UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended June 30, 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)

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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☑

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting stock held by non-affiliates of the registrant as of December 31, 2022, was $1,579,836,762 based on the closing price of $35.50 per share of Common Stock as reported on the New York Stock Exchange.

As of August 4, 2023, there were 41,543,730 shares of the registrant's common stock, $0.01 par value per share outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates information by reference to the registrant's definitive proxy statement, to be filed with the Securities and Exchange Commission within 120 days after the close of the fiscal year ended June 30, 2023.

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Forward-Looking Statements

Certain statements contained in this Annual Report on Form 10-K 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 Part I, Item 1A. "Risk Factors," which should be read in conjunction with the forward-looking statements in this Annual Report on Form 10-K. These forward-looking statements are based on information available to us as of the date any such statements are made, and Adtalem assumes no obligation to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized, except as required by law.

PART I

Item 1. Business

Overview

In this Annual Report on Form 10-K, Adtalem Global Education Inc., together with its subsidiaries, is collectively referred to as "Adtalem," "we," "our," "us," or similar references. Adtalem was incorporated under the laws of the State of Delaware in August 1987. Adtalem's executive offices are located at 500 West Monroe Street, Chicago, Illinois, 60661, and the telephone number is (312) 651-1400.

Adtalem is a national leader in post-secondary education and a leading provider of professional talent to the healthcare industry. The purpose of Adtalem is to empower students to achieve their goals, find success, and make inspiring contributions to our global community. Adtalem's institutions offer a wide array of programs, with a primary focus on healthcare programs.

Adtalem is committed to improving healthcare delivery through expanding access to aspiring healthcare clinicians and equipping them to advance health equity and address social determinants of health. Adtalem is dedicated to delivering superior value by consistently providing students a high quality and differentiated learning experience that enables them to ultimately achieve their academic and professional goals.

Adtalem aims to create value for society and its stakeholders by offering responsive educational programs that are supported by exceptional services to its students and delivered with integrity and accountability. Towards this vision, Adtalem is proud to play a vital role in expanding access to higher education along with other institutions in the public, independent, and private sectors.

Adtalem will continue to strive to achieve superior student outcomes by providing quality education and student services, growing and diversifying into new program areas, and building quality brands and the infrastructure necessary to compete.

On August 12, 2021, Adtalem completed the acquisition of all the issued and outstanding equity interest in Walden e-Learning, LLC, a Delaware limited liability company ("e-Learning"), and its subsidiary, Walden University, LLC, a Florida limited liability company (together with e-Learning, "Walden"), from Laureate Education, Inc. ("Laureate" or "Seller") in exchange for a purchase price of $1.5 billion in cash (the "Acquisition").

On March 10, 2022, we completed the sale of Association of Certified Anti-Money Laundering Specialists ("ACAMS"), Becker Professional Education ("Becker,") and OnCourse Learning ("OCL") for $962.7 million, net of cash of $21.5 million, subject to post-closing adjustments. On June 17, 2022, we completed the sale of EduPristine for de minimis consideration.

Segments Overview

We present three reportable segments as follows:

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

Walden – Offers more than 100 online certificate, bachelor’s, master’s, and doctoral degrees, including those in nursing, education, counseling, business, psychology, public health, social work and human services, public administration and public policy, and criminal justice. This segment includes the operations of Walden, which was acquired by Adtalem on August 12, 2021. See Note 3 “Acquisitions” to the Consolidated Financial Statements in Item 8. “Financial Statements and Supplementary Data” for additional information on the acquisition.

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

“Home Office and Other” includes activities not allocated to a reportable segment. Financial and descriptive information about Adtalem’s reportable segments is presented in Note 22 “Segment Information” to the Consolidated Financial Statements in Item 8. “Financial Statements and Supplementary Data.”

Beginning in the second quarter of fiscal year 2022, Adtalem eliminated its Financial Services segment when ACAMS, Becker, OCL, and EduPristine were classified as discontinued operations and assets held for sale. In accordance with U.S. generally accepted accounting principles (“GAAP”), we have classified the ACAMS, Becker, OCL, and EduPristine entities as “Held for Sale” and “Discontinued Operations” in all periods presented as applicable. As a result, all financial results, disclosures, and discussions of continuing operations in this Annual Report on Form 10-K exclude ACAMS, Becker, OCL, and EduPristine operations, unless otherwise noted. In addition, we continue to incur costs associated with ongoing litigation and settlements related to the DeVry University divestiture, which was completed during fiscal year 2019, and those costs are classified as expense within discontinued operations. See Note 4 “Discontinued Operations and Assets Held for Sale” to the Consolidated Financial Statements in Item 8. “Financial Statements and Supplementary Data” for additional discontinued operations information.

Chamberlain

Chamberlain was founded in 1889 as Deaconess College of Nursing and acquired by Adtalem in 2005. In May 2017, Chamberlain College of Nursing broadened its reach in healthcare education through the establishment of Chamberlain University and now offers its programs through its College of Nursing and College of Health Professions. Nursing degree offerings include a three-year onsite and online Bachelor of Science in Nursing (“BSN”) degree, an online Registered Nurse (“RN”) to BSN (“RN-to-BSN”) degree completion option, an online Master of Science in Nursing (“MSN”) degree, including Family Nurse Practitioner (“FNP”) and other specialties, and the online Doctor of Nursing Practice (“DNP”) degree.

Chamberlain offers an online Master of Public Health (“MPH”) degree program and an online Master of Social Work (“MSW”) degree program, which launched in July 2017 and September 2019, respectively, both of which are offered through its College of Health Professions. Chamberlain also offers a Master of Physician Assistant Studies (“MPAS”) degree program at the Chicago, Illinois campus; the first cohort began classes in September 2022.

Chamberlain provides an educational experience distinguished by a high level of care for students, academic excellence, and integrity delivered through its 23 campuses and online. Chamberlain is committed to graduating health professionals who are empowered to transform healthcare worldwide. Chamberlain had 33,284 students enrolled in the May 2023 session, an increase of 1.2% compared to the prior year.

Chamberlain’s pre-licensure BSN degree is a baccalaureate program offered at its campus locations as well as online in specific states. The BSN program enables students to complete their BSN degree in three years of full-time study as opposed to the typical four-year BSN program with summer breaks. Beginning in September 2019, Chamberlain also began offering an evening/weekend BSN option at select campuses. In September 2020, Chamberlain launched its online BSN option which offers a blend of flexibility, interactivity, and experiential learning. The program is available to students living in 29 states (Alabama, Alaska, Colorado, Delaware, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, New Mexico, North Dakota, Ohio, Oklahoma, Pennsylvania, South Dakota, Texas, Utah, Vermont, Virginia, West Virginia, and Wisconsin). Chamberlain pre-licensure BSN students who completed the National Council Licensure Examination ("NCLEX") had a first-time pass rate of 76% in 2022 and 85% in 2021. The national NCLEX pass rate was 82% for 2022 and 86% for 2021.

Students who already have passed their NCLEX exam and achieved RN designation through a diploma or associate degree can complete their BSN degree online through Chamberlain's RN-to-BSN completion option in three semesters of full-time study, although most students enroll part-time while they continue working as nurses.

The online MSN degree program offers five non-direct-care specialty tracks: Nurse Educator, Nurse Executive, Nursing Informatics, Population Health, and Healthcare Policy. These programs require 36 credit hours and 144 to 217 practicum hours and are designed to be completed in approximately two years of part-time study. The accelerated MSN program offers an Advanced Generalist and Clinical Nurse Leadership concentration. The Advanced Generalist concentration requires 30 credit hours and 144 practicum hours designed to be completed in as little as nine months of full-time study. The Clinical Nurse Leadership concentration requires 37 credit hours and 432 practicum hours designed to be completed in one year of full-time study. The accelerated RN-to-MSN program offers associate or diploma-prepared RNs an opportunity to earn an MSN versus a BSN with the option of completing the Advanced Generalist concentration requiring 45 credit hours and 144 practicum hours completed in one year of full-time study and the Clinical Nurse Leadership concentration requiring 52 credit hours and 432 practicum hours completed in one and a half years of full-time study.

Chamberlain also offers four direct-care nurse practitioner tracks: FNP, Adult-Gerontology Acute Care Nurse Practitioner ("AGACNP"), Adult-Gerontology Primary Care Nurse Practitioner ("AGPCNP"), and Psychiatric-Mental Health Nurse Practitioner ("PMHNP"). The FNP and AGPCNP programs require 45 credit hours and 650 lab and clinical hours and are designed to be completed in two and a half years of part-time study. The AGACNP program requires 48 credit hours and 750 lab and clinical hours, while the PMHNP program requires 47 credit hours and 650 lab and clinical hours, with both concentrations designed to be completed in two and a half years of part-time study. The AGPCNP and AGACNP programs launched in July 2020. The PMHNP program launched in November 2021.

The online DNP degree program is based on the eight essentials of doctoral education outlined by the American Association of Colleges of Nursing ("AACN"). The DNP program is designed for nurses seeking a terminal degree in nursing and offers an alternative to research-focused Ph.D. programs. The program requires 32 to 40 credit hours along with 1,024 clinical practicum hours. The program can be completed in five to six semesters of study.

Chamberlain's College of Health Professions MPH degree program focuses on preparing students to become public health practitioners to work with communities and populations globally to promote healthy communities and to prevent community health problems such as disease, poverty, health access disparities, and violence through interdisciplinary coursework. The program requires 43 credit hours. The MSW degree program aims to develop and empower students to be agents of social change in their communities and throughout the world. The MSW degree program prepares students for generalist or specialized practice and offers three tracks, including Crisis and Response Interventions, Trauma, and Medical Social Work. The program offers both a traditional and advanced standing option. The traditional option requires 60 credit hours, while the advanced standing option requires 36 credit hours and is for students who have completed a baccalaureate degree in social work. The MPAS degree program prepares students for the practice of general medicine as Physician Assistants in collaboration with a licensed physician and healthcare team. The program requires 109 credit hours, including 1,440 of direct patient care and is designed to be completed in two years.

Student Admissions and Admissions Standards

Pre-Licensure BSN Program

The Chamberlain undergraduate pre-licensure admission process comprises two phases: Academic Eligibility and Clinical Clearance. Applicants must complete both to be eligible for admission. Determining Academic Eligibility is the role of the Chamberlain BSN Unified Admission Committee. The committee reviews applicants using a weighted evaluation system that considers several factors which may include previous coursework, grade point average, ACT/SAT scores and Health Education Systems, Inc. ("HESI") Admission Assessment (A2) scores. All applicants deemed academically eligible by the committee must initiate drug, background, and fingerprint screenings, and clear all screenings within 120 days of the session start date. Applicants who enroll in the original session applied for may be granted full acceptance by signing a self-attestation and disclosure indicating their ability to clear all screenings within 120 days of the session start date. Chamberlain enrolls students in its pre-licensure program at least three times per year, during the January, May, and September sessions and select campuses may offer additional opportunities to start.

RN-to-BSN Option

Admission to the RN-to-BSN option requires a nursing diploma or Associate Degree in Nursing from an accredited institution, a minimum grade point average of 2.0, and a current, active, unrestricted RN license in the U.S. or other jurisdiction that is an associate member of the National Council of State Boards of Nursing ("NCSBN"). Chamberlain enrolls students in its RN-to-BSN program six times per year, during the January, March, May, July, September, and November sessions.

Graduate Programs

To enroll in the MSN program, a prospective student must possess a degree in nursing at the bachelor's level or higher from an accredited institution, a minimum grade point average of 3.0, and a current, active, unrestricted RN license in the U.S. or other jurisdiction that is an associate member of the NCSBN. Provisional admission may be granted to students who have a grade point average of at least 2.75 but less than 3.0.

The DNP program requires a degree at the master's level or higher from an accredited institution, a minimum grade point average of 3.0, and a current, active, unrestricted RN license in the U.S. or other jurisdiction that is an associate member of the NCSBN.

Enrollment in the MPH program requires a bachelor's level degree or higher from an accredited institution and a minimum grade point average of 3.0.

Students seeking to enroll in the MSW program must have a bachelor's degree or higher from an accredited institution with a minimum grade point average of 2.5. Students must also pass a background and fingerprint check.

Students seeking to enroll in the MPAS program must have a bachelor's degree from an accredited institution recognized by the Council for Higher Education Accreditation ("CHEA") with a minimum grade point average of 3.0, prerequisite science coursework with a grade of C or better, submission of scores from the Graduate Record Examination ("GRE") taken within the last 10 years, recommendation letters, and completion of an on-campus interview. Students must also pass background and fingerprint checks.

Chamberlain enrolls students in its graduate nursing, MPH, and MSW programs six times per year, during the January, March, May, July, September, and November sessions. Chamberlain enrolls students in its graduate MPAS program once a year in the September session.

Walden

For more than 50 years, Walden has provided an engaging learning experience for working professionals. Walden's mission is to provide a diverse community of career professionals with the opportunity to transform themselves as scholar-practitioners so that they can effect positive social change. Walden seeks to empower students to use their new knowledge to think creatively about problem-solving for social good. This mission of education as applied to promoting social good has allowed Walden to attract an extraordinary community of students and faculty members who share a commitment to using knowledge to create real and lasting positive social change.

Founded in 1970 and first accredited by the Higher Learning Commission ("HLC") in 1990, Walden has a strong legacy of providing innovative and alternative degree programs for adult students. Walden has grown to support more than 100 degree and certificate programs—including programs at the bachelor's, master's, education specialist, and doctoral levels—with over 350 specializations and concentrations. As of June 30, 2023, total student enrollment at Walden was

37,582, a decrease of 4.8% compared to June 30, 2022. A primarily graduate institution, Walden has ranked #1 among 380 accredited institutions for awarding research doctorates to African American students and #1 in awarding graduate degrees in multiple disciplines to African American students. Walden has ranked #2 for awarding research doctoral degrees in psychology, public health, and social service professions to Hispanic students.

In addition, Walden has rich experience in delivering innovative accelerated programs through distance delivery. Walden also has experience in delivering accelerated course-based programs where students can combine customized and classroom modalities to speed their time to completion (for example, the Accelerated Master of Science in Education) and degree completion programs (for example, the RN-to-BSN). Walden currently offers 17 programs/specializations and 2 certificates in a direct assessment competency-based education format through its Tempo® Learning modality. Through a culture of assessment and continuous improvement, Walden has developed the organization and resources required to deliver a quality academic learning experience to working adults via distance delivery. All Walden academic programs are delivered in an online format.

Walden's colleges and programs are structured within two main divisions as follows:

- Division of Health Care Access and Quality
    - College of Nursing
    - College of Social and Behavioral Health, comprised of the School of Counseling and the Barbara Solomon School of Social Work
    - College of Allied Health
- Division of Social Supports for Healthy Communities
    - College of Management and Human Potential
    - The Richard W. Riley College of Education and Human Sciences
    - College of Psychology and Community Services
    - College of Health Sciences and Public Policy
    - School of Interdisciplinary Undergraduate Studies

Walden believes this organizational structure supports its mission via a focused effort promoting healthy communities and healthy people, as identified through the U.S. Department of Health and Human Services' Office of Disease Prevention and Health Promotion's national effort in this area known as Healthy People 2030, supported by the Social Determinants of Health Framework.

Student Admissions and Admissions Standards

Walden has a long-standing commitment to providing educational opportunities to a diverse group of learners across all degree levels. Walden's programs are enriched by the cultural, economic, and educational backgrounds of its students and instructors. In the admissions process, Walden selects individuals who can benefit from a distributed educational or online learning approach and who will use their Walden education to contribute to their academic or professional communities.

For admissions review to take place, applicants must submit an online application for their intended program of study and an official transcript with a qualifying admitting degree from a U.S. school accredited by a regional, professional/specialized, or national accrediting organization recognized by the Council for Higher Education Accreditation or the U.S. Department of Education ("ED"), or from an appropriately accredited non-U.S. institution. Additional materials or requirements to submit may vary depending on the academic program.

Applicants with degrees and coursework from a non-U.S. institution have their academic record evaluated for comparability to a U.S. degree or coursework by our Global Transcript Evaluation ("GTE") service offered by Walden or any credential evaluation service that is a member of the National Association of Credential Evaluation Services ("NACES") or member of Association of International Credential Evaluators ("AICE").

Applicants may be offered conditional admission to Walden with a stipulation for academic performance at the level of a cumulative grade point average of 3.0 or higher for master's and doctoral students or a cumulative grade point average of 2.0 or higher for undergraduate students, the successful completion of academic progress requirements during the initial term(s) of enrollment, the completion of prerequisites, and/or other stipulations (including receipt of official records).

Bachelor's

All applicants are required to have earned, at a minimum, a recognized high school diploma, high school equivalency certificate, or other state-recognized credential of high school completion. Applicants who have completed their secondary education from a country outside of the U.S. submit an official evaluation report completed by a member of NACES or the GTE service offered by Walden showing comparability to a U.S. high school diploma, along with a copy of their academic credential. If selected for verification, candidates may be asked to provide official documents showing evidence of high school completion or equivalent.

In addition to meeting the above criteria, candidates must meet at least one of the following:

- Be 21 years of age or older,
- Be less than 21 years of age with 12 quarter credit hours of college credit,
- Be active military or a veteran (must provide documentation of service), or
- Be concurrently enrolled in an approved partner institution with an articulation agreement with Walden.

Bachelor of Science in Nursing

All applicants are required to have an associate degree or diploma in nursing and a valid RN license.

Walden Undergraduate Academy

The Academy is a general education program of study for first-time undergraduates who do not have any college credit prior to coming to Walden. Students take their courses as a cohort in a lock-step manner. This does not change the 181-quarterly credit model for undergraduate programs, nor does it impact available concentrations. Instead, the lock-step nature of the general education curriculum provides additional support to students as they build their scholarly acumen.

Master's and Master's Certificate

The Master's program requires a minimum grade point average of 2.5 in bachelor's degree coursework or a 3.0 in master's degree coursework. Specific program requirements may apply.

Master of Science in Nursing

Two tracks are offered to licensed RNs who seek to enter the MSN program. The BSN track is for students with a BSN degree. The RN track is for students with an associate degree in nursing or a diploma in nursing that has prepared them for licensure as a RN. RN-to-MSN applications will not be accepted without a nursing degree or diploma conferred.

Master of Social Work

Walden offers three tracks for the MSW program. The traditional option may be the best fit for students looking to balance studies with work, family, and other responsibilities. The traditional fast track option is for students that want an intensive workload and have sufficient time to dedicate to their studies. The advanced standing option is for students that hold a Bachelor of Social Work ("BSW") degree from a Council on Social Work Education ("CSWE") accredited program and graduated with a minimum grade point average of 3.0. This option allows students to skip foundational courses and start their MSW with advanced-level courses.

MSED Educational Leadership & Administration (Principal Licensure Preparation)

This program requires one year of lead K-12 teaching experience and a valid teaching certification.

Doctoral

The Doctor program requires a minimum grade point average of 3.0 in post-baccalaureate degree coursework. Certain programs require three years of professional/academic experience related to the program for which application is made.

Doctor of Nursing Practice

Walden offers two tracks for DNP. Most of our DNP specializations offer a BSN entry point. The BSN-to-DNP track is ideal for RNs who have earned a BSN degree. The MSN-to-DNP track is ideal for RNs who have earned a MSN degree.

Ph.D. in Nursing

Walden offers three tracks for a Ph.D. in Nursing. The bridge option offers students who hold a DNP degree a shorter path to a Ph.D. in Nursing. The BSN-to-Ph.D. track is ideal for applicants that are a RN and have earned their BSN degree. The MSN-to-Ph.D. track is ideal for applicants that are a RN and have earned their MSN degree.

Program Admission Considerations (BSN-to-Ph.D.): To be considered for this doctoral program track, applicants must have a current, active RN license, a BSN or equivalent from an accredited school, and meet the general admission requirements.

Program Admission Considerations (MSN-to-Ph.D.): To be considered for this doctoral program track, applicants must have a current, active RN license, a MSN or higher from an accredited school, and meet the general admission requirements.

Doctor of Social Work

To be considered for this program, applicants must hold a MSW degree from a CSWE accredited program with a minimum grade point average of 3.0 and have at least three years of full-time and equivalent practice experience beyond the master’s degree. A resume is required to document experience.

Ph.D. in Social Work

To be considered for this program, applicants must hold a MSW degree from a CSWE accredited program with a minimum grade point average of 3.0.

Ph.D. in Counselor Education and Supervision

To be considered for this program, applicants must hold a master's degree or higher in a counseling/related degree and have 20 transferrable credits out of 39 pre-requisite credits.

PsyD in Behavioral Health Leadership

In addition to the doctoral grade point average requirements, applicants for this program are required to show one year of post-master’s degree related work experience.

EdD Educational Administration & Leadership (for administrators)

Because of its unique structure, the Doctor of Education (“EdD”) with a specialization in Educational Administration and Leadership (for Administrators) has additional admission requirements, including a master’s degree or education specialist degree and a minimum of 25 quarter credits or 15 semester credits from a university principal preparation program. These may have been acquired through a master’s, specialist, or certification program at a university. A valid principal license, or eligibility for a principal license based on a university principal preparation program, is also required. If not certified, applicants should provide a university document that states eligibility for certification based on the program. Additionally, applicants must have had three years of administrative experience and must provide an acknowledgement form verifying they have access to and the ability to collect data from a K–12 school setting.

Ph.D. in Public Health

Walden offers two tracks for applicants. Applicants are eligible for track 1 if they have a MPH or a MS in Public Health. Applicants are eligible for track 2 if they have a bachelor's degree or higher in an academic discipline other than the public health field.

Post-Master's Certificate

A minimum grade point average of 3.0 in post-bachelor's degree coursework and three years of professional/academic experience related to the program for which application is made.

Medical and Veterinary

Together, AUC, RUSM, and RUSVM, along with the Medical Education Readiness Program ("MERP") and the Veterinary Preparation Program, had 4,869 students enrolled in the May 2023 semester, an 8.2% decrease compared to the same term last year.

AUC and RUSM

AUC, founded in 1978 and acquired by Adtalem in 2011, provides medical education and confers the Doctor of Medicine degree. AUC is located in St. Maarten and is one of the most established international medical schools in the Caribbean, producing over 7,500 graduates from over 78 countries. The mission of AUC is to train tomorrow's physicians, whose service to their communities and their patients is enhanced by international learning experiences, a diverse learning community, and an emphasis on social accountability and engagement.

RUSM, founded in 1978 and acquired by Adtalem in 2003, provides medical education and confers the Doctor of Medicine degree. RUSM has graduated more than 15,000 physicians since inception. The mission of RUSM is to prepare highly dedicated students to become effective and successful physicians. RUSM seeks to accomplish this by focusing on imparting the knowledge, skills, and values required for its students to establish a successful and satisfying career as a physician. In January 2019, RUSM moved its basic science instruction from Dominica to Barbados.

AUC's and RUSM's respective medical education programs are comparable to the educational programs offered at U.S. medical schools as evidenced by student performance on the U.S. Medical Licensing Examination ("USMLE") tests and residency placement. AUC's and RUSM's programs consist of three academic semesters per year, which begin in January, May, and September, allowing students to begin their basic science instruction at the most convenient time for them.

Initially, AUC and RUSM students complete a program of concentrated study of medical sciences after which they sit for Step 1 of the USMLE, which assesses whether students understand and can apply scientific concepts that are basic to the practice of medicine. Under AUC and RUSM direction, students then complete the remainder of their program by participating in clinical rotations conducted at over 40 affiliated teaching hospitals or medical centers connected with accredited medical education programs in the U.S., Canada, and the U.K. Towards the end of the clinical training and prior to graduation, AUC and RUSM students take USMLE, Step 2 CK (Clinical Knowledge), which assesses ability to apply medical knowledge, skills, and understanding of clinical science essential for the provision of patient care under supervision and includes emphasis on health promotion and disease prevention. Successfully passing USMLE Step 2 Clinical Skills previously was a requirement for graduation and for certification by the Educational Commission for Foreign Medical Graduates ("ECFMG") to enter the U.S. residency match. USMLE Step 2 Clinical Skills has been discontinued indefinitely. ECFMG has developed alternative pathways to replace this requirement, for which AUC and RUSM are generally eligible.

Upon successful completion of their medical degree requirements, students apply for a residency position in their area of specialty through the National Residency Matching Program ("NRMP"). This process is also known as "The Match"® and utilizes an algorithm to "match" applicants to programs using the certified rank order lists of the applicants and program directors.

AUC students achieved an 84% and 77% first-time pass rate on the USMLE Step 1 exam in 2021 and 2022, respectively. Of first-time eligible AUC graduates, 96% and 97% attained residency positions in 2022 and 2023, respectively.

RUSM students achieved an 83% and 81% first-time pass rate on the USMLE Step 1 exam in 2021 and 2022, respectively. Of first-time eligible RUSM graduates, 96% and 98% attained residency positions in 2022 and 2023, respectively.

In September 2019, AUC opened its medical education program in the U.K. in partnership with University of Central Lancashire ("UCLAN"). The program offers students a Post Graduate Diploma in International Medical Sciences from UCLAN, followed by their Doctor of Medicine degree from AUC. Students are eligible to do clinical rotations at AUC's clinical sites, which include hospitals in the U.S., the U.K., and Canada. This program is aimed at preparing students for USMLEs.

MERP is a 15-week medical school preparatory program focused on enhancing the academic foundation of prospective AUC and RUSM students and providing them with the skills they need to be successful in medical school and to achieve their goals of becoming physicians. Upon successful completion of the MERP program, students are guaranteed admission to AUC or RUSM. Data has shown that the performance of students who complete the MERP program is consistent with students who were admitted directly into medical school.

RUSVM

RUSVM, founded in 1982 and acquired by Adtalem in 2003, provides veterinary education and confers the Doctor of Veterinary Medicine, as well as Masters of Science and Ph.D. degrees. RUSVM is one of 54 American Veterinary Medical Association ("AVMA") accredited veterinary education institutions in the world. RUSVM is located in St. Kitts and has graduated nearly 6,000 veterinarians since inception. The mission of RUSVM is to provide the best learning environment to prepare students to become members and leaders of the worldwide public and professional healthcare system and to advance human and animal health through research and knowledge exchange.

The RUSVM program is structured to provide a veterinary education that is comparable to educational programs at U.S. veterinary schools. RUSVM students complete a seven-semester, pre-clinical curriculum at the campus in St. Kitts. After completing their pre-clinical curriculum, RUSVM students enter a clinical clerkship under RUSVM direction lasting approximately 45 weeks at one of 31 clinical affiliates located in the U.S., Canada, Australia, Ireland, New Zealand, and the U.K.

RUSVM offers a one-semester Veterinary Preparatory Program ("Vet Prep") designed to enhance the pre-clinical science knowledge and study skills that are critical to success in veterinary school. The Vet Prep advancement rate for 2021-2022 was 76%, which represents the percent of Vet Prep students in 2020-2021 who started at RUSVM within one year.

In 2020 and 2021, instruction for both the RUSVM and Vet Prep programs was partially offered online in response to the novel coronavirus ("COVID-19") travel restrictions. All students have returned to full-time instruction in St. Kitts.

Student Admissions and Admissions Standards

AUC, RUSM, and RUSVM employ regional admissions representatives in locations throughout the U.S. and Canada who provide information to students interested in their respective programs. A successful applicant must have completed the required prerequisite courses and, for AUC and RUSM, taken the Medical College Admission Test ("MCAT"), while RUSVM applicants are strongly encouraged but not required to have completed the Graduate Record Exam ("GRE"). Candidates for admission must interview with an admissions representative and all admission decisions are made by the admissions committees of the medical and veterinary schools. AUC allows several entrance examinations for its international students. The MCAT (and other entrance exams) requirement was temporarily waived as permitted by ED due to lack of availability of testing caused by COVID-19 closures, and later resumed for incoming May 2022 students. RUSVM began waiving their GRE requirements for incoming classes starting in January 2021 because of limited testing availability due to COVID-19. RUSVM later revised their policy to highly recommend but not require applicants to submit a GRE score, giving priority in the application review process for those who have taken the GRE.

Discontinued Operations

In accordance with GAAP, the ACAMS, Becker, OCL, and EduPristine entities, which were divested during fiscal year 2022, are classified as "Discontinued Operations." As a result, all financial results, disclosures, and discussions of continuing operations in this Annual Report on Form 10-K exclude these entities operations, unless otherwise noted. In addition, we continue to incur costs associated with ongoing litigation and settlements related to the DeVry University divestiture, which was completed during fiscal year 2019, and are classified as expense within discontinued operations.

EduPristine

On June 17, 2022, Adtalem completed the sale of EduPristine for de minimis consideration.

ACAMS/Becker/OCL

On March 10, 2022, Adtalem completed the sale of ACAMS, Becker, and OCL to Wendel Group and Colibri Group ("Purchaser"), pursuant to the Equity Purchase Agreement ("Purchase Agreement") dated January 24, 2022. Pursuant to the terms and subject to the conditions set forth in the Purchase Agreement, Adtalem sold the issued and outstanding shares of ACAMS, Becker, and OCL to the Purchaser for $962.7 million, net of cash of $21.5 million, subject to certain post-closing adjustments. This sale is the culmination of a long-term strategy to sharpen the focus of our portfolio and enhance our ability to address the rapidly growing and unmet demand for healthcare professionals in the U.S.

DeVry University

On December 11, 2018, Adtalem completed the sale of DeVry University to Cogswell Education, LLC ("Cogswell") pursuant to the purchase agreement dated December 4, 2017. To support DeVry University's future success, Adtalem transferred DeVry University with a working capital balance of $8.75 million at the closing date. In addition, Adtalem has agreed to indemnify Cogswell for certain losses including those related to certain pre-closing Defense to Repayment claims. The purchase agreement also includes an earn-out entitling Adtalem to payments of up to $20 million over a ten-year period payable based on DeVry University's free cash flow. Adtalem received $2.9 million and $4.1 million during fiscal year 2022 and 2023, respectively, related to the earnout.

Market Trends and Competition

Chamberlain

Chamberlain competes in the U.S. nursing education market, which has more than 2,000 programs leading to RN licensure. These include four-year educational institutions, two-year community colleges, and diploma schools of nursing. The market consists of two distinct segments: pre-licensure nursing programs that prepare students to take the NCLEX-RN licensure exam and post-licensure nursing programs that allow existing RNs to advance their education.

In the pre-licensure nursing market, capacity limitations and restricted new student enrollment are common among traditional four-year educational institutions and community colleges. Chamberlain has 23 campuses located in 15 states. In Fall 2022, according to data obtained from the American Association of Colleges of Nursing ("AACN"), Chamberlain had the largest pre-licensure program in the U.S based on total enrollments.

In post-licensure nursing education, there are more than 700 institutions offering RN-to-BSN programs and more than 600 institutions offering MSN programs. Chamberlain's RN-to-BSN degree completion option has received three certifications from Quality Matters, an independent global organization leading quality assurance in online teaching and learning environments. Chamberlain has earned the Online Learning Support, Online Teaching Support, and Online Learner Success certifications. Chamberlain's RN-to-BSN degree completion option, MSN degree program, and DNP degree program are approved in 50 states, the District of Columbia, and the U.S. Virgin Islands. The MSN FNP track is approved in 47 states and the U.S. Virgin Islands, the AGACNP and AGPCNP tracks are approved in 44 states and the U.S. Virgin Islands, and the PMHNP track is approved in 43 states and the U.S. Virgin Islands. The MPH and MSW programs are approved in 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.

In Fall 2022, according to AACN data, Chamberlain had the largest DNP, MSN, and FNP programs in the U.S based on total enrollments.

Walden

The market for fully online higher education, in which Walden competes, remains a highly competitive and growing space. As a comprehensive university offering degrees at the bachelor's, master's and doctoral level, in addition to certificates and a school of lifelong learning, the competition varies depending on the degree level and the discipline. While Walden's target market of working professionals 25 years and older was once underserved, it now has a variety of options to meet the growing need for higher education.

Walden has degree programs in nursing, education, counseling, business, psychology, public health, social work and human services, public administration and public policy, and criminal justice. Walden competes both with other comprehensive universities and also more narrowly focused schools, which may only offer a few degree programs. Given the growing and ever-changing market, Walden competes with a wide variety of higher education institutions as well as other education providers.

Walden competes with traditional public and private non-profit institutions and for-profit schools. As more campus-based institutions offer online programs, the competition for online higher education has been growing. Typically, public universities charge lower tuitions compared with Walden due to state subsidies, government grants, and access to other financial resources. On the other hand, tuition at private non-profit institutions is higher than the average tuition rates at Walden. Walden competes with other educational institutions principally based on price, quality of education, reputation, learning modality, educational programs, and student services.

Walden has over 50 years of experience offering high quality distance education with a mission to provide access to higher education for working professionals. Walden remains a leader in many areas and is one of the leading doctoral degree conferrers in nursing, public health, public policy, business/management, education, and psychology and one of the leading conferrers of master's degrees in nursing, psychology, social work, human services, education, and counseling.

Medical and Veterinary

AUC and RUSM compete with approximately 150 U.S. schools of medicine, 48 U.S. colleges of osteopathic medicine, and more than 40 Caribbean medical schools as well as with international medical schools recruiting U.S. students who may be eligible to receive funding from ED Title IV programs. RUSVM competes with AVMA accredited schools, of which 33 are U.S.-based, 5 are Canadian and 16 are other international veterinary schools.

There has been some recent expansion in the U.S. medical education and veterinary education enrollment capacities because of the growing supply/demand imbalance for medical doctors and veterinarians. Despite this expansion, management believes the imbalance will continue to spur demand for medical and veterinary education.

Accreditation and Other Regulatory Approvals

Educational institutions and their individual programs are awarded accreditation by achieving a level of quality that entitles them to the confidence of the educational community and the public they serve. Accredited institutions are subject to periodic review by accrediting bodies to ensure continued high performance and institutional and program improvement and integrity, and to confirm that accreditation requirements continue to be satisfied. College and university administrators depend on the accredited status of an institution when evaluating transfer credit and applicants to their schools; employers rely on the accreditation status of an institution when evaluating a candidate's credentials; parents and high school counselors look to accreditation for assurance that an institution meets quality educational standards; and many professions require candidates to graduate from an accredited program in order to obtain professional licensure in their respective fields. Moreover, in the U.S., accreditation is necessary for students to qualify for federal financial assistance and most scholarship commissions restrict their awards to students attending accredited institutions.

Chamberlain

Chamberlain is institutionally accredited by the HLC, an institutional accreditation agency recognized by ED. In addition to institutional accreditation, Chamberlain has also obtained programmatic accreditation for specific programs. BSN, MSN, DNP, and post-graduate Advanced Practice Registered Nurses ("APRN") certificate programs are accredited by the Commission on Collegiate Nursing Education ("CCNE"). Chamberlain's MPH program is accredited by the Council on Education for Public Health. Chamberlain's MSW program is accredited by the Council on Social Work Education's Commission on Accreditation. The Accreditation Review Commission on Education for the Physician Assistant ("ARC-PA") has granted Accreditation-Provisional status to the Master of Physician Assistant Studies program. Accreditation-Provisional is an accreditation status granted when the plans and resource allocation, if fully implemented as planned, of a proposed program that has not yet enrolled students appear to demonstrate the program's ability to meet the ARC-PA Standards or when a program holding Accreditation-Provisional status appears to demonstrate continued progress in complying with the Standards as it prepares for the graduation of the first class (cohort) of students. Accreditation-Provisional does not ensure any subsequent accreditation status. It is limited to no more than five years from matriculation of the first class. Additionally, Chamberlain is an accredited provider of nursing continuing professional development credits by the American Nursing Credentialing Center.

Walden

Walden is institutionally accredited by the HLC, an institutional accreditation agency recognized by ED. In addition to its institutional accreditation, a number of Walden's programs have obtained programmatic accreditation. The BS in Information Technology program is accredited by the Accreditation Board for Engineering and Technology. A number of business programs (BS in Business Administration, Master of Business Administration, MS in Finance, Doctor of Business Administration, and Ph.D. in Management) are accredited by the Accreditation Council for Business Schools and Programs ("ACBSP"). The BS and MS in Accounting programs are accredited by ACBSP's Separate Accounting Accreditation. The BSN, MSN, Post-Master's APRN certificates, and DNP programs are accredited by CCNE. The MS in Addiction Counseling, MS in School Counseling, MS in Clinical Mental Health Counseling, MS in Marriage, Couple, and Family Counseling, and Ph.D. in Counselor Education and Supervision programs are accredited by the Council for Accreditation of Counseling and Related Education Programs. Walden's initial teacher preparation programs, BS in Elementary Education and Master of Arts in Teaching with a specialization in Special Education, and advanced educator preparation programs, education specialist in Educational Leadership and Administration and MS in Education with a specialization in Educational Leadership and Administration, in the Richard W. Riley College of Education and Human Sciences are accredited by the Council for the Accreditation of Educator Preparation. The MPH and Doctor of Public Health programs are accredited by the Council on Education for Public Health. The Bachelor of Social Work and MSW programs are accredited by the Council on Social Work Education. The MS in Project Management program is accredited by the Project Management Institute Global Accreditation Center for Project Management Education Programs. Additionally, Walden is an accredited provider of continuing education credits by the American Nursing Credentialling Center.

Medical and Veterinary

The Government of St. Maarten authorizes AUC to confer the Doctor of Medicine degree. AUC is accredited by the Accreditation Commission on Colleges of Medicine ("ACCM"). The ACCM is an international medical school accrediting organization for countries that do not have a national medical school accreditation body. The U.S. Department of Education National Committee on Foreign Medical Education and Accreditation ("NCFMEA") has affirmed that the ACCM has established and enforces standards of educational accreditation that are comparable to those promulgated by the U.S. Liaison Committee on Medical Education ("LCME"). In addition, AUC is authorized to place students in clinical rotations in the majority of U.S. states, including California, Florida, and New York, where robust processes are in place to evaluate and approve an international medical school's programs. AUC students can join residency training programs in all 50 states. AUC has also been deemed acceptable by the Graduate Medical Council ("GMC"), the accrediting body in the U.K., which allows AUC graduates to apply for residency programs in the U.K.

RUSM's primary accreditor is Caribbean Accreditation Authority for Education in Medicine and other Health Professions ("CAAM-HP"). CAAM-HP is authorized to accredit medical programs by the government of Barbados. On July 26, 2018, Barbados authorized RUSM to confer the Doctor of Medicine degree. The NCFMEA has affirmed that CAAM-HP has established and enforces standards of educational accreditation that are comparable to those promulgated by the LCME. In addition, RUSM is authorized to place students in clinical rotations in the majority of U.S. states, including California, Florida, New Jersey, and New York, where robust processes are in place to evaluate and accredit an international medical school's programs. RUSM students can join residency training programs in all 50 states.

RUSVM has been recognized by the government of the Federation of St. Christopher and Nevis ("St. Kitts") and is chartered to confer the Doctor of Veterinary Medicine degree. The Doctor of Veterinary Medicine degree is accredited by the American Veterinary Medical Association Council on Education ("AVMA COE"). RUSVM has affiliations with 31 AVMA-accredited U.S. and international colleges of veterinary medicine so that RUSVM students can complete their final three clinical semesters of study in the U.S. or abroad. RUSVM has received accreditation for its Postgraduate Studies program from the St. Christopher & Nevis Accreditation Board. The Postgraduate Studies program offers Master of Science and Ph.D. degrees in all research areas supported by RUSVM. Areas of emphasis are guided by RUSVM's themed research centers.

Regulatory Environment

Financial Aid

All financial aid and assistance programs are subject to political and governmental budgetary considerations. In the U.S., the Higher Education Act (as reauthorized, the "HEA") guides the federal government's support of postsecondary education. The HEA was last reauthorized by the U.S. Congress in July 2008 and was signed into law in August 2008. In the 118th Congress, a comprehensive HEA reauthorization bill has not been introduced. However, standalone bills impacting Title IV federal financial aid programs have been introduced in both chambers of Congress. Some of these bills could be included in a larger legislative package, which could include the HEA. When the HEA is reauthorized, existing programs and participation requirements are subject to change. Additionally, funding for student financial assistance programs may be impacted during appropriations and budget actions.

Information about Particular U.S. and Canadian Government Financial Aid Programs

Chamberlain, Walden, AUC, RUSM, and RUSVM students participate in many U.S. and Canadian financial aid programs. Each of these programs is briefly described below.

U.S. Federal Financial Aid Programs

Students in the U.S. rely on three types of ED student financial aid programs under Title IV of the HEA.

1. *Grants.* Chamberlain and Walden undergraduate students may participate in the Federal Pell Grant and Federal Supplemental Education Opportunity Grant programs.

    - *Federal Pell Grants:* These funds do not have to be repaid and are available to eligible undergraduate students who demonstrate financial need and who have not already received a baccalaureate degree. For the 2022-2023 school year, eligible students could receive Federal Pell Grants ranging from $700 to $6,895.

    - *Federal Supplemental Educational Opportunity Grant ("FSEOG"):* This is a supplement to the Federal Pell Grant and is only available to the neediest undergraduate students. Federal rules restrict the amount of FSEOG funds that may go to a single institution. The maximum individual FSEOG award is established by the institution but cannot exceed $4,000 per academic year. Educational institutions are required to supplement federal funds with a 25% matching contribution. Institutional matching contributions may be satisfied, in whole or in part, by state grants, scholarship funds (discussed below), or by externally provided scholarship grants.

2. *Loans.* Chamberlain, Walden, AUC, RUSM, and RUSVM students may participate in the Direct Unsubsidized and PLUS programs within the Federal Direct Student Loan Program. Chamberlain and Walden undergraduate students may also be eligible for Subsidized Loans within the Federal Direct Student Loan Program.

    - *Direct Subsidized Loan:* Awarded on the basis of student financial need, it is a low-interest loan (a portion of the interest is subsidized by the Federal government) available to undergraduate students with interest charges and principal repayment deferred until six months after a student no longer attends school on at least a half-time basis (the student is responsible for paying the interest charges during the six months after no longer attending school on at least a half-time basis for those loans with a first disbursement between July 1, 2012 and July 1, 2014). Loan limits per academic year range from $3,500 for students in their first academic year, $4,500 for their second academic year, to $5,500 for students in their third or higher undergraduate academic year.

- *Direct Unsubsidized Loan:* Awarded to students who do not meet the needs test or as an additional supplement to the Direct Subsidized Loan. These loans incur interest from the time funds are disbursed, but actual principal and interest payments may be deferred until six months after a student no longer attends school on at least a half-time basis. Direct Unsubsidized Loan limits vary based on dependency status and level of study, with $2,000 for undergraduate dependent students per academic year. Independent undergraduate students may borrow $6,000 in their first and second academic years, increasing to $7,000 in later undergraduate years. Direct Unsubsidized Loan limits then increase to $20,500 per academic year for graduate and professional program students. Additionally, a student without financial need may borrow an additional Direct Unsubsidized Loan amount up to the limit of the Direct Subsidized Loan at their respective academic grade level. The total Direct Subsidized and/or Direct Unsubsidized Loan aggregate borrowing limit for undergraduate students is $57,500 and $138,500 for graduate students, which is inclusive of Direct Subsidized and Direct Unsubsidized Loan amounts borrowed as an undergraduate.

- *Direct Grad PLUS and Direct Parent PLUS Loans*: Enables a graduate student or parents of a dependent undergraduate student to borrow additional funds to meet the cost of the student's education. These loans are not based on financial need, nor are they subsidized. These loans incur interest from the time funds are disbursed, but actual principal and interest payments may be deferred until a student no longer attends school on at least a half-time basis. Graduate students and parents may borrow funds up to the cost of attendance, which includes allowances for tuition, fees, and living expenses. Both Direct Grad PLUS and Direct Parent PLUS Loans are subject to credit approval, which generally requires the borrower to be free of any current adverse credit conditions. A co-borrower may be used to meet the credit requirements.

3. *Federal Work-study*. Chamberlain participates in this program, which offers work opportunities, both on or off campus, on a part-time basis to students who demonstrate financial need. Federal Work-study wages are paid partly from federal funds and partly from qualified employer funds.

<u>State Financial Aid Programs</u>

Certain states, including Arizona, California, Florida, Illinois, Indiana, Ohio, and Vermont, offer state grants or loan assistance to eligible undergraduate students attending Adtalem institutions.

<u>Canadian Government Financial Aid Programs</u>

Canadian citizens or permanent residents of Canada (other than students from the Northwest Territories, Nunavet, or Quebec) are eligible for loans under the Canada Student Loans Program, which is financed by the Canadian government. Eligibility and amount of funding vary by province. Canadian students attending Walden or Chamberlain online while in the U.S., or attending AUC, RUSM, or RUSVM, may be eligible for the Canada Student Loan Program. The loans are interest-free while the student is in school, and repayment begins six months after the student leaves school. Qualified students also may benefit from Canada Study Grants (designed for students whose financial needs and special circumstances cannot otherwise be met), tax-free withdrawals from retirement savings plans, tax-free education savings plans, loan repayment extensions, and interest relief on loans.

Information about Other Financial Aid Programs

<u>Private Loan Programs</u>

Some Chamberlain, Walden, AUC, RUSM, and RUSVM students rely on private (non-federal) loan programs borrowed from private lenders for financial assistance. These programs are used to finance the gap between a student's cost of attendance and their financial aid awards. The amount of the typical loan varies significantly according to the student's enrollment and unmet need.

Most private loans are approved on the basis of the student's and/or a co-borrower's credit history. The cost of these loans varies, but in almost all cases will be more expensive than the federal programs. The application process is separate from the federal financial aid process. Student finance personnel at Adtalem's degree-granting institutions coordinate these processes so that students receive assistance from the federal and state programs before utilizing private loans.

With the exception of Chamberlain, Adtalem's institutions do not maintain preferred lender lists. However, all students are entirely free to utilize a lender of their choice.

Tax-Favored Programs

The U.S. has a number of tax-favored programs aimed at promoting savings for future college expenses. These include state-sponsored "529" college savings plans, state-sponsored prepaid tuition plans, education savings accounts (formerly known as education IRAs), custodial accounts for minors, Hope and Lifetime Learning tax credits, and tax deductions for interest on student loans.

Adtalem-Provided Financial Assistance

Each of our institutions offers a variety of scholarships to assist with tuition and fee expenses, some of which are one-time awards while others are renewable. Some students may also qualify for more than one scholarship at a time.

Chamberlain students are eligible for numerous institutional scholarships with awards up to $2,500 per semester.

Walden offers a number of different scholarships discounts and other tuition assistance to eligible students. These vary by program and by term but usually consist of any of the following: $500-$1,000 grants per term over three to ten terms; scholarships specific to the company they work for; if they are an alumnus of Walden; or if they are in the military. Walden also offers a Believe & Achieve scholarship that rewards undergraduate and Masters' students free tuition upon completion of an agreed number of terms, depending on the program, modality of student, and credits earned. These range in value from $1,500-$14,985.

Students at AUC may be eligible for an institutional scholarship, ranging from $5,000 to $80,000 to cover expenses incurred from tuition and fees. Students at RUSM may be eligible for various institutional scholarships, ranging from $3,000 to $100,000, to cover expenses incurred from housing, tuition and fees. Students at RUSVM may be eligible for an institutional scholarship, ranging from $2,000 to $22,683 to cover expenses incurred from tuition and fees.

Adtalem's credit extension programs are 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, books, and fees, 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.

The finance agreements do not impose any origination fees, in general have a fixed rate of interest, and most carry annual and aggregate maximums that ensure that they are only a supplemental source of funding and not relied on as the main source. Borrowers must be current in their payments in order to be eligible for subsequent disbursements. Borrowers are advised about the terms of the financing agreements and counseled to utilize all other available private and federal funding options before securing financing through the institution.

Adtalem financing agreements are carried on our balance sheet, net of related reserves, and there are no relationships with external parties that reduce Adtalem's risk of collections.

Employer-Provided Tuition Assistance

Chamberlain and Walden students who receive employer tuition assistance may choose from several deferred tuition payment plans. Students eligible for tuition reimbursement plans may have their tuition billed directly to their employers or payment may be deferred until after the end of the session.

Walden students eligible for tuition reimbursement must make payment arrangements with Walden and then be reimbursed by their employer. When the employer pays on behalf of the employee, Walden will bill the employer and payment terms are due 20 days from the receipt of the billing statement.

Legislative and Regulatory Requirements

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.

U.S. Federal Regulations

Our domestic postsecondary institutions are subject to extensive federal and state regulations. The HEA and the related ED regulations govern all higher education institutions participating in Title IV programs and provide for a regulatory triad by mandating specific regulatory responsibilities for each of the following: (1) the federal government through ED, (2) the accrediting agencies recognized by ED, and (3) state higher education regulatory bodies.

To be eligible to participate in Title IV programs, a postsecondary institution must be accredited by an accrediting body recognized by ED, must comply with the HEA and all applicable regulations thereunder, and must be authorized to operate by the appropriate postsecondary regulatory authority in each state in which the institution operates, as applicable.

In addition to governance by the regulatory triad, there has been increased focus by members of the U.S. Congress and federal agencies, including ED, the Consumer Financial Protection Bureau ("CFPB"), and the Federal Trade Commission ("FTC"), on the role that proprietary educational institutions play in higher education. We expect that this challenging regulatory environment will continue for the foreseeable future.

Changes in or new interpretations of applicable laws, rules, or regulations could have a material adverse effect on our eligibility to participate in Title IV programs, accreditation, authorization to operate in various states, permissible activities, and operating costs. The failure to maintain or renew any required regulatory approvals, accreditation, or state authorizations could have a material adverse effect on us. ED regulations regarding financial responsibility provide that, if any one of our Title IV participating institutions ("Title IV Institutions") is unable to pay its obligations under its program participation agreement ("PPA") as a result of operational issues and/or an enforcement action, our other Title IV Institutions, regardless of their compliance with applicable laws and regulations, would not be able to maintain their Title IV eligibility without assisting in the repayment of the non-compliant institution's Title IV obligations. As a result, even though Adtalem's Title IV Institutions are operated through independent entities, an enforcement action against one of our institutions could also have a material adverse effect on the businesses, financial condition, results of operations, and cash flows of Adtalem's other Title IV Institutions and Adtalem as a whole and could result in the imposition of significant restrictions on the ability of Adtalem's other Title IV Institutions and Adtalem as a whole to operate. For further information, see "*A bankruptcy filing by us or by any of our Title IV Institutions, or a closure of one of our Title IV Institutions, would lead to an immediate loss of eligibility to participate in Title IV programs*" under subsection "Risks Related to Adtalem's Highly Regulated Industry" in Item 1A. "Risk Factors."

We have summarized the most significant current regulatory requirements applicable to our domestic postsecondary operations. Adtalem has been impacted by these regulations and enforcement efforts and is currently facing multiple related lawsuits arising from the enhanced scrutiny facing the proprietary education sector. For information regarding such pending investigations and litigation, and the potential impact such matters could have on our institutions or on Adtalem, see in this Annual Report on Form 10-K: (1) Note 21 "Commitments and Contingencies" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data," (2) the subsection of Item 1A. "Risk Factors" titled

“Risks Related to Adtalem’s Highly Regulated Industry,” and (3) the subsection of Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” titled “Regulatory Environment.”

Eligibility and Certification Procedures

The HEA specifies the manner in which ED reviews institutions for eligibility and certification to participate in Title IV programs. Every educational institution participating in the Title IV programs must be certified to participate and is required to periodically renew this certification. Institutions that violate certain ED Title IV regulations, including its financial responsibility and administrative capability regulations, may lose their eligibility to participate in Title IV programs or may only continue participation under provisional certification. Institutions that do not meet financial responsibility requirements are typically required to 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). Provisional certification status also carries fewer due process protections than full certification. As a result, ED may withdraw an institution’s provisional certification more easily than if it is fully certified. Provisional certification does not otherwise limit access to Title IV program funds by students attending the institution. ED has published proposed rules to amend the certification procedures. We anticipate the amended rules will be effective on July 1, 2024.

Defense to Repayment Regulations

Under the HEA, ED is authorized to specify in regulations, which acts or omissions of an institution of higher education a borrower may assert as a Defense to Repayment of a Direct Loan made under the Federal Direct Loan Program. On July 1, 2023, new Defense to Repayment regulations went into effect that include a lower threshold for establishing misrepresentation, provides for no statute of limitation for claims submission, expands reasons to file a claim including aggressive or deceptive recruitment tactics and omission of fact, weakens due processes afforded to institutions, and reinstates provisions for group discharges. ED also included a six-year statute of limitations for recovery from institutions. These changes may increase financial liability and reputational risk.

The “90/10 Rule”

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 and 2021. Final data for fiscal year 2023 is not yet available. As 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 %

Incentive Compensation

An educational institution participating in Title IV programs may not pay any commission, bonus, or other incentive payments to any person involved in student recruitment or awarding of Title IV program funds, if such payments are based directly or indirectly in any part on success in enrolling students or obtaining student financial aid. The law and regulations governing this requirement have not established clear criteria for compliance in all circumstances, but, prior to 2011, there were 12 safe harbors that defined specific types of compensation that were deemed to constitute permissible incentive compensation. New rules effective in 2011 eliminated the 12 safe harbors. These changes increased the uncertainty about what constitutes incentive compensation and which employees are covered by the regulation. This makes the development of effective and compliant performance metrics more difficult to establish. As such, these changes have limited and are expected to continue to limit Adtalem's ability to compensate our employees based on their performance of their job responsibilities, which could make it more difficult to attract and retain highly-qualified employees. Management believes that Adtalem has not been, nor is currently, involved in any activities that violate the restrictions on commissions, bonuses, or other incentive payments to any person involved in student recruitment, admissions, or awarding of Title IV program funds.

Standards of Financial Responsibility

An ED defined financial responsibility test 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 has exceeded the required minimum of 1.5. As a result of the acquisition of Walden, Adtalem expects ED will conclude its consolidated fiscal year 2022 composite score will fall below 1.5. As a result, ED may impose certain additional conditions for continued access to federal funding including heightened cash monitoring and/or an additional letter of credit. Management does not believe such conditions, if any, will have a material adverse effect on Adtalem's operations.

ED also has proposed rules to amend the financial responsibility regulations. We anticipate any rules will be effective on July 1, 2024.

Administrative Capability

The HEA directs ED to assess the administrative capability of each institution to participate in Title IV programs. The failure of an institution to satisfy any of the criteria used to assess administrative capability may cause ED to determine that the institution lacks administrative capability and, therefore, subject the institution to additional scrutiny or deny its eligibility for Title IV programs. ED has proposed rules to amend the administrative capability regulations. We anticipate any amended rules will be effective on July 1, 2024.

State Authorization

Institutions that participate in Title IV programs must be authorized to operate by the appropriate postsecondary regulatory authority in each state where the institution has a physical presence. Chamberlain is specifically authorized to operate in all of the domestic jurisdictions that require such authorizations. Some states assert authority to regulate all degree-granting institutions if their educational programs are available to their residents, whether or not the institutions maintain a physical presence within those states. Chamberlain has obtained licensure in states which require such licensure and where their students are enrolled and is an institutional participant in the National Council for State Authorization Reciprocity Agreements ("NC-SARA") initiative. Walden does not participate in NC-SARA, and therefore maintains licenses or exemptions in those states that require it to do so to enroll students in distance education programs where they are currently offered.

On December 19, 2016, ED published new rules concerning requirements for institutional eligibility to participate in Title IV programs. These regulations, which would have become effective beginning July 1, 2018, but were delayed until July 1, 2020, were subsequently renegotiated as part of the 2018-2019 Accreditation and Innovation rule-making sessions. The renegotiated rule went into effect on July 1, 2020 and requires an institution offering distance education or correspondence courses to be authorized by each state from which the institution enrolls students, if such authorization is required by the state. If an institution offers postsecondary education through distance education or correspondence courses in a state that participates in a state authorization reciprocity agreement, and the institution offering the program is located in a state where it is also covered by such an agreement, the institution would be considered legally authorized to offer postsecondary distance or correspondence education in the state where courses are offered via distance education, subject to any limitations in that agreement. The regulations also require an institution to document the state processes for resolving complaints from students enrolled in programs offered through distance education or correspondence courses. Lastly, the regulations require that an institution provide certain disclosures to enrolled and prospective students regarding its programs that lead to professional licensure. ED has proposed to amend the rules to require that a program meet state licensure requirements in lieu of the aforementioned disclosures. The earliest any amended rules will be effective is July 1, 2024.

Cohort Default Rates

ED has instituted strict regulations that penalize institutions whose students have high default rates on federal student loans. Depending on the type of loan, a loan is considered in default after the borrower becomes at least 270 or 360 days past due. For a variety of reasons, higher default rates are often found in private-sector institutions and community colleges, many of which tend to have a higher percentage of low-income students enrolled compared to four-year publicly supported and independent colleges and universities.

Educational institutions are penalized to varying degrees under the Federal Direct Student Loan Program, depending on the default rate for the "cohort" defined in the statute. An institution with a cohort default rate that exceeds 20% for the year is required to develop a plan to reduce defaults, but the institution's operations and its students' ability to utilize student loans are not restricted. An institution with a cohort default rate of 30% or more for three consecutive years is ineligible to participate in these loan programs and cannot offer student loans administered by ED for the fiscal year in which the ineligibility determination is made and for the next two fiscal years. Students attending an institution whose cohort default rate has exceeded 30% for three consecutive years are also ineligible for Federal Pell Grants. Any institution with a cohort default rate of 40% or more in any year is subject to immediate limitation, suspension, or termination proceedings from all federal aid programs.

According to ED, the three-year cohort default rate for all colleges and universities eligible for federal financial aid was 2.3% for the fiscal year 2019 cohort (the latest available) and 7.3% for the fiscal year 2018 cohort.

Default rates for Chamberlain, Walden, AUC, RUSM, and RUSVM students are as follows:

	Cohort Default Rate	
	2019	**2018**
Chamberlain University	0.5 %	2.6 %
Walden University	1.1 %	4.7 %
American University of the Caribbean School of Medicine	0.2 %	0.7 %
Ross University School of Medicine	0.2 %	0.9 %
Ross University School of Veterinary Medicine	0.2 %	0.4 %

Satisfactory Academic Progress

In addition to the requirements that educational institutions must meet, student recipients of financial aid must maintain satisfactory academic progress toward completion of their program of study and an appropriate grade point average.

Change of Ownership or Control

Any material change of ownership or change of control of Adtalem, depending on the type of change, may have significant regulatory consequences for each of our Title IV Institutions. Such a change of ownership or control could require recertification by ED, the reevaluation of accreditation by each institution's accreditors, reauthorization by each institutions' state licensing agencies, and/or providing financial protections. If Adtalem experiences a material change of ownership or change of control, then our Title IV Institutions may cease to be eligible to participate in Title IV programs until recertified by ED. There is no assurance that such recertification would be obtained. After a material change in ownership or change of control, most institutions will participate in Title IV programs on a provisional basis for a period of one to three years.

In addition, each Title IV Institution is required to report any material change in stock ownership to its principal institutional accrediting body and would generally be required to obtain approval prior to undergoing any transaction that affects, or may affect, its corporate control or governance. In the event of any such change, each of our institution's accreditors may undertake an evaluation of the effect of the change on the continuing operations of our institution for purposes of determining if continued accreditation is appropriate, which evaluation may include a comprehensive review.

In addition, some states in which our Title IV Institutions are licensed require approval (in some cases, advance approval) of changes in ownership or control in order to remain authorized to operate in those states, and participation in grant programs in some states may be interrupted or otherwise affected by a change in ownership or control.

Refer to the risk factor titled "*If regulators do not approve, or delay their approval, of transactions involving a material change of ownership or change of control of Adtalem, the eligibility of our institutions to participate in Title IV programs, our institutions' accreditation and our institutions' state licenses may be impaired in a manner that materially and adversely affects our business*" under subsection "Risks Related to Adtalem's Highly Regulated Industry" in Item 1A. "Risk Factors."

Gainful Employment

Current law states that proprietary institutions and non-degree programs at private non-profit and public institutions must prepare students for gainful employment in a recognized occupation. ED has published proposed rules to define and implement this existing law through what is referred to as the Gainful Employment ("GE") rules. A prior version of this rule was rescinded on July 1, 2019. ED is proposing to use debt-to-earnings ratios and an earnings threshold in determining whether graduates were gainfully employed. Repeated failure of a program to meet these measures would result in the program losing Title IV eligibility. We anticipate the new rules will be effective on July 1, 2024.

State Approvals and Licensing

Adtalem institutions require authorizations from many state higher education authorities to recruit students, operate schools, and grant degrees. Generally, the addition of any new program of study or new operating location also requires approval by the appropriate licensing and regulatory agencies. In the U.S., each Chamberlain location is approved to grant degrees by the respective state in which it is located. Walden is registered in its home state of Minnesota with the Minnesota Office of Higher Education. Additionally, many states require approval for out-of-state institutions to recruit within their state or offer instruction through online modalities to residents of their states. Adtalem believes its institutions are in compliance with all state requirements as an out-of-state institution. AUC and RUSM clinical programs are accredited as part of their programs of medical education by their respective accrediting bodies, approved by the appropriate boards in those states that have a formal process to do so, and are reported to ED as required.

Many states require private-sector postsecondary education institutions to post surety bonds for licensure. In the U.S., Adtalem has posted $31.9 million of surety bonds with regulatory authorities on behalf of Chamberlain, Walden, AUC, RUSM, and RUSVM.

Certain states have set standards of financial responsibility that differ from those prescribed by federal regulation. Adtalem believes its institutions are in compliance with state and Canadian provincial regulations. If Adtalem were unable to meet the tests of financial responsibility for a specific jurisdiction, and could not otherwise demonstrate financial responsibility, Adtalem could be required to cease operations in that state. To date, Adtalem has successfully demonstrated its financial responsibility where required.

Seasonality

The seasonal pattern of Adtalem's enrollments and its educational programs' starting dates affect the timing of cash flows with higher cash inflows at the beginning of academic sessions.

Human Capital

As of June 30, 2023, Adtalem had the following number of employees:

	Full-Time Staff	Visiting Professors	Part-Time Staff	Total
Chamberlain	1,274	2,587	215	4,076
Walden	1,097	2,342	15	3,454
Medical and Veterinary	750	64	44	858
Home Office	1,247	—	20	1,267
Total	4,368	4,993	294	9,655

Our management believes that Adtalem has good relations with its employees.

We continue to regularly gather feedback from our employees. In the prior year we disclosed results from our summer 2022 engagement survey. We expect to conduct our next engagement survey during fiscal year 2024. We also gather employee feedback through the colleague lifecycle survey we call continuous listening. The lifecycle survey gathers feedback week one (preboarding), at three months (quality of hire), and at six months (onboarding) for regular new hires. We also send out an exit survey to regular colleagues that voluntarily resign. The overall experience results of these surveys are as follows:

Survey	Fiscal Year 2023 Favorability (top 2 ratings)	Fiscal Year 2022 Favorability (top 2 ratings)
Preboarding (week one)	92 %	89 %
Quality of hire (3 months)	75 %	68 %
Onboarding (6 months)	86 %	85 %
Exit survey	56 %	45 %

Diversity, Equity, and Inclusion ("DEI") continue to be core tenets of our culture at Adtalem. During fiscal year 2023, we hired a vice president of DEI and talent management. We continuously measure representation amongst our employee population. As shown in the table below, our total female representation dropped from 75% as of June 30, 2022 to 71% as of June 30, 2023, driven by turnover during fiscal year 2023 being 78% female, while hiring was only 75% female.

As of June 30, 2023 and 2022, our employee diversity was as follows:

	Female		People of Color (U.S. Only)	
Level	**June 30, 2023**	**June 30, 2022**	**June 30, 2023**	**June 30, 2022**
All Levels	71 %	75 %	37 %	36 %
Management	70 %	71 %	34 %	31 %
Director	67 %	68 %	24 %	23 %
Executive	47 %	42 %	23 %	21 %
Segment				
Chamberlain	80 %	87 %	38 %	36 %
Walden	72 %	70 %	34 %	34 %
Medical and Veterinary	60 %	59 %	57 %	54 %
Home Office	61 %	60 %	39 %	39 %

Adtalem offers a comprehensive benefits package including wellness programs for eligible employees. The wellness strategy entitled Live Well takes a holistic approach to wellbeing through four pillars: Physical, Social, Financial and Emotional. Our health benefits remain competitive with generous paid time off, retirement plan, domestic partner benefits, adoption assistance, paid parent leave for both mothers and fathers, among others. We recently launched enhancements to our Employee Assistance Program and our mental health and well-being application, entitled Ginger. Employee participation for certain programs is listed below:

Wellness Pillar	Segment: U.S. Regular Employees	Participation
Financial	Retirement planning (auto enrollment feature for new hire)	92 %
Emotional*	Mental health wellbeing - Ginger utilization	18 %
Physical	Employees completing annual physicals	84 %

*EAP standard utilization is 3-5%

Finally, Adtalem provides additional opportunities for employees to pursue their educational goals through our Education Assistance program. This program offers both tuition discounts and tuition reimbursement at multiple nationally and regionally accredited higher education institutions. We will continue to offer resources to maintain an engaged, healthy, motivated workforce focused on meeting business goals.

Intellectual Property

Adtalem owns and uses numerous trademarks and service marks, such as “Adtalem,” “American University of the Caribbean,” “Chamberlain College of Nursing,” “Ross University,” “Walden University” and others. All trademarks, service marks, certification marks, patents, and copyrights associated with its businesses are owned in the name of Adtalem Global Education Inc. or a subsidiary of Adtalem Global Education Inc. Adtalem vigorously defends against infringements of its trademarks, service marks, certification marks, patents, and copyrights.

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 Securities and Exchange Commission (“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.

Item 1A. Risk Factors

Summary of Risk Factors

The summary of risks below provides an overview of the principal risks we are exposed to in the normal course of our business activities:

Risks Related to Adtalem's Highly Regulated Industry

- We are subject to regulatory audits, investigations, lawsuits, or other proceedings relating to compliance by the institutions in the Adtalem portfolio with numerous laws and regulations in the U.S. and foreign jurisdictions applicable to the postsecondary education industry.
- The ongoing regulatory effort aimed at proprietary postsecondary institutions of higher education could be a catalyst for additional legislative or regulatory restrictions, investigations, enforcement actions, and claims.
- Adverse publicity arising from investigations, claims, or actions brought against us or other proprietary higher education institutions may negatively affect our reputation, business, or stock price, or attract additional investigations, lawsuits, or regulatory action.
- Government and regulatory agencies and third parties have initiated, and could initiate additional investigations, claims, or actions against us, which could require us to pay monetary damages, halt certain business practices, or receive other sanctions. The defense and resolution of these matters could require us to expend significant resources.
- The U.S. Department of Education ("ED") has issued regulations setting forth new standards and procedures related to borrower defenses to repayment of Title IV loan obligations, and ED's right of recoveries against institutions following a successful borrower defense and institutional financial responsibility. It is possible that a finding or allegation arising from current or future legal proceedings or governmental administrative actions may create significant liability under the proposed regulations.
- Within Title IV regulations, pending or future lawsuits, investigations, program reviews, and other events could each trigger, automatically or in some cases at ED's discretion, the posting of letters of credit or other securities.
- We are subject to risks relating to regulatory matters. If we fail to comply with the extensive regulatory requirements for our operations, we could face fines and penalties, including loss of access to federal and state student financial aid for our students, loss of ability to enroll students in a state, and significant civil liability.
- Government budgetary pressures and changes to laws governing financial aid programs could reduce our student enrollment or delay our receipt of tuition payments.
- Our ability to comply with some ED regulations is affected by economic forces affecting our students and graduates that are not entirely within our control.
- ED rules prohibiting "substantial misrepresentation" are very broad. As a result, we face increased exposure to litigation arising from student and prospective student complaints and enforcement actions by ED that could restrict or eliminate our eligibility to participate in Title IV programs.
- Regulations governing the eligibility of our U.S. degree-granting institutions to participate in Title IV programs preclude us from compensating any employee or third-party involved in student recruitment, admissions, or the awarding of financial aid based on their success in those areas. These regulations could limit our ability to attract and retain highly-qualified employees, to sustain and grow our business, or to develop or acquire businesses that would not otherwise be subject to such regulations.
- A failure to demonstrate financial responsibility or administrative capability may result in the loss of eligibility to participate in Title IV programs.
- If ED does not recertify any one of our institutions to continue participating in Title IV programs, students at that institution would lose their access to Title IV program funds. Alternatively, ED could recertify our institutions but require our institutions to accept significant limitations as a condition of their continued participation in Title IV programs.
- If we fail to maintain our institutional accreditation or if our institutional accrediting body loses recognition by ED, we would lose our ability to participate in Title IV programs.
- A bankruptcy filing by us or by any of our Title IV Institutions, or a closure of one of our Title IV Institutions, would lead to an immediate loss of eligibility to participate in Title IV programs.
- Excessive student loan defaults could result in the loss of eligibility to participate in Title IV programs.
- If we fail to maintain any of our state authorizations, we would lose our ability to operate in that state and to participate in Title IV programs in that state.

- Our ability to place our medical schools' students in hospitals in the U.S. may be limited by efforts of certain state government regulatory bodies, which may limit the growth potential of our medical schools, put our medical schools at a competitive disadvantage to other medical schools, or force our medical schools to substantially reduce their class sizes.
- Budget constraints in states that provide state financial aid to our students could reduce the amount of such financial aid that is available to our students, which could reduce our enrollment and adversely affect our 90/10 Rule percentage.
- We could be subject to sanctions if we fail to calculate accurately and make timely payment of refunds of Title IV program funds for students who withdraw before completing their educational program.
- A failure of our vendors to comply with applicable regulations in the servicing of our students and institutions could subject us to fines or restrictions on or loss of our ability to participate in Title IV programs.
- We provide financing programs to assist some of our students in affording our educational offerings. These programs are subject to various federal and state rules and regulations. Failure to comply with these regulations could subject us to fines, penalties, obligations to discharge loans, and other injunctive requirements.
- Release of confidential information could subject us to civil penalties or cause us to lose our eligibility to participate in Title IV programs.
- We could be subject to sanctions if we fail to accurately and timely report sponsored students' tuition, fees, and enrollment to the sponsoring agency.

Risks Related to Adtalem's Business

- Outbreaks of communicable infections or diseases, or other public health pandemics in the locations in which we, our students, faculty, and employees live, work, and attend classes, could substantially harm our business.
- Natural disasters or other extraordinary events or political disruptions may cause us to close some of our schools.
- Student enrollment at our schools is affected by legislative, regulatory, and economic factors that may change in ways we cannot predict. These factors outside our control limit our ability to assess our future enrollment effectively.
- We are subject to risks relating to enrollment of students. If we are not able to continue to successfully recruit and retain our students, our revenue may decline.
- If our graduates are unable to find appropriate employment opportunities or obtain professional licensure or certification, we may not be able to recruit new students.
- We face heightened competition in the postsecondary education market from both public and private educational institutions.
- The personal information that we collect may be vulnerable to breach, theft, or loss that could adversely affect our reputation and operations.
- System disruptions and vulnerability from security risks to our computer network or information systems could severely impact our ability to serve our existing students and attract new students.
- Our ability to open new campuses, offer new programs, and add capacity is dependent on regulatory approvals and requires financial and human resources.
- We may not be able to attract, retain, and develop key employees necessary for our operations and the successful execution of our strategic plans.
- We may not be able to successfully identify, pursue, or integrate acquisitions.
- Proposed changes in, or lapses of, U.S. tax laws regarding earnings from international operations could adversely affect our financial results.
- Changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our results.
- We and our subsidiaries may not be able to generate sufficient cash to service all of our indebtedness and may not be able to refinance our debt obligations.

Risks Related to Shareholder Activism

- We may face risks associated with shareholder activism.

Adtalem's business operations are subject to numerous risks and uncertainties, some of which are not entirely within our control. Investors should carefully consider the risk factors described below and all other information contained in this Annual Report on Form 10-K before making an investment decision with respect to Adtalem's common stock. If any of the following risks are realized, Adtalem's business, results of operations, financial condition, and cash flows could be materially and adversely affected, and as a result, the price of Adtalem's common stock could be materially and adversely affected. Management cannot predict all the possible risks and uncertainties that may arise. Risks and uncertainties that may affect Adtalem's business include the following:

Risks Related to Adtalem's Highly Regulated Industry

We are subject to regulatory audits, investigations, lawsuits, or other proceedings relating to compliance by the institutions in the Adtalem portfolio with numerous laws and regulations in the U.S. and foreign jurisdictions applicable to the postsecondary education industry.

Due to the highly regulated nature of proprietary postsecondary institutions, we are subject to audits, compliance reviews, inquiries, complaints, investigations, claims of non-compliance, and lawsuits by federal and state governmental agencies, regulatory agencies, accrediting agencies, present and former students and employees, shareholders, and other third parties, any of whom may allege violations of any of the legal and regulatory requirements applicable to us. If the results of any such claims or actions are unfavorable to us or one or more of our institutions, we may be required to pay monetary judgments, fines, or penalties, be required to repay funds received under Title IV programs or state financial aid programs, have restrictions placed on or terminate our schools' or programs' eligibility to participate in Title IV programs or state financial aid programs, have limitations placed on or terminate our schools' operations or ability to grant degrees and certificates, have our schools' accreditations restricted or revoked, or be subject to civil or criminal penalties. ED regulations regarding financial responsibility provide that, if any one of our Title IV Institutions is unable to pay its obligations under its Program Participation Agreement ("PPA") as a result of operational issues and/or an enforcement action, our other Title IV Institutions, regardless of their compliance with applicable laws and regulations, would not be able to maintain their Title IV eligibility without assisting in the repayment of the non-compliant institution's Title IV obligations. As a result, even though Adtalem's Title IV Institutions are operated through independent entities, an enforcement action against one of our institutions could also have a material adverse effect on the businesses, financial condition, results of operations, and cash flows of Adtalem's other Title IV Institutions and Adtalem as a whole and could result in the imposition of significant restrictions on the ability for Adtalem's other Title IV Institutions and Adtalem as a whole to operate.

The ongoing regulatory effort aimed at proprietary postsecondary institutions of higher education could be a catalyst for additional legislative or regulatory restrictions, investigations, enforcement actions, and claims.

The proprietary postsecondary education sector has at times experienced scrutiny from federal legislators, agencies, and state legislators and attorneys general. An adverse disposition of these existing inquiries, administrative actions, or claims, or the initiation of other inquiries, administrative actions, or claims, could, directly or indirectly, have a material adverse effect on our business, financial condition, result of operations, and cash flows and result in significant restrictions on us and our ability to operate.

ED has proposed new Gainful Employment ("GE") rules that would condition Title IV eligibility for each program at Adtalem's institutions on passing debt to earnings ratio thresholds. These ratios would be based on the debt incurred by graduates and their post-graduate earnings. A program would lose eligibility if it failed in any two of three consecutive years that it was measured. Warnings must be issued to students and prospective students if a program may lose eligibility in the following GE year (e.g., if it failed in the first year). Adtalem's Title IV Institutions could be adversely impacted by the rule.

Adverse publicity arising from investigations, claims, or actions brought against us or other proprietary higher education institutions may negatively affect our reputation, business, or stock price, or attract additional investigations, lawsuits, or regulatory action.

Adverse publicity regarding any past, pending, or future investigations, claims, settlements, and/or actions against us or other proprietary postsecondary education institutions could negatively affect our reputation, student enrollment levels, revenue, profit, and/or the market price of our common stock. Unresolved investigations, claims, and actions, or adverse resolutions or settlements thereof, could also result in additional inquiries, administrative actions or lawsuits, increased scrutiny, the withholding of authorizations, and/or the imposition of other sanctions by state education and professional licensing authorities, taxing authorities, our accreditors and other regulatory agencies governing us, which, individually or in the aggregate, 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.

Government and regulatory agencies and third parties have initiated, and could initiate additional investigations, claims, or actions against us, which could require us to pay monetary damages, halt certain business practices, or receive other sanctions. The defense and resolution of these matters could require us to expend significant resources.

Due to the regulatory and enforcement efforts at times directed at proprietary postsecondary higher education institutions and adverse publicity arising from such efforts, we may face additional government and regulatory investigations and actions, lawsuits from private plaintiffs, and shareholder class actions and derivative claims. We may incur significant costs and other expenses in connection with our response to, and defense, resolution, or settlement of, investigations, claims, or actions, or group of related investigations, claims, or actions, which, individually or in the aggregate, could be outside the scope of, or in excess of, our existing insurance coverage and could have a material adverse effect on our financial condition, results of operations, and cash flows. As part of our resolution of any such matter, or group of related matters, we may be required to comply with certain forms of injunctive relief, including altering certain business practices, or pay substantial damages, settlement costs, fines, and/or penalties. In addition, findings or claims or settlements thereof could serve as a basis for additional lawsuits or governmental inquiries or enforcement actions, including actions under ED's Defense to Repayment regulations. Such actions, individually or combined with other proceedings, 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. Additionally, an adverse allegation, finding or outcome in any of these matters could also materially and adversely affect our ability to maintain, obtain, or renew licenses, approvals, or accreditation, and maintain eligibility to participate in Title IV, Department of Defense and Veterans Affairs programs or serve as a basis for ED to discharge certain Title IV student loans and seek recovery for some or all of its resulting losses from us under Defense to Repayment regulations, any of which 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.

ED has issued regulations setting forth new standards and procedures related to borrower defenses to repayment of Title IV loan obligations, and ED's right of recoveries against institutions following a successful borrower defense and institutional financial responsibility. It is possible that a finding or allegation arising from current or future legal proceedings or governmental administrative actions may create significant liability under the proposed regulations.

Under the Higher Education Act ("HEA"), ED is authorized to specify in regulations, which acts or omissions of an institution of higher education a borrower may assert as a Defense to Repayment of a Direct Loan made under the Federal Direct Loan Program. On July 1, 2023, new Defense to Repayment regulations went into effect that include a lower threshold for establishing misrepresentation, expands acts which lead to an approved claim, removes a statute of limitation for claims submission, implements a single federal standard regardless of when the loan was first disbursed, and reinstates provisions for group discharges.

ED also included a six-year statute of limitations for recovery from institutions. These changes may increase financial liability and reputational risk.

The outcome of any legal proceeding instituted by a private party or governmental authority, facts asserted in pending or future lawsuits, and/or the outcome of any future governmental inquiry, lawsuit, or enforcement action (including matters described in Note 21 "Commitments and Contingencies" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data") could serve as the basis for claims by students or ED under the Defense to Repayment regulations, the posting of substantial letters of credit, or the termination of eligibility of our institutions to participate in the Title IV program based on ED's institutional capability assessment, any of which could, individually or in the aggregate, 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.

While we intend to defend ourselves vigorously in all pending and future legal proceedings, we may settle certain matters. Moreover, regardless of the merits of our actions and defenses, if we are unable to resolve certain legal proceedings or regulatory actions, indirect consequences arising from unproven allegations or appealable regulatory findings may have adverse consequences to us.

We may settle certain matters due to uncertainty in potential outcome, for strategic reasons, as a part of a resolution of other matters, or in order to avoid potentially worse consequences in inherently uncertain judicial or administrative processes. The terms of any such settlement could have a material adverse effect on our business, financial condition, operations, and cash flows, and result in the imposition of significant restrictions on us and our ability to operate. Additionally, although inconsistent with its usual practices, ED has broad discretion to impose significant limitations on us and our business operations arising from acts it determines are in violation of their regulations. As a result, foreseeable and unforeseeable consequences of prior and prospective adjudicated or settled legal proceedings and regulatory matters 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.

Within Title IV regulations, pending or future lawsuits, investigations, program reviews, and other events could each trigger, automatically or in some cases at ED's discretion, the posting of letters of credit or other securities.

ED regulations could require Adtalem to post multiple and substantial letters of credit or other securities in connection with, among other things, certain pending and future claims, investigations, and program reviews, regardless of the merits of our actions or available defenses, or, potentially, the severity of any findings or facts stipulated. The aggregate amount of these letters of credit or other required security could materially and adversely limit our borrowing capacity under our credit agreement and our ability to make capital expenditures and other investments aimed at growing and diversifying our operations, sustain and fund our operations, and make dividend payments to shareholders. Adtalem's credit agreement allows Adtalem to post up to $400.0 million in letters of credit. In the event Adtalem is required to post letters of credit in excess of the $400.0 million limit, Adtalem would be required to seek an amendment to its credit agreement or seek an alternative means of providing security required by ED. Adtalem may not be able to obtain the excess letters of credit or security or may only be able to obtain such excess letters of credit or security at significant cost.

We are subject to risks relating to regulatory matters. If we fail to comply with the extensive regulatory requirements for our operations, we could face fines and penalties, including loss of access to federal and state student financial aid for our students, loss of ability to enroll students in a state, and significant civil liability.

As a provider of higher education, we are subject to extensive regulation. These regulatory requirements cover virtually all phases and aspects of our U.S. postsecondary operations, including educational program offerings, facilities, civil rights, safety, public health, privacy, instructional and administrative staff, administrative procedures, marketing and recruiting, financial operations, payment of refunds to students who withdraw, acquisitions or openings of new schools or programs, addition of new educational programs, and changes in our corporate structure and ownership.

In particular, in the U.S., the HEA subjects schools that participate in the various federal student financial aid programs under Title IV, which includes Chamberlain, Walden, AUC, RUSM, and RUSVM, to significant regulatory scrutiny. Adtalem's Title IV Institutions collectively receive 72% of their revenue from Title IV programs. As a result, the suspension, limitation, or termination of the eligibility of any of our institutions to participate in Title IV programs 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.

To participate in Title IV programs, an institution must receive and maintain authorization by the appropriate state education agencies, be accredited by an accrediting commission recognized by ED, and be certified by ED as an eligible institution, which ultimately is accomplished through the execution of a PPA.

Our institutions that participate in Title IV programs each do so pursuant to a PPA that, among other things, includes commitments to abide by all applicable laws and regulations, such as Incentive Compensation and Substantial Misrepresentation. Alleged violations of such laws or regulations may form the basis of civil actions for violation of state and/or federal false claims statutes predicated on violations of a PPA, including pursuant to lawsuits brought by private plaintiffs on behalf of governments (qui tam actions), that have the potential to generate very significant damages linked to our receipt of Title IV funding from the government over a period of several years.

Government budgetary pressures and changes to laws governing financial aid programs could reduce our student enrollment or delay our receipt of tuition payments.

Our Title IV Institutions collectively receive 72% of their revenue from Title IV programs. As a result, any reductions in funds available to our students or any delays in payments to us under Title IV programs 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.

Action by the U.S. Congress to revise the laws governing the federal student financial aid programs or reduce funding for those programs could reduce Adtalem's student enrollment and/or increase its costs of operation. Political and budgetary concerns significantly affect Title IV programs. The U.S. Congress enacted the HEA to be reauthorized on a periodic basis, which most recently occurred in August 2008. The 2008 reauthorization of the HEA made significant changes to the requirements governing Title IV programs, including changes that, among other things:

- Regulated non-federal, private education loans;
- Regulated the relationship between institutions and lenders that make education loans;
- Revised the calculation of the student default rate attributed to an institution and the threshold rate at which sanctions will be imposed against an institution (as discussed above);
- Adjusted the types of revenue that an institution is deemed to have derived from Title IV programs and the sanctions imposed on an institution that derives too much revenue from Title IV programs;
- Increased the types and amount of information that an institution must disclose to current and prospective students and the public; and
- Increased the types of policies and practices that an institution must adopt and follow.

In the 118th Congress, a comprehensive HEA reauthorization bill has not been introduced. However, standalone bills impacting Title IV federal financial aid programs have been introduced in both chambers of Congress. Some of these bills could be included in a larger legislative package, which could include the HEA. When the HEA is reauthorized, existing programs and participation requirements are subject to change. Additionally, funding for student financial assistance programs may be impacted during appropriations and budget actions.

The U.S. Congress can change the laws affecting Title IV programs in annual federal appropriations bills and other laws it enacts between the HEA reauthorizations. At this time, Adtalem cannot predict any or all of the changes that the U.S. Congress may ultimately make. Since a significant percentage of Adtalem's revenue is tied to Title IV programs, any action by the U.S. Congress that significantly reduces Title IV program funding or the ability of Adtalem's degree-granting institutions or students to participate in Title IV programs could have a material adverse effect on Adtalem's business, financial condition, results of operations, and cash flows and result in the imposition of significant restrictions on us and our ability to operate. Certain provisions in proposed legislation, if enacted, or implementation of existing or future law by a current or future administration, could have a material adverse effect on our business, including but not limited to legislation that limits the enrollment of U.S. citizens in foreign medical schools and legislation that could require institutions to share in the risk of defaulted federal student loans, and legislation that limits the percentage of revenue derived from federal funds.

Additionally, a shutdown of government agencies, such as ED, responsible for administering student financial aid programs under Title IV could lead to delays in student eligibility determinations and delays in origination and disbursement of government-funded student loans to our students.

Our ability to comply with some ED regulations is affected by economic forces affecting our students and graduates that are not entirely within our control.

Our ability to comply with several ED regulations is not entirely within our control. In particular, our ability to participate in federal Title IV programs is dependent on the ability of our past students to avoid default on student loans, obtain employment, and pay for a portion of their education with private funds. These factors are heavily influenced by broader economic drivers, including the personal or family wealth of our students, the overall employment outlook for their area of study, and the availability of private financing sources. An economic downturn could impact these factors, which could have a material adverse effect on our business, financial condition, results of operation, and cash flows and result in the imposition of significant restrictions on us and our ability to operate.

ED rules prohibiting "substantial misrepresentation" are very broad. As a result, we face increased exposure to litigation arising from student and prospective student complaints and enforcement actions by ED that could restrict or eliminate our eligibility to participate in Title IV programs.

ED regulations in effect for federal Stafford loans prohibit any "substantial misrepresentation" by our Title IV Institutions, employees, and agents regarding the nature of the institution's educational programs, its financial charges, or the employability of its graduates. These regulations may, among other things, subject us to sanctions for statements containing errors made to non-students, including any member of the public, impose liability on us for the conduct of others and expose us to liability even when no actual harm occurs. A "substantial misrepresentation" is any misrepresentation on which the person to whom it was made could reasonably be expected to rely, or has reasonably relied, to that person's detriment. It is possible that despite our efforts to prevent misrepresentations, our employees or service providers may make statements that could be construed as substantial misrepresentations. As a result, we may face complaints from students and prospective students over statements made by us and our agents in advertising and marketing, during the enrollment, admissions and financial aid process, and throughout attendance at any of our Title IV Institutions, which would expose us to increased risk of enforcement action and applicable sanctions or other penalties, including potential Defense to Repayment liabilities, and increased risk of private qui tam actions under the Federal False Claims Act. If ED determines that an institution has engaged in substantial misrepresentation, ED may (1) fine the institution; (2) discharge students' debt and hold the institution liable for the discharged debt under the HEA and the Defense to Repayment regulations; and/or (3) suspend or terminate an institution's participation in Title IV programs. Alternatively, ED may impose certain other limitations on the institution's participation in Title IV programs, which could include the denial of applications for approval of new programs or locations, a requirement to post a substantial letter of credit, or the imposition of one of ED's heightened cash monitoring processes. Any of the foregoing actions 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.

Regulations governing the eligibility of our U.S. degree-granting institutions to participate in Title IV programs preclude us from compensating any employee or third-party involved in student recruitment, admissions, or the awarding of financial aid based on their success in those areas. These regulations could limit our ability to attract and retain highly-qualified employees, to sustain and grow our business, or to develop or acquire businesses that would not otherwise be subject to such regulations.

An educational institution participating in Title IV programs may not pay any commission, bonus, or other incentive payments to any person involved in student recruitment or awarding of Title IV program funds, if such payments are based directly or indirectly in any part on success in enrolling students or obtaining student financial aid. We endeavor to ensure our compliance with these regulations and have numerous controls and procedures in place to do so but cannot be sure that our regulators will not determine that the compensation that we have paid our employees do not violate these regulations. Our limited ability to compensate our employees based on their performance of their job responsibilities could make it more difficult to attract and retain highly-qualified employees. These regulations may also impair our ability to sustain and grow our business, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

A failure to demonstrate financial responsibility or administrative capability may result in the loss of eligibility to participate in Title IV programs.

All of our Title IV Institutions are subject to meeting financial and administrative standards. These standards are assessed through annual compliance audits, periodic renewal of institutional PPAs, periodic program reviews, and ad hoc events which may lead ED to evaluate an institution's financial responsibility or administrative capability. The administrative capability criteria require, among other things, that our institutions (1) have an adequate number of qualified personnel to administer Title IV programs, (2) have adequate procedures for disbursing and safeguarding Title IV funds and for maintaining records, (3) submit all required reports and consolidated financial statements in a timely manner, and

(4) not have significant problems that affect the institution's ability to administer Title IV programs. If ED determines, in its judgment, that one of our Title IV Institutions has failed to demonstrate either financial responsibility or administrative capability, we could be subject to additional conditions to participating, including, among other things, a requirement to post a letter of credit, suspension or termination of our eligibility to participate in Title IV programs, or repayment of funds received under Title IV programs, any of which 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. ED has considerable discretion under the regulations to impose the foregoing sanctions and, in some cases, such sanctions could be imposed without advance notice or any prior right of review or appeal. Adtalem expects its consolidated fiscal year 2022 composite score to fall below 1.5 at its next financial responsibility test. If Adtalem becomes unable to meet requisite financial responsibility standards within the regulations, management believes it will be able to otherwise demonstrate its ability to continue to provide educational services; however, our institutions could still be subject to heightened cash monitoring and/or be required to post a letter of credit to continue to participate in federal and state financial assistance programs. ED has proposed changes to the financial responsibility and administrative capability rules. The earliest any amended rules will be effective is July 1, 2024.

If ED does not recertify any one of our institutions to continue participating in Title IV programs, students at that institution would lose their access to Title IV program funds. Alternatively, ED could recertify our institutions but require our institutions to accept significant limitations as a condition of their continued participation in Title IV programs.

ED certification to participate in Title IV programs lasts a maximum of six years, and institutions are thus required to seek recertification from ED on a regular basis in order to continue their participation in Title IV programs. An institution must also apply for recertification by ED if it undergoes a change in control, as defined by ED regulations.

Each of our Title IV Institutions operates under a PPA. There can be no assurance that ED will recertify an institution after its PPA expires or that ED will not limit the period of recertification to participate in Title IV programs to less than six years, place the institution on provisional certification, or impose conditions or other restrictions on the institution as a condition of granting our application for recertification. If ED does not renew or withdraws the certification to participate in Title IV programs for one or more of our institutions at any time, students at such institution would no longer be able to receive Title IV program funds. Alternatively, ED could (1) renew the certifications for an institution, but restrict or delay receipt of Title IV funds, limit the number of students to whom an institution could disburse such funds, or place other restrictions on that institution, or (2) delay recertification after an institution's PPA expires, in which case the institution's certification would continue on a month-to-month basis, any of which could have a material adverse effect on the businesses, financial condition, results of operations, and cash flows of the institution or Adtalem as a whole and could result in the imposition of significant restrictions on the ability of the institution or Adtalem as a whole to operate.

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") in connection with their acquisition by Adtalem on September 17, 2021. 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 agreements for AUC, RUSM, and RUSVM stemmed from increased and/or repeated Title IV compliance audit findings. Walden's TPPPA included financial requirements, which were in place prior to acquisition, such as a letter of credit, heightened cash monitoring, and additional reporting. No similar requirements were imposed on AUC, RUSM, or RUSVM. While corrective actions have been taken to resolve past compliance matters and eliminate the incidence of repetition, if AUC, RUSM, or RUSVM fail to maintain administrative capability as defined by ED while under provisional status or otherwise fail to comply with ED requirements, the institution(s) could lose eligibility to participate in Title IV programs or have that eligibility adversely conditioned, which could have a material adverse effect on the businesses, financial condition, results of operations, and cash flows. ED has proposed changes to the certification rules. The earliest any amended rules will be effective is July 1, 2024.

If we fail to maintain our institutional accreditation or if our institutional accrediting body loses recognition by ED, we would lose our ability to participate in Title IV programs.

The loss of institutional accreditation by any of our Title IV Institutions would leave the affected institution ineligible to participate in Title IV programs and would 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. In addition, an adverse action by any of our institutional accreditors other than loss of accreditation, such as issuance of a warning, could have a material adverse effect on our business. Increased scrutiny of accreditors by the Secretary of Education in connection with ED's recognition process may result in increased scrutiny of institutions by accreditors or have other consequences.

If regulators do not approve, or delay their approval, of transactions involving a material change of ownership or change of control of Adtalem, the eligibility of our institutions to participate in Title IV programs, our institutions' accreditations and our institutions' state licenses may be impaired in a manner that materially and adversely affects our business.

Any material change of ownership or change of control of Adtalem, depending on the type of change, may have significant regulatory consequences for each of our Title IV Institutions. Such a change of ownership or control could require recertification by ED, the reevaluation of accreditation by each institution's accreditors, reauthorization by each institutions' state licensing agencies, and/or providing financial protections. If Adtalem experiences a material change of ownership or change of control, then our Title IV Institutions may cease to be eligible to participate in Title IV programs until recertified by ED. The continuing participation of each of our Title IV Institutions in Title IV programs is critical to our business. Any disruption in an institution's eligibility to participate in Title IV programs would materially and adversely impact our business, financial condition, results of operations, and cash flow.

In addition, each Title IV Institution is required to report any material change in stock ownership to its principal institutional accrediting body and would generally be required to obtain approval prior to undergoing any transaction that affects, or may affect, its corporate control or governance. In the event of any such change, each of our institution's accreditors may undertake an evaluation of the effect of the change on the continuing operations of our institution for purposes of determining if continued accreditation is appropriate, which evaluation may include a comprehensive review. If our accreditors determine that the change is such that prior approval was required, but was not obtained, many of our accreditors' policies require the accreditor to consider withdrawal of accreditation. If certain accreditation is suspended or withdrawn with respect to any of our Title IV Institutions, they would not be eligible to participate in Title IV programs until the accreditation is reinstated or is obtained from another appropriate accrediting body. There is no assurance that reinstatement of accreditation could be obtained on a timely basis, if at all, and accreditation from a different qualified accrediting authority, if available, would require a significant amount of time. Any material disruption in accreditation would materially and adversely impact our business, financial condition, results of operations, and cash flow.

In addition, some states in which our Title IV Institutions are licensed require approval (in some cases, advance approval) of changes in ownership or control in order to remain authorized to operate in those states, and participation in grant programs in some states may be interrupted or otherwise affected by a change in ownership or control.

As of June 30, 2023, a substantial portion of our outstanding capital stock is owned by a small group of institutional shareholders. We cannot prevent a material change of ownership or change of control that could arise from a transfer of voting stock by any combination of those shareholders.

A bankruptcy filing by us or by any of our Title IV Institutions, or a closure of one of our Title IV Institutions, would lead to an immediate loss of eligibility to participate in Title IV programs.

In the event of a bankruptcy filing by Adtalem, all of our Title IV Institutions would lose their eligibility to participate in Title IV programs, pursuant to statutory provisions of the HEA, notwithstanding the automatic stay provisions of federal bankruptcy law, which would make any reorganization difficult to implement. Similarly, in the event of a bankruptcy filing by any of Adtalem's subsidiaries that own a Title IV Institution, such institution would lose its eligibility to participate in Title IV programs. In the event of any bankruptcy affecting one or more of our Title IV Institutions, ED could hold our other Title IV Institutions jointly liable for any Title IV program liabilities, whether asserted or unasserted at the time of such bankruptcy, of the institution whose Title IV program eligibility was terminated.

Further, in the event that an institution closes and fails to pay liabilities or other amounts owed to ED, ED can attribute the liabilities of that institution to other institutions under common ownership. If any one of our Title IV Institutions were to close or have unpaid ED liabilities, ED could seek to have those liabilities repaid by one of our other Title IV Institutions.

Excessive student loan defaults could result in the loss of eligibility to participate in Title IV programs.

Our Title IV Institutions may lose their eligibility to participate in Title IV programs if their student loan default rates are greater than standards set by ED. An educational institution may lose its eligibility to participate in some or all Title IV programs, if, for three consecutive federal fiscal years, 30% or more of its students who were required to begin repaying their student loans in the relevant federal fiscal year default on their payment by the end of the next two federal fiscal years. In addition, an institution may lose its eligibility to participate in some or all Title IV programs if its default rate for a federal fiscal year was greater than 40%. If any of our Title IV Institutions lose eligibility to participate in Title IV programs because of high student loan default rates, it would 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. The latest three-year default rates are for the federal fiscal year 2019 cohort entering repayment. Default rates for the fiscal year 2019 cohort for Chamberlain, Walden, AUC, RUSM, and RUSVM are 0.5%, 1.1%, 0.2%, 0.2%, and 0.2%, respectively.

Our Title IV Institutions could lose their eligibility to participate in federal student financial aid programs if the percentage of their revenue derived from those programs were too high.

Our Title IV Institutions may lose eligibility to participate in Title IV programs if, on a cash basis, the percentage of the institution's revenue derived from Title IV programs for two consecutive fiscal years is greater than 90% (the "90/10 Rule"). Further, if an institution exceeds the 90% threshold for any single fiscal year, ED could place that institution on provisional certification status for the institution's following two fiscal years. In October 2022, ED published new 90/10 rules effective for fiscal years beginning on or after January 1, 2023. The most significant change is the inclusion of all federal funds in the numerator, not just Title IV funds. If any of our Title IV Institutions lose eligibility to participate in Title IV programs because they are unable to comply with ED's 90/10 Rule, it 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.

Our failure to comply with ED's credit hour rule could result in sanctions and other liability.

In 2009 and 2010, ED's Office of Inspector General criticized three accreditors, including the Higher Learning Commission ("HLC"), which is the accreditor for Chamberlain and Walden, for deficiency in their oversight of institutions' credit hour allocations. In June 2010, the House Education and Labor Committee held a hearing concerning accrediting agencies' standards for assessing institutions' credit hour policies. The 2010 Program Integrity Regulations defined the term "credit hour" for the first time and required accrediting agencies to review the reliability and accuracy of an institution's credit hour assignments. If an accreditor does not comply with this requirement, its recognition by ED could be jeopardized. If an accreditor identifies systematic or significant noncompliance in one or more of an institution's programs, the accreditor must notify the Secretary of Education. If ED determines that an institution is out of compliance with the credit hour definition, ED could impose liabilities or other sanctions, which could have a material adverse effect on our business, financial conditions, results of operations, and cash flows and result in the imposition of significant restrictions on us and our ability to operate.

If we fail to maintain any of our state authorizations, we would lose our ability to operate in that state and to participate in Title IV programs in that state.

Our Title IV Institutions must be authorized to operate by the appropriate postsecondary regulatory authority in each state in which the institution is located. Campuses of our Title IV Institutions are authorized to operate and grant degrees, diplomas, or certificates by the applicable education agency of the state in which each such campus is located. Many states are currently reevaluating and revising their authorization regulations, especially as applied to distance education. The loss of state authorization would, among other things, render the affected institution ineligible to participate in Title IV programs, at least at those state campus locations, and otherwise limit that school's ability to operate in that state. Loss of authorization in one or more states could increase the likelihood of additional scrutiny and potential loss of operating and/or degree-granting authority in other states in which we operate, which would further impact our business. If these pressures and uncertainty continue in the future, or if one or more of our institutions are unable to offer programs in one or more states, it could have a material adverse impact on our enrollment, revenue, results of operations, and cash flows and result in the imposition of significant restrictions on us and our ability to operate.

Our ability to place our medical schools' students in hospitals in the U.S. may be limited by efforts of certain state government regulatory bodies, which may limit the growth potential of our medical schools, put our medical schools at a competitive disadvantage to other medical schools, or force our medical schools to substantially reduce their class sizes.

AUC and RUSM enter into affiliation agreements with hospitals across the U.S. to place their third and fourth year students in clinical programs at such hospitals. Certain states with regulatory programs that require state approval of clinical education programs have in recent years precluded, limited, or imposed onerous requirements on Adtalem's entry into affiliation agreements with hospitals in their states. If these or other states continue to limit access to affiliation arrangements, our medical schools may be at a competitive disadvantage to other medical schools, and our medical schools may be required to substantially restrict their enrollment due to limited clinical opportunities for enrolled students. The impact on enrollment, and the potential for enrollment growth, of such restrictions on our medical schools' clinical placements could have a material adverse effect on our business, financial conditions, results of operations, and cash flows and result in the imposition of significant restrictions on us and our ability to operate.

Budget constraints in states that provide state financial aid to our students could reduce the amount of such financial aid that is available to our students, which could reduce our enrollment and adversely affect our 90/10 Rule percentage.

Some states are experiencing budget deficits and constraints. Some of these states have reduced or eliminated various student financial assistance programs or established minimum performance measures as a condition of participation, and additional states may do so in the future. If our students who receive this type of assistance cannot secure alternate sources of funding, they may be forced to withdraw, reduce the rate at which they seek to complete their education, or replace the source with more expensive forms of funding, such as private loans. Other students who would otherwise have been eligible for state financial assistance may not be able to enroll without such aid. This reduced funding could decrease our enrollment and adversely affect our business, financial condition, results of operations, and cash flows.

In addition, the reduction or elimination of these non-Title IV sources of student funding may adversely affect our 90/10 Rule percentage.

We could be subject to sanctions if we fail to calculate accurately and make timely payment of refunds of Title IV program funds for students who withdraw before completing their educational program.

The HEA and ED regulations require us to calculate refunds of unearned Title IV program funds disbursed to students who withdraw from their educational program. If refunds are not properly calculated or timely paid, we may be required to post a letter of credit with ED or be subject to sanctions or other adverse actions by ED, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

A failure of our vendors to comply with applicable regulations in the servicing of our students and institutions could subject us to fines or restrictions on or loss of our ability to participate in Title IV programs.

We contract with unaffiliated entities for student software systems and services related to the administration of portions of our Title IV and financing programs. Because each of our institutions may be jointly and severally liable for the actions of third-party servicers and vendors, failure of such servicers to comply with applicable regulations could have a material adverse effect on our institutions, including fines and the loss of eligibility to participate in Title IV programs, which could have a material adverse effect on our enrollment, revenue, and results of operations and cash flows and result in the imposition of significant restrictions on us and our ability to operate. If any of our third-party servicers discontinues providing such services to us, we may not be able to replace such third-party servicer in a timely, cost-efficient, or effective manner, or at all, and we could lose our ability to comply with collection, lending, and Title IV requirements, which could have a material adverse effect on our enrollment, revenue, and results of operations, and cash flows and result in the imposition of significant restrictions on us and our ability to operate.

We provide financing programs to assist some of our students in affording our educational offerings. These programs are subject to various federal and state rules and regulations. Failure to comply with these regulations could subject us to fines, penalties, obligations to discharge loans, and other injunctive requirements.

If we, or one of the companies that service our credit programs, do not comply with laws applicable to the financing programs that assist our students in affording our educational offerings, including Truth in Lending and Fair Debt Collections Practices laws and the Unfair, Deceptive or Abusive Acts or Practices provisions of Title X of the Dodd-Frank Act, we could be subject to fines, penalties, obligations to discharge the debts, and other injunctive requirements, which 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. Additionally, an adverse allegation, finding or outcome in any of these matters could also materially and adversely affect our ability to maintain, obtain or renew licenses, approvals or accreditation and maintain eligibility to participate in Title IV programs or serve as a basis for ED to discharge certain Title IV student loans and seek recovery for some or all of its resulting losses from us, any of which 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.

Release of confidential information could subject us to civil penalties or cause us to lose our eligibility to participate in Title IV programs.

As an educational institution participating in federal and state student assistance programs and collecting financial receipts from enrollees or their sponsors, we collect and retain certain confidential information. Such information is subject to federal and state privacy and security rules, including the Family Education Right to Privacy Act, the Health Insurance Portability and Accountability Act, and the Fair and Accurate Credit Transactions Act. Release or failure to secure confidential information or other noncompliance with these rules could subject us to fines, loss of our capacity to conduct electronic commerce, and loss of eligibility to participate in Title IV programs, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

We could be subject to sanctions if we fail to accurately and timely report sponsored students' tuition, fees, and enrollment to the sponsoring agency.

A significant portion of our enrollment is sponsored through various federal and state supported agencies and programs, including the U.S. Department of Defense, the U.S. Department of Labor, and the U.S. Department of Veterans Affairs. We are required to periodically report tuition, fees, and enrollment to the sponsoring agencies. As a recipient of funds, we are subject to periodic reviews and audits. Inaccurate or untimely reporting could result in suspension or termination of our eligibility to participate in these federal and state programs and have a material adverse impact on enrollment and revenue, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Our enrollment may be adversely affected by presentations of data that are not representative of actual educational costs for our prospective students.

ED and other public policy organizations are concerned with the affordability of higher education and have developed various tools and resources to help students find low-cost educational alternatives. These resources primarily rely on and present data for first-time, full-time residential students, which is not representative of most of our prospective students. These presentations may influence some prospective students to exclude our institutions from their consideration, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Risks Related to Adtalem's Business

Outbreaks of communicable infections or diseases, or other public health pandemics in the locations in which we, our students, faculty, and employees live, work, and attend classes, could substantially harm our business.

Disease outbreaks and other public health conditions in the locations in which we, our students, faculty, and employees live, work, and attend classes could have a significant negative impact on our revenue, profitability, and business. If our business experiences prolonged occurrences of adverse public health conditions and the reinstatement of stay-at-home orders, we believe it could have a material adverse effect on our business, financial condition, results of operations, and cash flows. We will continue to evaluate, and if appropriate, adopt other measures in the future required for the ongoing safety of our students and employees. If our business results and financial condition were materially and adversely impacted, then assets such as accounts receivable, property and equipment, operating lease assets, intangible assets and goodwill could be impaired, requiring a possible write-off. As of June 30, 2023, intangible assets from business combinations totaled $812.3 million and goodwill totaled $961.3 million.

Natural disasters or other extraordinary events or political disruptions may cause us to close some of our schools.

We may experience business interruptions resulting from natural disasters, inclement weather, transit disruptions, political disruptions, or other events in one or more of the geographic areas in which we operate, particularly in the West Coast and Gulf States of the U.S., and the Caribbean. These events could cause us to close schools, temporarily or permanently, and could affect student recruiting opportunities in those locations, causing enrollment and revenue to decline, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Student enrollment at our schools is affected by legislative, regulatory, and economic factors that may change in ways we cannot predict. These factors outside our control limit our ability to assess our future enrollment effectively.

Our future revenue and growth depend on a number of factors, including many of the regulatory risks discussed above and business risks discussed below. Despite ongoing efforts to provide more scholarships to prospective students, and to increase quality and build our reputation, negative perceptions of the value of a college degree, increased reluctance to take on debt, and the resulting lower student consumer confidence may continue to impact enrollment in the future. In addition, technological innovations in the delivery of low-cost education alternatives and increased competition could negatively affect enrollment.

We are subject to risks relating to enrollment of students. If we are not able to continue to successfully recruit and retain our students, our revenue may decline.

Our undergraduate and graduate educational programs are concentrated in selected areas of medical and healthcare. If applicant career interests or employer needs shift away from these fields, and we do not anticipate or adequately respond to that trend, future enrollment and revenue may decline and the rates at which our graduates obtain jobs involving their fields of study could decline.

If our graduates are unable to find appropriate employment opportunities or obtain professional licensure or certification, we may not be able to recruit new students.

If employment opportunities for our graduates in fields related to their educational programs decline or they are unable to obtain professional licenses or certifications in their chosen fields, future enrollment and revenue may decline as potential applicants choose to enroll at other educational institutions or providers.

We face heightened competition in the postsecondary education market from both public and private educational institutions.

Postsecondary education in our existing and new market areas is highly competitive and is becoming increasingly so. We compete with traditional public and private two-year and four-year colleges, other proprietary schools, and alternatives to higher education. Some of our competitors, both public and private, have greater financial and nonfinancial resources than us. Some of our competitors, both public and private, are able to offer programs similar to ours at a lower tuition level for a variety of reasons, including the availability of direct and indirect government subsidies, government and foundation grants, large endowments, tax-deductible contributions, and other financial resources not available to proprietary institutions, or by providing fewer student services or larger class sizes. An increasing number of traditional colleges and community colleges are offering distance learning and other online education programs, including programs that are geared towards the needs of working adults. This trend has been accelerated by private companies that provide and/or manage online learning platforms for traditional colleges and community colleges. As the proportion of traditional colleges providing alternative learning modalities increases, we will face increasing competition for students from traditional colleges, including colleges with well-established reputations for excellence. As the online and distance learning segment of the postsecondary education market matures, we believe that the intensity of the competition we face will continue to increase. This intense competition could make it more challenging for us to enroll students who are likely to succeed in our educational programs, which could adversely affect our new student enrollment levels and student persistence and put downward pressure on our tuition rates, any of which could materially and adversely affect our business, financial condition, results of operations, and cash flows.

The personal information that we collect may be vulnerable to breach, theft, or loss that could adversely affect our reputation and operations.

Possession and use of personal information in our operations subjects us to risks and costs that could harm our business. We collect, use, and retain large amounts of personal information regarding our students and their families, including social security numbers, tax return information, personal and family financial data, and credit card numbers. We also collect and maintain personal information of our employees and contractors in the ordinary course of our business. Some of this personal information is held and managed by certain of our vendors. Confidential information also may become available to third parties inadvertently when we integrate or convert computer networks into our network following an acquisition or in connection with system upgrades from time to time.

Due to the sensitive nature of the information contained on our networks, such as students' financial information and grades, our networks may be targeted by hackers. For example, in December 2020 it was widely reported that SolarWinds, an information technology company, was the subject of a cyberattack that created security vulnerabilities for thousands of its clients. We identified a single server in our environment with SolarWinds software installed. It is important to note that this single server was used only for IP address management and was not configured in a manner that could allow for system compromise. Out of an abundance of caution, we promptly took steps to deactivate the server after applying all vendor recommended patches and hotfixes. We also scanned the environment to validate that there were no indicators of compromise related to the software. While we believe there were no compromises to our operations as a result of this attack, other similar attacks could have a significant negative impact on our systems and operations. Anyone who circumvents security measures could misappropriate proprietary or confidential information or cause interruptions or malfunctions in our operations. Although we use security and business controls to limit access and use of personal information, a third-party may be able to circumvent those security and business controls, which could result in a breach of privacy. In addition, errors in the storage, use, or transmission of personal information could result in a breach of privacy. Possession and use of personal information in our operations also subjects us to legislative and regulatory burdens that could require notification of data breaches and restrict our use of personal information. We cannot assure that a breach, loss, or theft of personal information will not occur. A breach, theft, or loss of personal information regarding our students and their families, customers, employees, or contractors that is held by us or our vendors could have a material adverse effect on our reputation and results of operations and result in liability under state and federal privacy statutes and legal actions by federal or state authorities and private litigants, any of which could have a material adverse effect on our business and result in the imposition of significant restrictions on us and our ability to operate.

System disruptions and vulnerability from security risks to our computer network or information systems could severely impact our ability to serve our existing students and attract new students.

The performance and reliability of our computer networks and system applications, especially online educational platforms and student operational and financial aid packaging applications, are critical to our reputation and ability to attract and retain students. System errors, disruptions or failures, including those arising from unauthorized access, computer hackers, computer viruses, denial of service attacks, and other security threats, could adversely impact our delivery of educational content to our students or result in delays and/or errors in processing student financial aid and related disbursements. Such events could have a material adverse effect on the reputation of our institutions, our financial condition, results of operations, and cash flows. We may be required to expend significant resources to protect against system errors, failures or disruptions, or the threat of security breaches, or to repair or otherwise mitigate problems caused by any actual errors, disruptions, failures, or breaches. We cannot ensure that these efforts will protect our computer networks, or fully mitigate the resulting impact of interruptions or malfunctions in our operations, despite our regular monitoring of our technology infrastructure security and business continuity plans.

A breach of our information technology systems could subject us to liability, reputational damage or interrupt the operation of our business.

We rely upon our information technology systems and infrastructure for operating our business. We could experience theft of sensitive date or confidential information or reputational damage from malware or other cyber-attacks, which may compromise our system infrastructure or lead to data leakage, either internally or at our third-party providers. Similarly, data privacy breaches by those who access our systems may pose a risk that sensitive data, including intellectual property, trade secrets or personal information belonging to us, our employees, students, or business partners, may be exposed to unauthorized persons or to the public. Cyber-attacks are increasing in their frequency, sophistication and intensity, and have become increasingly difficult to detect and respond to. There can be no assurance that our mitigation efforts to protect our data and information technology systems will prevent breaches in our systems (or that of our third-party providers) that could adversely affect our operations and business and result in financial and reputational harm to us, theft of trade secrets and other proprietary information, legal claims or proceedings, liability under laws that protect the privacy of personal information, and regulatory penalties.

Government regulations relating to the internet could increase our cost of doing business and affect our ability to grow.

The use of the internet and other online services has led to and may lead to the adoption of new laws and regulations in the U.S. or foreign countries and to new interpretations of existing laws and regulations. These new laws, regulations, and interpretations may relate to issues such as online privacy, copyrights, trademarks and service marks, sales taxes, value-added taxes, withholding taxes, cost of internet access, and services, allocation, and apportionment of income amongst various state, local, and foreign jurisdictions, fair business practices, and the requirement that online education institutions qualify to do business as foreign corporations or be licensed in one or more jurisdictions where they have no physical location or other presence. New laws, regulations, or interpretations related to doing business over the internet could increase our costs and materially and adversely affect our enrollment, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Our ability to open new campuses, offer new programs, and add capacity is dependent on regulatory approvals and requires financial and human resources.

As part of our strategy, we intend to open new campuses, offer new educational programs, and add capacity to certain existing locations. Such actions require us to obtain appropriate federal, state, and accrediting agency approvals. In addition, adding new locations, programs, and capacity may require significant financial investments and human resource capabilities. The failure to obtain appropriate approvals or to properly allocate financial and human resources could adversely impact our future growth.

We may not be able to attract, retain, and develop key employees necessary for our operations and the successful execution of our strategic plans.

We may be unable to attract, retain, and develop key employees with appropriate educational qualifications and experience. Regulatory and other legal actions and the claims contained in these actions may have diminished our reputation, and these actions and the resulting negative publicity may have decreased interest by potential employees. In addition, we may be unable to effectively plan and prepare for changes in key employees. Such matters may cause us to incur higher wage expense and/or provide less student support and customer service, which could adversely affect enrollment, revenue, and expense. A significant amount of our compensation for key employees is tied to our financial performance. We may require new employees in order to execute some of our strategic plans. Uncertainty regarding our future financial performance may limit our ability to attract new employees with competitive compensation or increase our cost of recruiting and retaining such new employees.

We may not be able to successfully identify, pursue, or integrate acquisitions.

As part of our strategy, we are actively considering acquisition opportunities primarily in the U.S. We have acquired and expect to acquire additional education institutions or education related businesses that complement our strategic direction. Any acquisition involves significant risks and uncertainties, including, but not limited to:

- Inability to successfully integrate the acquired operations and personnel into our business and maintain uniform standards, controls, policies, and procedures;
- Failure to secure applicable regulatory approvals;
- Assumption of known and unknown liabilities;
- Diversion of significant attention of our senior management from day-to-day operations;
- Issues not discovered in our due diligence process, including compliance issues, commitments, and/or contingencies; and
- Financial commitments, investments in foreign countries, and compliance with debt covenants and ED financial responsibility scores.

Expansion into new international markets will subject us to risks inherent in international operations.

To the extent that we expand internationally, we will face risks that are inherent in international operations including, but not limited to:

- Compliance with foreign laws and regulations;
- Management of internal operations;
- Foreign currency exchange rate fluctuations;
- Ability to protect intellectual property;
- Monetary policy risks, such as inflation, hyperinflation, and deflation;
- Price controls or restrictions on exchange of foreign currencies;
- Political and economic instability in the countries in which we operate;
- Potential unionization of employees under local labor laws;
- Multiple and possibly overlapping and conflicting tax laws;
- Inability to cost effectively repatriate cash balances; and
- Compliance with U.S. laws and regulations such as the Foreign Corrupt Practices Act.

Proposed changes in, or lapses of, U.S. tax laws regarding earnings from international operations could adversely affect our financial results.

Our effective tax rate could be subject to volatility or be adversely impacted by changes to federal tax laws governing the taxation of foreign earnings of U.S. based companies. For example, recent changes to U.S. tax laws significantly impacted how U.S. multinational corporations are taxed on foreign earnings. Numerous countries are evaluating their existing tax laws, due in part to recommendations made by the Organization for Economic Co-operation and Development's ("OECD's") Base Erosion and Profit Shifting ("BEPS") project, including the imposition of a global minimum tax. A significant portion of the additional provisions for income taxes we have made due to the enactment of the Tax Cuts and Jobs Act of 2017 (the "Tax Act") is payable by us over a period of up to eight years. As a result, our cash flows from operating activities will be adversely impacted until the additional tax provisions are paid in full. In addition, Adtalem has benefitted from the ability to enter into international intercompany arrangements without incurring U.S. taxation due to a law, which expires in fiscal year 2026, deferring U.S. taxation of "foreign personal holding company income" such as foreign income from dividends, interest, rents, and royalties. If this law is not extended, or a similar law adopted, our consolidated tax provision would be impacted beginning in our fiscal year 2027, and we may not be able to allocate international capital optimally without realizing U.S. income taxes, which would increase our effective income tax rate and adversely impact our earnings and cash flows.

Changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our results.

Our future effective tax rates could be subject to volatility or adversely affected by: earnings being lower than anticipated in countries where we have lower statutory rates and higher than anticipated earnings in countries where we have higher statutory rates; changes in the valuation of our deferred tax assets and liabilities; expiration of or lapses in various tax law provisions; tax treatment of stock-based compensation; costs related to intercompany or other restructurings; or other changes in tax rates, laws, regulations, accounting principles, or interpretations thereof. In addition, we are subject to examination of our income tax returns by the Internal Revenue Service and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. Although we have accrued tax and related interest for potential adjustments to tax liabilities for prior years, there can be no assurance that the outcomes from these continuous examinations will not have a material effect, either positive or negative, on our business, financial condition, and results of operations.

Our goodwill and intangible assets potentially could be impaired if our business results and financial condition were materially and adversely impacted by risks and uncertainties.

Adtalem's market capitalization can be affected by, among other things, changes in industry or market conditions, changes in results of operations, and changes in forecasts or market expectations related to future results. If our market capitalization were to remain below its carrying value for a sustained period of time or if such a decline becomes indicative that the fair values of our reporting units have declined below their carrying values, an impairment test may result in a non-cash impairment charge. As of June 30, 2023, intangible assets from business combinations totaled $812.3 million and goodwill totaled $961.3 million. Together, these assets equaled 63% of total assets as of such date. If our business results and financial condition were materially and adversely impacted, then such intangible assets and goodwill could be impaired, requiring a possible write-off of up to $812.3 million of intangible assets and up to $961.3 million of goodwill.

We cannot guarantee that our share repurchase program will be utilized to the full value approved or that it will enhance long-term stockholder value. Repurchases we consummate could increase the volatility of the price of our common stock and could have a negative impact on our available cash balance.

Our Board authorized a share repurchase program pursuant to which we may repurchase up to $300.0 million of our common stock through February 25, 2025. As of June 30, 2023, $172.7 million of authorized share repurchases were remaining under this share repurchase program. The manner, timing and amount of any share repurchases may fluctuate and will be determined by us based on a variety of factors, including the market price of our common stock, our priorities for the use of cash to support our business operations and plans, general business and market conditions, tax laws, and alternative investment opportunities. The share repurchase program authorization does not obligate us to acquire any specific number or dollar value of shares. Further, our share repurchases could have an impact on our share trading prices, increase the volatility of the price of our common stock, or reduce our available cash balance such that we will be required to seek financing to support our operations. Our share repurchase program may be modified, suspended or terminated at any time, which may result in a decrease in the trading prices of our common stock. Even if our share repurchase program is fully implemented, it may not enhance long-term stockholder value.

We and our subsidiaries may not be able to generate sufficient cash to service all of our indebtedness and may not be able to refinance our debt obligations.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our and our subsidiaries' financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business, competitive, legislative, regulatory, and other factors beyond our control. As a result, we may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal and interest on our indebtedness. In addition, because we conduct a significant portion of our operations through our subsidiaries, repayment of our indebtedness is also dependent on the generation of cash flow by our subsidiaries and their ability to make such cash available to us by dividend, debt repayment, or otherwise. Our subsidiaries are distinct legal entities and other than the guarantors on our indebtedness, they do not have any obligation to pay amounts due on the Notes or to make funds available for that purpose or for other obligations. Pursuant to applicable state limited liability company laws and other laws and regulations, our non-guarantor subsidiaries may not be able to, or may not be permitted to, make distributions to us in order to enable us to make payments in respect of the Notes (as defined in Note 14 "Debt" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data") and our Term Loan B (as defined in Note 14 "Debt" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data"). In the event that we do not receive distributions from our non-guarantor subsidiaries, we may be unable to make required principal and interest payments on our indebtedness.

In addition, there can be no assurance that our business will generate sufficient cash flow from operations, or that future borrowings will be available to us under our Revolver (as defined in Note 14 "Debt" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data") in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.

Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations.

If we cannot make scheduled payments on our indebtedness, we will be in default, and holders of the Notes could declare all outstanding principal and interest to be due and payable, the lenders under the credit facilities could terminate their commitments to loan money, our secured lenders (including the lenders under the credit facilities and the holders of the Notes) could foreclose against the assets securing their loans and the Notes and we could be forced into bankruptcy or liquidation.

Risks Related to Shareholder Activism

We may face risks associated with shareholder activism.

Publicly traded companies are subject to campaigns by shareholders advocating corporate actions related to matters such as corporate governance, operational practices, and strategic direction. We have previously been subject to shareholder activity and demands and may be subject to further shareholder activity and demands in the future. Such activities could interfere with our ability to execute our business plans, be costly and time-consuming, disrupt our operations, and divert the attention of management, any of which could have an adverse effect on our business or stock price.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Adtalem's leased facilities are occupied under leases whose remaining terms range from 1 to 12 years. Some of our leases contain provisions giving Adtalem the right to terminate early or renew its lease for additional periods at various rental rates, although generally at rates higher than are currently being paid. Adtalem's owned facilities total approximately 883,000 square feet worldwide. No facility that is owned by Adtalem is subject to a mortgage or other indebtedness.

Adtalem is leasing space to DeVry University at one facility owned by Adtalem. Adtalem is subleasing space, in full or in part, at an additional seven facilities, of which five are subleased to DeVry University and/or Carrington College (a business formerly owned by Adtalem). Adtalem remains the primary lessee on the seven underlying leases. These lease and sublease agreements were entered into at comparable market rates and the terms range from one to three years.

Chamberlain

Chamberlain's home office is located in Chicago, Illinois. Chamberlain currently operates 23 campuses in various U.S. locations, of which 3 are in Adtalem owned locations and 20 in leased facilities. Chamberlain's total portfolio of academic and administrative operations comprise approximately 1.0 million square feet.

Walden

Walden's home office is located in a leased facility in Columbia, Maryland utilizing approximately 34,000 square feet of office space. In addition, Walden has office space in Minneapolis, Minnesota utilizing approximately 10,000 square feet.

Medical and Veterinary

AUC

AUC's nine-acre campus is located in St. Maarten. The campus is owned and includes approximately 240,000 square feet of academic, student-life, and student residence facilities. In addition to classrooms and auditoriums, educational facilities include a gross anatomy lab, a multi-purpose learning lab, library and learning resource centers, offices, cafeteria, and recreational space facilities. The AUC campus is also supported by administrative staff located in office space in Miramar, Florida.

RUSM

RUSM's campus is located in Barbados and is comprised of approximately 490,000 square feet of leased facilities. Educational facilities include 120,000 square feet of classrooms, labs for anatomy and radiology imaging, simulation, physiology and pathology, exam rooms, private and group study, and faculty and administrative space. A residential village includes 7,000 square feet of administrative student services space surrounded by shopping and recreational facilities and over 400 multi-bedroom student units totaling 367,000 square feet. The RUSM campus is also supported by administrative staff located in office space in Miramar, Florida.

RUSVM

RUSVM's 50-acre campus is located in St. Kitts. The campus is owned and includes approximately 253,000 square feet. Educational facilities include an anatomy/clinical building, pathology building, research building with state-of-the-art necropsy lab, classroom buildings, administration building, bookstore, cafeteria, and a library/learning resource center. Animal care facilities include kennels, an aviary, and livestock barns. Student-life and student residence facilities are also located on the campus. The RUSVM campus is also supported by administrative staff located in office space in North Brunswick, New Jersey.

Home Office

Adtalem's home office staff is located in a leased facility in Chicago, Illinois utilizing approximately 57,000 square feet of office space.

Item 3. Legal Proceedings

For a discussion of legal proceedings, see Note 21 "Commitments and Contingencies" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data."

Item 4. Mine Safety Disclosures

Not applicable.

Information About Our Executive Officers

Our executive officers are as follows, along with each executive officer's position, age, and business experience as of the date of this filing:

Name and Current Position	Age	Business Experience
Stephen W. Beard President and Chief Executive Officer	52	Mr. Beard joined Adtalem in February 2018 as Senior Vice President, Secretary and General Counsel. In January 2019, Mr. Beard was appointed Chief Operating Officer and General Counsel. In February 2020, Mr. Beard assumed responsibilities for our former Financial Services segment and was relieved of his General Counsel responsibilities. In September 2021, Mr. Beard was appointed Adtalem's President and Chief Executive Officer. Prior to joining Adtalem, Mr. Beard held a variety of leadership roles at Heidrick & Struggles, International from 2003 through 2018 and was most recently Executive Vice President, Chief Administrative Officer and General Counsel.
Douglas G. Beck Senior Vice President, General Counsel, Corporate Secretary and Institutional Support Services	56	Mr. Beck joined Adtalem in June 2021 as Senior Vice President, General Counsel and Corporate Secretary. In January 2023, Mr. Beck assumed responsibilities for our institutional support services. Prior to joining Adtalem, Mr. Beck held a variety of leadership roles at Hub Group from 2011 through 2021 and was most recently Executive Vice President, General Counsel and Secretary. Previously, Mr. Beck served in a legal capacity in a number of other companies across a variety of industries including Alberto Culver, Navistar, and Allegiance Healthcare.
Michael Betz President, Walden University	50	Mr. Betz joined Adtalem in May 2022 as President of Walden University. Prior to joining Adtalem, Mr. Betz served in a variety of leadership roles at McKinsey & Co. from 2017 through 2022 where he most recently served as partner and was a leader in McKinsey's higher education and growth transformation practices.
Dr. Karen Cox President, Chamberlain University	63	Dr. Cox joined Adtalem in August 2018 as President of Chamberlain University. Prior to joining Adtalem, Dr. Cox served as Executive Vice President and Chief Operating Officer of Children's Mercy – Kansas City an independent, academic medical center in Missouri, from 2006 through August 2018. Prior to that role, Dr. Cox was Senior Vice President for Patient Care Services and Chief Nursing Officer from 2004 through 2006.
John Danaher President, Medical and Veterinary	64	Mr. Danaher joined Adtalem in August 2021 as President, Medical and Veterinary. Prior to joining Adtalem, Mr. Danaher served as President, Global Clinical Solutions at Elsevier from 2017 through 2021. Prior to that role, Mr. Danaher was President, Education from 2013 through 2017.
Manjunath Gangadharan Vice President, Chief Accounting Officer	41	Mr. Gangadharan joined Adtalem in April 2022 as Vice President, Chief Accounting Officer. Prior to joining Adtalem, Mr. Gangadharan served as Vice President, Corporate Controller at Culligan International since April 2021. Previously, Mr. Gangadharan served as the Chief Accounting Officer at Groupon Inc. since February 2020 and prior to that served in various leadership roles at Groupon including as Senior Director, North America Controller and Head of Global Payroll and Shared Services from May 2019 to February 2020; Director of Corporate Accounting from April 2018 to May 2019; and International Goods Controller from December 2016 to April 2018.

Name and Current Position	Age	Business Experience
Maurice Herrera Senior Vice President, Chief Marketing Officer	53	Mr. Herrera joined Adtalem in October 2021 as Senior Vice President, Chief Marketing Officer. Prior to joining Adtalem, Mr. Herrera served as Senior Vice President, Americas Chief Marketing Officer at Avis Budget from 2018 through 2021. Previously, Mr. Herrera served as Senior Vice President, Head of Marketing at Weight Watchers from 2014 through 2018.
Cheryl James Senior Vice President, Chief Human Resources Officer	60	Ms. James joined Adtalem in February 2022 as Senior Vice President, Chief Human Resources Officer. Prior to joining Adtalem, Ms. James served as Chief Human Resources Officer at Hillrom from 2020 through 2022. Prior to that role, Ms. James was VP, HR, Global Surgical Solutions, APAC & Corporate Functions from 2019 through 2020 and VP, HR, International & Corporate Functions from 2015 through 2019.
Robert J. Phelan Senior Vice President, Chief Financial Officer	58	Mr. Phelan joined Adtalem in February 2020 as Vice President, Chief Accounting Officer. Effective April 24, 2021, Mr. Phelan served as Interim Chief Financial Officer and was appointed Senior Vice President, Chief Financial Officer in October 2021. Prior to joining Adtalem, Mr. Phelan served as Senior Vice President, Finance - Corporate Controller / Risk Management / Asset Protection at Sears Holdings Corporation ("Sears"), the parent company of Kmart Holdings Corporation and Sears, Roebuck and Co., an integrated retailer with a national network of stores, since June 2018. Previously, Mr. Phelan was the Senior Vice President, Finance - Treasurer & Chief Audit Executive at Sears from July 2016 through May 2018. Mr. Phelan also served as Senior Vice President and President – Inventory & Space Management at Sears from September 2007 through June 2016.
Blake Simpson Senior Vice President, Chief Communications Officer and Corporate Affairs Officer	48	Ms. Simpson joined Adtalem in December 2022 as Senior Vice President, Chief Communications Officer and Corporate Affairs Officer. Prior to joining Adtalem, Ms. Simpson served as Senior Vice President, Global Communications, Impact, Events, Access, Creative at Under Armour, Inc. from 2020 through 2022. Previously, Ms. Simpson served as Vice President of Public Affairs and Communications at CKE Restaurants, Inc. from 2018 through 2022 and as Director Corporate Communications at Gap Inc. from 2015 through 2018.
Steven Tom Senior Vice President, Chief Customer Officer	42	Mr. Tom joined Adtalem in August 2021 as Senior Vice President, Chief Customer Officer when Adtalem acquired Walden University from Laureate Education. Prior to joining Adtalem, Mr. Tom served as Chief Transformation Officer and Senior Vice President, Student Experience at Walden University from 2018 through 2021, leading digital transformation, student experience, information technology, analytics, data science, and student support. Prior to that role, Mr. Tom was Vice President at Laureate Education leading technology innovation and digital experience from 2016 through 2018. Previously, Mr. Tom served as Senior Vice President of Analytics, Innovation and Learning at TESSCO Technologies from 2011 through 2016.

Name and Current Position	Age	Business Experience
Evan Trent Senior Vice President, Chief Strategy and Transformation Officer	44	Mr. Trent joined Adtalem in August 2019 as Vice President, Strategy and Corporate Development. In July 2022, Mr. Trent was appointed Senior Vice President, Chief Strategy and Transformation Officer. Prior to joining Adtalem, Mr. Trent served as Chief Operating Officer at HBR Consulting from 2018 through 2019. Previously, Mr. Trent served as Vice President, Strategy and Corporate Development at Heidrick & Struggles from 2014 through 2018.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Adtalem's common stock is listed on the New York Stock Exchange and Chicago Stock Exchange under the symbol "ATGE." The stock transfer agent and registrar for Adtalem's common stock is Computershare Investor Services, LLC.

Security Holders

There were 217 current holders of record of Adtalem's common stock as of August 4, 2023. The number of holders of record does not include beneficial owners of its securities whose shares are held by various brokerage firms, other financial institutions, Adtalem's 401(k) Retirement Plan, and its Colleague Stock Purchase Plan.

Dividends

Adtalem did not pay any dividends in fiscal year 2022 or 2023. Adtalem does not expect to pay any cash dividends in the foreseeable future. Any future payment of dividends will be at the discretion of the Adtalem Board of Directors (the "Board") and will be dependent on projections of future earnings, cash flow, financial requirements of Adtalem, and other factors as the Board deems relevant.

Recent Sales of Unregistered Securities

None.

Securities Authorized for Issuance Under Equity Compensation Plans

See Item 12. "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" in Part III of this Annual Report on Form 10-K.

Issuer Purchases of Equity Securities

The following information describes Adtalem's stock repurchases during the fourth quarter of the fiscal year ended June 30, 2023, which includes the market price of the shares, commissions, and excise tax.

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)
April 1, 2023 - April 30, 2023	629,432	$ 39.75	629,432	$ 227,212,317
May 1, 2023 - May 31, 2023	638,097	42.20	638,097	200,282,566
June 1, 2023 - June 30, 2023	710,617	38.75	710,617	172,746,398
Total	1,978,146	$ 40.18	1,978,146	$ 172,746,398

(1) See Note 16 "Share Repurchases" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for additional information on our share repurchase programs.

Other Purchases of Equity Securities

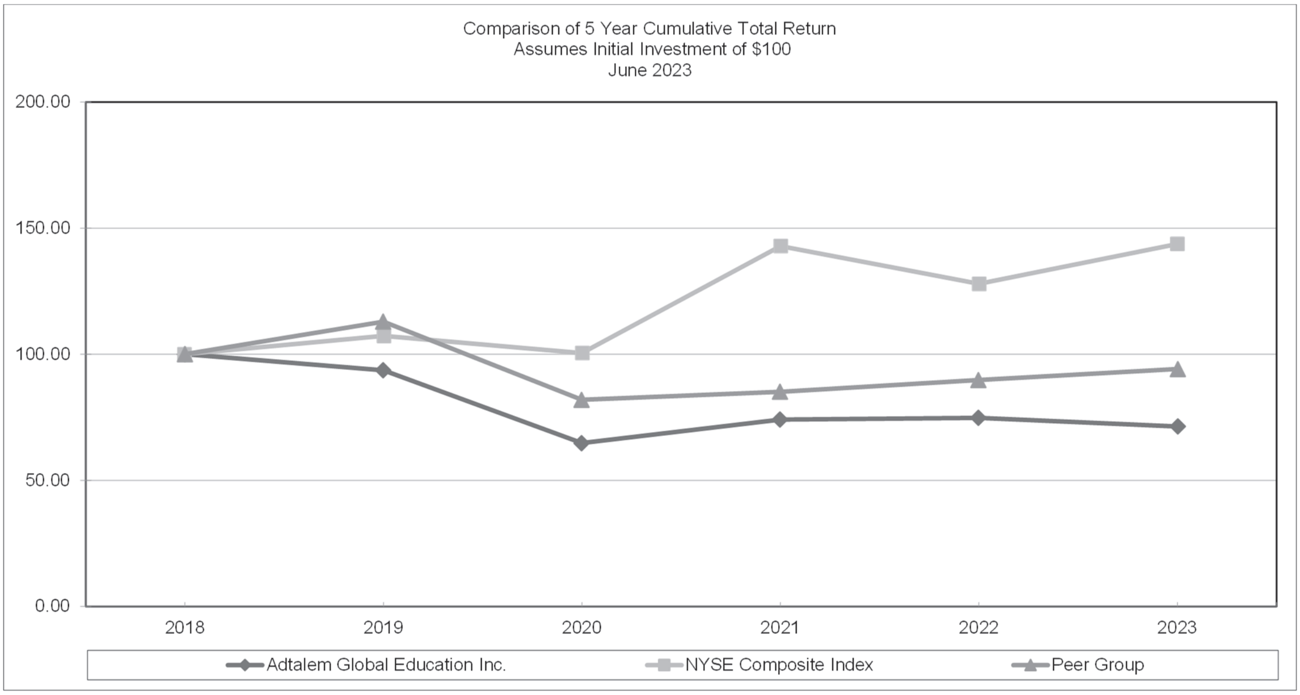
Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
April 1, 2023 - April 30, 2023	438	$ 37.91	NA	NA
May 1, 2023 - May 31, 2023	6,153	41.97	NA	NA
June 1, 2023 - June 30, 2023	2,686	38.56	NA	NA
Total	9,277	$ 40.79	NA	NA

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

Performance Graph

The following graph compares the cumulative total returns of Adtalem’s common stock, the NYSE Composite Index (U.S. Companies), and a Peer Group (as defined below) for the period from June 30, 2018 through June 30, 2023, assuming an investment of $100 in each on June 30, 2018 and also assumes the reinvestment of dividends. Additionally, the Peer Group is weighted by the market capitalization of each component company. The stock price performance on the following graph is not necessarily indicative of future stock performance. The following graph is not “soliciting material,” is not deemed filed with the Securities and Exchange Commission, and is not incorporated by reference in any of our filings under the Securities Act of 1933 or the Exchange Act of 1934, whether made before or after the data of this Form 10-K and irrespective of any general incorporation language in any such filing.

Comparison of Five-Year Cumulative Total Return
Among Adtalem Global Education Inc., NYSE Composite Index, and a Peer Group



	June 30,					
	2018	2019	2020	2021	2022	2023
Adtalem Global Education Inc.	100	94	65	74	75	71
NYSE Composite Index (U.S. Companies)	100	107	100	143	128	144
Peer Group (1)	100	113	82	85	90	94

Source data: Zacks Investment Research

(1) The self-determined "Peer Group" consists of the following companies selected on the basis of similarity in nature of their businesses: American Public Education, Inc. (APEI), Graham Holdings Company (GHC), Grand Canyon Education, Inc. (LOPE), Laureate Education, Inc. (LAUR), Perdoceo Education Corporation (formerly known as Career Education Corporation) (PRDO), and Strategic Education, Inc. (formerly known as Strayer Education, Inc.) (STRA).

Item 6. Selected Financial Data

Not required.

Item 7. 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 preceding Part I of this Annual Report on Form 10-K 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 in Item 8. "Financial Statements and Supplementary Data" 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 in Item 8. "Financial Statements and Supplementary Data" and the notes thereto.

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 more than 100 online certificate, bachelor's, master's, and doctoral degrees, including those in nursing, education, counseling, business, psychology, public health, social work and human services, public administration and public policy, and criminal justice. This segment includes the operations of Walden University ("Walden"), which was acquired by Adtalem on August 12, 2021. See Note 3 "Acquisitions" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for additional information on the acquisition.

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

"Home Office and Other" includes activities not allocated to a reportable segment. Financial and descriptive information about Adtalem's reportable segments is presented in Note 22 "Segment Information" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data."

Beginning in the second quarter of fiscal year 2022, Adtalem eliminated its Financial Services segment when the Association of Certified Anti-Money Laundering Specialists ("ACAMS"), Becker Professional Education ("Becker"), OnCourse Learning ("OCL"), and EduPristine were classified as discontinued operations and assets held for sale. In accordance with GAAP, we have classified the ACAMS, Becker, OCL, and EduPristine entities as "Held for Sale" and "Discontinued Operations" in all periods presented as applicable. As a result, all financial results, disclosures, and discussions of continuing operations in this Annual Report on Form 10-K exclude ACAMS, Becker, OCL, and EduPristine operations, unless otherwise noted. On March 10, 2022, we completed the sale of ACAMS, Becker, and OCL and on June 17, 2022, we completed the sale of EduPristine. In addition, we continue to incur costs associated with ongoing litigation and settlements related to the DeVry University divestiture, which was completed during fiscal year 2019, and those costs are classified as expense within discontinued operations. See Note 4 "Discontinued Operations and Assets Held for Sale" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for additional discontinued operations information.

Certain expenses previously allocated to ACAMS, Becker, OCL, and EduPristine within our former Financial Services segment during fiscal year 2021 and the first quarter of fiscal year 2022 have been reclassified to Home Office and Other based on discontinued operations reporting guidance regarding allocation of corporate overhead. Beginning in the second quarter of fiscal year 2022, these costs are being allocated to the Chamberlain, Walden, and Medical and Veterinary segments.

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 are 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 prior 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 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 in Item 8. "Financial Statements and Supplementary Data" for additional information.

Walden University Acquisition

On August 12, 2021, Adtalem completed the acquisition of all the issued and outstanding equity interest in Walden e-Learning, LLC, a Delaware limited liability company ("e-Learning"), and its subsidiary, Walden University, LLC, a Florida limited liability company, from Laureate Education, Inc. ("Laureate" or "Seller") in exchange for a purchase price of $1.5 billion in cash (the "Acquisition"). See the "Liquidity and Capital Resources" section of this MD&A for a discussion on the financing used to fund the Acquisition.

Fiscal Year 2023 Highlights

Financial and operational highlights for fiscal year 2023 include:

- Adtalem revenue increased $69.0 million, or 5.0%, to $1,450.9 million in fiscal year 2023 compared to the prior year. Excluding the timing of the Walden acquisition in the prior year, Adtalem revenue grew $4.8 million, or 0.3%, in fiscal year 2023 compared to the prior year driven by increased revenue at Chamberlain and Medical and Veterinary partially offset by a revenue decline at Walden.

- Net income of $93.4 million ($2.05 diluted earnings per share) decreased $217.6 million ($4.38 diluted earnings per share) in fiscal year 2023 compared to net income of $311.0 million in the prior year. This decrease was primarily due to the gain on disposal of the Financial Services segment in the prior year, partially offset by decreased interest expense and business acquisition and integration expense in the current year compared to the prior year, and a gain on sale of assets in the current year. Adjusted net income of $192.2 million ($4.21 diluted adjusted earnings per share) increased $40.2 million ($1.10 diluted adjusted earnings per share), or 26.4%, in fiscal year 2023 compared to the prior year. This increase was due to the timing of the Walden acquisition in the prior year, increased adjusted operating income at Chamberlain, and decreased interest expense in fiscal year 2023 compared to the prior year.

- For fiscal year 2023, average total student enrollment at Chamberlain decreased 0.6% compared to the prior year. For the May 2023 session, total student enrollment at Chamberlain increased 1.2% compared to the same session last year.

- For fiscal year 2023, average total student enrollment at Walden decreased 7.5% compared to the prior year. As of June 30, 2023, total student enrollment at Walden decreased 4.8% compared to June 30, 2022.

- For fiscal year 2023, average total student enrollment at the medical and veterinary schools decreased 1.0% compared to the prior year. For the May 2023 semester, total student enrollment at the medical and veterinary schools decreased 8.2% compared to the same semester last year.

- On September 22, 2022 and November 22, 2022, we made prepayments of $100.0 million and $50.0 million, respectively, on our Term Loan B debt.

- On March 14, 2022, we entered into an accelerated share repurchase ("ASR") agreement to repurchase $150.0 million of common stock. We received an initial delivery of 4,709,576 shares of common stock. 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.

- Adtalem repurchased a total of 3,207,036 shares of Adtalem's common stock under its share repurchase program at an average cost of $39.68 per share during fiscal year 2023. The timing and amount of any future repurchases will be determined based on an evaluation of market conditions and other factors.

Overview of the Impact of COVID-19

On March 11, 2020, the novel coronavirus ("COVID-19") outbreak was declared a pandemic by the World Health Organization. COVID-19 has had tragic consequences across the globe and altered business and consumer activity across many industries. Management initiated several changes to the operations of our institutions and administrative functions in order to protect the health of our students and employees and to mitigate the financial effects of COVID-19 and its resultant economic slowdown.

Management believes that enrollments were negatively impacted at Chamberlain and Walden, and to a lesser extent at Medical and Veterinary, by disruptions in the nursing and healthcare markets caused by COVID-19. The amount of revenue, operating income, and earnings per share losses in fiscal year 2023 and 2022 driven by this disruption are not quantifiable. While the COVID-19 public health emergency has ended, management believes that the stress caused by COVID-19 on healthcare professionals still affects decisions on pursuing healthcare professions and furthering education and may negatively affect enrollment in our healthcare programs. In fiscal year 2022, we experienced higher variable expenses associated with bringing students back to campus and providing a safe environment in the context of COVID-19 as in-person instruction returned at Chamberlain and the medical and veterinary schools.

Although COVID-19 has had a negative effect on the operating results of all five reporting units that contain goodwill and indefinite-lived intangible assets as of June 30, 2023, none of the effects are considered significant enough to create an impairment triggering event during fiscal year 2023. In addition, our annual impairment assessment performed as of May 31, 2023 did not identify any impairments.

Results of Operations

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

	Year Ended June 30,		
	2023	2022	2021
Revenue	100.0 %	100.0 %	100.0 %
Cost of educational services	44.7 %	47.7 %	50.9 %
Student services and administrative expense	40.4 %	41.0 %	32.5 %
Restructuring expense	1.3 %	1.9 %	0.8 %
Business acquisition and integration expense	2.9 %	3.8 %	3.5 %
Gain on sale of assets	(0.9)%	0.0 %	0.0 %
Total operating cost and expense	88.4 %	94.4 %	87.7 %
Operating income	11.6 %	5.6 %	12.3 %
Interest expense	(4.3)%	(9.4)%	(4.6)%
Other income, net	0.5 %	0.1 %	0.7 %
Income (loss) from continuing operations before income taxes	7.7 %	(3.7)%	8.4 %
(Provision for) benefit from income taxes	(0.7)%	1.1 %	(1.4)%
Income (loss) from continuing operations	7.0 %	(2.6)%	7.1 %
(Loss) income from discontinued operations, net of tax	(0.6)%	25.1 %	0.7 %
Net income	6.4 %	22.5 %	7.7 %
Net loss attributable to redeemable noncontrolling interest from discontinued operations	0.0 %	0.0 %	0.0 %
Net income attributable to Adtalem	6.4 %	22.5 %	7.8 %

Fiscal Year Ended June 30, 2023 vs. Fiscal Year Ended June 30, 2022

Revenue

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

	Year Ended June 30, 2023			
	Chamberlain	Walden	Medical and Veterinary	Consolidated
Fiscal year 2022	$ 557,536	$ 485,393	$ 338,913	$ 1,381,842
Organic growth (decline)	13,498	(15,818)	7,154	4,834
Effect of acquisitions	—	64,150	—	64,150
Fiscal year 2023	$ 571,034	$ 533,725	$ 346,067	$ 1,450,826
Fiscal year 2023 % change:				
Organic growth (decline)	2.4 %	(3.3)%	2.1 %	0.3 %
Effect of acquisitions	—	13.2 %	—	4.6 %
Fiscal year 2023 % change	2.4 %	10.0 %	2.1 %	5.0 %

Chamberlain

Chamberlain Student Enrollment:

	Fiscal Year 2023					
Session	**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
% change from prior year	(4.1)%	(4.0)%	(0.8)%	1.8 %	2.0 %	1.2 %

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

Chamberlain revenue increased 2.4%, or $13.5 million, to $571.0 million in fiscal year 2023 compared to the prior year, driven by an increase in fee revenue along with lower scholarships and discounts. Enrollment has begun to recover in several graduate and doctoral programs and the undergraduate Bachelor of Science-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. Management believes this decrease and the slow recovery in enrollment may partially be driven by prolonged stress on healthcare professionals. While the COVID-19 public health emergency has ended, management believes that the stress caused by COVID-19 on healthcare professionals still affects decisions on pursuing healthcare professions and furthering education and may have negatively affected enrollment in our healthcare programs in fiscal year 2023. Chamberlain’s revenue and our ability to provide educational services are not materially exposed to the economic impact from the volatile supply chain disruptions impacting the current global macroeconomic environment.

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

Tuition Rates:

Tuition for the BSN onsite and online degree program ranges from $675 to $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. Some of these tuition rates increased by 3% to 4% from the prior year. These tuition rates do not include the cost of course fees, books, supplies, transportation, clinical fees, living expenses, or other fees as listed in the Chamberlain academic catalog.

Walden

Walden Student Enrollment:

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

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

Walden total student enrollment represents those students attending instructional sessions as of the dates identified above. Walden revenue increased 10.0%, or $48.3 million, to $533.7 million in fiscal year 2023 compared to the prior year. Excluding the timing of the Walden acquisition in the prior year, Walden revenue decreased 3.3%, or $15.8 million. In fiscal year 2022, $8.6 million was excluded from revenue due to an adjustment required for purchase accounting to record Walden's deferred revenue at fair value. Fiscal year 2023 did not require a similar adjustment. Excluding the timing of the Walden acquisition in the prior year and the $8.6 million deferred revenue adjustment, revenue decreased 4.9%, or $24.4 million in fiscal year 2023 compared to the prior year. Management believes that the decrease in total enrollment compared to the prior year, which is resulting in the lower revenue, may be driven by prolonged stress on healthcare professionals. While the COVID-19 public health emergency has ended, management believes that the stress caused by COVID-19 on healthcare professionals still affects decisions on pursuing healthcare professions and furthering education and may have negatively affected enrollment in our healthcare programs in fiscal year 2023. Walden's revenue and our ability to provide educational services are not materially exposed to the economic impact from the volatile supply chain disruptions impacting the current global macroeconomic environment.

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 technology fee that ranges from $50 to $230 per term as well as a clinical fee of $150 per course for specific programs. Some programs require students to attend residencies, skills labs, and pre-practicum labs, which are charged at a range of $1,000 to $2,550 per event. In most cases, these tuition rates, event charges, and fees represent increases of approximately 3.0% to 6.6% from the prior year. These tuition rates, event charges, and fees do not include the cost of books or personal technology, supplies, transportation, or living expenses.

Medical and Veterinary Schools

Medical and Veterinary Schools Student Enrollment:

	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)%

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

Medical and Veterinary revenue increased 2.1%, or $7.2 million, to $346.1 million in fiscal year 2023 compared to the prior year, driven by tuition rate increases at all three institutions in this segment, partially offset by an average total student enrollment decline of 1.0% compared to the prior year and the higher use of scholarships to attract and retain students at AUC and RUSM. Medical and Veterinary's revenue and our ability to provide educational services are not materially exposed to the economic impact from the volatile supply chain disruptions impacting the current global macroeconomic environment.

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

Tuition Rates:

- Effective for semesters beginning in September 2022, for students enrolled prior to May 2022, tuition rates for the beginning basic sciences and final clinical rotation portions of AUC's medical program are $24,990 and $27,955, respectively, per semester. These tuition rates represent a 5.0% increase from the prior academic year. Effective for semesters beginning in September 2022, for students first enrolled in May 2022 and after, tuition rates for the beginning basic sciences and final clinical rotation portions of AUC's medical program are $20,202 and $25,116, respectively, per semester. In addition, students first enrolled in May 2022, and after, pay administrative fees of $5,086 and $3,427 for the basic sciences and final clinical rotation portions of the program, respectively, per semester.

- Effective for semesters beginning in September 2022, for students who first enrolled prior to May 2022, tuition rates for the beginning basic sciences and final clinical rotation portions of RUSM's medical program are $25,988 and $28,676, respectively, per semester. These tuition rates represent a 5.0% increase from the prior academic year. Effective for semesters beginning in September 2022, for students first enrolled in May 2022 and after, tuition rates for the beginning basic sciences and final clinical rotation portions of RUSM's medical program are $21,966 and $25,893, respectively, per semester. In addition, students first enrolled in May 2022, and after, pay administrative fees ranging from $5,552 to $6,287 for the basic sciences portion of the program and $3,228 for the final clinical rotation portion of the program, per semester.

- For students who entered the RUSVM program in September 2018 or later, the tuition rate for the pre-clinical (Semesters 1-7) and clinical curriculum (Semesters 8-10) is $22,683 per semester effective September 2022. For students who entered RUSVM before September 2018, tuition rates for the pre-clinical and clinical curriculum are $21,069 and $26,449, respectively, per semester effective September 2022. All of these tuition rates represent a 5.0% increase from the prior academic year.

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

Cost of Educational Services

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

	Year Ended June 30, 2023			
	Chamberlain	Walden	Medical and Veterinary	Consolidated
Fiscal year 2022	$ 254,768	$ 202,680	$ 202,328	$ 659,776
Cost decrease	(6,041)	(26,066)	(2,194)	(34,301)
Effect of acquisitions	—	23,011	—	23,011
Fiscal year 2023	$ 248,727	$ 199,625	$ 200,134	$ 648,486
Fiscal year 2023 % change:				
Cost decrease	(2.4)%	(12.9)%	(1.1)%	(5.2)%
Effect of acquisitions	—	11.4 %	—	3.5 %
Fiscal year 2023 % change	(2.4)%	(1.5)%	(1.1)%	(1.7)%

Cost of educational services decreased 1.7%, or $11.3 million, to $648.5 million in fiscal year 2023 compared to the prior year. Excluding the timing of the Walden acquisition in the prior year, cost of educational services decreased 5.2%, or $34.3 million, in fiscal year 2023 compared to the prior year. This cost decrease was primarily driven by cost reduction efforts across all institutions and the effect of workforce reductions which occurred in the prior year.

As a percentage of revenue, cost of educational services was 44.7% in fiscal year 2023 compared to 47.7% in the prior year. The decrease in the percentage was primarily the result of cost reduction efforts and the influence of Walden's higher gross margins, which impacted the full fiscal year 2023 compared to only a portion of fiscal year 2022. Walden's fully online operating model results in lower comparable cost of educational services.

Student Services and Administrative Expense

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

	Year Ended June 30, 2023				
	Chamberlain	Walden	Medical and Veterinary	Home Office and Other	Consolidated
Fiscal year 2022	$ 175,516	$ 283,967	$ 67,436	$ 39,575	$ 566,494
Cost increase (decrease)	11,289	9,890	11,162	(7,748)	24,593
Effect of acquisitions	—	27,152	—	—	27,152
Intangible amortization expense	—	(36,035)	—	—	(36,035)
Litigation reserve	—	10,000	—	—	10,000
CEO transition costs	—	—	—	(6,195)	(6,195)
Fiscal year 2023	$ 186,805	$ 294,974	$ 78,598	$ 25,632	$ 586,009
Fiscal year 2023 % change:					
Cost increase	6.4 %	3.5 %	16.6 %	NM	4.3 %
Effect of acquisitions	—	9.6 %	—	NM	4.8 %
Effect of intangible amortization expense	—	(12.7)%	—	NM	(6.4)%
Effect of litigation reserve	—	3.5 %	—	NM	1.8 %
Effect of CEO transition costs	—	—	—	NM	(1.1)%
Fiscal year 2023 % change	6.4 %	3.9 %	16.6 %	NM	3.4 %

Student services and administrative expense increased 3.4%, or $19.5 million, to $586.0 million in fiscal year 2023 compared to the prior year. Excluding the timing of the Walden acquisition in the prior year, intangible amortization expense, litigation reserve, and CEO transition costs, student services and administrative expense increased 4.3%, or $24.6 million, in fiscal year 2023 compared to the prior year. This cost increase was primarily driven by an increase in marketing expense, partially offset by cost reduction at home office.

As a percentage of revenue, student services and administrative expense was 40.4% in fiscal year 2023 compared to 41.0% in the prior year. The decrease in the percentage was primarily the result of a decrease in intangible amortization expense in fiscal year 2023 and a decrease in CEO transition costs incurred in fiscal year 2022, partially offset by the litigation reserve in fiscal year 2023.

Restructuring Expense

Restructuring expense in fiscal year 2023 was $18.8 million compared to $25.6 million in the prior year. The decrease in restructuring expense in fiscal year 2023 compared to the prior year was primarily driven by a reduction in severance charges related to workforce reductions. See Note 6 "Restructuring Charges" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for additional information on restructuring charges.

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

Business Acquisition and Integration Expense

Business acquisition and integration expense in fiscal year 2023 was $42.7 million compared to $53.2 million in the prior year. These are transaction costs associated with acquiring Walden and costs associated with integrating Walden into Adtalem. In addition, during fiscal year 2023, we initiated transformation initiatives to accelerate growth and organizational agility. Certain costs relating to this transformation are included in business acquisition and integration costs in the Consolidated Statements of Income. We expect to incur additional integration costs in fiscal year 2024.

Gain on Sale of Assets

On July 31, 2019, Adtalem sold its Chicago, Illinois, campus facility to DePaul College Prep Foundation ("DePaul College Prep") for $52.0 million. Adtalem received $5.2 million of cash at the time of closing and held a mortgage, secured by the property, from DePaul College Prep for $46.8 million. The mortgage was due on July 31, 2024 as a balloon payment and bore interest at a rate of 4% per annum, payable monthly. DePaul College Prep had an option to make prepayments. Due to Adtalem's involvement with financing the sale, the transaction did not qualify as a sale for accounting purposes at the time of closing. Adtalem continued to maintain the assets associated with the sale on the Consolidated Balance Sheets. We recorded a note receivable of $40.3 million and a financing payable of $45.5 million at the time of the sale, which were classified as other assets, net and other liabilities, respectively, on the Consolidated Balance Sheets. On February 23, 2023, DePaul College Prep paid the mortgage in full. Upon receiving full repayment of the mortgage, Adtalem no longer is involved in the financing of the sale and therefore derecognized the note receivable, the financing payable, and the assets associated with the campus facility, which resulted in recognizing a gain on sale of assets of $13.3 million in fiscal year 2023. This gain was recorded at Adtalem's home office, which is classified as "Home Office and Other" in Note 22 "Segment Information" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data."

Operating Income

The following table presents operating income by segment detailing the changes from the prior year (in thousands):

	Year Ended June 30, 2023				
	Chamberlain	Walden	Medical and Veterinary	Home Office and Other	Consolidated
Fiscal year 2022	$ 124,414	$ (5,306)	$ 59,357	$ (101,719)	$ 76,746
Organic change	8,251	(8,206)	(1,812)	7,747	5,980
Effect of acquisitions	—	13,988	—	—	13,988
Deferred revenue adjustment change	—	8,561	—	—	8,561
CEO transition costs change	—	—	—	6,195	6,195
Restructuring expense change	2,020	808	2,104	1,879	6,811
Business acquisition and integration expense change	—	—	—	10,537	10,537
Intangible amortization expense change	—	36,035	—	—	36,035
Litigation reserve change	—	(10,000)	—	—	(10,000)
Gain on sale of assets change	—	—	—	13,317	13,317
Fiscal year 2023	$ 134,685	$ 35,880	$ 59,649	$ (62,044)	$ 168,170

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

	Year Ended June 30,			
			Increase/(Decrease)	
	2023	2022	$	%
Chamberlain:				
Operating income (GAAP)	$ 134,685	$ 124,414	$ 10,271	8.3 %
Restructuring expense	818	2,838	(2,020)	
Adjusted operating income (non-GAAP)	$ 135,503	$ 127,252	$ 8,251	6.5 %
Operating margin (GAAP)	23.6 %	22.3 %		
Operating margin (non-GAAP)	23.7 %	22.8 %		
Walden:				
Operating income (loss) (GAAP)	$ 35,880	$ (5,306)	$ 41,186	NM
Deferred revenue adjustment	—	8,561	(8,561)	
Restructuring expense	3,245	4,053	(808)	
Intangible amortization expense	61,239	97,274	(36,035)	
Litigation reserve	10,000	—	10,000	
Adjusted operating income (non-GAAP)	$ 110,364	$ 104,582	$ 5,782	5.5 %
Operating margin (GAAP)	6.7 %	(1.1)%		
Operating margin (non-GAAP)	20.7 %	21.5 %		
Medical and Veterinary:				
Operating income (GAAP)	$ 59,649	$ 59,357	$ 292	0.5 %
Restructuring expense	7,687	9,791	(2,104)	
Adjusted operating income (non-GAAP)	$ 67,336	$ 69,148	$ (1,812)	(2.6)%
Operating margin (GAAP)	17.2 %	17.5 %		
Operating margin (non-GAAP)	19.5 %	20.4 %		
Home Office and Other:				
Operating loss (GAAP)	$ (62,044)	$ (101,719)	$ 39,675	39.0 %
CEO transition costs	—	6,195	(6,195)	
Restructuring expense	7,067	8,946	(1,879)	
Business acquisition and integration expense	42,661	53,198	(10,537)	
Gain on sale of assets	(13,317)	—	(13,317)	
Adjusted operating loss (non-GAAP)	$ (25,633)	$ (33,380)	$ 7,747	23.2 %
Adtalem Global Education:				
Operating income (GAAP)	$ 168,170	$ 76,746	$ 91,424	119.1 %
Deferred revenue adjustment	—	8,561	(8,561)	
CEO transition costs	—	6,195	(6,195)	
Restructuring expense	18,817	25,628	(6,811)	
Business acquisition and integration expense	42,661	53,198	(10,537)	
Intangible amortization expense	61,239	97,274	(36,035)	
Litigation reserve	10,000	—	10,000	
Gain on sale of assets	(13,317)	—	(13,317)	
Adjusted operating income (non-GAAP)	$ 287,570	$ 267,602	$ 19,968	7.5 %
Operating margin (GAAP)	11.6 %	5.6 %		
Operating margin (non-GAAP)	19.8 %	19.4 %		

Consolidated operating income increased 119.1%, or $91.4 million, to $168.2 million in fiscal year 2023 compared to the prior year. The primary drivers of the operating income increase in fiscal year 2023 were revenue increases at Chamberlain and Medical and Veterinary, cost reduction efforts across all institutions, the timing of the Walden acquisition in the prior year, decreased CEO transition costs, decreased business acquisition and integration expense, decreased intangible amortization expense, and the gain on sale of assets, partially offset by increased marketing expense. The decrease in amortization expense is driven by the decrease in amortization relating to the 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 increased 7.5%, or $20.0 million, to $287.6 million in fiscal year 2023 compared to the prior year. The primary drivers of the adjusted operating income increase were revenue increases at

Chamberlain and Medical and Veterinary, cost reduction efforts across all institutions, and the timing of the Walden acquisition in the prior year, partially offset by increased marketing expense.

Chamberlain

Chamberlain operating income increased 8.3%, or $10.3 million, to $134.7 million in fiscal year 2023 compared to the prior year. Segment adjusted operating income increased 6.5%, or $8.3 million, to $135.5 million in fiscal year 2023 compared to the prior year. The primary driver of the increase in adjusted operating income in fiscal year 2023 was the result of increased revenue and labor cost reductions.

Walden

Walden operating income was $35.9 million in fiscal year 2023 compared to operating loss of $5.3 million in the prior year that was impacted by intangible amortization expense and the deferred revenue purchase accounting adjustments. Segment adjusted operating income increased 5.5%, or $5.8 million, to $110.4 million in fiscal year 2023 compared to the prior year. The primary driver of the increase in adjusted operating income in fiscal year 2023 was the timing of the Walden acquisition in the prior year.

Medical and Veterinary

Medical and Veterinary operating income increased 0.5%, or $0.3 million, to $59.6 million in fiscal year 2023 compared to the prior year. Segment adjusted operating income decreased 2.6%, or $1.8 million, to $67.3 million in fiscal year 2023 compared to the prior year. The primary driver of the decrease in adjusted operating income in fiscal year 2023 was the result of increased marketing expense.

Interest Expense

Interest expense in fiscal year 2023 was $63.1 million compared to $129.3 million in the prior year. The decrease in interest expense was primarily the result of decreased borrowings in fiscal year 2023 compared to the prior year due to prepayments of debt and a result of the prior year incurring charges due to the write-off of issuance costs on the Prior Credit Facility and unused bridge fee (as defined and discussed in Note 14 “Debt” to the Consolidated Financial Statements in Item 8. “Financial Statements and Supplementary Data”). This decrease in interest expense was partially offset by rising interest rates on outstanding Term Loan B debt. The interest rate for borrowings under the Term Loan B debt was 9.19% and 5.60% as of June 30, 2023 and 2022, respectively.

Other Income, Net

Other income, net in fiscal year 2023 was $7.0 million compared to $1.1 million in the prior year. The increase in other income, net was primarily the result of an increase in interest income, partially offset by a $5.0 million investment impairment of an equity investment.

(Provision for) Benefit from 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 income tax provision from continuing operations was $10.3 million in fiscal year 2023 and our income tax benefit from continuing operations was $15.5 million in fiscal year 2022. In addition, in fiscal year 2023, we recorded a net tax benefit of $6.4 million for the release of a valuation allowance on certain deferred tax assets based on our reassessment of the amount of state net operating loss carryforwards that are more likely than not to be realized. The net benefit is comprised of the release of a valuation allowance of $9.3 million offset by a reduction in state net operating loss carryforwards of $2.3 million and a revaluation of deferred tax assets due to a tax rate change of $0.6 million. Fiscal year

2023 resulted in an income tax provision compared to an income tax benefit in the prior year primarily due to the impacts recognized in the prior year related to the Walden acquisition.

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

Net loss from discontinued operations in the year ended June 30, 2023 was $8.4 million. This loss consisted of the following: (i) loss of $8.5 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 $3.6 million for working capital adjustments to the initial sales price and a tax return to provision adjustment; and (iii) a benefit from income taxes of $3.6 million associated with the items listed above.

Net income from discontinued operations in the year ended June 30, 2022 was $346.9 million. This income consisted of the following: (i) loss of $1.0 million driven by ongoing litigation costs and settlements related to the DeVry University divestiture, partially offset by the operating results related to ACAMS, Becker, OCL, and EduPristine, and income from the DeVry University earn-out; (ii) a gain on the sale of ACAMS, Becker, OCL, and EduPristine of $473.5 million; and (iii) a provision for income taxes of $125.6 million associated with the items listed above.

Fiscal Year Ended June 30, 2022 vs. Fiscal Year Ended June 30, 2021

Revenue

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

	Year Ended June 30, 2022			
	Chamberlain	Walden	Medical and Veterinary	Consolidated
Fiscal year 2021	$ 563,814	$ —	$ 335,434	$ 899,248
Organic (decline) growth	(6,278)	—	3,479	(2,799)
Effect of acquisitions	—	485,393	—	485,393
Fiscal year 2022	$ 557,536	$ 485,393	$ 338,913	$ 1,381,842
Fiscal year 2022 % change:				
Organic growth (decline)	(1.1)%	NM	1.0 %	(0.3)%
Effect of acquisitions	—	NM	—	54.0 %
Fiscal year 2022 % change	(1.1)%	NM	1.0 %	53.7 %

Chamberlain

Chamberlain Student Enrollment:

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

	Fiscal Year 2021					
Session	**July 2020**	**Sept. 2020**	**Nov. 2020**	**Jan. 2021**	**Mar. 2021**	**May 2021**
Total students	32,198	35,525	34,387	35,750	35,702	34,930
% change from prior year	12.2 %	11.9 %	10.2 %	5.6 %	5.8 %	4.6 %

Chamberlain revenue decreased 1.1%, or $6.3 million, to $557.5 million in fiscal year 2022 compared to fiscal year 2021, driven by declining total enrollments in the September 2021 through May 2022 sessions compared to the same sessions from fiscal year 2021. Management believes that a decrease in total student enrollment in several programs, with the most pronounced being in the RN-to-BSN online degree program, may have been partially by driven by prolonged COVID-19 disruptions in the healthcare industry.

Tuition Rates (2022):

Tuition for the BSN onsite and online degree program ranged from $675 to $699 per credit hour. Tuition for the RN-to-BSN online degree program was $590 per credit hour. Tuition for the online MSN degree program was $650 per credit hour. Tuition for the online FNP degree program was $665 per credit hour. Tuition for the online DNP degree program was $775 per credit hour. Tuition for the online MPH degree program was $550 per credit hour. Tuition for the online MSW degree program was $695 per credit hour. All of these tuition rates were unchanged from fiscal year 2021, except for the BSN rates which were $675 to $730 per credit hour in fiscal year 2021. 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:

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

Walden total student enrollment represents those students attending instructional sessions as of the dates identified above. Walden revenue was $485.4 million in fiscal year 2022, which includes the deferred revenue purchase accounting adjustment of $8.6 million. There was no comparable revenue in fiscal year 2021 as Adtalem acquired Walden on August 12, 2021. Management believes that the decrease in total enrollment during fiscal year 2022 may have been partially driven by prolonged COVID-19 disruptions in the healthcare industry and the negative publicity surrounding the now concluded U.S. Department of Justice inquiry into potential false representations and false advertising to students. This inquiry ultimately concluded favorably, with no findings of misconduct by Walden. In addition, the uncertainty from potential students around the change in control and the Walden acquisition may have negatively affected enrollment.

Tuition Rates (2022):

On a per credit hour basis, tuition for Walden programs ranged from $123 per credit hour to $1,020 per credit hour, with the wide range due to the nature of the programs. General education courses were 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 ranged from $1,500 to $6,970 per term. Students were charged a technology fee that ranged from $50 to $220 per term as well as a clinical fee of $150 per course for specific programs. Some programs require students to attend residencies, skills labs, and pre-practicum labs, which were charged at a range of $938 to $2,475 per event. These tuition rates, event charges, and fees do not include the cost of books or personal technology, supplies, transportation, or living expenses.

Medical and Veterinary Schools

Medical and Veterinary Schools Student Enrollment:

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

	Fiscal Year 2021		
Semester	**Sept. 2020**	**Jan. 2021**	**May 2021**
Total students	5,850	5,292	5,126
% change from prior year	4.3 %	(6.2)%	(1.2)%

Medical and Veterinary revenue increased 1.0%, or $3.5 million, to $338.9 million in fiscal year 2022 compared to fiscal year 2021, driven by increased clinical revenue and housing revenue at RUSM, partially offset by lower enrollment.

In the September 2021 semester, total student enrollment increased at AUC but declined at RUSM and RUSVM. In the January 2022 and May 2022 semesters, total student enrollment increased at AUC and RUSM but declined at RUSVM. Previous declines in total student enrollment at RUSM were partially driven by the inability to offer clinical experiences to all students caused by an increase in students waiting to pass their USMLE Step 1 exam. If a student has not yet started in a clinical program, is not eligible to be enrolled in a clinical program, or not participating in other educational experiences, they are not included in the enrollment count for that semester. In the January 2022 and May 2022 semesters, this clinical backlog continued to decrease. Management believes increased competition for students and hesitancy on participating in on campus instruction were drivers of lower total student enrollment in the basic science programs at RUSM and RUSVM.

Tuition Rates (2022):

- Effective for semesters beginning in September 2021, tuition rates for the beginning basic sciences and final clinical rotation portions of AUC's medical program were $23,800 and $26,625, respectively, per semester. These tuition rates represented a 2.4% increase from the prior academic year.
- Effective for semesters beginning in September 2021, tuition rates for the beginning basic sciences and final clinical rotation portions of RUSM's medical program were $24,750 and $27,310, respectively, per semester. These tuition rates represented a 2.4% increase from the prior academic year.
- For students who entered the RUSVM program in September 2018 or later, the tuition rate for the pre-clinical (Semesters 1-7) and clinical curriculum (Semesters 8-10) was $21,603 per semester effective September 2021. For students who entered RUSVM before September 2018, tuition rates for the pre-clinical and clinical curriculum were $20,066 and $25,190, respectively, per semester effective September 2021. All of these tuition rates represented a 3.5% increase from the prior academic year.

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

Cost of Educational Services

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

	Year Ended June 30, 2022				
	Chamberlain	Walden	Medical and Veterinary	Home Office and Other	Consolidated
Fiscal year 2021	$ 252,422	$ —	$ 203,363	$ 2,120	$ 457,905
Cost increase (decrease)	2,346	—	(1,035)	(2,120)	(809)
Effect of acquisitions	—	202,680	—	—	202,680
Fiscal year 2022	$ 254,768	$ 202,680	$ 202,328	$ —	$ 659,776
Fiscal year 2022 % change:					
Cost increase (decrease)	0.9 %	NM	(0.5)%	NM	(0.2)%
Effect of acquisitions	—	NM	—	NM	44.3 %
Fiscal year 2022 % change	0.9 %	NM	(0.5)%	NM	44.1 %

Cost of educational services increased 44.1%, or $201.9 million, to $659.8 million in fiscal year 2022 compared to fiscal year 2021. Excluding the effect of the Walden acquisition, cost of educational services decreased 0.2%, or $0.8 million, in fiscal year 2022 compared to fiscal year 2021. Decreased costs excluding Walden in fiscal year 2022 were primarily driven by cost reduction efforts across all institutions, partially offset by return to campus cost increases at Chamberlain.

As a percentage of revenue, cost of educational services was 47.7% in fiscal year 2022 compared to 50.9% in fiscal year 2021. The decrease in the percentage was primarily the result of the influence of Walden's higher gross margins. Walden's fully online operating model results in lower comparable cost of educational services.

Student Services and Administrative Expense

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

	Year Ended June 30, 2022				
	Chamberlain	Walden	Medical and Veterinary	Home Office and Other	Consolidated
Fiscal year 2021	$ 182,540	$ —	$ 71,874	$ 38,068	$ 292,482
Cost decrease	(7,024)	—	(4,438)	(4,688)	(16,150)
Effect of acquisitions	—	186,693	—	—	186,693
Intangible amortization expense	—	97,274	—	—	97,274
CEO transition costs	—	—	—	6,195	6,195
Fiscal year 2022	$ 175,516	$ 283,967	$ 67,436	$ 39,575	$ 566,494
Fiscal year 2022 % change:					
Cost decrease	(3.8)%	NM	(6.2)%	NM	(5.5)%
Effect of acquisitions	—	NM	—	NM	63.8 %
Effect of intangible amortization expense	—	NM	—	NM	33.3 %
Effect of CEO transition costs	—	NM	—	NM	2.1 %
Fiscal year 2022 % change	(3.8)%	NM	(6.2)%	NM	93.7 %

Student services and administrative expense increased 93.7%, or $274.0 million, to $566.5 million in fiscal year 2022 compared to fiscal year 2021. Excluding the effect of the Walden acquisition and CEO transition costs, student services and administrative expense decreased 5.5%, or $16.2 million, in fiscal year 2022 compared to fiscal year 2021. Decreased costs excluding Walden in fiscal year 2022 were primarily driven by cost reduction efforts across all institutions and home office.

As a percentage of revenue, student services and administrative expense was 41.0% in fiscal year 2022 compared to 32.5% in fiscal year 2021. The increase in the percentage was primarily the result of an increase in Chamberlain and Medical and Veterinary marketing expense, intangible amortization expense, and CEO transition costs.

Restructuring Expense

Restructuring expense in fiscal year 2022 was $25.6 million compared to $6.9 million in fiscal year 2021. The increased restructure expense in fiscal year 2022 was primarily driven by workforce reductions and contract terminations related to synergy actions with regard to the Walden acquisition and Medical and Veterinary and Adtalem's home office real estate consolidations. See Note 6 "Restructuring Charges" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for additional information on restructuring charges.

Business Acquisition and Integration Expense

Business acquisition and integration expense in fiscal year 2022 was $53.2 million compared to $31.6 million in fiscal year 2021. These were transaction costs associated with acquiring Walden and costs associated with integrating Walden into Adtalem.

Operating Income

The following table presents operating income by segment detailing the changes from the prior year (in thousands):

	Year Ended June 30, 2022				
	Chamberlain	Walden	Medical and Veterinary	Home Office and Other	Consolidated
Fiscal year 2021	$ 128,851	$ —	$ 60,199	$ (78,651)	$ 110,399
Organic change	(1,599)	—	8,949	6,809	14,159
Effect of acquisitions	—	104,582	—	—	104,582
Deferred revenue adjustment change	—	(8,561)	—	—	(8,561)
CEO transition costs change	—	—	—	(6,195)	(6,195)
Restructuring expense change	(2,838)	(4,053)	(9,791)	(2,077)	(18,759)
Business acquisition and integration expense change	—	—	—	(21,605)	(21,605)
Intangible amortization expense change	—	(97,274)	—	—	(97,274)
Fiscal year 2022	$ 124,414	$ (5,306)	$ 59,357	$ (101,719)	$ 76,746

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

	Year Ended June 30,			
			Increase/(Decrease)	
	2022	2021	$	%
Chamberlain:				
Operating income (GAAP)	$ 124,414	$ 128,851	$ (4,437)	(3.4)%
Restructuring expense	2,838	—	2,838	
Operating income excluding special items (non-GAAP)	$ 127,252	$ 128,851	$ (1,599)	(1.2)%
Operating margin (GAAP)	22.3 %	22.9 %		
Operating margin (non-GAAP)	22.8 %	22.9 %		
Walden:				
Operating income (loss) (GAAP)	$ (5,306)	$ —	$ (5,306)	NM
Deferred revenue adjustment	8,561	—	8,561	
Restructuring expense	4,053	—	4,053	
Intangible amortization expense	97,274	—	97,274	
Adjusted operating income (non-GAAP)	$ 104,582	$ —	$ 104,582	NM
Operating margin (GAAP)	(1.1)%	N/A		
Operating margin (non-GAAP)	21.5 %	N/A		
Medical and Veterinary:				
Operating income (GAAP)	$ 59,357	$ 60,199	$ (842)	(1.4)%
Restructuring expense	9,791	—	9,791	
Operating income excluding special items (non-GAAP)	$ 69,148	$ 60,199	$ 8,949	14.9 %
Operating margin (GAAP)	17.5 %	17.9 %		
Operating margin (non-GAAP)	20.4 %	17.9 %		
Home Office and Other:				
Operating loss (GAAP)	$ (101,719)	$ (78,651)	$ (23,068)	(29.3)%
CEO transition costs	6,195	—	6,195	
Restructuring expense	8,946	6,869	2,077	
Business acquisition and integration expense	53,198	31,593	21,605	
Operating loss excluding special items (non-GAAP)	$ (33,380)	$ (40,189)	$ 6,809	16.9 %
Adtalem Global Education:				
Operating income (GAAP)	$ 76,746	$ 110,399	$ (33,653)	(30.5)%
Deferred revenue adjustment	8,561	—	8,561	
CEO transition costs	6,195	—	6,195	
Restructuring expense	25,628	6,869	18,759	
Business acquisition and integration expense	53,198	31,593	21,605	
Intangible amortization expense	97,274	—	97,274	
Operating income excluding special items (non-GAAP)	$ 267,602	$ 148,861	$ 118,741	79.8 %
Operating margin (GAAP)	5.6 %	12.3 %		
Operating margin (non-GAAP)	19.4 %	16.6 %		

Total consolidated operating income decreased 30.5%, or $33.7 million, to $76.7 million in fiscal year 2022 compared to fiscal year 2021. Excluding the effect of the Walden acquisition, total consolidated operating income decreased $28.3 million in fiscal year 2022 compared to fiscal year 2021. The primary drivers of the operating income decrease in fiscal year 2022 were decreased revenue at Chamberlain, increased costs at Chamberlain and Medical and Veterinary for return to campus, increased marketing expense at Chamberlain and Medical and Veterinary, CEO transition costs, increased restructuring costs, and increased business acquisition and integration costs.

Consolidated operating income excluding special items increased 79.8%, or $118.7 million, in fiscal year 2022 compared to fiscal year 2021. The primary driver of the operating income excluding special items increase was the addition of operating income excluding special items from Walden.

Chamberlain

Chamberlain operating income decreased 3.4%, or $4.4 million, to $124.4 million in fiscal year 2022 compared to fiscal year 2021. Segment operating income excluding special items decreased 1.2%, or $1.6 million, to $127.3 million in fiscal year 2022 compared to fiscal year 2021. Cost reduction efforts and a decrease in employee benefit costs were offset with a decrease in revenue, increased costs for return to campus, and increased marketing expense.

Walden

Walden operating loss was $5.3 million in fiscal year 2022, which was impacted by intangible amortization expense and the deferred revenue purchase accounting adjustments. Segment operating income excluding special items was $104.6 million in fiscal year 2022. There was no comparable operating income in fiscal year 2021 as Adtalem acquired Walden on August 12, 2021.

Medical and Veterinary

Medical and Veterinary operating income decreased 1.4%, or $0.8 million, to $59.4 million in fiscal year 2022 compared to fiscal year 2021. Segment operating income excluding special items increased 14.9%, or $8.9 million, to $69.1 million in fiscal year 2022 compared to fiscal year 2021. The primary drivers of the increase in operating income excluding special items were cost reduction efforts and decreased employee benefit costs.

Interest Expense

Interest expense in fiscal year 2022 was $129.3 million compared to $41.4 million in fiscal year 2021. The increase in interest expense was primarily the result of increased borrowings (as discussed in Note 14 “Debt” to the Consolidated Financial Statements in Item 8. “Financial Statements and Supplementary Data”) to finance the Walden acquisition and fiscal year 2022 incurring charges due to the write-offs of issuance costs on the Prior Credit Facility and unused bridge fee (as defined and discussed in Note 14 “Debt” to the Consolidated Financial Statements in Item 8. “Financial Statements and Supplementary Data”).

Other Income, Net

Other income, net in fiscal year 2022 was $1.1 million compared to $6.7 million in fiscal year 2021. The decrease in other income, net was primarily the result of an investment loss incurred on the rabbi trust investments in fiscal year 2022 compared to an investment gain in fiscal year 2021. See Note 7 “Other Income, Net” to the Consolidated Financial Statements in Item 8. “Financial Statements and Supplementary Data” for additional information on these investment gains and losses.

Benefit from (Provision for) Income Taxes

Our income tax benefit from continuing operations was $15.5 million in fiscal year 2022 and our income tax expense from continuing operations was $12.3 million in fiscal year 2021. The fiscal year 2022 income tax benefit was the result of the loss incurred in fiscal year 2022. The effective tax rate included a tax benefit of $1.7 million from a loss for certain uncollectible subsidiary receivables as well as a benefit of $1.2 million to adjust deferred state tax balances for the acquisition of Walden and the sale of ACAMS, Becker, and OCL, offset by $3.0 million for limitations on deductions for executive compensation.

Discontinued Operations

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

Net income from discontinued operations for the year ended June 30, 2022 was $347.0 million. This income consisted of the following: (i) loss of $1.0 million driven by the operating results and divestiture costs related to ACAMS, Becker, OCL, and EduPristine, and ongoing litigation costs and settlements to the DeVry University divestiture; (ii) a gain on the sale of ACAMS, Becker, OCL, and EduPristine of $473.5 million; and (iii) a provision for income taxes of $125.6 million associated with the items listed above.

Net income from discontinued operations for the year ended June 30, 2021 was $6.1 million. This income consisted of the following: (i) income of $9.3 million driven by the operating results of ACAMS, Becker, OCL, and EduPristine and ongoing litigation costs and settlements related to the DeVry University divestiture and (ii) a provision for income taxes of $3.2 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 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" 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 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 June 30, 2023 in favor of the ED on behalf of Walden, which allows Walden to participate in Title IV programs. On January 18, 2023, we received a letter from ED, requesting 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.

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 and 2021. Final data for fiscal year 2023 is not yet available. As 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 %

An ED defined financial responsibility test 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 has exceeded the required minimum of 1.5. As a result of the acquisition of Walden, Adtalem expects ED will conclude its consolidated composite score will fall below 1.5. As a result, ED may impose certain additional conditions for continued access to federal funding including heightened cash monitoring and/or an additional letter of credit. Management does not believe such conditions, if any, will have a material adverse effect on Adtalem's operations.

ED also has proposed rules to amend the financial responsibility regulations. We anticipate any rules will be effective on July 1, 2024.

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 $273.7 million and $347.0 million as of June 30, 2023 and 2022, respectively, included cash and cash equivalents held at Adtalem's international operations of $7.2 million and $34.2 million as of June 30, 2023 and 2022, 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 $1.4 million and $1.0 million was held in these restricted bank accounts as of June 30, 2023 and 2022, respectively.

Cash Flow Summary

Operating Activities

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

	Year Ended June 30,	
	2023	2022
Income (loss) from continuing operations	$ 101,752	$ (35,955)
Non-cash items	196,924	283,158
Changes in assets and liabilities	(92,992)	(83,201)
Net cash provided by operating activities-continuing operations	$ 205,684	$ 164,002

Net cash provided by operating activities from continuing operations in fiscal year 2023 was $205.7 million compared to $164.0 million in the prior year. The increase was driven by a decrease in interest payments and improvements in our operating results. The decrease of $86.2 million in non-cash items between fiscal year 2023 and 2022 was principally driven by a decrease in amortization of intangible assets, a decrease in amortization and write-off of debt discount and issuance costs, and an increase in gain on sale of assets. The decrease of $9.8 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 fiscal year 2023 were $37.0 million compared to $31.1 million in the prior year. The capital expenditures in fiscal year 2023 primarily consisted of spending for Chamberlain's new campus development and improvements and Adtalem's home office, including information technology investments. Capital spending for fiscal year 2024 will support continued investment for new campus development at Chamberlain, maintenance at the medical and veterinary schools, and information technology. Management anticipates fiscal year 2024 capital spending to be in the $50 to $60 million range. The source of funds for this capital spending will be from operations or the Credit Facility (as defined and discussed in Note 14 "Debt" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data").

During fiscal year 2023 and 2022, we received proceeds from the sale of marketable securities held in a Rabbi Trust of $7.6 million and $3.4 million, respectively, and made additional investments in marketable securities held by this trust of $1.5 million and $3.6 million, respectively. The reinvestments in proceeds declined in fiscal year 2023 as funds were used to payout participant balances under the nonqualified deferred compensation plan.

On July 31, 2019, Adtalem sold its Chicago, Illinois, campus facility to DePaul College Prep for $52.0 million. Adtalem received $5.2 million of cash at the time of closing and held a mortgage loan, secured by the property, from DePaul College Prep for $46.8 million. The mortgage loan was due on July 31, 2024 as a balloon payment and bore interest at a rate of 4% per annum, payable monthly. The buyer had an option to make prepayments. On February 23, 2023, DePaul College Prep paid the mortgage loan in full. The $46.8 million received during fiscal year 2023 is classified as an investing activity in the Consolidated Statements of Cash Flows.

On August 12, 2021, Adtalem completed the acquisition of 100% of the equity interest of Walden for $1,488.1 million, net of cash and restricted cash of $83.4 million.

During fiscal year 2022, we received the loan repayment of $10.0 million on the DeVry University promissory note, dated as of December 11, 2018.

On March 10, 2022, Adtalem completed the sale of ACAMS, Becker, and OCL to Wendel Group and Colibri Group ("Purchaser"), pursuant to the Equity Purchase Agreement ("Purchase Agreement") dated January 24, 2022. Adtalem received $962.7 million, net of cash of $21.5 million, in sale proceeds.

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 to EduPristine.

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

Financing Activities

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

	Year Ended June 30,	
	2023	2022
Repurchases of common stock for treasury	$ (123,133)	$ (120,000)
Payment on equity forward contract	(13,162)	(30,000)
Net repayments of long-term debt	(150,861)	(229,713)
Payment of debt discount and issuance costs	—	(49,553)
Payment for purchase of redeemable noncontrolling interest of subsidiary	—	(1,790)
Other	(1,359)	6,580
Net cash used in financing activities	$ (288,515)	$ (424,476)

On November 8, 2018, we announced that the Board authorized Adtalem's eleventh share repurchase program, which allowed Adtalem to repurchase up to $300.0 million of its common stock through December 31, 2021. The eleventh share repurchase program commenced in January 2019 and was completed in January 2021. On February 4, 2020, we announced that the Board authorized Adtalem's twelfth share repurchase program, which allowed Adtalem to repurchase up to $300.0 million of its common stock through December 31, 2021. The twelfth share repurchase program commenced in January 2021 and expired on December 31, 2021. On March 1, 2022, we announced that the Board authorized Adtalem's thirteenth share repurchase program, which allows Adtalem to repurchase up to $300.0 million of its common stock through February 25, 2025, and we repurchased shares under that program during fiscal year 2023. As of June 30, 2023, $172.7 million of authorized share repurchases were remaining under the current share repurchase program. The timing and amount of any future repurchases will be determined based on an evaluation of market conditions and other factors. See Note 16 “Share Repurchases” to the Consolidated Financial Statements in Item 8. “Financial Statements and Supplementary Data” 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 24, 2020, we executed a pay-fixed, receive-variable interest rate swap agreement (the “Swap”) with a multinational financial institution to mitigate risks associated with the variable interest rate on our Prior Term Loan B (as defined in Note 14 “Debt” to the Consolidated Financial Statements in Item 8. “Financial Statements and Supplementary Data”) debt. We paid interest at a fixed rate of 0.946% and received variable interest of one-month LIBOR (subject to a minimum of 0.00%), on a notional amount equal to the amount outstanding under the Prior Term Loan B. The effective date of the Swap was March 31, 2020 and settlements with the counterparty occurred on a monthly basis. The Swap was set to terminate on February 28, 2025. On July 29, 2021, prior to refinancing our Prior Credit Agreement (as discussed below), we settled and terminated the Swap for $4.5 million, which resulted in a charge to interest expense for this amount in fiscal year 2022. During the operating term of the Swap, the annual interest rate on the amount of the Prior Term Loan B was fixed at 3.946% (including the impact of the 3% interest rate margin on LIBOR loans) for the applicable interest rate period. The Swap was designated as a cash flow hedge and as such, changes in its fair value were recognized in accumulated other comprehensive loss on the Consolidated Balance Sheets and were reclassified into the Consolidated Statements of Income within interest expense in the periods in which the hedged transactions affected earnings.

As discussed in the previous section of this MD&A titled “Walden University Acquisition,” on August 12, 2021, Adtalem acquired all of the issued and outstanding equity interest in Walden, in exchange for a purchase price of $1.5 billion in cash. On March 1, 2021, we issued $800.0 million aggregate principal amount of 5.50% Senior Secured Notes due 2028 (the “Notes”), which mature on March 1, 2028. On August 12, 2021, Adtalem replaced the Prior Credit Facility and Prior Credit Agreement (as defined in Note 14 “Debt” to the Consolidated Financial Statements in Item 8. “Financial Statements and Supplementary Data”) by entering into its new credit agreement (the “Credit Agreement”) that provides for (1) a $850.0 million senior secured term loan (“Term Loan B”) with a maturity date of August 12, 2028 and (2) a $400.0 million senior secured revolving loan facility (“Revolver”) with a maturity date of August 12, 2026. We refer to the Term Loan B and Revolver collectively as the “Credit Facility.” The proceeds of the Notes and the Term Loan B were used, among other things, to finance the Acquisition, refinance Adtalem’s Prior Credit Agreement, and pay fees and expenses related to the Acquisition. The Revolver will be used to finance ongoing working capital and for general corporate purposes. During fiscal year 2022, we made a prepayment of $396.7 million on the Term Loan B. With 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, resulting in a gain on extinguishment of $2.1 million recorded within interest expense in the Consolidated Statements of Income for the year ended June 30, 2022. 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 June 30, 2023, the amount of debt outstanding under the Notes and Credit Facility was $708.3 million. See Note 14 “Debt” to the Consolidated Financial Statements in Item 8. “Financial Statements and Supplementary Data” for additional information on the Notes and our Credit Agreement.

In the event of unexpected market conditions or negative economic changes, including those caused by COVID-19, that could negatively affect Adtalem’s earnings and/or operating cash flow, Adtalem maintains a $400.0 million revolving credit facility with availability of $323.8 million as of June 30, 2023. While COVID-19 may continue to have an effect on operations and, as a result, liquidity, we believe the current balances of cash, cash generated from operations, and our Credit Facility will be sufficient to fund both Adtalem’s current domestic and international operations and growth plans for the foreseeable future.

Material Cash Requirements

Long-Term Debt – We have outstanding $405.0 million of Notes and $303.3 million of Term Loan B, which requires interest payments. With the prepayment noted above, we are no longer required to make quarterly principal installment payments on the Term Loan B. In addition, we maintain a $400.0 million revolving credit facility with availability of $323.8 million as of June 30, 2023. Adtalem has a letter of credit outstanding under this revolving credit facility of $76.2 million as of June 30, 2023, in favor of ED on behalf of Walden, which allows Walden to participate in Title IV programs. See Note 14 "Debt" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for additional information on our Notes and Credit Agreement.

Adtalem had a surety-backed letter of credit outstanding of $84.0 million as of June 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 $31.9 million of surety bonds 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 12 "Leases" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for additional information on our lease agreements.

Contingencies

For information regarding legal proceedings, including developments in legal proceedings, see Note 21 "Commitments and Contingencies" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data."

Critical Accounting Estimates

We describe our significant accounting policies in the Notes to Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data." 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. Critical accounting estimates discussed below are those that we believe involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our financial condition or results of operations. Management has discussed our critical accounting estimates with the Audit and Finance Committee of the Board. Although management believes its assumptions and estimates are reasonable, actual results could differ from those estimates.

Although our current estimates contemplate current conditions, including, but not limited to, the impact of (i) the COVID-19 pandemic, (ii) rising interest rates, and (iii) labor and material cost increases and shortages, and how we anticipate them to change in the future, as appropriate, it is reasonably possible that actual conditions could differ from what was anticipated in those estimates, which could materially affect our results of operations and financial condition.

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. The estimate of our credit losses involves a significant level of uncertainty as it requires significant judgment to estimate the amount we will collect in the future on our account receivable balances. See Note 10 "Accounts Receivable and Credit Losses" to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for additional information on our credit losses.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying value is no longer recoverable based upon the undiscounted future cash flows of the asset or asset group, the amount of the impairment is the difference between the carrying amount and the fair value of the asset or asset group. Events that may trigger an impairment analysis could include a decision by management to exit a market or a line of business or to consolidate operating locations.

Goodwill and Intangible Assets

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.

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.

For intangible assets with finite lives, we evaluate for potential impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying value is no longer recoverable based upon the undiscounted future cash flows of the asset or asset group, the amount of the impairment is the difference between the carrying amount and the fair value of the asset or asset group. Intangible assets with finite lives are amortized over their expected economic lives, ranging from 3 to 5 years.

All intangible assets and certain goodwill are being amortized for tax reporting purposes over statutory lives.

Determining the fair value of a reporting unit or an intangible asset involves the use of significant estimates and assumptions. Significant assumptions used in the determination of reporting unit fair value measurements generally include forecasted cash flows, discount rates, terminal growth rates and earnings multiples. The discounted cash flow models used to determine the fair value of our Walden reporting unit during 2023 reflected our most recent cash flow projections, a discount rate of 12.5% and terminal growth rates of 3%. Each of these inputs can significantly affect the fair values of our reporting units. Based on this quantitative assessment, it was determined that the fair value of the Walden reporting unit exceeded its carrying value by approximately 15% and therefore no goodwill impairment was identified.

Significant judgments and assumptions were used in determining the fair value of intangible assets. The with and without method of the income approach and the relief from royalty model used in the determination of the fair values of our Walden Title IV eligibility and trade name intangible assets, respectively, during 2023 reflected our most recent revenue projections, a discount rate of 12.5%, a royalty rate of 2.25% and terminal growth rates of 3%. Each of these factors and assumptions can significantly affect the value of the intangible asset. Based on these quantitative assessments, it was determined that the fair values of these indefinite-lived intangible assets in the Walden reporting unit exceeded their carrying values by approximately 10% and no impairment was identified.

Management bases its fair value estimates on assumptions it believes to be reasonable at the time, but such assumptions are subject to inherent uncertainty. Actual results may differ from those estimates. 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 forecasts, we may recognize impairments of goodwill and other intangible assets in future periods. See Note

13 “Goodwill and Intangible Assets” to the Consolidated Financial Statements in Item 8. “Financial Statements and Supplementary Data” for additional information on our goodwill and intangible assets impairment analysis.

Income Taxes

Adtalem accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Adtalem also recognizes future tax benefits associated with tax loss and credit carryforwards as deferred tax assets. Adtalem’s deferred tax assets are reduced by a valuation allowance, when in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Adtalem measures deferred tax assets and liabilities using enacted tax rates in effect for the year in which Adtalem expects to recover or settle the temporary differences. The effect of a change in tax rates on deferred taxes is recognized in the period that the change is enacted. Adtalem reduces its net tax assets for the estimated additional tax and interest that may result from tax authorities disputing uncertain tax positions Adtalem has taken.

Contingencies

Adtalem is subject to contingencies, such as various claims and legal actions that arise in the normal conduct of its business. We record an accrual for those matters where management believes a loss is probable and 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. A significant amount of judgment and the use of estimates are required to quantify our ultimate exposure in these matters. The valuation of liabilities for these contingencies is reviewed on a quarterly basis to ensure that we have accrued the proper level of expense. While we believe that the amount accrued to-date is adequate, future changes in circumstances could impact these determinations. See Note 21 “Commitments and Contingencies” to the Consolidated Financial Statements in Item 8. “Financial Statements and Supplementary Data” for additional information on our loss contingencies.

Recent Accounting Pronouncements

For a discussion of recent accounting pronouncements, see Note 2 “Summary of Significant Accounting Policies” to the Consolidated Financial Statements in Item 8. “Financial Statements and Supplementary Data.”

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 Annual Report on Form 10-K:

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

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

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

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

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

- Deferred revenue adjustment related to a revenue purchase accounting adjustment to record Walden's deferred revenue at fair value.
- CEO transition costs related to acceleration of stock-based compensation expense.
- Restructuring expense primarily related to plans to achieve synergies with the Walden acquisition and real estate consolidations at Walden, Medical and Veterinary, and Adtalem's home office. We do not include normal, recurring, cash operating expenses in our restructuring expense.
- Business acquisition and integration expense include expenses related to the Walden acquisition and certain costs related to growth transformation initiatives. We do not include normal, recurring, cash operating expenses in our business acquisition and integration expense.
- Intangible amortization expense on acquired intangible assets.
- Gain on sale of Adtalem's Chicago, Illinois, campus facility.
- Pre-acquisition interest expense related to financing arrangements in connection with the Walden acquisition, write-off of debt discount and issuance costs and gain on extinguishment of debt related to prepayments of debt, reserves related to significant litigation, and impairment of an equity investment.
- Net tax benefit related to a valuation allowance release.
- Net loss (income) from discontinued operations attributable to Adtalem includes the operations of ACAMS, Becker, OCL, and EduPristine, including the after-tax gain on the sale of these businesses, in addition to costs related to DeVry University.

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 attributable to Adtalem reconciliation to adjusted net income (in thousands):

	Year Ended June 30, 2023	2022	2021
Net income attributable to Adtalem (GAAP)	$ 93,358	$ 310,991	$ 70,027
Deferred revenue adjustment	—	8,561	—
CEO transition costs	—	6,195	—
Restructuring expense	18,817	25,628	6,869
Business acquisition and integration expense	42,661	53,198	31,593
Intangible amortization expense	61,239	97,274	—
Gain on sale of assets	(13,317)	—	—
Pre-acquisition interest expense, write-off of debt discount and issuance costs, gain on extinguishment of debt, litigation reserve, and investment impairment	19,226	48,804	26,746
Net tax benefit related to a valuation allowance release	(6,184)	—	—
Income tax impact on non-GAAP adjustments (1)	(31,997)	(51,683)	(16,297)
Net loss (income) from discontinued operations attributable to Adtalem	8,394	(346,946)	(6,579)
Adjusted net income (non-GAAP)	$ 192,197	$ 152,022	$ 112,359

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

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

	Year Ended June 30, 2023	2022	2021
Earnings per share, diluted (GAAP)	$ 2.05	$ 6.43	$ 1.36
Effect on diluted earnings per share:			
Deferred revenue adjustment	—	0.18	—
CEO transition costs	—	0.13	—
Restructuring expense	0.41	0.53	0.13
Business acquisition and integration expense	0.94	1.09	0.61
Intangible amortization expense	1.34	1.99	-
Gain on sale of assets	(0.29)	—	-
Pre-acquisition interest expense, write-off of debt discount and issuance costs, gain on extinguishment of debt, litigation reserve, and investment impairment	0.42	1.00	0.52
Net tax benefit related to a valuation allowance release	(0.14)	—	—
Income tax impact on non-GAAP adjustments (1)	(0.70)	(1.06)	(0.32)
Net loss (income) from discontinued operations attributable to Adtalem	0.18	(7.17)	(0.13)
Adjusted earnings per share, diluted (non-GAAP)	$ 4.21	$ 3.11	$ 2.18
Diluted shares used in non-GAAP EPS calculation	45,600	48,804	51,645

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

Reconciliation to adjusted EBITDA (in thousands):

	Year Ended June 30,		Increase/(Decrease)	
	2023	2022	$	%
Chamberlain:				
Operating income (GAAP)	$ 134,685	$ 124,414	$ 10,271	8.3 %
Restructuring expense	818	2,838	(2,020)	
Depreciation	17,264	18,547	(1,283)	
Stock-based compensation	4,719	6,707	(1,988)	
Adjusted EBITDA (non-GAAP)	$ 157,486	$ 152,506	$ 4,980	3.3 %
Adjusted EBITDA margin (non-GAAP)	27.6 %	27.4 %		
Walden:				
Operating income (loss) (GAAP)	$ 35,880	$ (5,306)	$ 41,186	NM
Deferred revenue adjustment	—	8,561	(8,561)	
Restructuring expense	3,245	4,053	(808)	
Intangible amortization expense	61,239	97,274	(36,035)	
Litigation reserve	10,000	—	10,000	
Depreciation	9,492	9,255	237	
Stock-based compensation	3,861	3,029	832	
Adjusted EBITDA (non-GAAP)	$ 123,717	$ 116,866	$ 6,851	5.9 %
Adjusted EBITDA margin (non-GAAP)	23.2 %	24.1 %		
Medical and Veterinary:				
Operating income (GAAP)	$ 59,649	$ 59,357	$ 292	0.5 %
Restructuring expense	7,687	9,791	(2,104)	
Depreciation	12,475	13,890	(1,415)	
Stock-based compensation	3,003	3,896	(893)	
Adjusted EBITDA (non-GAAP)	$ 82,814	$ 86,934	$ (4,120)	(4.7)%
Adjusted EBITDA margin (non-GAAP)	23.9 %	25.7 %		
Home Office and Other:				
Operating loss (GAAP)	$ (62,044)	$ (101,719)	$ 39,675	39.0 %
CEO transition costs	—	6,195	(6,195)	
Restructuring expense	7,067	8,946	(1,879)	
Business acquisition and integration expense	42,661	53,198	(10,537)	
Gain on sale of assets	(13,317)	—	(13,317)	
Depreciation	2,344	2,882	(538)	
Stock-based compensation	2,716	2,784	(68)	
Adjusted EBITDA (non-GAAP)	$ (20,573)	$ (27,714)	$ 7,141	25.8 %
Adtalem Global Education:				
Net income attributable to Adtalem (GAAP)	$ 93,358	$ 310,991	$ (217,633)	(70.0)%
Net loss (income) from discontinued operations attributable to Adtalem	8,394	(346,946)	355,340	
Interest expense	63,100	129,348	(66,248)	
Other income, net	(6,965)	(1,108)	(5,857)	
Provision for (benefit from) income taxes	10,283	(15,539)	25,822	
Operating income (GAAP)	168,170	76,746	91,424	
Depreciation and amortization	102,814	141,848	(39,034)	
Stock-based compensation	14,299	16,416	(2,117)	
Deferred revenue adjustment	—	8,561	(8,561)	
CEO transition costs	—	6,195	(6,195)	
Restructuring expense	18,817	25,628	(6,811)	
Business acquisition and integration expense	42,661	53,198	(10,537)	
Litigation reserve	10,000	—	10,000	
Gain on sale of assets	(13,317)	—	(13,317)	
Adjusted EBITDA (non-GAAP)	$ 343,444	$ 328,592	$ 14,852	4.5 %
Adjusted EBITDA margin (non-GAAP)	23.7 %	23.8 %		

	Year Ended June 30,			
			Increase/(Decrease)	
	2022	2021	$	%
Chamberlain:				
Operating income (GAAP)	$ 124,414	$ 128,851	$ (4,437)	(3.4)%
Restructuring expense	2,838	—	2,838	
Depreciation	18,547	16,123	2,424	
Stock-based compensation	6,707	5,181	1,526	
Adjusted EBITDA (non-GAAP)	$ 152,506	$ 150,155	$ 2,351	1.6 %
Adjusted EBITDA margin (non-GAAP)	27.4 %	26.6 %		
Walden:				
Operating loss (GAAP)	$ (5,306)	$ —	$ (5,306)	NM
Deferred revenue adjustment	8,561	—	8,561	
Restructuring expense	4,053	—	4,053	
Intangible amortization expense	97,274	—	97,274	
Depreciation	9,255	—	9,255	
Stock-based compensation	3,029	—	3,029	
Adjusted EBITDA (non-GAAP)	$ 116,866	$ —	$ 116,866	NM
Adjusted EBITDA margin (non-GAAP)	24.1 %	N/A		
Medical and Veterinary:				
Operating income (GAAP)	$ 59,357	$ 60,199	$ (842)	(1.4)%
Restructuring expense	9,791	—	9,791	
Depreciation	13,890	14,431	(541)	
Stock-based compensation	3,896	3,321	575	
Adjusted EBITDA (non-GAAP)	$ 86,934	$ 77,951	$ 8,983	11.5 %
Adjusted EBITDA margin (non-GAAP)	25.7 %	23.2 %		
Home Office and Other:				
Operating loss (GAAP)	$ (101,719)	$ (78,651)	$ (23,068)	(29.3)%
CEO transition costs	6,195	—	6,195	
Restructuring expense	8,946	6,869	2,077	
Business acquisition and integration expense	53,198	31,593	21,605	
Depreciation	2,882	3,334	(452)	
Stock-based compensation	2,784	4,322	(1,538)	
Adjusted EBITDA (non-GAAP)	$ (27,714)	$ (32,533)	$ 4,819	14.8 %
Adtalem Global Education:				
Net income attributable to Adtalem (GAAP)	$ 310,991	$ 70,027	$ 240,964	344.1 %
Net income from discontinued operations attributable to Adtalem	(346,946)	(6,579)	(340,367)	
Interest expense	129,348	41,365	87,983	
Other income, net	(1,108)	(6,732)	5,624	
(Benefit from) provision for income taxes	(15,539)	12,318	(27,857)	
Operating income (GAAP)	76,746	110,399	(33,653)	
Depreciation and amortization	141,848	33,888	107,960	
Stock-based compensation	16,416	12,824	3,592	
Deferred revenue adjustment	8,561	—	8,561	
CEO transition costs	6,195	—	6,195	
Restructuring expense	25,628	6,869	18,759	
Business acquisition and integration expense	53,198	31,593	21,605	
Adjusted EBITDA (non-GAAP)	$ 328,592	$ 195,573	$ 133,019	68.0 %
Adjusted EBITDA margin (non-GAAP)	23.8 %	21.7 %		

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Adtalem is not dependent upon the price levels, nor affected by fluctuations in pricing, of any particular commodity or group of commodities. However, more than 50% of Adtalem's costs are in the form of wages and benefits. Changes in employment market conditions or escalations in employee benefit costs could cause Adtalem to experience cost increases at levels beyond what it has historically experienced. We have not yet experienced significant inflationary pressures on wages or other costs of delivering our educational services; however, should inflation persist in the overall economy, cost increases could affect our results of operations in the future.

The financial position and results of operations of AUC, RUSM, and RUSVM Caribbean operations are measured using the U.S. dollar as the functional currency. Substantially all of their financial transactions are denominated in the U.S. dollar.

As of June 30, 2023, the interest rate on Adtalem's Term Loan B was based upon LIBOR for eurocurrency rate loans or an alternative base rate for periods typically ranging from one to three months. On June 27, 2023, Adtalem entered into Amendment No. 1 to Credit Agreement, identifying the Secured Overnight Financing Rate ("SOFR") as the replacement benchmark rate for eurocurrency rate loans within the Credit Agreement. Beginning with the next interest rate reset in July 2023, the base rate will change to SOFR. As of June 30, 2023, Adtalem had $303.3 million in outstanding borrowings under the Term Loan B with an interest rate of 9.19%. Based upon borrowings of $303.3 million, a 100 basis point increase in short-term interest rates would result in $3.0 million of additional annual interest expense.

Adtalem's cash is held in accounts at various large, financially secure depository institutions. Although the amount on deposit at a given institution typically will exceed amounts subject to guarantee, Adtalem has not experienced any deposit losses to date, nor does management expect to incur such losses in the future.

Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Adtalem Global Education Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Adtalem Global Education Inc. and its subsidiaries (the "Company") as of June 30, 2023 and 2022, and the related consolidated statements of income, of comprehensive income, of shareholders' equity and of cash flows for each of the three years in the period ended June 30, 2023, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of June 30, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Impairment Assessments – Walden Reporting Unit Goodwill, Trade Name and Title IV Eligibility and Accreditations

As described in Notes 2 and 13 to the consolidated financial statements, as of June 30, 2023, the Company's consolidated goodwill balance was $961 million and the Company's consolidated indefinite-lived intangible assets balance was $753 million. The goodwill, trade name and Title IV eligibility and accreditations associated with the Walden reportable segment were $651 million, $120 million and $496 million, respectively. 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. Management performs a quantitative assessment of the reporting unit's and indefinite-lived intangible asset's fair value if it is determined that the fair value is more likely than not less than the carrying value, or if management does not elect the option to perform an initial qualitative assessment. Fair value is estimated by management using a discounted cash flow method and the market multiple valuation approach for the Walden reporting unit, a relief-from-royalty method for the Walden trade name and a with and without method in a discounted cash flow model for the Walden Title IV eligibility and accreditations. The significant estimates used by management when estimating the fair value for the Walden reporting unit, trade name and Title IV eligibility and accreditations were risk-adjusted discount rates, terminal growth rate, earnings multiples for comparable companies, royalty rate, and forecasted revenue with and without the accreditations in place and forecasted earnings before interest, taxes, depreciation and amortization ("EBITDA") with and without the accreditations in place.

The principal considerations for our determination that performing procedures relating to the impairment assessments of the Walden reporting unit goodwill, trade name, and Title IV eligibility and accreditations is a critical audit matter are (i) the significant judgment by management when developing the fair value estimates; (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating management's significant assumptions related to (a) risk-adjusted discount rate, forecasted revenue, forecasted EBITDA, and earnings multiples for comparable companies for the goodwill impairment assessment, (b) risk-adjusted discount rate, forecasted revenue, and royalty rate for the trade name impairment assessment and (c) risk-adjusted discount rate, forecasted revenue with and without the accreditations in place, and forecasted EBITDA with the accreditations in place for the Title IV eligibility and accreditations; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's Walden goodwill, trade name and Title IV eligibility and accreditation impairment assessments. These procedures also included, among others, (i) testing management's process for developing the fair value estimates; (ii) evaluating the appropriateness of the discounted cash flow method and the market multiple valuation approach for the Walden reporting unit, the relief-from-royalty method for the Walden trade name and the with and without method in a discounted cash flow model for the Walden Title IV eligibility and accreditations; (iii) testing the completeness and accuracy of underlying data used in the fair value methods; and (iv) evaluating the reasonableness of the significant assumptions used by management related to risk-adjusted discount rates, forecasted revenue, forecasted EBITDA, earnings multiples for comparable companies, royalty rate, forecasted revenue with and without the accreditations in place, and forecasted EBITDA with the accreditations in place. Evaluating management's assumptions related to forecasted revenue, forecasted EBITDA, forecasted revenue with and without the accreditations in place and forecasted EBITDA with the accreditations in place involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the Walden business; (ii) the consistency with external market and industry data; and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the appropriateness of the Company's discounted cash flow model, the market multiple valuation approach, the relief-from-royalty method, and the with and without method in a discounted cash flow model, and (ii) the reasonableness of the risk-adjusted discount rates, royalty rate and earnings multiples for comparable companies assumptions.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
August 10, 2023

We have served as the Company's auditor since 1991.

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

	June 30, 2023	June 30, 2022
Assets:		
Current assets:		
Cash and cash equivalents	$ 273,689	$ 346,973
Restricted cash	1,386	964
Accounts receivable, net	102,749	81,635
Prepaid expenses and other current assets	100,715	127,532
Total current assets	478,539	557,104
Noncurrent assets:		
Property and equipment, net	258,522	289,926
Operating lease assets	174,677	177,995
Deferred income taxes	56,694	51,093
Intangible assets, net	812,338	873,577
Goodwill	961,262	961,262
Other assets, net	68,509	119,283
Total noncurrent assets	2,332,002	2,473,136
Total assets	$ 2,810,541	$ 3,030,240
Liabilities and shareholders' equity:		
Current liabilities:		
Accounts payable	$ 81,812	$ 57,140
Accrued payroll and benefits	52,041	67,792
Accrued liabilities	105,806	98,124
Deferred revenue	153,871	149,810
Current operating lease liabilities	37,673	50,781
Total current liabilities	431,203	423,647
Noncurrent liabilities:		
Long-term debt	695,077	838,908
Long-term operating lease liabilities	163,441	177,045
Deferred income taxes	26,068	25,554
Other liabilities	37,416	73,700
Total noncurrent liabilities	922,002	1,115,207
Total liabilities	1,353,205	1,538,854
Commitments and contingencies		
Shareholders' equity:		
Common stock, $0.01 par value per share, 200,000 shares authorized; 42,310 and 45,177 shares outstanding as of June 30, 2023 and June 30, 2022, respectively	822	818
Additional paid-in capital	568,761	521,848
Retained earnings	2,403,750	2,310,396
Accumulated other comprehensive loss	(2,227)	(2,227)
Treasury stock, at cost, 39,922 and 36,619 shares as of June 30, 2023 and June 30, 2022, respectively	(1,513,770)	(1,339,449)
Total shareholders' equity	1,457,336	1,491,386
Total liabilities and shareholders' equity	$ 2,810,541	$ 3,030,240

See accompanying Notes to Consolidated Financial Statements.

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

	Year Ended June 30, 2023	2022	2021
Revenue	$ 1,450,826	$ 1,381,842	$ 899,248
Operating cost and expense:			
Cost of educational services	648,486	659,776	457,905
Student services and administrative expense	586,009	566,494	292,482
Restructuring expense	18,817	25,628	6,869
Business acquisition and integration expense	42,661	53,198	31,593
Gain on sale of assets	(13,317)	—	—
Total operating cost and expense	1,282,656	1,305,096	788,849
Operating income	168,170	76,746	110,399
Interest expense	(63,100)	(129,348)	(41,365)
Other income, net	6,965	1,108	6,732
Income (loss) from continuing operations before income taxes	112,035	(51,494)	75,766
(Provision for) benefit from income taxes	(10,283)	15,539	(12,318)
Income (loss) from continuing operations	101,752	(35,955)	63,448
Discontinued operations:			
(Loss) income from discontinued operations before income taxes	(8,464)	(986)	9,307
(Loss) gain on disposal of discontinued operations before income taxes	(3,576)	473,483	—
Benefit from (provision for) income taxes	3,646	(125,551)	(3,162)
(Loss) income from discontinued operations	(8,394)	346,946	6,145
Net income	93,358	310,991	69,593
Net loss attributable to redeemable noncontrolling interest from discontinued operations	—	—	434
Net income attributable to Adtalem	$ 93,358	$ 310,991	$ 70,027
Amounts attributable to Adtalem:			
Net income (loss) from continuing operations	$ 101,752	$ (35,955)	$ 63,448
Net (loss) income from discontinued operations	(8,394)	346,946	6,579
Net income attributable to Adtalem	$ 93,358	$ 310,991	$ 70,027
Earnings (loss) per share attributable to Adtalem:			
Basic:			
Continuing operations	$ 2.27	$ (0.74)	$ 1.24
Discontinued operations	$ (0.19)	$ 7.17	$ 0.13
Total basic earnings per share	$ 2.08	$ 6.43	$ 1.36
Diluted:			
Continuing operations	$ 2.23	$ (0.74)	$ 1.23
Discontinued operations	$ (0.18)	$ 7.17	$ 0.13
Total diluted earnings per share	$ 2.05	$ 6.43	$ 1.36
Weighted-average shares outstanding:			
Basic shares	44,781	48,388	51,322
Diluted shares	45,600	48,388	51,645

See accompanying Notes to Consolidated Financial Statements.

Adtalem Global Education Inc.
Consolidated Statements of Comprehensive Income
(in thousands)

	Year Ended June 30,		
	2023	2022	2021
Net income	$ 93,358	$ 310,991	$ 69,593
Other comprehensive income (loss), net of tax:			
Gain on foreign currency translation adjustments	—	—	713
Unrealized loss on available-for-sale marketable securities	—	—	(57)
Unrealized gain on interest rate swap	—	—	1,160
Comprehensive income before reclassification	93,358	310,991	71,409
Reclassification adjustment for gain on available-for-sale marketable securities	—	—	(126)
Reclassification adjustment for realized loss on foreign currency translation adjustments	—	296	—
Reclassification adjustment for loss on interest rate swap	—	6,695	—
Comprehensive income	93,358	317,982	71,283
Comprehensive loss attributable to redeemable noncontrolling interest from discontinued operations	—	—	434
Comprehensive income attributable to Adtalem	$ 93,358	$ 317,982	$ 71,717

See accompanying Notes to Consolidated Financial Statements.

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

	Year Ended June 30,		
	2023	2022	2021
Operating activities:			
Net income	$ 93,358	$ 310,991	$ 69,593
Loss (income) from discontinued operations	8,394	(346,946)	(6,145)
Income (loss) from continuing operations	101,752	(35,955)	63,448
Adjustments to reconcile net income to net cash provided by operating activities:			
Stock-based compensation expense	14,299	22,611	12,824
Amortization and impairments to operating lease assets	48,470	44,748	50,651
Depreciation	41,575	44,574	33,888
Amortization of intangible assets	61,239	97,274	—
Amortization and write-off of debt discount and issuance costs	9,129	42,654	2,657
Reclassification adjustment from other comprehensive income	—	—	(126)
Provision for bad debts	32,999	27,141	11,023
Deferred income taxes	(5,087)	(544)	62
Loss on disposals, accelerated depreciation, and impairments to property and equipment	3,999	3,501	1,912
Gain on extinguishment of debt	(71)	(2,072)	—
Loss (gain) on investments	3,689	3,271	(2,638)
Gain on sale of assets	(13,317)	—	—
Changes in assets and liabilities:			
Accounts receivable	(37,614)	(29,881)	15,443
Prepaid expenses and other current assets	9,324	(2,827)	(17,969)
Accounts payable	21,666	(15,724)	5,666
Accrued payroll and benefits	(15,683)	(12,118)	12,552
Accrued liabilities	241	(16,305)	29,312
Deferred revenue	5,807	70,355	12,965
Operating lease liabilities	(59,188)	(49,147)	(48,588)
Other assets and liabilities	(17,545)	(27,554)	(14,322)
Net cash provided by operating activities-continuing operations	205,684	164,002	168,760
Net cash (used in) provided by operating activities-discontinued operations	(2,776)	(153,401)	23,439
Net cash provided by operating activities	202,908	10,601	192,199
Investing activities:			
Capital expenditures	(37,008)	(31,054)	(39,881)
Proceeds from sales of marketable securities	7,635	3,447	2,721
Purchases of marketable securities	(1,508)	(3,624)	(10,745)
Proceeds from note receivable related to property sold	46,800	—	—
Payment for purchase of business, net of cash and restricted cash acquired	—	(1,488,054)	—
Cash received on DeVry University loan	—	10,000	—
Net cash provided by (used in) investing activities-continuing operations	15,919	(1,509,285)	(47,905)
Net cash used in investing activities-discontinued operations	—	(3,287)	(8,783)
Proceeds from sale of business, net of cash transferred	—	960,768	—
Payment for working capital adjustment for sale of business	(3,174)	—	—
Net cash provided by (used in) investing activities	12,745	(551,804)	(56,688)
Financing activities:			
Proceeds from exercise of stock options	2,625	8,879	1,457
Employee taxes paid on withholding shares	(4,592)	(2,834)	(4,206)
Proceeds from stock issued under Colleague Stock Purchase Plan	608	535	262
Repurchases of common stock for treasury	(123,133)	(120,000)	(100,000)
Payment on equity forward contract	(13,162)	(30,000)	—
Proceeds from long-term debt	—	850,000	800,000
Repayments of long-term debt	(150,861)	(1,079,713)	(3,000)
Payment of debt discount and issuance costs	—	(49,553)	(18,047)
Payment for purchase of redeemable noncontrolling interest of subsidiary	—	(1,790)	—
Net cash (used in) provided by financing activities	(288,515)	(424,476)	676,466
Effect of exchange rate changes on cash, cash equivalents and restricted cash	—	—	534
Net (decrease) increase in cash, cash equivalents and restricted cash	(72,862)	(965,679)	812,511
Cash, cash equivalents and restricted cash at beginning of period	347,937	1,313,616	501,105
Cash, cash equivalents and restricted cash at end of period	275,075	347,937	1,313,616
Less: cash, cash equivalents and restricted cash of discontinued operations at end of period	—	—	18,236
Cash, cash equivalents and restricted cash of continuing operations at end of period	$ 275,075	$ 347,937	$ 1,295,380
Supplemental cash flow disclosure:			
Interest paid	$ 53,126	$ 107,093	$ 14,429
Income taxes paid, net	$ 12,312	$ 94,355	$ 26,431
Non-cash investing and financing activities:			
Accrued capital expenditures	$ 8,203	$ 4,321	$ 3,380
Accrued liability for repurchases of common stock	$ 2,995	$ —	$ —
Accrued excise tax on share repurchases	$ 1,126	$ —	$ —
Settlement of financing liability with assets	$ 38,606	$ —	$ —
Decrease in redemption value of redeemable noncontrolling interest put option	$ —	$ —	$ (628)

See accompanying Notes to Consolidated Financial Statements.

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

	Common Stock		Additional Paid-In	Retained	Accumulated Other Comprehensive	Treasury Stock		
	Shares	Amount	Capital	Earnings	Loss	Shares	Amount	Total
June 30, 2020	80,665	$ 807	$ 504,434	$ 1,928,750	$ (10,908)	28,794	$ (1,113,333)	$ 1,309,750
Net income attributable to Adtalem Global Education				70,027				70,027
Other comprehensive income, net of tax					1,816			1,816
Reclassification adjustment for gain on available-for-sale marketable securities					(126)			(126)
Change in redeemable noncontrolling interest put option				628				628
Stock-based compensation			13,880					13,880
Net activity from stock-based compensation awards	434	4	1,561			131	(4,314)	(2,749)
Proceeds from stock issued under Colleague Stock Purchase Plan			(49)			(9)	340	291
Repurchases of common stock for treasury						2,930	(100,000)	(100,000)
June 30, 2021	81,099	811	519,826	1,999,405	(9,218)	31,846	(1,217,307)	1,293,517
Net income attributable to Adtalem Global Education				310,991				310,991
Reclassification adjustment for realized gain on foreign currency translation adjustments					296			296
Reclassification adjustment for loss on interest rate swap					6,695			6,695
Stock-based compensation			23,247					23,247
Net activity from stock-based compensation awards	697	7	8,872			82	(2,834)	6,045
Proceeds from stock issued under Colleague Stock Purchase Plan			(97)			(19)	692	595
Repurchases of common stock for treasury						4,710	(120,000)	(120,000)
Equity forward contract			(30,000)					(30,000)
June 30, 2022	81,796	818	521,848	2,310,396	(2,227)	36,619	(1,339,449)	1,491,386
Net income attributable to Adtalem Global Education				93,358				93,358
Stock-based compensation			14,299					14,299
Net activity from stock-based compensation awards	436	4	2,621			115	(4,592)	(1,967)
Proceeds from stock issued under Colleague Stock Purchase Plan			(7)	(4)		(19)	687	676
Settlement of equity forward contract			30,000				(43,162)	(13,162)
Repurchases of common stock for treasury						3,207	(127,254)	(127,254)
June 30, 2023	82,232	$ 822	$ 568,761	$ 2,403,750	$ (2,227)	39,922	$ (1,513,770)	$ 1,457,336

See accompanying Notes to Consolidated Financial Statements.

Adtalem Global Education Inc.
Notes to Consolidated Financial Statements
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1. Nature of Operations

In this Annual Report on Form 10-K, 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"), the 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 is collectively referred to as the "medical and veterinary schools." See Note 22 "Segment Information" for information on our reportable segments.

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

2. Summary of Significant Accounting Policies

For each accounting topic that is addressed in its own note, the description of the accounting policy may be found in the related note. Other significant accounting policies are described below.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of Adtalem and its controlled subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. Where our ownership interest is less than 100%, but greater than 50%, the noncontrolling ownership interest is reported on our Consolidated Balance Sheets. The noncontrolling ownership interest earnings portion is classified as "net loss attributable to redeemable noncontrolling interest from discontinued operations" in our Consolidated Statements of Income. Unless indicated, or the context requires otherwise, references to years refer to Adtalem's fiscal years.

Certain prior periods amounts have been reclassified for consistency with the current period presentation.

Business acquisition and integration expense was $42.7 million, $53.2 million, and $31.6 million in fiscal year 2023, 2022, and 2021, respectively. These are transaction costs associated with acquiring Walden and costs associated with integrating Walden into Adtalem. In addition, during fiscal year 2023, we initiated transformation initiatives to accelerate growth and organizational agility. Certain costs relating to this transformation are included in business acquisition and integration costs 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.

Although our current estimates contemplate current conditions, including, but not limited to, the impact of (i) the novel coronavirus ("COVID-19") pandemic, (ii) rising interest rates, and (iii) labor and material cost increases and shortages, and how we anticipate them to change in the future, as appropriate, it is reasonably possible that actual conditions could differ from what was anticipated in those estimates, which could materially affect our results of operations and financial condition.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less. The carrying value of cash and cash equivalents approximate fair value. We maintain cash and cash equivalent balances that exceed federally insured limits. We have not experienced any losses on our cash and cash equivalents.

Restricted Cash

Restricted cash represents amounts received from federal and state governments under various student aid grant and loan programs and such restricted funds are held in separate bank accounts. Once the financial aid authorization and disbursement process for the student has been completed, the funds are transferred to unrestricted accounts, and these funds then become available for use in Adtalem's operations. This authorization and disbursement process that precedes the transfer of funds generally occurs within the period of the academic term for which such funds were authorized.

Property and Equipment

Property and equipment is recorded at cost and is depreciated on the straight-line method. Cost includes additions and those improvements that enhance performance, increase the capacity, or lengthen the useful lives of the assets. Purchases of computer software, including external costs and certain internal costs (including payroll and payroll-related costs of employees) directly associated with developing computer software applications for internal use, are capitalized. Repairs and maintenance costs are expensed as incurred. Upon sale or retirement of an asset, the accounts are relieved of the cost and the related accumulated depreciation, with any resulting gain or loss included in income. Assets under construction are reflected in construction in progress until they are placed into service for their intended use.

Leasehold improvements are amortized using the straight-line method over the term of the lease or the estimated useful life of the asset, whichever is shorter.

Depreciation is computed using the straight-line method over estimated service lives. These lives range from 5 to 40 years for buildings and leasehold improvements, and from 3 to 8 years for computers, furniture, and equipment.

See Note 11 "Property and Equipment, Net" for additional information.

Goodwill and Intangible Assets

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.

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.

For intangible assets with finite lives, we evaluate for potential impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying value is no longer recoverable based upon the undiscounted future cash flows of the asset or asset group, the amount of the impairment is the difference between the carrying amount and the fair value of the asset or asset group. Intangible assets with finite lives are amortized over their expected economic lives, ranging from 3 to 5 years.

All intangible assets and certain goodwill are being amortized for tax reporting purposes over statutory lives.

Determining the fair value of a reporting unit or an intangible asset involves the use of significant estimates and assumptions. Management bases its fair value estimates on assumptions it believes to be reasonable at the time, but such assumptions are subject to inherent uncertainty. Actual results may differ from those estimates, which could lead to future impairments of goodwill or intangible assets. See Note 13 “Goodwill and Intangible Assets” for additional information on our goodwill and intangible assets impairment analysis.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying value is no longer recoverable based upon the undiscounted future cash flows of the asset or asset group, the amount of the impairment is the difference between the carrying amount and the fair value of the asset or asset group. Events that may trigger an impairment analysis could include a decision by management to exit a market or a line of business or to consolidate operating locations.

Capitalized Curriculum Development

Certain costs incurred to create course and educational material for a program offering are capitalized as curriculum development assets within other assets on the Consolidated Balance Sheets. Costs are capitalized for new programs or products, or the content being developed enhances, updates, or improves current programs, curriculum, or products, so long as the cost incurred extends the useful life of the existing curriculum and course content. Costs that are capitalized include payroll and payroll-related costs for employees who spend time producing content and external vendor costs related to the project. Adtalem begins capitalizing costs during the content development phase, which includes time to develop course materials based on the requirements defined in the planning phase. Curriculum development assets are amortized using the straight-line method over the estimated useful life, which is generally three to five years, and amortization is included within cost of education services in the Consolidated Statements of Income.

Treasury Stock

Shares that are repurchased by Adtalem under its share repurchase programs are recorded as treasury stock at cost and result in a reduction in shareholders’ equity. See Note 16 “Share Repurchases” for additional information.

From time to time, shares of our common stock are delivered back to Adtalem under a swap arrangement resulting from employees’ exercise of stock options pursuant to the terms of the Adtalem’s stock-based incentive plans (see Note 18 “Stock-Based Compensation”). In addition, shares of our common stock are delivered back to Adtalem for payment of withholding taxes from employees for vesting restricted stock units (“RSUs”). These shares are recorded as treasury stock at cost and result in a reduction in shareholders’ equity.

Treasury shares are reissued at market value, less a 10% discount, to the Adtalem Colleague Stock Purchase Plan in exchange for employee payroll deductions. The 10% discount is considered compensatory and recorded as an expense in the Consolidated Statements of Income. When treasury shares are reissued, Adtalem uses an average cost method to reduce the treasury stock balance. Gains on the difference between the average cost and the reissuance price, less the amount recorded as expense, are credited to additional paid-in capital. Losses on the difference are charged to additional paid-in capital to the extent that previous net gains from reissuance are included therein, otherwise such losses are charged to retained earnings.

Earnings per Share

Basic earnings per share (“EPS”) is computed by dividing net income or loss attributable to Adtalem by the weighted-average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income or loss attributable to Adtalem by diluted weighted-average number of shares outstanding during the period. Diluted shares are computed using the treasury stock method and reflect the additional shares that would be outstanding if dilutive stock-based grants were exercised during the period. Diluted EPS considers the impact of potentially dilutive securities, except in periods in which there is a loss from continuing operations, because the inclusion of the potential common shares would have an antidilutive effect.

Income Taxes

Adtalem accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Adtalem also recognizes future tax benefits associated with tax loss and credit carryforwards as deferred tax assets. Adtalem's deferred tax assets are reduced by a valuation allowance, when in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Adtalem measures deferred tax assets and liabilities using enacted tax rates in effect for the year in which Adtalem expects to recover or settle the temporary differences. The effect of a change in tax rates on deferred taxes is recognized in the period that the change is enacted. Adtalem reduces its net tax assets for the estimated additional tax and interest that may result from tax authorities disputing uncertain tax positions Adtalem has taken.

Restructuring Charges

Restructuring charges include costs for severance and related benefits for workforce reductions, impairments on operating lease assets, and losses on disposals of property and equipment related to campus and administrative office consolidations and contract termination costs (see Note 6 "Restructuring Charges"). When estimating the costs of exiting lease space, estimates are made which could differ materially from actual results and result in additional restructuring charges or reversals in future periods.

Advertising Costs

Advertising costs are expensed when incurred and totaled $219.4 million, $190.7 million, and $72.7 million for the years ended June 30, 2023, 2022, and 2021, respectively. The increase in advertising costs for the year ended June 30, 2023 and 2022 was driven by the Walden acquisition during the first quarter of fiscal year 2022. Advertising costs are included in student services and administrative expense in the Consolidated Statements of Income.

Foreign Currency Translation

The financial position and results of operations of the AUC, RUSM, and RUSVM Caribbean operations are measured using the U.S. dollar as the functional currency. As such, there is no translation gain or loss associated with these operations. EduPristine's operations and Becker's and ACAMS's international operations were measured using the local currency as the functional currency. Assets and liabilities of these entities are translated to U.S. dollars using exchange rates in effect at the balance sheet dates. Income and expense items are translated at monthly average exchange rates. The resulting translation adjustments are recorded as foreign currency translation adjustments in the Consolidated Statements of Comprehensive Income. Transaction gains or losses during each of the fiscal years presented were not material.

Recent Accounting Standards

Recently adopted accounting standards

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

Recently issued accounting standards not yet adopted

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

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

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 are 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 prior 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 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 Balance Sheets (in thousands):

	June 30, 2022		
	As reported	Adjustment	As revised
Assets:			
Current assets:			
Prepaid expenses and other current assets	$ 126,467	$ 1,065	$ 127,532
Total current assets	556,039	1,065	557,104
Total assets	3,029,175	1,065	3,030,240
Liabilities and shareholders' equity:			
Current liabilities:			
Accrued payroll and benefits	66,642	1,150	67,792
Deferred revenue	144,840	4,970	149,810
Total current liabilities	417,527	6,120	423,647
Noncurrent liabilities:			
Other liabilities	65,074	8,626	73,700
Total noncurrent liabilities	1,106,581	8,626	1,115,207
Total liabilities	1,524,108	14,746	1,538,854
Shareholders' equity:			
Retained earnings	2,322,810	(12,414)	2,310,396
Accumulated other comprehensive loss	(960)	(1,267)	(2,227)
Total shareholders' equity	1,505,067	(13,681)	1,491,386
Total liabilities and shareholders' equity	3,029,175	1,065	3,030,240

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):

	Year Ended June 30, 2022			Year Ended June 30, 2021		
	As reported	Adjustment	As revised	As reported	Adjustment	As revised
Revenue	$ 1,387,122	$ (5,280)	$ 1,381,842	$ 906,901	$ (7,653)	$ 899,248
Operating cost and expense:						
Student services and administrative expense	568,056	(1,562)	566,494	292,482	—	292,482
Total operating cost and expense	1,306,658	(1,562)	1,305,096	788,849	—	788,849
Operating income	80,464	(3,718)	76,746	118,052	(7,653)	110,399
Other income, net	3,820	(2,712)	1,108	6,732	—	6,732
(Loss) income from continuing operations before income taxes	(45,064)	(6,430)	(51,494)	83,419	(7,653)	75,766
Benefit from (provision for) income taxes	15,237	302	15,539	(13,089)	771	(12,318)
(Loss) income from continuing operations	(29,827)	(6,128)	(35,955)	70,330	(6,882)	63,448
Discontinued operations:						
(Loss) income from discontinued operations before income taxes	(395)	(591)	(986)	9,485	(178)	9,307
(Provision for) benefit from income taxes	(125,556)	5	(125,551)	(3,340)	178	(3,162)
Income from discontinued operations	347,532	(586)	346,946	6,145	—	6,145
Net income	317,705	(6,714)	310,991	76,475	(6,882)	69,593
Net income attributable to Adtalem	317,705	(6,714)	310,991	76,909	(6,882)	70,027
Amounts attributable to Adtalem:						
Net (loss) income from continuing operations	(29,827)	(6,128)	(35,955)	70,330	(6,882)	63,448
Net income from discontinued operations	347,532	(586)	346,946	6,579	—	6,579
Net income attributable to Adtalem	317,705	(6,714)	310,991	76,909	(6,882)	70,027
Earnings (loss) per share:						
Basic:						
Continuing operations	$ (0.62)	$ (0.12)	$ (0.74)	$ 1.37	$ (0.13)	$ 1.24
Discontinued operations	$ 7.18	$ (0.01)	$ 7.17	$ 0.13	$ —	$ 0.13
Total basic earnings per share	$ 6.57	$ (0.14)	$ 6.43	$ 1.50	$ (0.14)	$ 1.36
Diluted:						
Continuing operations	$ (0.62)	$ (0.12)	$ (0.74)	$ 1.36	$ (0.13)	$ 1.23
Discontinued operations	$ 7.18	$ (0.01)	$ 7.17	$ 0.13	$ —	$ 0.13
Total diluted earnings per share	$ 6.57	$ (0.14)	$ 6.43	$ 1.49	$ (0.13)	$ 1.36

To conform to current period presentation, the previously reported interest and dividend income and investment gain (loss) lines have been condensed to other income, net.

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

	Year Ended June 30, 2022			Year Ended June 30, 2021		
	As reported	Adjustment	As revised	As reported	Adjustment	As revised
Net income	$ 317,705	$ (6,714)	$ 310,991	$ 76,475	$ (6,882)	$ 69,593
Gain on foreign currency translation adjustments	59	(59)	—	713	—	713
Comprehensive income before reclassification	317,764	(6,773)	310,991	78,291	(6,882)	71,409
Reclassification adjustment for realized (gain) loss on foreign currency translation adjustments	(349)	645	296	—	—	—
Comprehensive income	324,110	(6,128)	317,982	78,165	(6,882)	71,283
Comprehensive income attributable to Adtalem	324,110	(6,128)	317,982	78,599	(6,882)	71,717

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

	Year Ended June 30, 2022			Year Ended June 30, 2021		
	As reported	Adjustment	As revised	As reported	Adjustment	As revised
Operating activities:						
Net income	$ 317,705	$ (6,714)	$ 310,991	$ 76,475	$ (6,882)	$ 69,593
Income from discontinued operations	(347,532)	586	(346,946)	(6,145)	—	(6,145)
(Loss) income from continuing operations	(29,827)	(6,128)	(35,955)	70,330	(6,882)	63,448
Adjustments to reconcile net income to net cash provided by operating activities:						
Loss (gain) on investments	—	3,271	3,271	(2,638)	—	(2,638)
Changes in assets and liabilities:						
Prepaid expenses and other current assets	569	(3,396)	(2,827)	(17,198)	(771)	(17,969)
Accrued payroll and benefits	(13,268)	1,150	(12,118)	12,552	—	12,552
Deferred revenue	65,075	5,280	70,355	5,312	7,653	12,965
Net cash provided by operating activities-continuing operations	163,825	177	164,002	168,760	—	168,760
Net cash provided by operating activities	10,424	177	10,601	192,199	—	192,199
Investing activities:						
Proceeds from sales of marketable securities	—	3,447	3,447	2,721	—	2,721
Purchases of marketable securities	—	(3,624)	(3,624)	(10,745)	—	(10,745)
Net cash used in investing activities-continuing operations	(1,509,108)	(177)	(1,509,285)	(47,905)	—	(47,905)
Net cash used in investing activities	(551,627)	(177)	(551,804)	(56,688)	—	(56,688)

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
June 30, 2020			
Retained earnings	$ 1,927,568	$ 1,182	$ 1,928,750
Accumulated other comprehensive loss	(9,055)	(1,853)	(10,908)
Total shareholders' equity	1,310,421	(671)	1,309,750
June 30, 2021			
Retained earnings	2,005,105	(5,700)	1,999,405
Accumulated other comprehensive loss	(7,365)	(1,853)	(9,218)
Total shareholders' equity	1,301,070	(7,553)	1,293,517
June 30, 2022			
Retained earnings	2,322,810	(12,414)	2,310,396
Accumulated other comprehensive loss	(960)	(1,267)	(2,227)
Total shareholders' equity	1,505,067	(13,681)	1,491,386
Year Ended June 30, 2021			
Net income attributable to Adtalem	76,909	(6,882)	70,027
Year Ended June 30, 2022			
Net income attributable to Adtalem	317,705	(6,714)	310,991
Other comprehensive income, net of tax	59	(59)	—
Reclassification adjustment for realized (gain) loss on foreign currency translation adjustments	(349)	645	296

3. Acquisitions

Walden University

On August 12, 2021, Adtalem completed the acquisition of 100% of the equity interest of Walden for $1,488.1 million, net of cash and restricted cash of $83.4 million. Adtalem funded the purchase with the $800.0 million in Notes (as defined in Note 14 “Debt”), the $850.0 million Term Loan B (as defined in Note 14 “Debt”), and available cash on hand. Walden offers more than 100 online certificate, bachelor’s, master’s, and doctoral degrees. The acquisition furthers Adtalem’s growth strategy as a national leader in post-secondary education and leading provider of professional talent to the healthcare industry.

The operations of Walden are included in Adtalem’s Walden reportable segment (see Note 22 “Segment Information”). The results of Walden’s operations have been included in the Consolidated Financial Statements of Adtalem since the date of acquisition, which included revenue of $485.4 million and net loss of $3.9 million from the operations of Walden in fiscal year 2022. In addition, we incurred acquisition-related costs of $22.3 million and $14.8 million in fiscal year 2022 and 2021, respectively, which were included in business acquisition and integration expense in the Consolidated Statements of Income.

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

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

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

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

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

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

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

	Year Ended June 30,	
	2022	2021
Revenue	$ 1,451,081	$ 1,533,870
Net income attributable to Adtalem	$ 385,110	$ 24,177

The unaudited pro forma financial information includes adjustments to reflect the additional amortization that would have been charged assuming the fair value adjustments to intangible assets had been applied from July 1, 2020, with the consequential tax effects. The unaudited pro forma financial information also includes adjustments to reflect the additional interest expense on the debt we issued to fund the acquisition (see Note 14 “Debt” for additional information). As the ticking fees are representative of the historical interest expense incurred by Adtalem on the Term Loan B from the period of February 12, 2021 to August 12, 2021 and the unaudited pro forma financial information for fiscal year 2021 has been adjusted to include interest expense assuming the Term Loan B had been entered into as of July 1, 2020, we have made a further adjustment to remove the ticking fees recognized in the unaudited pro forma financial information for fiscal year 2022 (see Note 14 “Debt” for additional information on ticking fees). Had the Term Loan B been drawn upon on July 1, 2020, none of the ticking fees would have been incurred and, accordingly, the inclusion of such amounts would be duplicative to the interest expense incurred by Adtalem on a pro forma basis. The acquisition transaction costs we incurred in connection with the Walden acquisition are reflected in the unaudited pro forma financial information results for fiscal year 2021.

This unaudited pro forma financial information is for informational purposes only. It does not reflect the integration of the business or any synergies that may result from the acquisition. As such, it is not indicative of the results of operations that would have been achieved had the acquisition been consummated on July 1, 2020. In addition, the unaudited pro forma financial information amounts are not indicative of future operating results.

4. Discontinued Operations and Assets Held for Sale

On December 11, 2018, Adtalem completed the sale of DeVry University to Cogswell Education, LLC (“Cogswell”) for de minimis consideration. As the sale represented a strategic shift that had a major effect on Adtalem’s operations and financial results, DeVry University is presented in Adtalem’s Consolidated Financial Statements as a discontinued operation. The purchase agreement includes an earn-out entitling Adtalem to payments of up to $20.0 million over a ten-year period payable based on DeVry University’s free cash flow. Adtalem received $4.1 million and $2.9 million during fiscal year 2023 and 2022, respectively, related to the earn-out, resulting in a total of $7.0 million being received thus far. In connection with the closing of the sale, Adtalem loaned to DeVry University $10.0 million under the terms of the promissory note, dated as of December 11, 2018 (the “DeVry Note”). The DeVry Note bore interest at a rate of 4% per annum, payable annually in arrears, and had a maturity date of January 1, 2022. We received the loan repayment of $10.0 million during the third quarter of fiscal year 2022.

On March 10, 2022, Adtalem completed the sale of ACAMS, Becker, and OCL to Wendel Group and Colibri Group (“Purchaser”), pursuant to the Equity Purchase Agreement (“Purchase Agreement”) dated January 24, 2022. Pursuant to the terms and subject to the conditions set forth in the Purchase Agreement, Adtalem sold the issued and outstanding shares of ACAMS, Becker, and OCL to the Purchaser for $962.7 million, net of cash of $21.5 million, subject to certain post-closing adjustments. In addition, on June 17, 2022, Adtalem completed the sale of EduPristine for de minimis consideration, which resulted in a transfer of $1.9 million in cash. We recorded a loss of $3.6 million in fiscal year 2023 for post-closing working capital adjustments to the initial sales price for ACAMS, Becker, and OCL and a tax return to provision adjustment, which is included in (loss) gain 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. In accordance with GAAP, we have classified ACAMS, Becker, OCL, and EduPristine entities as “Held for Sale” and “Discontinued Operations” in all periods presented as applicable.

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

	Year Ended June 30,		
	2023	**2022**	**2021**
Revenue	$ —	$ 153,762	$ 205,479
Operating cost and expense:			
Cost of educational services	—	26,996	31,328
Student services and administrative expense	8,464	126,252	161,908
Restructuring expense	—	1,500	2,936
Total operating cost and expense	8,464	154,748	196,172
(Loss) income from discontinued operations before income taxes	(8,464)	(986)	9,307
(Loss) gain on disposal of discontinued operations before income taxes	(3,576)	473,483	—
Benefit from (provision for) income taxes	3,646	(125,551)	(3,162)
(Loss) income from discontinued operations	(8,394)	346,946	6,145
Net loss attributable to redeemable noncontrolling interest from discontinued operations	—	—	434
Net (loss) income from discontinued operations attributable to Adtalem	$ (8,394)	$ 346,946	$ 6,579

5. Revenue

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

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

	Year Ended June 30, 2023			
	Chamberlain	Walden	Medical and Veterinary	Consolidated
Tuition and fees	$ 571,034	$ 533,725	$ 334,323	$ 1,439,082
Other	—	—	11,744	11,744
Total	$ 571,034	$ 533,725	$ 346,067	$ 1,450,826

	Year Ended June 30, 2022			
	Chamberlain	Walden	Medical and Veterinary	Consolidated
Tuition and fees	$ 557,536	$ 485,393	$ 328,382	$ 1,371,311
Other	—	—	10,531	10,531
Total	$ 557,536	$ 485,393	$ 338,913	$ 1,381,842

	Year Ended June 30, 2021			
	Chamberlain	Walden	Medical and Veterinary	Consolidated
Tuition and fees	$ 563,814	$ —	$ 332,159	$ 895,973
Other	—	—	3,275	3,275
Total	$ 563,814	$ —	$ 335,434	$ 899,248

In addition, see Note 22 "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 are 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 $10.6 million and $8.2 million as of June 30, 2023 and 2022, respectively, and the amount within noncurrent liabilities is $10.4 million and $8.6 million as of June 30, 2023 and 2022, 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.

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 10 "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 $153.9 million and $149.8 million as of June 30, 2023 and 2022, respectively, and deferred revenue within noncurrent liabilities is $10.4 million and $8.6 million as of June 30, 2023 and 2022, respectively. Revenue of $149.8 million and $71.7 million was recognized during fiscal year 2023 and 2022, respectively, that was included in the deferred revenue balance at the beginning of fiscal year 2023 and 2022, respectively. Revenue recognized from performance obligations that were satisfied or partially satisfied in prior periods was not material.

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

6. Restructuring Charges

During fiscal year 2023, Adtalem recorded restructuring charges primarily driven by real estate consolidations at Walden, Medical and Veterinary, and Adtalem's home office resulting in impairments on operating lease assets and property and equipment. During fiscal year 2022, Adtalem recorded restructuring charges primarily driven by workforce reductions and contract terminations related to synergy actions with regards to the Walden acquisition and Medical and Veterinary and Adtalem's home office real estate consolidations. During fiscal year 2021, Adtalem recorded restructuring charges primarily driven by Adtalem's home office real estate consolidations. When estimating costs of exiting lease space, estimates are made which could differ materially from actual results and may result in additional restructuring charges or reversals in future periods. Termination benefit charges represent severance pay and benefits for employees impacted by workforce reductions. Adtalem's home office is classified as "Home Office and Other" in Note 22 "Segment Information." Pre-tax restructuring charges by segment were as follows (in thousands):

	Year Ended June 30, 2023		
	Real Estate and Other	Termination Benefits	Total
Chamberlain	$ 818	$ —	$ 818
Walden	3,191	54	3,245
Medical and Veterinary	7,071	616	7,687
Home Office and Other	6,117	950	7,067
Total	$ 17,197	$ 1,620	$ 18,817

	Year Ended June 30, 2022		
	Real Estate and Other	Termination Benefits	Total
Chamberlain	$ 835	$ 2,003	$ 2,838
Walden	—	4,053	4,053
Medical and Veterinary	7,675	2,116	9,791
Home Office and Other	5,977	2,969	8,946
Total	$ 14,487	$ 11,141	$ 25,628

	Year Ended June 30, 2021		
	Real Estate and Other	Termination Benefits	Total
Home Office and Other	$ 6,379	$ 490	$ 6,869
Total	$ 6,379	$ 490	$ 6,869

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

Liability balance as of June 30, 2021	$ —
Increase in liability (separation and other charges)	11,851
Reduction in liability (payments and adjustments)	(11,038)
Liability balance as of June 30, 2022	813
Increase in liability (separation and other charges)	1,620
Reduction in liability (payments and adjustments)	(1,692)
Liability balance as of June 30, 2023	$ 741

The liability balance of $0.7 million is recorded as accrued liabilities on the Consolidated Balance Sheets as of June 30, 2023. We continue to incur restructuring charges or reversals related to exited leased space from previous restructuring activities.

7. Other Income, Net

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

	Year Ended June 30,		
	2023	2022	2021
Interest and dividend income	$ 10,654	$ 4,379	$ 4,094
Investment (loss) gain	(3,689)	(3,271)	2,638
Other income, net	$ 6,965	$ 1,108	$ 6,732

Investment (loss) gain includes trading gains and losses related to the rabbi trust used to fund nonqualified deferred compensation plan obligations (see Note 19 "Employee Benefit Plans" for additional information). In addition, investment (loss) gain includes an impairment of $5.0 million in fiscal year 2023 on an equity investment with no readily determinable fair value (see Note 20 “Fair Value Measurements” for additional information).

8. Income Taxes

Income from continuing operations before income taxes, classified by source of income, was as follows (in thousands):

	Year Ended June 30,		
	2023	2022	2021
Domestic	$ 51,422	$ (112,151)	$ 12,471
Foreign	60,613	60,657	63,295
Total	$ 112,035	$ (51,494)	$ 75,766

The components of the provision for (benefit from) income taxes were as follows (in thousands):

	Year Ended June 30,		
	2023	2022	2021
Current tax provision (benefit):			
U.S. federal	$ 13,761	$ (6,767)	$ 9,860
State and local	824	4,154	1,691
Foreign	614	725	547
Total current	15,199	(1,888)	12,098
Deferred tax provision (benefit):			
U.S. federal	(1,099)	(6,425)	(2,970)
State and local	(4,347)	(6,597)	996
Foreign	530	(629)	2,194
Total deferred	(4,916)	(13,651)	220
Provision for (benefit from) income taxes	$ 10,283	$ (15,539)	$ 12,318

The effective tax rate differs from the statutory tax rates as follows (in thousands):

	Year Ended June 30,					
	2023		2022		2021	
Income tax at statutory rate	$ 23,527	21.0 %	$ (10,814)	21.0 %	$ 15,911	21.0 %
Lower rates on foreign operations	(11,668)	(10.4)%	(12,879)	25.0 %	(10,664)	(14.1)%
State income taxes	2,719	2.4 %	(661)	1.3 %	1,199	1.6 %
Loss on investment in subsidiary	—	— %	(1,669)	3.2 %	—	— %
Deferred tax benefit from acquisitions and divestitures	—	— %	(1,153)	2.2 %	—	— %
Research and development tax credits	(1,862)	(1.7)%	—	— %	—	— %
Change in valuation allowance	(9,769)	(8.7)%	5,406	(10.5)%	(162)	(0.2)%
Reduction in state loss carryforwards	2,340	2.1 %	(5,882)	11.4 %	—	— %
Permanent non-deductible items	1,630	1.5 %	2,788	(5.4)%	796	1.1 %
Foreign tax provisions under GILTI	3,569	3.2 %	8,581	(16.7)%	4,787	6.3 %
Other	(203)	(0.2)%	744	(1.4)%	451	0.6 %
Provision for (benefit from) income taxes	$ 10,283	9.2 %	$ (15,539)	30.2 %	$ 12,318	16.3 %

Deferred income tax assets and liabilities result primarily from temporary differences in the recognition of various expenses for tax and financial statement purposes, and from the recognition of the tax benefits of net operating loss carryforwards.

The components of the deferred income tax assets and liabilities were as follows (in thousands):

	June 30, 2023	June 30, 2022
Employee benefits	$ 11,719	$ 9,936
Stock-based compensation	7,310	6,675
Receivable reserve	6,246	6,919
Capitalized research and experimental costs	8,075	—
Operating lease liabilities	41,235	44,089
Other reserves	6,246	1,865
Loss and credit carryforwards, net	19,259	21,206
Less: valuation allowance	(621)	(10,390)
Gross deferred tax assets	99,469	80,300
Depreciation	(5,643)	(5,314)
Deferred taxes on unremitted foreign earnings	(428)	(397)
Amortization of intangible assets	(31,294)	(18,975)
Operating lease assets	(31,478)	(30,075)
Gross deferred tax liability	(68,843)	(54,761)
Net deferred tax asset	$ 30,626	$ 25,539

As of June 30, 2023, Adtalem has $190.8 million of gross, post apportioned state net operating loss carryforwards, and $17.3 million of foreign net operating loss carryforwards in St. Maarten and other jurisdictions. As of June 30, 2022, Adtalem had $259.9 million of gross, post apportioned state net operating loss carryforwards, and $15.7 million of foreign net operating loss carryforwards in St. Maarten and other jurisdictions.

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.

Adtalem has the following tax net operating loss (tax effected), interest (tax effected), and credit carryforwards as of June 30, 2023 (in thousands):

	June 30, 2023	Years of Expiration: Beginning	Years of Expiration: Ending
U.S. interest expense carryforwards	$ 1,861	no expiration	
U.S. credit carryforwards	672	2027	2030
State net operating loss carryforwards	10,388	2024	2042
State interest expense carryforwards	862	no expiration	
Foreign net operating loss carryforwards	5,476	2024	2033
Total loss and credit carryforwards, net	$ 19,259		

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.

Adtalem does not assert that the accumulated undistributed earnings of its foreign subsidiaries are indefinitely reinvested in foreign jurisdictions. Adtalem has accrued applicable state income and foreign withholding taxes on such distributed earnings.

Valuation allowances are established when it is more likely than not that all or a portion of a deferred tax asset will not be realized. The valuation allowance on our deferred tax assets was $0.6 million as of June 30, 2023 and mainly relates to foreign net operating loss carryforwards. The valuation allowance on our deferred tax assets was $10.4 million as of June 30, 2022 and relates to foreign and state net operating loss carryforwards. The valuation allowance decreased by $9.8 million in fiscal year 2023 compared to fiscal year 2022 and increased by $5.4 million in fiscal year 2022 compared to fiscal year 2021. Insufficient projected taxable income in certain jurisdictions gives rise to the need for a valuation allowance.

Based on Adtalem's expectations for future taxable income, management believes that it is more likely than not that operating income in other respective jurisdictions will be sufficient to recognize fully all deferred tax assets.

Our income tax provisions or benefits from continuing operations were $10.3 million tax provision, $15.5 million tax benefit, and $12.3 million tax provision in fiscal year 2023, 2022, and 2021, respectively. Fiscal year 2023 resulted in an income tax provision compared to an income tax benefit in fiscal year 2022 primarily due to the impacts recognized in fiscal year 2022 related to the Walden acquisition. In addition, in fiscal year 2023, we recorded a net tax benefit of $6.4 million for the release of a valuation allowance on certain deferred tax assets based on our reassessment of the amount of state net operating loss carryforwards that are more likely than not to be realized. The net benefit is comprised of the release of a valuation allowance of $9.3 million offset by a reduction in state net operating loss carryforwards of $2.3 million and a revaluation of deferred tax assets due to a tax rate change of $0.6 million. The income tax benefits in fiscal year 2022 and the income tax expense in fiscal years 2023 and 2021 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, a net tax benefit for the release of a valuation allowance on state net operating loss carryforwards, and benefits associated with local tax incentives.

As of June 30, 2023 and 2022, the total amount of gross unrecognized tax benefits for uncertain tax positions, including positions impacting only the timing of tax benefits, was $13.1 million and $11.6 million, respectively, which if recognized, would impact the effective tax rate.

We expect that our unrecognized tax benefits will decrease during the next 12 months due to the settlement of various audits and the lapsing of statutes of limitation. We estimate this decrease to be immaterial. Adtalem classifies interest and penalties on tax uncertainties as a component of the provision for income taxes. The total amount of interest and penalties accrued as of June 30, 2023 and 2022 was $1.6 million and $0.9 million, respectively. Interest and penalties expense recognized during the years ended June 30, 2023, 2022, and 2021 were a net increase of $0.7 million, $0.3 million, and $0.2 million, respectively. The changes in our unrecognized tax benefits were (in thousands):

	Year Ended June 30,		
	2023	2022	2021
Balance at beginning of period	$ 11,645	$ 9,836	$ 10,473
Increases from positions taken during prior periods	1,299	1,074	—
Decreases from positions taken during prior periods	—	(1,737)	(419)
Increases from positions taken during the current period	665	2,845	42
Reductions due to lapse of statute	(481)	(373)	(257)
Reductions due to settlement	—	—	(3)
Balance at end of period	$ 13,128	$ 11,645	$ 9,836

Adtalem files tax returns in the U.S. federal jurisdiction and in various state and foreign jurisdictions based on existing tax laws and incentives. Adtalem remains generally subject to examination in the U.S. for years beginning on or after July 1, 2019; in various states for years beginning on or after July 1, 2017; and in our significant foreign jurisdictions for years beginning on or after July 1, 2017.

9. Earnings per Share

As a result of incurring a net loss from continuing operations in fiscal year 2022, potential common stock of 416 thousand shares were excluded from diluted loss per share because the effect would have been antidilutive. As further described in Note 16 "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 76 thousand shares were contingently issuable by Adtalem under the ASR agreement and were included in the diluted earnings per share calculation for fiscal year 2023 because the effect would have been dilutive. As of June 30, 2023, the ASR agreement is no longer outstanding. 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):

	Year Ended June 30,		
	2023	**2022**	**2021**
Numerator:			
Net income (loss) attributable to Adtalem:			
Continuing operations	$ 101,752	$ (35,955)	$ 63,448
Discontinued operations	(8,394)	346,946	6,579
Net income attributable to Adtalem	$ 93,358	$ 310,991	$ 70,027
Denominator:			
Weighted-average basic shares outstanding	44,781	48,388	51,322
Effect of dilutive stock awards	743	—	323
Effect of ASR	76	—	—
Weighted-average diluted shares outstanding	45,600	48,388	51,645
Earnings (loss) per share attributable to Adtalem:			
Basic:			
Continuing operations	$ 2.27	$ (0.74)	$ 1.24
Discontinued operations	$ (0.19)	$ 7.17	$ 0.13
Total basic earnings per share	$ 2.08	$ 6.43	$ 1.36
Diluted:			
Continuing operations	$ 2.23	$ (0.74)	$ 1.23
Discontinued operations	$ (0.18)	$ 7.17	$ 0.13
Total diluted earnings per share	$ 2.05	$ 6.43	$ 1.36
Weighted-average antidilutive shares	403	1,869	1,143

10. 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):

	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

	June 30, 2022		
	Gross	Allowance	Net
Trade receivables, current	$ 109,882	$ (30,897)	$ 78,985
Financing receivables, current	6,116	(3,466)	2,650
Accounts receivable, current	$ 115,998	$ (34,363)	$ 81,635
Financing receivables, current	$ 6,116	$ (3,466)	$ 2,650
Financing receivables, noncurrent	36,265	(11,425)	24,840
Total financing receivables	$ 42,381	$ (14,891)	$ 27,490

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

Credit Quality

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

The credit quality analysis of financing receivables as of 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

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

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

Allowance for Credit Losses

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

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

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

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

	Year Ended June 30, 2023		
	Trade	Financing	Total
Beginning balance	$ 30,897	$ 14,891	$ 45,788
Write-offs	(43,273)	(7,653)	(50,926)
Recoveries	12,207	590	12,797
Provision for credit losses	29,359	3,640	32,999
Ending balance	$ 29,190	$ 11,468	$ 40,658

	Year Ended June 30, 2022		
	Trade	Financing	Total
Beginning balance	$ 11,559	$ 16,832	$ 28,391
Write-offs	(15,980)	(5,287)	(21,267)
Recoveries	11,488	35	11,523
Provision for credit losses	23,830	3,311	27,141
Ending balance	$ 30,897	$ 14,891	$ 45,788

Other Financing Receivables

In connection with the sale of DeVry University, Adtalem loaned $10.0 million to DeVry University under the terms of the DeVry Note. The DeVry Note bore interest at a rate of 4% per annum, payable annually in arrears, and had a maturity date of January 1, 2022. We received the loan payment of $10.0 million during the third quarter of fiscal year 2022.

On July 31, 2019, Adtalem sold its Chicago, Illinois, campus facility to DePaul College Prep Foundation ("DePaul College Prep"). In connection with the sale, Adtalem held a mortgage from DePaul College Prep for $46.8 million. The mortgage was due on July 31, 2024 as a balloon payment and bore interest at a rate of 4% per annum, payable monthly. The carrying value of the DePaul College Prep loan receivable was included in other assets, net on the Consolidated Balance Sheets as of June 30, 2022 in the amount of $44.0 million and was determined by discounting the future cash flows using an average of current rates for similar arrangements, which was estimated at 7% per annum. On February 23, 2023, DePaul College Prep paid the mortgage in full, which resulted in derecognition of the note receivable from the Consolidated Balance Sheets.

11. Property and Equipment, Net

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

	June 30, 2023	June 30, 2022
Land	$ 38,345	$ 44,478
Building	303,737	342,236
Equipment	226,600	268,352
Construction in progress	28,668	11,188
Property and equipment, gross	597,350	666,254
Accumulated depreciation	(338,828)	(376,328)
Property and equipment, net	$ 258,522	$ 289,926

Depreciation expense was $41.6 million, $44.6 million, and $33.9 million for the years ended June 30, 2023, 2022, and 2021, respectively.

On July 31, 2019, Adtalem sold its Chicago, Illinois, campus facility to DePaul College Prep for $52.0 million. Adtalem received $5.2 million of cash at the time of closing and held a mortgage, secured by the property, from DePaul College Prep for $46.8 million. The mortgage was due on July 31, 2024 as a balloon payment and bore interest at a rate of 4% per annum, payable monthly. The buyer had an option to make prepayments. Due to Adtalem's involvement with financing the sale, the transaction did not qualify as a sale for accounting purposes. Adtalem continued to maintain the assets associated with the sale on the Consolidated Balance Sheets. We recorded a note receivable of $40.3 million and a financing payable of $45.5 million at the time of the sale, which were classified as other assets, net and other liabilities, respectively, on the Consolidated Balance Sheets. See Note 10 "Accounts Receivable and Credit Losses" for a discussion on the discounting of the note receivable. On February 23, 2023, DePaul College Prep paid the mortgage in full. The $46.8 million received during fiscal year 2023 is classified as an investing activity in the Consolidated Statements of Cash Flows. Upon receiving full repayment of the mortgage, Adtalem no longer is involved in the financing of the sale and therefore derecognized the note receivable, the financing payable, and the assets associated with the campus facility, which resulted in recognizing a gain on sale of assets of $13.3 million in fiscal year 2023. This gain was recorded at Adtalem's home office, which is classified as "Home Office and Other" in Note 22 "Segment Information."

12. 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 January 2035, 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 June 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):

	Year Ended June 30, 2023	Year Ended June 30, 2022
Operating lease cost	$ 48,181	$ 55,257
Sublease income	(13,329)	(13,920)
Total lease cost	$ 34,852	$ 41,337

Maturities of lease liabilities by fiscal year as of June 30, 2023 were as follows (in thousands):

Fiscal Year	Operating Leases
2024	$ 49,487
2025	43,307
2026	37,468
2027	35,499
2028	28,350
Thereafter	59,538
Total lease payments	253,649
Less: tenant improvement allowance not yet received	(3,364)
Less: imputed interest	(49,171)
Present value of lease liabilities	$ 201,114

Lease term and discount rate were as follows:

	June 30, 2023
Weighted-average remaining operating lease term (years)	6.2
Weighted-average operating lease discount rate	6.4 %

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

	Year Ended June 30, 2023	Year Ended June 30, 2022
Cash paid for amounts in the measurement of operating lease liabilities (net of sublease receipts)	$ 58,198	$ 52,540
Operating lease assets obtained in exchange for operating lease liabilities	$ 32,476	$ 49,136

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 of its operating lease locations. Most of these subleases are a result of Adtalem retaining leases associated with restructured lease activities at DeVry University and Carrington College prior to their divestitures during fiscal year 2019. All sublease expirations with DeVry University and Carrington College coincide with Adtalem's original head lease expiration dates. At that time, Adtalem will be relieved of its obligations. In addition, Adtalem has entered into subleases with non-affiliated entities for vacated or partially vacated space from restructuring activities. Adtalem's sublease agreements expire at various dates through December 2025. We record sublease income as an offset against our lease expense recorded on the head lease. For leases which Adtalem vacated or partially vacated space, we recorded estimated restructuring charges in prior periods. Actual results may differ from these estimates, which could result in additional restructuring charges or reversals in future periods. Future minimum lease and sublease rental income under these agreements as of June 30, 2023, were as follows (in thousands):

Fiscal Year	Amount
2024	$ 10,204
2025	5,082
2026	2,038
Total lease and sublease rental income	$ 17,324

13. Goodwill and Intangible Assets

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

	June 30, 2023	June 30, 2022
Chamberlain	$ 4,716	$ 4,716
Walden	651,052	651,052
AUC	68,321	68,321
RUSM	180,089	180,089
RUSVM	57,084	57,084
Total	$ 961,262	$ 961,262

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

	June 30, 2023	June 30, 2022
Chamberlain	$ 4,716	$ 4,716
Walden	651,052	651,052
Medical and Veterinary	305,494	305,494
Total	$ 961,262	$ 961,262

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

	Chamberlain	Walden	Medical and Veterinary	Total
June 30, 2021	$ 4,716	$ —	$ 305,494	$ 310,210
Acquisition	—	651,052	—	651,052
June 30, 2022	$ 4,716	$ 651,052	$ 305,494	$ 961,262
June 30, 2023	$ 4,716	$ 651,052	$ 305,494	$ 961,262

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

	June 30, 2023		June 30, 2022		
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Weighted-Average Amortization Period
Student relationships	$ 161,900	$ (137,476)	$ 161,900	$ (87,457)	3 Years
Curriculum	56,091	(21,037)	56,091	(9,817)	5 Years
Total	$ 217,991	$ (158,513)	$ 217,991	$ (97,274)	

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

	June 30, 2023	June 30, 2022
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):

	June 30, 2023	June 30, 2022
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 $61.2 million and $97.3 million in the years ended June 30, 2023 and 2022, respectively. There was no amortization expense for the year ended June 30, 2021. Future intangible asset amortization expense, by reporting unit, is expected to be as follows (in thousands):

Fiscal Year	Walden
2024	$ 35,644
2025	11,220
2026	11,220
2027	1,394
Total	$ 59,478

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

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

Goodwill and indefinite-lived 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. There were no triggering events in fiscal year 2023 and our annual testing date is May 31.

Adtalem has five reporting units that contain goodwill and indefinite-lived intangible assets as of May 31, 2023. 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.

As of May 31, 2023, we elected to perform a qualitative assessment for all reporting units, except Walden. We analyzed qualitative factors, including results of operations and business conditions of the four reporting units, significant changes in cash flows of the reporting unit level or individual indefinite-lived intangible asset level, if applicable, as well as how much previously calculated fair values exceeded carrying values to determine if it is more likely than not that the goodwill or indefinite-lived intangible assets were impaired. Based on the qualitative assessment of the four reporting units, it was determined that it was more likely than not that the fair values of the reporting units or individual indefinite-lived intangible assets exceeded the respective carrying values.

As of May 31, 2023, we did not elect to perform a qualitative assessment for the Walden trade name and Walden Title IV eligibility and accreditation indefinite-lived intangible assets, and therefore performed a quantitative assessment of the respective fair values. In determining fair value of the Walden trade name indefinite-lived intangible asset, we used the relief-from-royalty method. The significant estimates used in this valuation approach are the risk-adjusted discount rate of 12.5%, forecasted revenue, a terminal revenue growth rate of 3.0% and a royalty rate of 2.25%. In determining fair value of the Walden Title IV eligibility and accreditation indefinite-lived intangible asset, we used the with and without method in a discounted cash flow model. The significant estimates used in this valuation approach are the risk-adjusted discount rate of 12.5%, forecasted revenue with and without the accreditations in place, and forecasted earnings before interest, taxes, depreciation, and amortization ("EBITDA") with and without the accreditations in place. Based on these quantitative assessments, it was determined that the fair values of these indefinite-lived intangible assets in the Walden reporting unit exceeded their carrying values and therefore no impairment was identified.

As of May 31, 2023, we did not elect to perform a qualitative assessment for our Walden reporting unit and therefore performed a quantitative assessment of the reporting unit's fair value. In determining fair value of the Walden reporting unit, we used the discounted cash flow method and the market multiple valuation approach. The significant estimates used in the discounted cash flow model are the risk-adjusted discount rate of 12.5%, forecasted revenue and EBITDA, and terminal growth rates of 3%. The significant estimates used in the market multiple valuation approach include earnings multiples for comparable companies. Based on this quantitative assessment, it was determined that the fair value of the Walden reporting unit exceeded its carrying value and therefore no goodwill impairment was identified.

Determining the fair value of a reporting unit or an intangible asset involves the use of significant estimates and assumptions. Management bases its fair value estimates on assumptions it believes to be reasonable at the time, but such assumptions are subject to inherent uncertainty. Actual results may differ from those estimates. If economic conditions deteriorate, interest rates continue to rise, or operating performance of our Walden or other reporting units do not meet expectations such that we revise our long-term forecasts, we may recognize impairments of goodwill and other intangible assets in future periods.

14. Debt

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

	June 30,	
	2023	**2022**
Total debt:		
Senior Secured Notes due 2028	$ 404,950	$ 405,882
Term Loan B	303,333	453,333
Total principal payments due	708,283	859,215
Unamortized debt discount and issuance costs	(13,206)	(20,307)
Total amount outstanding and noncurrent	$ 695,077	$ 838,908

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

Fiscal Year	Maturity Payments
2024	$ —
2025	—
2026	—
2027	—
2028	708,283
Total	$ 708,283

Senior Secured Notes due 2028

On March 1, 2021, Adtalem Escrow Corporation (the "Escrow Issuer"), a wholly-owned subsidiary of Adtalem, issued $800.0 million aggregate principal amount of 5.50% Senior Secured Notes due 2028 (the "Notes"), which mature on March 1, 2028, pursuant to an indenture, dated as of March 1, 2021 (the "Indenture"), by and between the Escrow Issuer and U.S. Bank National Association, as trustee and notes collateral agent. The Notes were sold within the U.S. only to qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), and outside the U.S. to non-U.S. persons in reliance on Regulation S under the Securities Act.

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

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

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

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

On April 11, 2022, we repaid $373.3 million of Notes at a price equal to 100% of the principal amount of the Notes. During June 2022, we repurchased on the open market an additional $20.8 million of Notes at a price equal to approximately 90% of the principal amount of the Notes, resulting in a gain on extinguishment of debt of $2.1 million recorded within interest expense in the Consolidated Statements of Income for the year ended June 30, 2022. This debt was subsequently retired. During the first quarter of fiscal year 2023, we repurchased on the open market an additional $0.9 million of Notes at a price equal to approximately 92% of the principal amount of the Notes, resulting in a gain on extinguishment of debt of $0.1 million recorded within interest expense in the Consolidated Statements of Income for the year ended June 30, 2023. This debt was subsequently retired.

Accrued interest on the Notes of $7.4 million is recorded within accrued liabilities on the Consolidated Balance Sheets as of each of June 30, 2023 and 2022.

Credit Agreement

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

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

Through June 30, 2023, interest on our Credit Facility was set based on LIBOR, which was based on observable market transactions. The Credit Agreement provides guidance surrounding the implementation of a replacement benchmark rate. On June 27, 2023, Adtalem entered into Amendment No. 1 to Credit Agreement, identifying the Secured Overnight Financing Rate ("SOFR") as the replacement benchmark rate for eurocurrency rate loans within the Credit Agreement. Beginning with the next interest rate reset in July 2023, the base rate will change to SOFR.

Term Loan B

Borrowings under the Term Loan B bear interest at Adtalem's option at a rate per annum equal to LIBOR, subject to a LIBOR floor of 0.75%, plus an applicable margin ranging from 4.00% to 4.50% for eurocurrency term loan borrowings or 3.00% to 3.50% for alternative base rate ("ABR") borrowings depending on Adtalem's net first lien leverage ratio for such period. As of June 30, 2023, the interest rate for borrowings under the Term Loan B facility was 9.19%, which approximated the effective interest rate. The proceeds of the Term Loan B were used, among other things, to finance the Walden acquisition, refinance Adtalem's Prior Credit Agreement (as defined below), and pay fees and expenses related to the Walden acquisition. 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.

Revolver

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

The Credit Agreement requires payment of a commitment fee equal to 0.25% as of June 30, 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 as of June 30, 2023.

Prior Credit Agreement

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

Prior Term Loan B

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

On March 24, 2020, we executed a pay-fixed, receive-variable interest rate swap agreement (the "Swap") with a multinational financial institution to mitigate risks associated with the variable interest rate on our Prior Term Loan B debt. We paid interest at a fixed rate of 0.946% and received variable interest of one-month LIBOR (subject to a minimum of 0.00%), on a notional amount equal to the amount outstanding under the Prior Term Loan B. The effective date of the Swap was March 31, 2020 and settlements with the counterparty occurred on a monthly basis. The Swap was set to terminate on February 28, 2025.

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

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

On July 29, 2021, prior to refinancing our Credit Agreement (as discussed above), we settled and terminated the Swap for $4.5 million, which resulted in a charge to interest expense in the year ended June 30, 2022.

Prior Revolver

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

Debt Discount and Issuance Costs

The Term Loan B was issued at a price of 99% of its principal amount, resulting in an original issue discount of 1%. The debt discount and issuance costs related to the Notes and Term Loan B are capitalized and presented as a direct deduction from the face amount of the debt, while the debt issuance costs related to the Revolver are classified as other assets, net on the Consolidated Balance Sheets. The debt discount and issuance costs are amortized as interest expense over seven years for the Notes and Term Loan B and over five years for the Revolver. The remaining $6.0 million of unamortized debt issuance costs related to the Prior Credit Facility and the $10.3 million of debt issuances costs associated with an unused bridge facility, which was in place should the permanent financing not have been obtained, were expensed in interest expense in the Consolidated Statements of Income in the year ended June 30, 2022. In addition, based on the $396.7 million prepayment on the Term Loan B and $394.1 million prepayment on the Notes during fiscal year 2022, we expensed $12.5 million and $6.8 million, respectively, in interest expense in the Consolidated Statements of Income for the year ended June 30, 2022, which was the proportionate amount of the remaining unamortized debt discount and issuance costs related to the Term Loan B and Notes as of the prepayment dates. In addition, based on the $150.0 million prepayments on the Term Loan B during fiscal year 2023, we expensed $4.3 million in interest expense in the Consolidated Statements of Income for the year ended June 30, 2023, which was the proportionate amount of the remaining unamortized debt discount and issuance costs related to the Term Loan B as of the prepayment date. The following table summarizes the unamortized debt discount and issuance costs activity for fiscal year 2023 (in thousands):

	Notes	Term Loan B	Revolver	Total
Unamortized debt discount and issuance costs as of June 30, 2022	$ 6,725	$ 13,582	$ 8,383	$ 28,690
Amortization of debt discount and issuance costs	(1,118)	(1,686)	(2,028)	(4,832)
Debt discount and issuance costs write-off	(15)	(4,282)	—	(4,297)
Unamortized debt discount and issuance costs as of June 30, 2023	$ 5,592	$ 7,614	$ 6,355	$ 19,561

Off-Balance Sheet Arrangements

Adtalem had a surety-backed letter of credit outstanding of $84.0 million as of June 30, 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 has posted a letter of credit under its Revolver in the amount of $76.2 million as of June 30, 2023, in favor of ED, which also 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 $31.9 million of surety bonds with regulatory authorities on behalf of Chamberlain, Walden, AUC, RUSM, and RUSVM.

Adtalem had a letter of credit of $68.4 million, which was posted in the second quarter of fiscal year 2017 in relation to a settlement with the Federal Trade Commission ("FTC") and required the letter of credit to be equal to the greater of 10% of DeVry University's annual Title IV disbursements or $68.4 million for a five-year period. Adtalem continued to post the letter of credit in relation to the settlement with the FTC on behalf of DeVry University and was reimbursed by DeVry University for 2.00% of the outstanding amount of this letter of credit. This letter of credit expired during the second quarter of fiscal year 2022.

Interest Expense

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

	Year Ended June 30,		
	2023	2022	2021
Notes interest expense	$ 22,301	$ 39,371	$ 14,667
Term Loan B interest expense	26,831	33,413	—
Term Loan B ticking fees	—	5,330	11,263
Prior Term Loan B interest expense	—	1,272	9,311
Term Loan B debt discount and issuance costs write-off	4,282	12,471	—
Notes issuance costs write-off	15	6,771	—
Gain on extinguishment of debt	(71)	(2,072)	—
Unused bridge fee	—	10,329	—
Prior Credit Facility issuance costs write-off	—	6,000	—
Swap settlement	—	4,525	—
Amortization of debt discount and issuance costs	4,832	7,083	2,657
Other	4,910	4,855	3,467
Total interest expense	$ 63,100	$ 129,348	$ 41,365

Covenants and Guarantees

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

Under the terms of the Credit Agreement, beginning on the fiscal quarter ending December 31, 2021 and through December 31, 2023, Adtalem is required to maintain a Total Net Leverage Ratio of equal to or less than 4.00 to 1.00, which requirement reduces to 3.25 to 1.00 for the fiscal quarter ending March 31, 2024 and thereafter. The Total Net

Leverage Ratio under the Credit Agreement is defined as the ratio of (a) the aggregate principal amount of Consolidated Debt (as defined in the Credit Agreement) of Adtalem and its subsidiaries as of the last day of the most recently ended Test Period (as defined in the Credit Agreement) *minus* Unrestricted Cash (as defined in the Credit Agreement) and Permitted Investments (as defined in the Credit Agreement) of the Borrower and its subsidiaries for such Test Period to (b) EBITDA (as defined in the Credit Agreement) for such Test Period. EBITDA for purposes of these restrictive covenants includes incremental adjustments beyond those included in traditional EBITDA calculations. Specifically, the Credit Agreement EBITDA definition includes the pro forma impact of EBITDA to be received from certain acquisition-related synergies and cost optimization activities, subject to a 20% cap.

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

The Credit Agreement contains customary events of default for facilities of this type. If an event of default under the Credit Agreement occurs and is continuing, the commitments thereunder may be terminated and the principal amount outstanding thereunder, together with all accrued and unpaid interest and other amounts owed thereunder, may be declared immediately due and payable.

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

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

Adtalem was in compliance with the debt covenants related to the Credit Agreement and the Notes covenants as of June 30, 2023.

15. Redeemable Noncontrolling Interest

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

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

16. Share Repurchases

Open Market Share Repurchase Programs

On November 8, 2018, we announced that the Board authorized Adtalem’s eleventh share repurchase program, which allowed Adtalem to repurchase up to $300.0 million of its common stock through December 31, 2021. The eleventh share repurchase program commenced in January 2019 and was completed in January 2021. On February 4, 2020, we announced that the Board authorized Adtalem’s twelfth share repurchase program, which allowed Adtalem to repurchase up to $300.0 million of its common stock through December 31, 2021. The twelfth share repurchase program commenced in January 2021 and expired on December 31, 2021. On March 1, 2022, we announced that the Board authorized Adtalem’s thirteenth share repurchase program, which allows Adtalem to repurchase up to $300.0 million of its common stock through February 25, 2025. Adtalem made share repurchases under its share repurchase programs as follows, which includes the market price of the shares, commissions, and excise tax (in thousands, except shares and per share data):

	Year Ended June 30,		Life-to-Date Current Share Repurchase Program
	2023	2022	
Total number of share repurchases	3,207,036	—	3,207,036
Total cost of share repurchases	$ 127,254	$ —	$ 127,254
Average price paid per share	$ 39.68	$ —	$ 39.68

As of June 30, 2023, $172.7 million of authorized share repurchases were remaining under the current share repurchase program. The timing and amount of any future repurchases will be determined based on an evaluation of market conditions and other factors. These repurchases may be made through the open market, including block purchases, in private negotiated transactions, or otherwise. Repurchases will be funded through available cash balances and/or borrowings and may be suspended or discontinued at any time. Shares of stock repurchased under the programs are held as treasury shares. Repurchases under our share repurchase programs reduce the weighted-average number of shares of common stock outstanding for basic and diluted earnings per share calculations.

ASR Agreement

On March 14, 2022, we entered into an ASR agreement to repurchase $150.0 million of common stock. We received an initial delivery of 4,709,576 shares of common stock representing approximately 80% of the total shares expected to be delivered at the time of executing the ASR based on the per share price on the day prior to the execution date. This initial delivery of shares 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 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 9 “Earnings per Share” for information on the ASR impact to earnings per share for fiscal year 2023. 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.

17. Accumulated Other Comprehensive Loss

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

	Year Ended June 30,		
	2023	2022	2021
Foreign currency translation adjustments			
Beginning balance	$ (2,227)	$ (2,523)	$ (3,236)
Gain on foreign currency translation	—	—	713
Reclassification from other comprehensive income	—	296	—
Ending balance	$ (2,227)	$ (2,227)	$ (2,523)
Available-for-sale marketable securities			
Beginning balance, gross	$ —	$ —	$ 242
Beginning balance, tax effect	—	—	(59)
Beginning balance, net of tax	—	—	183
Unrealized loss on available-for-sale marketable securities	—	—	(75)
Tax effect	—	—	18
Reclassification from other comprehensive income	—	—	(126)
Ending balance	$ —	$ —	$ —
Interest rate swap			
Beginning balance, gross	$ —	$ (8,926)	$ (10,399)
Beginning balance, tax effect	—	2,231	2,544
Beginning balance, net of tax	—	(6,695)	(7,855)
Unrealized gain on interest rate swap	—	—	1,473
Tax effect	—	—	(313)
Reclassification from other comprehensive income	—	6,695	—
Ending balance	$ —	$ —	$ (6,695)
Total ending balance	$ (2,227)	$ (2,227)	$ (9,218)

18. Stock-Based Compensation

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

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

As of June 30, 2023, 2,730,474 shares were authorized for issuance but not issued or subject to outstanding awards under Adtalem's stock-based incentive plans.

We issued options generally with a four-year graduated vesting from the grant date that expire ten years from the grant date. The option price under the plans is the fair market value of the shares on the date of the grant. The Compensation Committee of the Board determined to no longer grant stock options beginning with the fiscal year 2023 stock-based grant awards. The following is a summary of options activity for the year ended June 30, 2023:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding as of July 1, 2022	1,144,372	$ 35.36		
Exercised	(93,021)	28.23		
Forfeited	(3,975)	36.46		
Expired	(1,575)	18.60		
Outstanding as of June 30, 2023	1,045,801	36.02	5.5	$ 1,218
Exercisable as of June 30, 2023	774,995	$ 36.04	4.8	$ 980

The total intrinsic value of options exercised in the years ended June 30, 2023, 2022, and 2021 was $1.1 million, $6.9 million, and $1.1 million, respectively. The tax benefit from options exercised for the years ended June 30, 2023, 2022, and 2021 was $0.3 million, $1.8 million, and $0.3 million, respectively.

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

The weighted-average estimated grant date fair value of options granted at market price under Adtalem's stock-based incentive plans during the years ended June 30, 2022 and 2021 was $14.72 and $12.23, per share, respectively. No stock options were granted during fiscal year 2023. The fair value of Adtalem's option grants was estimated assuming the following weighted-average assumptions:

	Fiscal Year	
	2022	2021
Expected life (in years)	6.56	6.54
Expected volatility	39.99 %	39.27 %
Risk-free interest rate	0.94 %	0.45 %
Dividend yield	0.00 %	0.00 %

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

During fiscal year 2023, Adtalem granted 525,180 RSUs to selected employees and directors. Of these, 200,720 were performance-based RSUs and 324,460 were non-performance-based RSUs. We issue performance-based RSUs generally with a three-year cliff vest from the grant date. The final number of shares issued under performance-based RSUs is based on metrics approved by the Compensation Committee of the Board. Prior to fiscal year 2023, we issued non-performance-based RSUs generally with a four-year graduated vesting from the grant date. Beginning in fiscal year 2023, we issue non-performance-based RSUs generally with a three-year graduated vesting from the grant date. We also regularly issue RSUs to our Board members with a one-year cliff vest from the grant date. The recipient of the non-performance-based RSUs has the right to receive dividend equivalents, if any. This right does not pertain to the performance-based RSUs. The following is a summary of RSU activity for the year ended June 30, 2023:

	Number of RSUs	Weighted-Average Grant Date Fair Value
Unvested as of July 1, 2022	1,171,692	$ 35.05
Granted	525,180	40.10
Vested	(342,713)	37.19
Forfeited	(126,126)	37.07
Unvested as of June 30, 2023	1,228,033	$ 36.40

The weighted-average estimated grant date fair values of RSUs granted at market price under Adtalem's stock-based incentive plans in the years ended June 30, 2023, 2022, and 2021 were $40.10, $35.03, and $31.26 per share, respectively.

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

	Year Ended June 30,		
	2023	2022	2021
Stock-based compensation	$ 14,299	$ 22,611	$ 12,824
Income tax benefit	(3,938)	(3,658)	(2,824)
Stock-based compensation, net of tax	$ 10,361	$ 18,953	$ 10,000

As of June 30, 2023, $22.7 million of total pre-tax unrecognized stock-based compensation expense related to unvested grants is expected to be recognized over a weighted-average period of 2.0 years. The total fair value of options and RSUs vested during the years ended June 30, 2023, 2022, and 2021 was $15.0 million, $15.2 million, and $17.3 million, respectively. There was no capitalized stock-based compensation cost as of each of June 30, 2023 and 2022. Adtalem issues new shares of common stock to satisfy option exercises and RSU vests.

19. Employee Benefit Plans

401(k) Retirement Plan

All U.S. employees who meet certain eligibility requirements can participate in Adtalem's 401(k) Retirement Plan. Effective January 1, 2020, Adtalem makes a matching employer contribution into the 401(k) Retirement Plan of 100% up to the first 6% of the participant's eligible compensation. Expense for the matching employer contributions under the plan were $17.9 million, $18.4 million, and $12.0 million for the years ended June 30, 2023, 2022, and 2021, respectively.

Colleague Stock Purchase Plan

Under provisions of Adtalem's current Colleague Stock Purchase Plan, any eligible employee may authorize Adtalem to withhold up to $25,000 of annual wages to purchase common stock of Adtalem. Adtalem implemented a new Colleague Stock Purchase Plan approved by stockholders at Adtalem's annual meeting of stockholders held on November 6, 2019 which allows for the issuance of 500,000 shares. Currently, employees can purchase Adtalem's common stock at 90% of the prevailing market price on the purchase date. Adtalem subsidizes the remaining 10% and pays all brokerage commissions and administrative fees associated with the plan. These expenses were insignificant for the years ended June 30, 2023, 2022, and 2021. Total shares issued under the plans were 18,463, 18,328, and 8,857 for the years ended June 30, 2023, 2022, and 2021, respectively. These plans are intended to qualify as an "employee stock purchase plan" within the meaning of Section 423 of the Internal Revenue Code. Currently, Adtalem is re-issuing treasury shares to satisfy colleague share purchases under this plan.

Nonqualified Deferred Compensation Plan

Adtalem has a nonqualified deferred compensation ("NDCP") plan for highly compensated employees and its Board members. The plan allows participants to make tax-deferred contributions that cannot be made under the 401(k) Retirement Plan because of Internal Revenue Service limitations. The plan permits the deferral of up to 50% of a participant's salary and up to 100% of a participant's bonus or board fee. Adtalem currently matches up to 6% of the total eligible compensation of participants who make contributions under the plan. Amounts contributed and deferred under the plan are credited or charged with the performance of investment options offered under the plan as elected by the participants. The participant's "investments" are in a hypothetical portfolio of investments which are tracked by an administrator. Total liabilities under the NDCP plan included in accrued liabilities on the Consolidated Balance Sheets as of June 30, 2023 and 2022 were $12.6 million and $16.3 million, respectively. The increase or decrease in the fair value of the liabilities under the NDCP plan is included in student services and administrative expense in the Consolidated Statements of Income.

We have elected to fund our NDCP plan obligations through a rabbi trust. The rabbi trust is subject to creditor claims in the event of insolvency, but the assets held in the rabbi trust are not available for general corporate purposes. Amounts in the rabbi trust are placed in investments whose performance is generally consistent with the investments chosen by participants under their NDCP plan accounts, which are designated as trading securities and carried at fair value. 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 June 30, 2023 and 2022 was $12.5 million and $17.8 million, respectively. We record trading gains and losses in other income, net in the Consolidated Statements of Income.

20. 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.

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

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

Adtalem maintains a rabbi trust with investments in stock and bond mutual funds to fund obligations under a nonqualified deferred compensation plan. The fair value of the investments in the rabbi trust included in prepaid expenses and other current assets on the Consolidated Balance Sheets as of June 30, 2023 and 2022 was $12.5 million and $17.8 million, respectively. These investments are recorded at fair value based upon quoted market prices using Level 1 inputs.

The carrying value of the credit extension programs, which approximates its fair value, is included in accounts receivable, net and other assets, net on the Consolidated Balance Sheets as of June 30, 2023 and 2022 of $29.7 million and $27.5 million, respectively, and is classified as Level 2. See Note 10 “Accounts Receivable and Credit Losses” for additional information on these credit extension programs.

On July 31, 2019, Adtalem sold its Chicago, Illinois, campus facility to DePaul College Prep. In connection with the sale, Adtalem held a mortgage from DePaul College Prep for $46.8 million. The mortgage was due on July 31, 2024 as a balloon payment and bore interest at a rate of 4% per annum, payable monthly. The carrying value of the DePaul College Prep loan receivable, which approximates its fair value, is included in other assets, net on the Consolidated Balance Sheets as of June 30, 2022 was $44.0 million. Fair value was estimated by discounting the future cash flows using an average of current rates for similar arrangements, which was estimated at 7% per annum and was classified as Level 2. On February 23, 2023, DePaul College Prep paid the mortgage in full, which resulted in derecognition of the note receivable from the Consolidated Balance Sheets.

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 June 30, 2023 and 2022 were $12.6 million and $16.3 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 June 30, 2023 and 2022, borrowings under our long-term debt agreements were $708.3 million and $859.2 million, respectively. The fair value of the Notes was $368.5 million as of June 30, 2023, which is based upon quoted market prices and is classified as Level 1. The fair value of the Term Loan B was $304.3 million as of June 30, 2023, which is based upon quoted market prices in a non-active market and is classified as Level 2. See Note 14 “Debt” for additional information on our long-term debt agreements.

As of June 30, 2023 and 2022, 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, net in the Consolidated Statements of Income in the year ended June 30, 2023 as the carrying value is no longer recoverable. Since initial recognition of the investment, there have 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 13 “Goodwill and Intangible Assets” for additional information on the impairment review, including valuation techniques and assumptions.

21. Commitments and Contingencies

Adtalem is subject to lawsuits, administrative proceedings, regulatory reviews and investigations associated with financial assistance programs and other matters arising in the normal conduct of its business. As of June 30, 2023, Adtalem believes it has adequately reserved for potential losses. The following is a description of pending legal and regulatory matters that may be considered other than ordinary, routine, and incidental to the business. Descriptions of certain matters from prior SEC filings may not be carried forward in this report to the extent we believe such matters no longer are required to be disclosed or there has not been, to our knowledge, significant activity relating to them. We have recorded accruals for those matters where management believes a loss is probable and can be reasonably estimated as of June 30, 2023. For those matters for which we have not recorded an accrual, their possible impact on Adtalem’s business, financial condition, or results of operations, cannot be predicted at this time. The continued defense, resolution, or settlement of any of the following matters could require us to expend significant resources and could have a material adverse effect on our business, financial condition, results of operations, and cash flows, and result in the imposition of significant restrictions on us and our ability to operate.

On April 13, 2018, a putative class action lawsuit was filed by Nicole Versetto, individually and on behalf of others similarly situated, against Adtalem, DeVry University Inc., and DeVry/New York Inc. (collectively the “Adtalem Parties”) in the Circuit Court of Cook County, Illinois, Chancery Division. The complaint was filed on behalf of herself and three separate classes of similarly situated individuals who were citizens of the State of Illinois and who purchased or paid for a DeVry University program between January 1, 2008 and April 8, 2016. The plaintiff claimed that defendants made false or misleading statements regarding DeVry University’s graduate employment rate and asserts causes of action under the Illinois Uniform Deceptive Trade Practices Act, Illinois Consumer Fraud and Deceptive Trade Practices Act, and Illinois Private Business and Vocational Schools Act, and claims of breach of contract, fraudulent misrepresentation, concealment, negligence, breach of fiduciary duty, conversion, unjust enrichment, and declaratory relief as to violations of state law. The plaintiff sought compensatory, exemplary, punitive, treble, and statutory penalties and damages, including pre-judgment and post-judgment interest, in addition to restitution, declaratory and injunctive relief, and attorneys’ fees. The plaintiff later filed an amended complaint asserting similar claims with a new lead plaintiff, Dave McCormick. After discussions among the parties, the court granted a Motion for Preliminary Approval of Class Action Settlement (the “McCormick Settlement”) on May 28, 2020. In conjunction with the McCormick Settlement, Adtalem was required to establish a settlement fund by placing $44.95 million into an escrow account, which is recorded within prepaid expenses and other current assets on the Consolidated Balance Sheets as of each of June 30, 2023 and 2022. Adtalem management determined a loss contingency was probable and reasonably estimable. As such, we also recorded a loss contingency accrual of $44.95 million on the Consolidated Balance Sheets as of June 30, 2020 and charged the contingency loss within discontinued operations in the Consolidated Statements of Income (Loss) for the year ended June 30, 2020. As of June 30, 2020, we had anticipated the potential payments related to this loss contingency to be made from the escrow account during fiscal year 2021. We now anticipate the potential payments related to this loss contingency to be made from the escrow account during fiscal year 2024. This loss contingency estimate could differ from actual results and result in additional charges or reversals in future periods. The court issued an order approving the McCormick Settlement on October 7, 2020 and dismissed the action with prejudice. On November 2, 2020, Stoltmann Law Offices filed on behalf of Jose David Valderrama (“Valderrama”), a class member who objected to the terms of the McCormick Settlement, a notice of appeal of the court’s order approving the McCormick Settlement. On November 5, 2020, Richardo Peart (“Peart”), another class member who objected to the terms of the McCormick Settlement, filed a similar notice of appeal. Those appeals were consolidated before the Appellate Court of Illinois, First District and fully briefed. The Appellate Court agreed to stay Valderrama’s and Peart’s appeals of the McCormick Settlement pending the outcome of mediation involving the objections to the McCormick Settlement. The objections were not resolved at a mediation on February 1, 2022. Valderrama’s objection was withdrawn as part of the Stoltmann settlement discussed below. Peart’s objection remained pending a decision by the Appellate Court. On May 4, 2022, the Appellate Court denied Peart’s objection and affirmed the Circuit Court of Cook County’s approval of the McCormick Settlement. Adtalem settled with Peart and the $44.95 million McCormick Settlement became final. The $44.95 million settlement fund was reduced by $8.92 million reflecting an offset of amounts paid to the Settlement Class. Adtalem received the $8.92 million return of escrow on July 18, 2023. The remaining $36.03 million settlement fund is being distributed to the Settlement Class.

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

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

On March 12, 2021, Travontae Johnson, a current student of Chamberlain, filed a putative class action against Chamberlain in the Circuit Court of Cook County, Illinois, Chancery Division. The plaintiff claims that Chamberlain’s use of Respondus Monitor, an online remote proctoring tool for student examinations, violated the Illinois Biometric Information Privacy Act ("BIPA"), 740 ILCS 14/15. More particularly, the plaintiff claims that Chamberlain required students to use Respondus Monitor, which collected, captured, stored, used, and disclosed students' biometric identifiers and biometric information without written and informed consent. The plaintiff also alleges that Chamberlain lacked a legally compliant written policy establishing a retention schedule and guidelines for destroying biometric identifiers and biometric information. The potential class purportedly includes all students who took an assessment using the proctoring tool, as a student of Chamberlain in Illinois, at any time from March 12, 2016 through January 20, 2021. The plaintiff and the putative class seek damages in excess of $50,000, attorney's fees and costs. The plaintiff and class also seek an unspecified amount of enhanced damages based on alleged negligent or reckless conduct by Chamberlain. On June 16, 2021, Chamberlain filed a motion to dismiss plaintiff's complaint. On June 29, 2021, plaintiff filed an amended complaint. On July 19, 2021, Chamberlain filed its motion to dismiss the amended complaint arguing that plaintiff's lawsuit is expressly preempted by Title V of the Gramm-Leach-Bliley Act. On February 1, 2023, the Court granted Chamberlain's motion to dismiss plaintiff's complaint. On March 3, 2023, plaintiff filed an appeal, which is pending.

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 are ongoing. The parties filed a joint motion to stay discovery through August 31, 2023 pending the outcome of the ongoing settlement discussions.

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. In June 2023, the parties agreed to participate in non-binding mediation, which is scheduled for September 18, 2023.

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

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

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

Certain expenses previously allocated to ACAMS, Becker, OCL, and EduPristine within our former Financial Services segment during fiscal year 2021 and the first quarter of fiscal year 2022 have been reclassified to Home Office and Other based on discontinued operations reporting guidance regarding allocation of corporate overhead. Beginning in the second quarter of fiscal year 2022, these costs are being allocated to the Chamberlain, Walden, and Medical and Veterinary segments.

These segments are consistent with the method by which the Chief Operating Decision Maker (Adtalem's President and Chief Executive Officer) evaluates performance and allocates resources. Performance evaluations are based on each segment's adjusted operating income. Adjusted operating income excludes special items, which consists of deferred revenue adjustment, CEO transition costs, restructuring expense, business acquisition and integration expense, intangible amortization expense, litigation reserve, and gain on sale of assets. 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."

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

	Year Ended June 30,		
	2023	2022	2021
Revenue:			
Chamberlain	$ 571,034	$ 557,536	$ 563,814
Walden	533,725	485,393	—
Medical and Veterinary	346,067	338,913	335,434
Total consolidated revenue	$ 1,450,826	$ 1,381,842	$ 899,248
Adjusted operating income:			
Chamberlain	$ 135,503	$ 127,252	$ 128,851
Walden	110,364	104,582	—
Medical and Veterinary	67,336	69,148	60,199
Home Office and Other	(25,633)	(33,380)	(40,189)
Total consolidated adjusted operating income	287,570	267,602	148,861
Reconciliation to Consolidated Financial Statements:			
Deferred revenue adjustment	—	(8,561)	—
CEO transition costs	—	(6,195)	—
Restructuring expense	(18,817)	(25,628)	(6,869)
Business acquisition and integration expense	(42,661)	(53,198)	(31,593)
Intangible amortization expense	(61,239)	(97,274)	—
Litigation reserve	(10,000)	—	—
Gain on sale of assets	13,317	—	—
Total consolidated operating income	168,170	76,746	110,399
Interest expense	(63,100)	(129,348)	(41,365)
Other income, net	6,965	1,108	6,732
Total consolidated income (loss) from continuing operations before income taxes	$ 112,035	$ (51,494)	$ 75,766
Capital expenditures:			
Chamberlain	$ 17,749	$ 15,235	$ 28,631
Walden	4,688	5,393	—
Medical and Veterinary	4,386	3,277	4,121
Home Office and Other	10,185	7,149	7,129
Total consolidated capital expenditures	$ 37,008	$ 31,054	$ 39,881
Depreciation expense:			
Chamberlain	$ 17,264	$ 18,547	$ 16,123
Walden	9,492	9,255	—
Medical and Veterinary	12,475	13,890	14,431
Home Office and Other	2,344	2,882	3,334
Total consolidated depreciation expense	$ 41,575	$ 44,574	$ 33,888
Intangible amortization expense:			
Walden	$ 61,239	$ 97,274	$ —
Total consolidated intangible amortization expense	$ 61,239	$ 97,274	$ —

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

	Year Ended June 30,		
	2023	2022	2021
Revenue from unaffiliated customers:			
Domestic operations	$ 1,104,759	$ 1,042,929	$ 563,814
Barbados, St. Kitts, and St. Maarten	346,067	338,913	335,434
Total consolidated revenue	$ 1,450,826	$ 1,381,842	$ 899,248
Long-lived assets:			
Domestic operations	$ 269,147	$ 289,129	$ 286,720
Barbados, St. Kitts, and St. Maarten	164,052	178,792	164,337
Total consolidated long-lived assets	$ 433,199	$ 467,921	$ 451,057

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

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Based on an evaluation under the supervision and with the participation of Adtalem's management, Adtalem's Chief Executive Officer and Chief Financial Officer have concluded that Adtalem's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act were effective as of June 30, 2023 to ensure that information required to be disclosed by Adtalem in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and communicated to Adtalem's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

The management of Adtalem is responsible for establishing and maintaining adequate internal control over financial reporting, as defined by Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As of June 30, 2023, Adtalem's management has assessed the effectiveness of its internal control over financial reporting, using the criteria specified by the Committee of Sponsoring Organizations of the Treadway Commission's 2013 report Internal Control — Integrated Framework. Based upon this assessment, Adtalem's management concluded that as of June 30, 2023, its internal control over financial reporting was effective based upon these criteria.

The effectiveness of Adtalem's internal control over financial reporting as of June 30, 2023 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their attestation report included herein.

Changes in Internal Control Over Financial Reporting

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

Item 9B. Other Information

On May 31, 2023, Mr. Gangadharan, Adtalem's Chief Accounting Officer, entered in a 10b5-1 Preset Diversification Program (the "10b5-1 Plan"). Mr. Gangadharan's 10b5-1 Plan is intended to satisfy the affirmative defense of Rule 10b5-1(c). The estimated selling start date under Mr. Gangadharan's 10b5-1 Plan is August 28, 2023. The 10b5-1 Plan end date is June 1, 2026. The 10b5-1 Plan governs Mr. Gangadharan's sale of 2,222 restricted stock units ("RSUs") that will vest over the duration of the 10b5-1 Plan. The RSUs will be acquired in connection with Adtalem's Fourth Amended and Restated Incentive Plan of 2013 for directors, key executives, and managerial employees. A portion of the shares will be withheld by Adtalem or sold to cover withholding taxes. Transactions under Section 16 officer trading plans will be disclosed publicly through Form 144 and Form 4 filings with the Securities and Exchange Commission to the extent required by law.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by Item 10 relating to Directors and Nominees for election to the Board of Directors is incorporated by reference to Adtalem's definitive Proxy Statement to be filed in connection with the solicitation of proxies for the Annual Meeting of Stockholders to be held November 8, 2023 (the "Proxy Statement"). The information required by Item 10 with respect to Executive Officers is set forth in "Information About Our Executive Officers" at the end of Part I of this Annual Report on Form 10-K.

The information required by Item 10 with respect to Regulation S-K, Item 405 disclosure of delinquent Form 3, 4, or 5 filers is incorporated by reference to the Proxy Statement.

In accordance with the information required by Item 10 relating to Regulation S-K, Item 406 disclosures about the Adtalem Code of Conduct and Ethics, Adtalem has a Code of Conduct and Ethics, which applies to its directors, officers (including the Chief Executive Officer, the Chief Financial Officer, and the Chief Accounting Officer), and all other employees. The full text of the Code is available on Adtalem's website. Adtalem intends to satisfy the requirements of the Securities and Exchange Commission regarding amendments to, or waivers from, the Code by posting such information on its website. To date, there have been no waivers from the Code.

The information required by Item 10 relating to Regulation S-K, Item 407(c)(3) disclosure of procedures by which security holders may recommend nominees to Adtalem's Board of Directors is incorporated by reference to the Proxy Statement. The information called for by Item 10 relating to Regulation S-K, Item 407(d)(4) and (d)(5) disclosure of the Adtalem's audit and finance committee financial experts and identification of the Adtalem's audit committee is incorporated by reference to the Proxy Statement.

Item 11. Executive Compensation

The information required by Item 11 is incorporated by reference to the Proxy Statement (as defined in Item 10).

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by Item 12 is incorporated by reference to the Proxy Statement (as defined in Item 10).

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Item 13 is incorporated by reference to the Proxy Statement (as defined in Item 10).

Item 14. Principal Accountant Fees and Services

The information required by Item 14 is incorporated by reference to the Proxy Statement (as defined in Item 10).

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this report:

1. Financial Statements

Consolidated Financial Statements filed as part of this report are listed under Item 8. "Financial Statements and Supplementary Data."

2. Financial Statement Schedules

All financial statement schedules have been omitted, since the required information is not applicable or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and accompanying notes included in this Form 10-K.

3. Exhibits

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference to:
2(a)	Stock Purchase Agreement, by and between the Registrant and Cogswell Education, LLC, dated December 4, 2017 (the "Stock Purchase Agreement")		Exhibit 2.1 to the Registrant's Form 8-K dated December 4, 2017
2(b)	Amendment No. 1 to the Stock Purchase Agreement, dated August 2, 2018		Exhibit 2.1 to the Registrant's Form 8-K dated August 3, 2018
2(c)	Amendment No. 2 to the Stock Purchase Agreement dated as of December 11, 2018, by and between the Registrant and Cogswell		Exhibit 2.3 to the Registrant's Form 8-K dated December 12, 2018
2(d)	Amendment No. 3 to the Stock Purchase Agreement, dated as of December 11, 2018, by and between the Registrant and Cogswell		Exhibit 2.4 to the Registrant's Form 8-K dated December 12, 2018
2(e)	Membership Interest Purchase Agreement, by and between the Registrant and San Joaquin Valley College, Inc., dated June 28, 2018		Exhibit 2.1 to the Registrant's Form 8-K dated June 29, 2018
2(f)	Stock Purchase Agreement by and among Global Education International B.V., Sociedade de Ensino Superior Estácio de Sá Ltda., the Registrant, and Estácio Participações S.A., dated as of October 18, 2019		Exhibit 2.1 to the Registrant's Form 8-K dated October 23, 2019
2(g)	Letter Agreement, by and among, Global Education International B.V., Sociedade de Ensino Superior Estácio de Sá Ltda., the Registrant, and Estácio Participações S.A., dated as of April 24, 2020		Exhibit 2.2 to the Registrant's Form 8-K dated April 27, 2020
2(h)	Membership Interest Purchase Agreement by and between the Registrant and Laureate Education, Inc., dated as of September 11, 2020		Exhibit 2.1 to the Registrant's Form 8-K dated September 16, 2020
2(i)	Waiver and Amendment to Membership Interest Purchase Agreement by and between the Registrant and Laureate Education, Inc., dated as of July 21, 2021		Exhibit 2.1 to the Registrant's Form 8-K dated July 27, 2021
2(j)	Equity Purchase Agreement, by and among McKissock, LLC, Avalon Acquiror, Inc. and the Registrant, dated as of January 24, 2022		Exhibit 2.1 to the Registrant's Form 8-K dated January 25, 2022

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference to:
2(k)	Equity Purchase Agreement Side Letter, by and among McKissock, LLC, Avalon Acquiror, Inc. and the Registrant, dated as of March 10, 2022		Exhibit 2.2 to the Registrant's Form 10-Q for the quarter ended March 31, 2022
3(a)	Restated Certificate of Incorporation of the Registrant, dated May 23, 2017		Exhibit 3.2 to the Registrant's Form 8-K dated May 22, 2017
3(b)	Amendment to Restated Certificate of Incorporation of the Registrant, dated May 23, 2017		Exhibit 3.1 to the Registrant's Form 8-K dated May 22, 2017
3(c)	Amended and Restated By-Laws of the Registrant, as amended November 10, 2021		Exhibit 3.1 to the Registrant's Form 8-K dated November 15, 2021
4(a)	Description of Registrant's Securities	X	
4(b)	Form of 5.500% Senior Notes due 2028		Exhibit 4.2 to the Registrant's Form 8-K dated March 1, 2021
4(c)	Supplemental Indenture, dated as of August 12, 2021, by and between the Registrant, as issuer, the parties that are signatories thereto as Subsidiary Guarantors, as subsidiary guarantors, and U.S. Bank National Association, as trustee and notes collateral agent		Exhibit 4.2 to the Registrant's Form 8-K dated August 12, 2021
4(d)	Credit Agreement, dated as of August 12, 2021, by and between the Registrant, as borrower, the lenders party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent and collateral agent		Exhibit 10.1 to the Registrant's Form 8-K dated August 12, 2021
4(e)	Amendment No. 1 to Credit Agreement	X	
10(a)*	Registrant's Amended and Restated Incentive Plan of 2005		Exhibit 10.1 to the Registrant's Form 8-K dated November 10, 2010
10(b)*	Registrant's Fourth Amended and Restated Incentive Plan of 2013		Exhibit 10(f) to the Registrant's Form 10-Q for the quarter ended September 30, 2022
10(c)*	Registrant's Nonqualified Deferred Compensation Plan		Exhibit 4.3 to the Registrant's Form S-8 dated August 27, 2014
10(d)*	Registrant's Retirement Plan		Exhibit 10(d) to the Registrant's Form 10-K for the year ended June 30, 2022
10(e)*	Amendment One to the Registrant's Retirement Plan		Exhibit 10(e) to the Registrant's Form 10-K for the year ended June 30, 2022
10(f)*	Amendment Two to the Registrant's Retirement Plan		Exhibit 10(f) to the Registrant's Form 10-K for the year ended June 30, 2022
10(g)*	Amendment Three to the Registrant's Retirement Plan		Exhibit 10(g) to the Registrant's Form 10-K for the year ended June 30, 2022
10(h)*	Form of Incentive Stock Option Agreement for Employees under the Amended and Restated Incentive Plan of 2005		Exhibit 10(h) to the Registrant's Form 10-K for the year ended June 30, 2013
10(i)*	Form of Nonqualified Stock Option Agreement for Executive Officers under the Fourth Amended and Restated Incentive Compensation Plan of 2013		Exhibit 10(o) to the Registrant's Form 10-K for the year ended June 30, 2014
10(j)*	Form of Nonqualified Stock Option Agreement for Employees under the Fourth Amended and Restated Incentive Plan of 2013		Exhibit 10(p) to the Registrant's Form 10-K for the year ended June 30, 2014

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference to:
10(k)*	Form of Incentive Stock Option Agreement for Executive Officers under the Fourth Amended and Restated Incentive Plan of 2013		Exhibit 10(q) to the Registrant's Form 10-K for the year ended June 30, 2014
10(l)*	Form of Incentive Stock Option Agreement for Employees under the Fourth Amended and Restated Incentive Plan of 2013		Exhibit 10(r) to the Registrant's Form 10-K for the year ended June 30, 2014
10(m)*	Form of Full Value Share Award Agreement for Executive Officers under the Fourth Amended and Restated Incentive Plan of 2013		Exhibit 10.1 to the Registrant's Form 8-K dated May 8, 2014
10(n)*	Form of Full Value Share Award Agreement for Directors under the Fourth Amended and Restated Incentive Plan of 2013		Exhibit 10(t) to the Registrant's Form 10-K for the year ended June 30, 2014
10(o)*	Form of Full Value Share Award Agreement for Employees under the Fourth Amended and Restated Incentive Plan of 2013		Exhibit 10(u) to the Registrant's Form 10-K for the year ended June 30, 2014
10(p)*	Form of Performance Share Award Agreement for Executive Officers under the Fourth Amended and Restated Incentive Plan of 2013		Exhibit 10(v) to the Registrant's Form 10-K for the year ended June 30, 2014
10(q)*	Form of Performance Share Award Agreement for Employees under the Fourth Amended and Restated Incentive Plan of 2013		Exhibit 10(w) to the Registrant's Form 10-K for the year ended June 30, 2014
10(r)*	Form of Restricted Cash Award Agreement for Employees under the Fourth Amended and Restated Incentive Plan of 2013		Exhibit 10(x) to the Registrant's Form 10-K for the year ended June 30, 2014
10(s)*	Form of Nonqualified Stock Option Award Agreement for Executive Officers under the Fourth Amended and Restated Incentive Compensation Plan of 2013 (effective fiscal year 2022)		Exhibit 10(a) to the Registrant's Form 10-Q for the quarter ended September 30, 2021
10(t)*	Form of Incentive Stock Option Award Agreement for Executive Officers under the Fourth Amended and Restated Incentive Compensation Plan of 2013 (effective fiscal year 2022)		Exhibit 10(b) to the Registrant's Form 10-Q for the quarter ended September 30, 2021
10(u)*	Form of Restricted Stock Unit Award Agreement for Executive Officers under the Fourth Amended and Restated Incentive Compensation Plan of 2013 (effective fiscal year 2022)		Exhibit 10(c) to the Registrant's Form 10-Q for the quarter ended September 30, 2021
10(v)*	Form of Restricted Stock Unit Award Agreement for Directors under the Fourth Amended and Restated Incentive Compensation Plan of 2013 (effective fiscal year 2022)		Exhibit 10(d) to the Registrant's Form 10-Q for the quarter ended September 30, 2021
10(w)*	Form of Restricted Stock Unit Award Agreement for Employees under the Fourth Amended and Restated Incentive Compensation Plan of 2013 (effective fiscal year 2022)		Exhibit 10(e) to the Registrant's Form 10-Q for the quarter ended September 30, 2021
10(x)*	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 2022)		Exhibit 10(f) to the Registrant's Form 10-Q for the quarter ended September 30, 2021
10(y)*	Form of Performance-Based Restricted Stock Unit Award Agreement for Employees under the Fourth Amended and Restated Incentive Compensation Plan of 2013 (effective fiscal year 2022)		Exhibit 10(g) to the Registrant's Form 10-Q for the quarter ended September 30, 2021

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference to:
10(z)*	Form of Restricted Cash Award Agreement for Employees under the Fourth Amended and Restated Incentive Compensation Plan of 2013 (effective fiscal year 2022)		Exhibit 10(h) to the Registrant's Form 10-Q for the quarter ended September 30, 2021
10(aa)*	Form of Restricted Stock Unit Award Agreement for Executive Officers under the Fourth Amended and Restated Incentive Compensation Plan of 2023 (effective fiscal year 2023)		Exhibit 10(a) to the Registrant's Form 10-Q for the quarter ended September 30, 2022
10(bb)*	Form of Restricted Stock Unit Award Agreement for Employees under the Fourth Amended and Restated Incentive Compensation Plan of 2023 (effective fiscal year 2023)		Exhibit 10(b) to the Registrant's Form 10-Q for the quarter ended September 30, 2022
10(cc)*	Form of Performance-Based Restricted Stock Unit Award Agreement for Executive Officers under the Fourth Amended and Restated Incentive Compensation Plan of 2023 (effective fiscal year 2023)		Exhibit 10(c) to the Registrant's Form 10-Q for the quarter ended September 30, 2022
10(dd)*	Form of Performance-Based Restricted Stock Unit Award Agreement for Employees under the Fourth Amended and Restated Incentive Compensation Plan of 2023 (effective fiscal year 2023)		Exhibit 10(d) to the Registrant's Form 10-Q for the quarter ended September 30, 2022
10(ee)*	Form of Restricted Cash Award Agreement for Employees under the Fourth Amended and Restated Incentive Compensation Plan of 2023 (effective fiscal year 2023)		Exhibit 10(e) to the Registrant's Form 10-Q for the quarter ended September 30, 2022
10(ff)*	Form of Indemnification Agreement between the Registrant and its Directors		Exhibit 10(f) to the Registrant's Form 10-K for the year ended June 30, 2010
10(gg)*	Executive Employment Agreement between the Registrant and Gregory S. Davis, dated July 7, 2016		Exhibit 10.1 to the Registrant's Form 8-K dated January 1, 2017
10(hh)*	Executive Employment Agreement between the Registrant and Steven Riehs, dated May 17, 2013		Exhibit 10.1 to the Registrant's Form 8-K dated May 22, 2013
10(ii)*	Executive Employment Agreement between the Registrant and Susan Groenwald, dated September 1, 2011		Exhibit 10(ii) to the Registrant's Form 10-K for the year ended June 30, 2014
10(jj)*	Executive Employment Agreement between the Registrant and Donna N. Jennings-Howell, dated October 12, 2009		Exhibit 10(jj) to the Registrant's Form 10-K for the year ended June 30, 2018
10(kk)*	Executive Employment Agreement between the Registrant and Michael O. Randolfi		Exhibit 10.1 to the Registrant's Form 8-K dated August 27, 2019
10(ll)*	Executive Employment Agreement between the Registrant and Karen S. Cox, dated June 15, 2018		Exhibit 10(nn) to the Registrant's Form 10-K for the year ended June 30, 2020
10(mm)*	Executive Employment Agreement between the Registrant and Douglas G. Beck, dated May 6, 2021		Exhibit 10(gg) to the Registrant's Form 10-K for the year ended June 30, 2021
10(nn)*	Executive Employment Agreement effective September 8, 2021, between the Registrant and Stephen W. Beard		Exhibit 10.1 to the Registrant's Form 8-K dated August 6, 2021
10(oo)*	Executive Employment Agreement effective October 18, 2021, between the Registrant and Robert J. Phelan		Exhibit 10.1 to the Registrant's Form 8-K dated November 15, 2021
10(pp)*	Executive Employment Agreement between the Registrant and John Danaher		Exhibit 10(pp) to the Registrant's Form 10-K for the year ended June 30, 2022

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference to:
10(qq)*	Executive Employment Agreement between the Registrant and Maurice Herrera		Exhibit 10(qq) to the Registrant's Form 10-K for the year ended June 30, 2022
10(rr)	Executive Employment Agreement between the Registrant and Steven Tom	X	
21	Subsidiaries of the Registrant	X	
23	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm	X	
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**	X	
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**	X	
32	Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**	X	
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.	X	
101.SCH	Inline XBRL Taxonomy Extension Schema Document	X	
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	X	
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	X	
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	X	
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	X	
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.

Item 16. Form 10-K Summary

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: August 10, 2023

By: /s/ Robert J. Phelan
Robert J. Phelan
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Michael W. Malafronte Michael W. Malafronte	Chairman of the Board	August 10, 2023
/s/ Stephen W. Beard Stephen W. Beard	President and Chief Executive Officer (Principal Executive Officer)	August 10, 2023
/s/ Robert J. Phelan Robert J. Phelan	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	August 10, 2023
/s/ Manjunath Gangadharan Manjunath Gangadharan	Vice President and Chief Accounting Officer (Principal Accounting Officer)	August 10, 2023
/s/ William W. Burke William W. Burke	Director	August 10, 2023
/s/ Charles DeShazer Charles DeShazer	Director	August 10, 2023
/s/ Mayur Gupta Mayur Gupta	Director	August 10, 2023
/s/ Donna J. Hrinak Donna J. Hrinak	Director	August 10, 2023
/s/ Georgette Kiser Georgette Kiser	Director	August 10, 2023
/s/ William Krehbiel William Krehbiel	Director	August 10, 2023
/s/ Sharon O’Keefe Sharon O’Keefe	Director	August 10, 2023
/s/ Kenneth J. Phelan Kenneth J. Phelan	Director	August 10, 2023
/s/ Lisa W. Wardell Lisa W. Wardell	Director	August 10, 2023