Veterinary	Home Office and Other	Consolidated
Fiscal year 2023	$ 59,413	$ 15,728	$ 32,700	$ (38,657)	$ 69,184
Organic change	(6,267)	7,717	(3,045)	(4,199)	(5,794)
Restructuring expense change	818	3,897	6,728	4,241	15,684
Business integration expense change	—	—	—	12,185	12,185

Intangible amortization expense change	—	14,694	—	—	14,694
Litigation reserve change	—	(18,500)	—	—	(18,500)
Loss on assets held for sale change	—	—	—	(647)	(647)
Fiscal year 2024	$ 53,964	$ 23,536	$ 36,383	$ (27,077)	$ 86,806

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

	Three Months Ended September 30,				Three Months Ended December 31,				Six Months Ended December 31,			
			Increase/(Decrease)				Increase/(Decrease)				Increase/(Decrease)	
	2023	2022	$	%	2023	2022	$	%	2023	2022	$	%
Chamberlain:												
Operating income (GAAP)	$ 24,324	$ 26,184	$ (1,860)	(7.1)%	$ 29,640	$ 33,229	$ (3,589)	(10.8)%	$ 53,964	$ 59,413	$ (5,449)	(9.2)%
Restructuring expense	—	818	(818)		—	—	—		—	818	(818)	
Adjusted operating income (non-GAAP)	$ 24,324	$ 27,002	$ (2,678)	(9.9)%	$ 29,640	$ 33,229	$ (3,589)	(10.8)%	$ 53,964	$ 60,231	$ (6,267)	(10.4)%
Operating margin (GAAP)	17.1 %	19.3 %			19.3 %	23.5 %			18.2 %	21.5 %		
Operating margin (non-GAAP)	17.1 %	19.9 %			19.3 %	23.5 %			18.2 %	21.8 %		
Walden:												
Operating income (GAAP)	$ 1,938	$ 2,933	$ (995)	(33.9)%	$ 21,598	$ 12,795	$ 8,803	68.8 %	$ 23,536	$ 15,728	$ 7,808	49.6 %
Restructuring expense	—	3,080	(3,080)		(776)	41	(817)		(776)	3,121	(3,897)	
Intangible amortization expense	10,677	18,528	(7,851)		9,333	16,176	(6,843)		20,010	34,704	(14,694)	

Litigation reserve	18,500	—	18,500		—	—	—		18,500	—	18,500	
Adjusted operating income (non-GAAP)	$ 31,115	$ 24,541	$ 6,574	26.8 %	$ 30,155	$ 29,012	$ 1,143	3.9 %	$ 61,270	$ 53,553	$ 7,717	14.4 %
Operating margin (GAAP)	1.4 %	2.2 %			14.7 %	9.7 %			8.2 %	6.0 %		
Operating margin (non-GAAP)	22.0 %	18.7 %			20.5 %	22.0 %			21.2 %	20.4 %		
Medical and Veterinary:												
Operating income (GAAP)	$ 14,363	$ 10,238	$ 4,125	40.3 %	$ 22,020	$ 22,462	$ (442)	(2.0)%	$ 36,383	$ 32,700	$ 3,683	11.3 %
Restructuring expense	114	6,826	(6,712)		71	87	(16)		185	6,913	(6,728)	
Adjusted operating income (non-GAAP)	$ 14,477	$ 17,064	$ (2,587)	(15.2)%	$ 22,091	$ 22,549	$ (458)	(2.0)%	$ 36,568	$ 39,613	$ (3,045)	(7.7)%
Operating margin (GAAP)	17.0 %	11.6 %			23.7 %	25.1 %			20.5 %	18.4 %		
Operating margin (non-GAAP)	17.1 %	19.4 %			23.8 %	25.2 %			20.6 %	22.3 %		
Home Office and Other:												
Operating loss (GAAP)	$(12,431)	$(15,721)	$ 3,290	20.9 %	$(14,646)	$(22,936)	$ 8,290	36.1 %	$ (27,077)	$ (38,657)	$ 11,580	30.0 %
Restructuring expense	562	4,341	(3,779)		773	1,235	(462)		1,335	5,576	(4,241)	
Business integration expense	5,262	9,540	(4,278)		6,909	14,816	(7,907)		12,171	24,356	(12,185)	
Loss on assets held for sale					647	—	647		647	—	647	
Adjusted operating loss (non-GAAP)	$ (6,607)	$ (1,840)	$ (4,767)	(259.1)%	$ (6,317)	$ (6,885)	$ 568	8.2 %	$ (12,924)	$ (8,725)	$ (4,199)	(48.1)%

Adtalem Global Education:												
Operating income (GAAP)	$ 28,194	$ 23,634	$ 4,560	19.3 %	$ 58,612	$ 45,550	$ 13,062	28.7 %	$ 86,806	$ 69,184	$ 17,622	25.5 %
Restructuring expense	676	15,065	(14,389)		68	1,363	(1,295)		744	16,428	(15,684)	
Business integration expense	5,262	9,540	(4,278)		6,909	14,816	(7,907)		12,171	24,356	(12,185)	
Intangible amortization expense	10,677	18,528	(7,851)		9,333	16,176	(6,843)		20,010	34,704	(14,694)	
Litigation reserve	18,500	—	18,500		—	—	—		18,500	—	18,500	
Loss on assets held for sale					647	—	647		647	—	647	
Adjusted operating income (non-GAAP)	$ 63,309	$ 66,767	$ (3,458)	(5.2)%	$ 75,569	$ 77,905	$ (2,336)	(3.0)%	$138,878	$144,672	$ (5,794)	(4.0)%
Operating margin (GAAP)	7.6 %	6.7 %			14.9 %	12.6 %			11.4 %	9.6 %		
Operating margin (non-GAAP)	17.2 %	18.8 %			19.2 %	21.5 %			18.2 %	20.2 %		

Consolidated operating income increased 19.3% 28.7%, or $4.6million, $13.1 million, to $28.2million $58.6 million in the second quarter and increased 25.5%, or $17.6 million, to $86.8 million in the first quarter six months of fiscal year 2024 compared to the year-ago period. periods. The primary drivers operating income increase in the second quarter of the fiscal year 2024 was primarily driven by an increase in revenue and decreases in restructuring expense, business integration expense, and intangible amortization expense, partially offset by increases in incentive compensation expense, marketing expense, provision for bad debts, and labor and other costs to support increased enrollment. The operating income increase in the first quarter six months of fiscal year 2024 were decreased was primarily driven by an increase in revenue and decreases in restructuring expense, intangible amortization business integration expense, and business integration intangible amortization expense, partially offset by increased increases in litigation reserve, reserves, incentive compensation expense, marketing expense, provision for bad debts, and incentive compensation expense. labor and other costs to support increased enrollment. The decrease in intangible amortization expense is driven by the decrease in amortization relating to the Walden student relationships intangible asset. This intangible asset is amortized based on the estimated retention of the students and considers the revenue and cash flow associated with these existing students, which are concentrated at the beginning of the asset's useful life.

Consolidated adjusted operating income decreased 5.2% 3.0%, or $3.5million, $2.3 million, to $63.3million $75.6 million in the second quarter and decreased 4.0%, or $5.8 million, to $138.9 million in the first quarter six months of fiscal year 2024 compared to the year-ago period. periods. The primary drivers of the decrease in adjusted operating income decreases in the second quarter and first six months of fiscal year 2024 were primarily driven by the increase increases in labor and other costs to support the growth of the business, increased enrollment, marketing expense, provision for bad debts, incentive compensation expense, and severance costs, partially offset by an increase in revenue.

Chamberlain

Chamberlain operating income decreased 7.1% 10.8%, or $1.9 million $3.6 million, to $24.3 million $29.6 million in the second quarter and decreased 9.2%, or $5.4 million, to $54.0 million in the first quarter six months of fiscal year 2024 compared to the year-ago period. periods. Segment adjusted operating income decreased 9.9% 10.8%, or $2.7 million $3.6 million, to $24.3 million $29.6 million in the second quarter and decreased 10.4%, or $6.3 million, to $54.0 million in the first quarter six months of fiscal year 2024 compared to the year-ago period. periods. The decrease in adjusted operating income decrease in the second quarter and first quarter six months of fiscal year 2024 was primarily driven by the increases in labor and other costs to support increased labor costs enrollment, marketing expense and provision for bad debts, partially offset by the an increase in revenue.

Walden

Walden operating income decreased 33.9% increased 68.8%, or $1.0million, $8.8 million, to $1.9 million $21.6 million in the second quarter and increased 49.6%, or $7.8 million, to $23.5 million in the first quarter six months of fiscal year 2024 compared to the year-ago period. periods. Segment adjusted operating income increased 26.8% 3.9%, or $6.6million, $1.1 million, to $31.1million $30.2 million in the second quarter and increased 14.4%, or $7.7 million, to $61.3 million in the first quarter six months of fiscal year 2024 compared to the year-ago period. periods. The increase in adjusted operating income increase in the second quarter and first quarter six months of fiscal year 2024 was primarily driven by the increase in revenue, partially offset by increases in labor and other costs to support increased labor costs, enrollment, provision for bad debts, and graduation expense.

Medical and Veterinary

Medical and Veterinary operating income increased 40.3% decreased 2.0%, or $4.1million, $0.4 million, to $14.4million $22.0 million in the second quarter and increased 11.3%, or $3.7 million, to $36.4 million in the first quarter six months of fiscal year 2024 compared to the year-ago period. periods. Segment adjusted operating income decreased 15.2% 2.0%, or $2.6million, $0.5 million, to $14.5million $22.1 million in the second quarter and decreased 7.7%, or $3.0 million, to $36.6 million in the first quarter six months of fiscal year 2024 compared to the year-ago period. periods. The decrease in adjusted operating income decrease in the first second quarter of fiscal year 2024 was primarily driven by the decrease increase in revenue, labor and other costs to support growth of the business, partially offset by decreased an increase in revenue. The adjusted operating income decrease in the first six months of fiscal year 2024 was primarily driven by an increase in costs to support growth of the business, partially offset by a decrease in clinical costs.

Interest Expense

Interest expense was $15.7 million and $17.8 million in the second quarter and first six months of fiscal year 2024 was $16.7 million and $32.4 million, respectively, compared to $15.6 million and $33.3 million in the year-ago periods. The interest expense increase in the second quarter of fiscal year 2024 and 2023, respectively. The decrease in interest expense was primarily driven by the result increase in letter of credit fees and a higher interest rate on outstanding Term Loan B debt (as defined and discussed in Note 13 “Debt” to the Consolidated Financial Statements), partially offset by the year-ago period incurring charges due to the write-off of debt discount and issuance costs on the Term Loan B (as defined and discussed in Note 13 “Debt” to the Consolidated Financial Statements) upon repayment of a portion of the debt. This The interest expense decrease in interest expense the first six months of fiscal year 2024 was primarily driven by the year-ago period incurring charges due to the write-off of debt discount and issuance costs on the Term Loan B upon repayment of a portion of the debt, partially offset by rising an increase in letter of credit fees and a higher interest rates rate on outstanding Term Loan B debt. The interest rate for borrowings under the Term Loan B debt was 9.43% and 7.05% as of September 30, 2023 and 2022, respectively.

Other Income (Expense), Net

Other income (expense), net was $2.2 million and $0.8 million in the second quarter and first quarter six months of fiscal year 2024 was income of $3.6 million and 2023, respectively. $5.8 million, respectively, compared to expense of $1.4 million and expense of $0.7 million in the year-ago periods. The increase in other income, net, increase in the second quarter and first six months of fiscal year 2024 was primarily driven by the result year-ago periods incurring a $5.0 million investment impairment of an increase in equity investment, which more than offset interest income.

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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 global intangible low-taxed income (“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, tax credits related to research and development expenditures, changes in valuation allowance, liabilities for uncertain tax positions, and tax benefits on stock-based compensation awards.

Our effective tax rates rate from continuing operations were 18.9% was 17.1% and 16.9% 17.5% in the three and six months ended September 30, 2023 December 31, 2023, respectively, and 2022, 15.4% and 15.7% in the three and six months ended December 31, 2022, respectively. The income tax provision for the second quarter and first quarter six months of fiscal year 2024 increased compared to the year-ago period periods primarily due to a decrease an increase in the percentage of earnings from foreign domestic operations, which are generally taxed at lower higher rates than domestic foreign earnings.

The Tax Cuts and Jobs Act of 2017 (the “Tax Act”) requires taxpayers to capitalize and subsequently amortize research and experimental (“R&E”) expenditures that fall within the scope of Internal Revenue Code Section 174 for tax years starting after December 31, 2021. This rule became effective for Adtalem during fiscal year 2023 and resulted in the deferred tax asset for capitalization of R&E costs of $8.1 million, based on interpretation of the law as currently enacted.

Adtalem will capitalize and amortize these costs for tax purposes over 5 years for R&E performed in the U.S. and over 15 years for R&E performed outside of the U.S.

Discontinued Operations

Beginning in the second quarter of fiscal year 2022, the Association of Certified Anti-Money Laundering Specialists (“ACAMS”), Becker Professional Education (“Becker”), OnCourse Learning (“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, and Carrington College divestitures, which was were completed during fiscal year 2019, and are classified as expense within discontinued operations.

Net loss Income from discontinued operations in the first second quarter of fiscal year 2024 was $1.3 million $2.2 million. This loss income consisted of the following: (i) $1.8 million income of expense primarily $2.9 million driven from the DeVry University earn-out, partially offset by ongoing litigation costs and settlements related to the DeVry University divestiture; and Carrington College divestitures; and (ii) a benefit provision from income taxes of $0.5 million $0.7 million associated with the items listed above.

Net loss Income from discontinued operations in the first second quarter of fiscal year 2023 was $4.9 million $0.5 million. This loss income consisted of the following: (i) loss income of $3.3 million of expense primarily $0.5 million driven from the DeVry University earn-out, partially offset by ongoing litigation costs and settlements related to the DeVry University divestiture; (ii) a gain on the sale of Becker and OCL of $0.2 million for working capital adjustments to the initial sales prices; and (iii) a provision from income taxes of $0.2 million associated with the items listed above.

Income from discontinued operations in the first six months of fiscal year 2024 was $0.9 million. This income consisted of the following: (i) income of $1.2 million driven from the DeVry University earn-out, partially offset by ongoing litigation costs and settlements related to the DeVry University and Carrington College divestitures; and (ii) a provision from income taxes of $0.3 million associated with the items listed above.

Loss from discontinued operations in the first six months of fiscal year 2023 was $4.4 million. This loss consisted of the following: (i) loss of $2.7 million driven by ongoing litigation costs and settlements related to the DeVry University divestiture, partially offset by income from the DeVry University earn-out; (ii) a loss on the sale of ACAMS, Becker, and OCL of $3.4 million $3.2 million for working capital adjustments to the initial sales prices; and (iii) a benefit from income taxes of $1.7 million $1.5 million associated with the items listed above.

Regulatory Environment

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

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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 fiscal year 2023 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 lengthy PPA recertification process is such that ED allows unhampered continued access to Title IV funding after PPA expiration, so long as materially complete applications are submitted at least 90 days in advance of expiration. Complete applications for PPA recertification have been timely submitted to ED. The provisional nature of the existing 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

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could have a material adverse effect on the businesses, financial condition, results of operations, and cash flows. ED may alternatively issue new PPAs for continued Title IV participation.

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). Adtalem had a surety-backed letter of credit outstanding of $84.0 million as of September 30, 2023 in favor of ED on behalf of Walden, which allows Walden to participate in Title IV programs. On January 18, 2023, we received a letter from ED, requiring Adtalem to provide a letter of credit in the amount of $76.2 million related to ED's review of the Same Day Balance Sheet, which is the consolidated Adtalem balance sheet as of August 12, 2021, the date of the Walden acquisition. On February 21, 2023, Adtalem provided the $76.2 million letter of credit to ED.

As indicated in the earlier refence to Laureate Education Inc., passage Passage of an ED-defined financial responsibility test, also known as a "composite score," is required for continued participation by an institution in Title IV aid programs. For Adtalem's institutions, this test is calculated at the consolidated Adtalem level. Applying various financial elements from the fiscal year audited financial statements, 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 had exceeded the required minimum of 1.5. However, on September 25, 2023, Adtalem was notified by ED that the its fiscal year 2022 composite score had declined to 0.2. As previously disclosed, this was expected due to the acquisition of Walden. ED advised that Adtalem's five institutions will be permitted to continue to participate in Title IV under provisional certifications with heightened cash monitoring and continued reporting. A letter of credit in the amount of $157.9 million, representing 10% of the consolidated Title IV funds Adtalem's institutions received during fiscal year 2022, must be was delivered to ED by November 9, 2023 on November 1, 2023. Management does not believe these conditions will have a material adverse effect on Adtalem's operations.

Chamberlain was most recently recertified and issued an unrestricted PPA in September 2020, with a reapplication date of March 31, 2024. 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 lengthy PPA recertification process is such that ED allows unhampered continued access to Title IV funding after PPA expiration, so long as materially complete applications are submitted at least 90 days in advance of expiration. Complete applications for AUC, RUSM, and RUSVM's PPA recertification have been timely submitted to ED.

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

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participate in Title IV programs without advance notice or opportunity for the institution to challenge the action. Walden was issued a Temporary Provisional PPA ("TPPPA") on September 17, 2021 in connection with its acquisition by Adtalem. 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, previously described above, 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's TPPPA included financial requirements, which were in place prior to acquisition, such as a letter of credit, heightened cash monitoring, and additional reporting. Walden also is subject to 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).

Adtalem had a surety-backed letter of credit outstanding of $84.0 million as of December 31, 2023, in favor of ED on behalf of Walden, which allows Walden to participate in Title IV programs. In addition, Adtalem had a letter of credit outstanding under its Revolver in the amount of $76.2 million as of December 31, 2023, in favor of ED, which also allows Walden to participate in Title IV programs. Lastly, as noted earlier in this section, Adtalem had a letter of credit outstanding under its Revolver in the amount of $157.9 million as of December 31, 2023, in favor of ED, which allows Adtalem institutions to participate in Title IV programs.

The provisional nature of the existing agreements for AUC, RUSM, and RUSVM stemmed from increased and/or repeated Title IV compliance audit findings. While corrective actions have been taken to resolve past compliance matters and eliminate the incidence of repetition, if Walden, 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 September 27, 2023, ED announced final Gainful Employment ("GE") rules effective July 1, 2024. The regulation applies to all Title IV certificate programs at all institutions and to all Title IV degree programs at proprietary institutions. Programs must meet a debt-to-earnings test in which graduates' annual debt payments must not exceed 8% of their annual

earnings or 20% of their discretionary earnings. Programs must also pass an earnings premium test in which graduates' earnings must exceed those of a typical high school graduate. Under the rule, programs that fail either metric must provide warnings to students and prospective students that the program is at risk of losing Title IV eligibility and programs that fail the same measure in two out of three consecutive years lose Title IV eligibility. We are reviewing the rule to determine what impact, if any, it will have on our programs. The GE rules also include a transparency framework in which debt-to-earnings, earnings premium, and a wide range of other program outcomes are disclosed on a website to be hosted by ED.

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 applies 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 2022 2023 and 2021. Final data for fiscal year 2023 is not yet available. 2022. As an institution's 90/10 compliance must be calculated using the financial results of an entire fiscal year, we are including Walden's amounts for the full fiscal year 2022 in the table below, including the portion of the year not under Adtalem's ownership.

	Fiscal Year	
	2022	2021
Chamberlain University	65 %	66 %
Walden University	73 %	n/a
American University of the Caribbean School of Medicine	81 %	80 %
Ross University School of Medicine	85 %	85 %
Ross University School of Veterinary Medicine	81 %	82 %
Consolidated	72 %	73 %

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	Fiscal Year	
	2023	2022
Chamberlain University	65 %	65 %
Walden University	78 %	73 %
American University of the Caribbean School of Medicine	81 %	81 %
Ross University School of Medicine	87 %	85 %
Ross University School of Veterinary Medicine	79 %	81 %
Consolidated	75 %	72 %

Liquidity and Capital Resources

Adtalem's primary source of liquidity is the cash received from payments for student tuition, fees, books, and other educational materials. These payments include funds originating as financial aid from various federal and state loan and grant programs, student and family educational 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 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.

Adtalem's consolidated cash and cash equivalents balance of $262.4 million $182.9 million and $273.7 million as of September 30, 2023 December 31, 2023 and June 30, 2023, respectively, included cash and cash equivalents held at Adtalem's international operations of $14.5million $9.9 million and $7.2 million as of September 30, 2023 December 31, 2023 and June 30, 2023, 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 $2.0 million and $1.4 million was held in these restricted bank accounts as of September 30, 2023 and June 30, 2023, respectively.

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Cash Flow Summary

Operating Activities

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

	Three Months Ended September 30,		Six Months Ended December 31,	
	2023	2022	2023	2022
Income from continuing operations	$ 11,959	$ 5,513	$ 49,672	$ 29,639
Non-cash items	50,706	72,346	96,670	122,101
Changes in assets and liabilities	28,061	13,617	(63,273)	(109,463)
Net cash provided by operating activities-continuing operations	$ 90,726	$ 91,476	$ 83,069	$ 42,277

Net cash provided by operating activities from continuing operations in the three six months ended September 30, 2023 December 31, 2023 was $90.7 million $83.1 million compared to $91.5 million $42.3 million in the year-ago period. The decrease increase was driven by lower non-cash items, partially offset by an increase in income from continuing operations and changes in working capital. capital, partially offset by lower non-cash items. The decrease of $21.6 million $25.4 million in non-cash items between the three six months ended September 30, 2023 December 31, 2023 and the three six months ended September 30, 2022 December 31, 2022 was principally primarily driven by decreases in impairments to operating lease assets and amortization of intangible assets. The increase of $14.4 million $46.2 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 six months of fiscal year 2024 and 2023 were $15.0 million $30.3 million and $5.6 million $9.7 million, respectively. The capital expenditures in the first six months of fiscal year 2024 primarily consisted of spending for information technology investments and Chamberlain’s campus development. For the remainder of fiscal year 2024, we expect capital spending on information technology, new campus development at Chamberlain, and facility improvements at the medical and veterinary schools. Management anticipates full fiscal year 2024 capital spending to be in the $50 to $60 million range, including $15.0 million $30.3 million spent during the first three six months of fiscal year 2024. 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).

During the first three six months of fiscal year 2024 and 2023, we received proceeds from the sale of marketable securities held in a Rabbi Trust of $0.4million $0.6 million and $0.4 million $1.3 million, respectively, and made additional investments in marketable securities held by this trust of $0.3million $0.5 million and $0.3 million $1.3 million, respectively.

During the first quarter six months of fiscal year 2023, we paid $0.8 million $3.2 million for a working capital adjustment to the initial sales price for ACAMS. ACAMS, Becker, and OCL.

Financing Activities

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

	Three Months Ended September 30,		Six Months Ended December 31,	
	2023	2022	2023	2022
Repurchases of common stock for treasury	$ (90,477)	$ —	$(160,549)	$ —
Payment on equity forward contract			—	(13,162)
Repayments of long-term debt	—	(100,861)	—	(150,861)
Other	(4,911)	(2,113)	9,167	(2,397)
Net cash used in financing activities	$ (95,388)	$ (102,974)	$(151,382)	$(166,420)

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. As of September 30, 2023 December 31, 2023, after repurchases that were made during the three six months ended September 30, 2023 December 31, 2023, there remained $80.9 million

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$11.6 million for additional share repurchases under the current thirteenth share repurchase program. On January 16, 2024, Adtalem completed its thirteenth share repurchase program. On January 19, 2024, we announced that the Board authorized Adtalem's fourteenth share repurchase program, which allows Adtalem to repurchase up to $300.0 million of its common stock through January 16, 2027. The timing and amount of any future repurchases will be determined based on an evaluation of market conditions and other factors. See Note 14 "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 was 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 by making a cash payment of $13.2 million on November 2, 2022.

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 entered 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 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 that 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. In July 2022, we repurchased an additional $0.9 million of Notes, on September 22, 2022, we made a prepayment of $100.0 million on the Term Loan B, and on November 22, 2022, we made a prepayment of $50.0 million on the Term Loan B. As of September 30, 2023 December 31, 2023, the principal balance of the Notes and Term Loan B was $405.0 million and $303.3 million, respectively. On January 26, 2024, we made an additional Term Loan B prepayment of $50.0 million, reducing the principal balance of the Term Loan B to $253.3 million as of that

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date. See Note 13 “Debt” to the Consolidated Financial Statements for additional information on the Notes and our Credit Agreement.

In the event of unexpected market conditions or negative economic changes that could negatively affect Adtalem’s earnings and/or operating cash flow, Adtalem maintains a $400.0 million revolving credit facility with availability of $323.8 million $165.9 million as of September 30, 2023 December 31, 2023. This availability will be reduced to $165.9 million in November 2023 upon issuance of the letter of credit to ED as described above.

Material Cash Requirements

Long-Term Debt – We As of December 31, 2023, we have principal balances of $405.0 million of Notes and $303.3 million of Term Loan B, which requires interest payments. On January 26, 2024, we made an additional Term Loan B prepayment of $50.0 million, reducing the principal balance of the Term Loan B to $253.3 million as of that date. With the Term Loan B 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 $323.8 million $165.9 million as of September 30, 2023 December 31, 2023.

Adtalem has had a surety-backed letter of credit outstanding under this revolving credit facility of $76.2 million $84.0 million as of September 30, 2023 December 31, 2023, in favor of ED on behalf of Walden, which allows Walden to participate in Title IV programs. On September 25, 2023, we received a letter from ED, requiring In addition, Adtalem to provide had a letter of credit outstanding under its Revolver in the amount of $76.2 million as of December 31, 2023, in favor of ED, which also allows Walden to participate in Title IV programs. Lastly, Adtalem had a letter of credit outstanding under its Revolver in the amount of $157.9 million as of December 31, 2023, in favor of ED, which allows Adtalem institutions to be provided by November 9, 2023. participate in Title IV programs. See Note 13 “Debt” to the Consolidated Financial Statements for additional information on our Notes and Credit Agreement.

Adtalem had a surety-backed letter of credit outstanding of $84.0 million as of September 30, 2023, in favor of ED on behalf of Walden, which allows Walden to participate in Title IV programs.

Many states require private-sector postsecondary education institutions to post surety bonds for licensure. In the U.S., Adtalem has posted $31.4 $41.0 million of surety bonds as of September 30, 2023 December 31, 2023 with regulatory authorities on behalf of Chamberlain, Walden, AUC, RUSM, and RUSVM.

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.

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Critical Accounting Estimates

There have been no material changes in our critical accounting estimates as disclosed in our fiscal year 2023 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 contained 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 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 risks and uncertainties include the risk factors described in Item 1A. "Risk Factors" of our fiscal year 2023 Form 10-K and that might be contained in this Quarterly Report on Form 10-Q, which should be read in conjunction with these forward-looking statements. 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

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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 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) – 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, investment impairment, loss on assets held for sale, and net (income) loss from discontinued operations.

Adjusted earnings per share (most comparable GAAP measure: diluted 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, investment impairment, loss on assets held for sale, and net (income) 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, litigation reserve, and litigation reserve. loss on assets held for sale. 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 (income) loss from discontinued operations, interest expense, other income, expense (income), net, provision for income taxes, depreciation and amortization, stock-based compensation, restructuring expense, business integration expense, litigation reserve, and litigation reserve. loss on assets held for sale. This measure is applied on a consolidated and segment basis, depending on the context of the discussion. Income Provision for income taxes, interest expense, and other income, expense (income), net is not recorded at the reportable segments, and therefore, the segment adjusted EBITDA reconciliations begin with operating income.

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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. litigation, impairment of an equity investment, and loss on assets held for sale related to a fair value write-down on assets.
- Net (Income) loss from discontinued operations includes expense from ongoing litigation costs and settlements related to the DeVry University divestiture and Carrington College divestitures, a (gain) loss on the sale of ACAMS, Becker, and OCL for working capital adjustments to the initial sales prices. prices, and the earn-outs we received.

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 reconciliation to adjusted net income (in thousands):

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
Net income (GAAP)	$ 10,646	$ 592	$39,891	$24,653	$ 50,537	$ 25,245
Restructuring expense	676	15,065	68	1,363	744	16,428
Business integration expense	5,262	9,540	6,909	14,816	12,171	24,356
Intangible amortization expense	10,677	18,528	9,333	16,176	20,010	34,704
Write-off of debt discount and issuance costs, gain on extinguishment of debt, and litigation reserve	18,500	2,824				
Write-off of debt discount and issuance costs, gain on extinguishment of debt, litigation reserve, investment impairment, and loss on assets held for sale			647	6,402	19,147	9,226
Income tax impact on non-GAAP adjustments (1)	(7,693)	(9,871)	(4,402)	(9,111)	(12,095)	(18,982)
Net loss from discontinued operations	1,313	4,921				
(Income) loss from discontinued operations			(2,178)	(527)	(865)	4,394
Adjusted net income (non-GAAP)	$ 39,381	$ 41,599	$50,268	$53,772	$ 89,649	$ 95,371

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

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

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
Earnings per share, diluted (GAAP)	$ 0.25	$ 0.01				
Diluted earnings per share (GAAP)			$ 0.98	$ 0.53	$ 1.22	$ 0.55
Effect on diluted earnings per share:						
Restructuring expense	0.02	0.33	0.00	0.03	0.02	0.36
Business integration expense	0.12	0.21	0.17	0.32	0.29	0.53
Intangible amortization expense	0.25	0.40	0.23	0.35	0.48	0.75
Write-off of debt discount and issuance costs, gain on extinguishment of debt, and litigation reserve	0.44	0.06				
Write-off of debt discount and issuance costs, gain on extinguishment of debt, litigation reserve, investment impairment, and loss on assets held for sale			0.02	0.14	0.46	0.20
Income tax impact on non-GAAP adjustments (1)	(0.18)	(0.21)	(0.11)	(0.20)	(0.29)	(0.41)
Net loss from discontinued operations	0.03	0.11				
Adjusted earnings per share, diluted (non-GAAP)	$ 0.93	$ 0.90				
(Income) loss from discontinued operations			(0.05)	(0.01)	(0.02)	0.10
Adjusted earnings per share (non-GAAP)			$ 1.23	$ 1.17	$ 2.16	$ 2.06
Diluted shares used in non-GAAP EPS calculation	42,184	46,342	40,787	46,121	41,486	46,232

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

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Reconciliation to adjusted EBITDA (in thousands):

	Three Months Ended September 30,				Three Months Ended December 31,				Six Months Ended December 31,			
			Increase/(Decrease)				Increase/(Decrease)				Increase/(Decrease)	
	2023	2022	$	%	2023	2022	$	%	2023	2022	$	%
Chamberlain:												
Operating income (GAAP)	$ 24,324	$ 26,184	$ (1,860)	(7.1)%	$ 29,640	$ 33,229	$ (3,589)	(10.8)%	$ 53,964	$ 59,413	$ (5,449)	(9.2)%
Restructuring expense	—	818	(818)		—	—	—		—	818	(818)	
Depreciation	4,316	4,481	(165)		5,162	4,099	1,063		9,478	8,580	898	
Stock-based compensation	2,907	2,274	633		2,089	404	1,685		4,996	2,677	2,319	
Adjusted EBITDA (non-GAAP)	$ 31,547	$ 33,757	$ (2,210)	(6.5)%	$ 36,891	$ 37,732	$ (841)	(2.2)%	$ 68,438	$ 71,488	$ (3,050)	(4.3)%
Adjusted EBITDA margin (non-GAAP)	22.1 %	24.9 %			24.0 %	26.7 %			23.1 %	25.8 %		
Walden:												
Operating income (GAAP)	$ 1,938	$ 2,933	$ (995)	(33.9)%	$ 21,598	$ 12,795	$ 8,803	68.8 %	$ 23,536	$ 15,728	$ 7,808	49.6 %
Restructuring expense	—	3,080	(3,080)		(776)	41	(817)		(776)	3,121	(3,897)	
Intangible amortization expense	10,677	18,528	(7,851)		9,333	16,176	(6,843)		20,010	34,704	(14,694)	
Litigation reserve	18,500	—	18,500		—	—	—		18,500	—	18,500	
Depreciation	2,162	2,595	(433)		2,305	2,269	36		4,467	4,864	(397)	
Stock-based compensation	1,864	1,905	(41)		2,188	286	1,902		4,052	2,191	1,861	

Adjusted EBITDA (non-GAAP)	$ 35,141	$ 29,041	$ 6,100	21.0 %	$ 34,648	$ 31,567	$ 3,081	9.8 %	$ 69,789	$ 60,608	$ 9,181	15.1 %
Adjusted EBITDA margin (non-GAAP)	24.8 %	22.2 %			23.6 %	23.9 %			24.2 %	23.1 %		
Medical and Veterinary:												
Operating income (GAAP)	$ 14,363	$ 10,238	$ 4,125	40.3 %	$ 22,020	$ 22,462	$ (442)	(2.0)%	$ 36,383	$ 32,700	$ 3,683	11.3 %
Restructuring expense	114	6,826	(6,712)		71	87	(16)		185	6,913	(6,728)	
Depreciation	2,944	3,105	(161)		3,110	3,031	79		6,054	6,136	(82)	
Stock-based compensation	1,640	1,475	165		1,196	229	967		2,836	1,704	1,132	
Adjusted EBITDA (non-GAAP)	$ 19,061	$ 21,644	$ (2,583)	(11.9)%	$ 26,397	$ 25,809	$ 588	2.3 %	$ 45,458	$ 47,453	$ (1,995)	(4.2)%
Adjusted EBITDA margin (non-GAAP)	22.5 %	24.6 %			28.4 %	28.8 %			25.6 %	26.7 %		
Home Office and Other:												
Operating loss (GAAP)	$(12,431)	$(15,721)	$ 3,290	20.9 %	$(14,646)	$(22,936)	$ 8,290	36.1 %	$ (27,077)	$ (38,657)	$ 11,580	30.0 %
Restructuring expense	562	4,341	(3,779)		773	1,235	(462)		1,335	5,576	(4,241)	
Business integration expense	5,262	9,540	(4,278)		6,909	14,816	(7,907)		12,171	24,356	(12,185)	
Loss on assets held for sale					647	—	647		647	—	647	
Depreciation	356	624	(268)		359	1,257	(898)		715	1,881	(1,166)	
Stock-based compensation	1,044	491	553		577	1,049	(472)		1,621	1,541	80	
Adjusted EBITDA (non-GAAP)	$ (5,207)	$ (725)	$ (4,482)	(618.2)%	$ (5,381)	$ (4,579)	$ (802)	(17.5)%	$ (10,588)	$ (5,303)	$ (5,285)	(99.7)%
Adtalem Global Education:												

Net income (GAAP)	$ 10,646	$ 592	$ 10,054	1,698.3 %	$ 39,891	$ 24,653	$ 15,238	61.8 %	$ 50,537	$ 25,245	$ 25,292	100.2 %
Net loss from discontinued operations	1,313	4,921	(3,608)									
(Income) loss from discontinued operations					(2,178)	(527)	(1,651)		(865)	4,394	(5,259)	
Interest expense	15,657	17,760	(2,103)		16,693	15,589	1,104		32,350	33,349	(999)	
Other income, net	(2,214)	(761)	(1,453)									
Other expense (income), net					(3,563)	1,440	(5,003)		(5,777)	679	(6,456)	
Provision for income taxes	2,792	1,122	1,670		7,769	4,395	3,374		10,561	5,517	5,044	
Operating income (GAAP)	28,194	23,634	4,560		58,612	45,550	13,062		86,806	69,184	17,622	
Depreciation and amortization	20,455	29,333	(8,878)		20,269	26,832	(6,563)		40,724	56,165	(15,441)	
Stock-based compensation	7,455	6,145	1,310		6,050	1,968	4,082		13,505	8,113	5,392	
Restructuring expense	676	15,065	(14,389)		68	1,363	(1,295)		744	16,428	(15,684)	
Business integration expense	5,262	9,540	(4,278)		6,909	14,816	(7,907)		12,171	24,356	(12,185)	
Litigation reserve	18,500	—	18,500		—	—	—		18,500	—	18,500	
Loss on assets held for sale					647	—	647		647	—	647	
Adjusted EBITDA (non-GAAP)	$ 80,542	$ 83,717	$ (3,175)	(3.8)%	$ 92,555	$ 90,529	$ 2,026	2.2 %	$173,097	$174,246	$ (1,149)	(0.7)%
Adjusted EBITDA margin (non-GAAP)	21.8 %	23.6 %			23.5 %	25.0 %			22.7 %	24.3 %		

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in Adtalem's market risk exposure during the first three six months of fiscal year 2024 from those set forth in 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, 2023.

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Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Based on an evaluation of our disclosure controls and procedures (as such term in set forth is defined in Exchange Act Rule 13a-15(e)) that was conducted under the supervision and with the participation of Adtalem's management, including our Chief Executive Officer and Chief Financial Officer, our Chief Executive Officer and Chief Financial Officer concluded that Adtalem's disclosure controls and procedures were effective as of September 30, 2023 December 31, 2023.

Changes in Internal Control Over Financial Reporting

There were no changes during the first second quarter of fiscal year 2024 in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) 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 17 "Commitments and Contingencies" to the Consolidated Financial Statements included in Item 1. "Financial Statements."

Item 1A. Risk Factors

There Except for the risk factor discussed below, there have been no material changes to Adtalem's risk factors from those set forth since Item 1A. "Risk Factors" contained in our Annual Report on Form 10-K for the fiscal year ended June 30, 2023.

We are currently, and may in the future be, subject to short selling strategies that may drive down the market price of our common stock.

Short sellers are currently and may attempt in the future to drive down the market price of our common stock. Short selling is the practice of selling securities that the seller does not own but may have borrowed with the intention of buying identical securities back at a later date. The short seller hopes to profit from a decline in the value of the securities between the time the securities are borrowed and the time they are replaced. As it is in the short seller's best interests for the price of the stock to decline, many short sellers publish negative opinions regarding the relevant issuer and its business prospects to create negative market momentum.

On January 30, 2024, a short seller report was published about us, which contained certain allegations against us. The publication of the short seller report adversely affected our share price, and may result in the diversion of the attention of our Board and management and disrupt our operations. The allegations contained in the report, even if untrue, could result in legal proceedings such as shareholder suits and regulatory investigations, which could be costly and time-consuming and could adversely affect our business and results of operations.

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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)	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 D Value of Shar that May Yet I Purchased Un the Plans o Programs (1
July 1, 2023 - July 31, 2023	667,987	$ 39.41	667,987	$ 146,421,843				
August 1, 2023 - August 31, 2023	673,792	$ 43.89	673,792	$ 116,852,143				
September 1, 2023 - September 30, 2023	816,619	$ 44.07	816,619	$ 80,862,017				
October 1, 2023 - October 31, 2023					711,096	$ 44.60	711,096	$ 49,148,8
November 1, 2023 - November 30, 2023					259,045	$ 56.39	259,045	$ 34,541,6
December 1, 2023 - December 31, 2023					380,594	$ 60.38	380,594	$ 11,560,7
Total	2,158,398	$ 42.57	2,158,398		1,350,735	$ 51.31	1,350,735	

(1) See Note 14 "Share Repurchases" to the Consolidated Financial Statements for additional information on our share repurchase programs.

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	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 Do Value of Share that May Yet E Purchased Un the Plans o Programs
July 1, 2023 - July 31, 2023	129	$ 41.23	NA	NA				
August 1, 2023 - August 31, 2023	117,359	$ 43.37	NA	NA				
September 1, 2023 - September 30, 2023	12,920	$ 44.22	NA	NA				
October 1, 2023 - October 31, 2023					61	$ 43.91	NA	
November 1, 2023 - November 30, 2023					14,858	$ 55.36	NA	
December 1, 2023 - December 31, 2023					494	$ 59.41	NA	
Total	130,408	$ 43.45	NA	NA	15,413	$ 55.44	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.

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Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(a) On January 26, 2024, Adtalem entered into Amendment No. 2 to the Credit Agreement (the "Amendment") dated as of August 12, 2021, by and between Adtalem, as borrower, the lenders party thereto and Morgan Stanley Senior Funding, Inc. as administrative agent and collateral agent filed as Exhibit 10.1 to Adtalem's Form 8-K dated August 12, 2021, as amended by Amendment No. 1 to Credit Agreement dated as of June 27, 2023 filed as Exhibit 4(e) to Adtalem's Annual Report on Form 10-K for the fiscal year ended June 30, 2023 (collectively, the "Existing Credit Agreement").

The Amendment amended the Existing Credit Agreement to, among other things, reduce the margin added to the interest rate for Term Loan B loans under the Existing Credit Agreement from a range (depending upon the applicable net first lien leverage ratio) of 4.00% – 4.50% to 3.50% – 4.00% for eurocurrency term loan borrowings and from a range of 3.00% – 3.50% to 2.50% – 3.00% for alternative base rate borrowings.

In addition, Adtalem repaid $50.0 million of Term Loan B loans, leaving a principal balance of $253.3 million of such loans.

(b) None.

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(c) During the quarter ended December 31, 2023, none of our directors or officers adopted, modified, or terminated any "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

3(a)	Amended and Restated By-Laws of the Registrant, as amended November 27, 2023 (incorporated by reference to Exhibit 3.1 of the Registrant's Form 8-K dated November 29, 2023)
10(a)*	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 2024)**
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.

** Filed or furnished herewith.

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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: October 26, 2023 January 30, 2024

By: /s/ Robert J. Phelan

Robert J. Phelan

Senior Vice President and Chief Financial Officer

(Principal Financial Officer)

Exhibit 10(a)

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 Section5(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) 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. Incentive Compensation Recovery Policy. The Performance Shares granted pursuant to this Agreement are subject to the terms and conditions of the Incentive Compensation Recovery Policy (the "Recovery Policy") adopted by the Adtalem Board of Directors on November 8, 2023, as may be amended at any time or from time to time. A copy of the Recovery Policy is included as Exhibit "A" to this Agreement and is incorporated herein by reference. Your acceptance of this Agreement constitutes your acknowledgement and acceptance of the Recovery Policy included herewith.

5. 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.

6. 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 6 (b) or 6 (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 6 (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 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 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".

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7. 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.

8. 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.

9. 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).

10. 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.

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 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.

12. 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.

13. 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.

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14. 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, and as set forth in the Recovery Policy attached hereto and incorporated herein.

15. 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.

SEE ADTALEM GLOBAL EDUCATION INC.

INCENTIVE COMPENSATION RECOVERY POLICY INCLUDED HERWITH

EXHIBIT A

ADTALEM GLOBAL EDUCATION INC.

Incentive Compensation Recovery Policy (the "Policy")

1. Recovery of Excess Incentive Compensation. If Adtalem Global Education Inc. (the "Company") is required to prepare a Restatement, the Company's board of directors (the "Board") shall, unless the Board's Compensation Committee determines it to be Impracticable, take reasonably prompt action to recover all Recoverable Compensation from any Covered Person. The Company's obligation to recover Recoverable Compensation is not dependent on if or when the restated financial statements are filed. Subject to applicable law, the Board may seek to recover Recoverable Compensation by requiring a Covered Person to repay such amount to the Company; by adding "holdback" or deferral policies to incentive compensation; by adding post-vesting "holding" or "no transfer" policies to equity awards; by set-off of a Covered Person's other compensation; by reducing future compensation; or by such other means or combination of means as the Board, in its sole discretion, determines to be appropriate. This Policy is in addition to (and not in lieu of) any right of repayment, forfeiture or off-set against any Covered Person that may be available under applicable law or otherwise (whether implemented prior to or after adoption of this Policy). The Board may, in its sole discretion and in the exercise of its business judgment, determine whether and to what extent additional action is appropriate to address the circumstances surrounding any Restatement to minimize the likelihood of any recurrence and to impose such other discipline as it deems appropriate. Additionally, the Board may, in its sole discretion, take action to recover Incentive-Based Compensation if any Covered Person breaches or violates a restrictive covenant or engages, participates in or is determined by the Board to be guilty of misconduct or intentional or reckless acts or omissions or serious neglect of responsibilities that cause or contributes to a significant financial loss or reputational harm to the Company or its institutions even in the absence of a Restatement.

2.Administration of Policy. The Board shall have full authority to administer, amend or terminate this Policy. The Board shall, subject to the provisions of this Policy, make such determinations and interpretations and take such actions in connection with this Policy as it deems necessary, appropriate or advisable. All determinations and interpretations made by the Board shall be final, binding and conclusive.The Board may delegate any of its powers under this Policy to the Compensation Committee of the Board or any subcommittee or delegate thereof.

3. Acknowledgement by Executive Officers. The Board shall provide notice to and seek written acknowledgement of this Policy from each Executive Officer; provided that the failure to provide such notice or obtain such acknowledgement shall have no impact on the applicability or enforceability of this Policy.

4. No Indemnification. Notwithstanding the terms of any of the Company's organizational documents, any corporate policy or any contract, no Covered Person shall be indemnified against the loss of any Recoverable Compensation.

5. Disclosures. The Company shall make all disclosures and filings with respect to this Policy and maintain all documents and records that are required by the applicable rules and forms of the U.S. Securities and Exchange Commission (the "SEC") (including, without limitation, Rule 10D-1 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) and any applicable Exchange listing standard.

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6. Definitions. In addition to terms otherwise defined in this Policy, the following terms, when used in this Policy, shall have the following meanings:

"Applicable Period" means the three completed fiscal years preceding the earlier to occur of: (i) the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement; or (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare a Restatement. "Applicable Period" also includes, in addition to the three fiscal year period described in the preceding sentence, any transition period (that results from a change in the Company's fiscal year) within or immediately following that completed three fiscal year period; *provided, further,* a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months would be deemed a completed fiscal year.

"Covered Person" means any person who receives Recoverable Compensation.

“Exchange” means any national securities exchange or national securities association upon which the Company has a class of securities listed.

“Executive Officer” includes the Company’s president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person (including any executive officer of the Company’s subsidiaries or affiliates) who performs similar policy-making functions for the Company. At a minimum, the term “Executive Officer” shall include all executive officers identified in SEC filings pursuant to Item 401(b) of Regulation S-K, 17 C.F.R. §229.401(b).

“Financial Reporting Measure” means a measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measure that is derived wholly or in part (including “non-GAAP” financial measures, such as those appearing in earnings releases) from such measures; provided, however, that any such measure need not be presented within the Company’s financial statements or included in a filing made with the SEC. Examples of Financial Reporting Measures include measures based on: revenues, net income, operating income, financial ratios, EBITDA, liquidity measures (such as free cash flow), return measures (such as return on assets or return on invested capital), profitability of one or more segments, and cost per employee. Stock price and total shareholder return (“TSR”) also are Financial Reporting Measures.

“Impracticable” means, after exercising a normal due process review of all the relevant facts and circumstances and taking all steps required by Exchange Act Rule 10D-1 and any applicable Exchange listing standard, the Compensation Committee determines that recovery of the Recoverable Compensation is impracticable because: (i) it has determined that the direct expense that the Company would pay to a third party to assist in enforcing this Policy and recovering the otherwise Recoverable Compensation would exceed the amount to be recovered; (ii) it has concluded that the recovery of the Recoverable Compensation would violate home country law adopted prior to November 28, 2022; or (iii) it has determined that the recovery of the Recoverable Compensation would cause a tax-qualified retirement plan, under which benefits are broadly available to the Company’s employees, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder. The Company must: (i) in the case of clause (i) of the preceding sentence, prior to making that determination, make a reasonable attempt to recover any Recoverable Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange; and (ii) in the case of clause (ii) of the

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preceding sentence, obtain an opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation, and provide that opinion to the Exchange.

“Incentive-Based Compensation” means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure; however, it does not include: (i) base salaries; (ii) discretionary cash bonuses; (iii) awards (either cash or equity) that are based upon subjective, strategic or operational standards; and (iv) equity awards that vest solely on the passage of time.

“Received” – Incentive-Based Compensation is deemed “Received” in any Company fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period.

“Recoverable Compensation” means all Incentive-Based Compensation (calculated on a pre-tax basis) Received after October 2, 2023 by a Covered Person: (i) after beginning service as an Executive Officer; (ii) who served as an Executive Officer at any time during the performance period for that Incentive-Based Compensation; (iii) while the Company had a class of securities listed on an Exchange; and (iv) during the Applicable Period, that exceeded the amount of Incentive-Based Compensation that otherwise would have been Received had the amount been determined based on the Financial Reporting Measures, as reflected in the Restatement. With respect to Incentive-Based Compensation based on stock price or TSR, when the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in an accounting restatement: (i) the amount must be based on a reasonable estimate of the effect of the Restatement on the stock price or TSR upon which the Incentive-Based Compensation Received by the Covered Person originally was based; and (ii) the Company must maintain documentation of the determination of the reasonable estimate and provide such documentation to the Exchange.

“Restatement” means an accounting restatement of any of the Company’s financial statements due to the Company’s material noncompliance with any financial reporting requirement under U.S. securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements (often referred to as a “Big R” restatement), or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (often referred to as a “little r” restatement). A Restatement does not include situations in which financial statement changes did not result from material non-compliance with financial reporting requirements, such as, but not limited to retrospective: (i) application of a change in accounting principles; (ii) revision to reportable segment information due to a change in the structure of the Company’s internal organization; (iii) reclassification due to a discontinued operation; (iv) application of a change in reporting entity, such as from a reorganization of entities under common control; (v) adjustment to provision amounts in connection with a prior business combination; and (vi) revision for stock splits, stock dividends, reverse stock splits or other changes in capital structure.

Adopted by the Board of Directors on November 8, 2023

EXHIBIT 31.1

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: October 26, 2023 January 30, 2024	/s/ Stephen W. Beard
	Stephen W. Beard
	President and Chief Executive Officer
	(Principal Executive Officer)

EXHIBIT 31.2

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: October 26, 2023 January 30, 2024

/s/ Robert J. Phelan

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

EXHIBIT 32

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, 2023 December 31, 2023, 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: October 26, 2023 January 30, 2024	/s/ Stephen W. Beard
	Stephen W. Beard President and Chief Executive Officer (Principal Executive Officer)
Date: October 26, 2023 January 30, 2024	/s/ Robert J. Phelan
	Robert J. Phelan Senior Vice President and Chief Financial Officer (Principal Financial Officer)