

Risk Factors Comparison 2023-08-10 to 2022-08-11 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

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** ~~the Defense to Repayment~~ 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** ~~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, ~~such as the global coronavirus outbreak and the efficacy and distribution of COVID-19 vaccines~~, 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.

Risks Related to Acquisition • **We In connection with the Acquisition, we incurred additional indebtedness, which could adversely affect Adtalem, including our business flexibility and has increased our subsidiaries interest expense.** • **Despite current indebtedness levels, we may still not be able to incur substantially more generate sufficient cash to service all of our indebtedness and may not be able to refinance our debt obligations, including secured debt, which could further exacerbate the risks we face.** • **The combined company may be unable to realize the anticipated benefits of the Acquisition.**

Risks Related to Shareholder Activism • **We may face risks associated with Shareholder shareholder activism, including public criticism of Adtalem or our management team, may adversely affect us.**

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 ~~28in~~ **25in** 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. ~~As described in Note 20 “Commitments and Contingencies,” to the Consolidated Financial Statements in Item 8. “Financial Statements and Supplementary Data,” Adtalem, and former subsidiaries DeVry University, Inc., and DeVry / New York Inc. are the subject of consumer lawsuits alleging facts similar to those alleged by the FTC and ED in previously resolved actions. On February 27, 2020, the Department of Justice (“DOJ”) notified the U. S. District Court for the District of Georgia that it would decline to intervene in two qui tam False Claims Act actions filed by former DeVry University employees related to the subject matter of the Civil Investigative Demands. Those actions were unsealed on March 2, 2020, and we cannot predict their outcome.~~ 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, 2020-2023, new Defense to Repayment regulations went into effect that include a **higher-lower** threshold for establishing misrepresentation, **provides for expands acts which lead to an approved claim, removes** a statute of limitation for claims submission, **implements a single federal standard regardless** narrows the current triggers allowed for letter-of credit requirements **when the loan was first disbursed**, and **eliminates-reinstates** provisions for group discharges. **The new regulations are effective with claims on loans disbursed on or after July 1, 2020.** On July 13, 2022, ED published proposed amendments to the borrower defense rules. The proposal reintroduces a group claims process, implements a single federal standard regardless of when the loan was first disbursed, **removes any limitation period for filing a claim and expands acts which lead to an approved claim.** ED is also **included** proposing to revert to a six- year statute of limitations for recovery from institutions. **Following a 30-day comment period, ED will publish the final rules, which we anticipate will be effective on July 1, 2023.** These **proposed changes could may** increase financial liability and reputational risk. **29The-- 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 **20-21** “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-26While** 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** the Defense to Repayment 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 The Defense to Repayment~~ 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 ~~30have~~ **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 27~~ **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. ~~Congress passed the American Rescue Plan Act of 2021 (the "Rescue Act"), which was signed into law on March 11, 2021. It includes language permanently modifying the 90 / 10 Rule. This modification expands the rule to include additional federal aid programs, including GI Bill benefits, in the 90 % calculation. The provision was modified in the Senate by a bipartisan amendment offered by Senators Morgan (R- KS) and Carper (D- DE). The Moran- Carper amendment requires ED to begin a negotiated rulemaking process by October 1, 2021. Negotiated rulemaking ended in March 2022. The amended rule will first apply to institutional fiscal years beginning on or after January 1, 2023. We do not anticipate any adverse impact to our institutions as a result of these amendments.~~ In the ~~117th~~ **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 ~~31action~~ **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. 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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~~ **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 ~~, or a worsening economic outlook resulting from COVID-19, among other things,~~ 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 ~~first disbursed between July 1, 2017 and July 1, 2020~~ 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 ~~forgoing~~ **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. ~~ED has proposed amendments to the definition of substantial misrepresentation. We anticipate these changes will be effective on July 1, 2023.~~ **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 **29** (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. ~~Although no definite~~

calculations have been performed, as a result of the acquisition of Walden and the related transactions, 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 ~~33 receipt~~ **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. **If ED has proposed changes to the certification rules. The earliest any amended rules will be effective is July 1, 2024. 30If** 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, **and / or** 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 ~~34accrediting~~ **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, ~~2022~~ **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~~ **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 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 ~~period for which final~~ three-year default rates ~~data is available is~~ **are for the federal** fiscal year ~~2018~~ **2019 cohort entering repayment**. Default rates for ~~the Chamberlain, Walden, AUC, RUSM, and RUSVM students for~~ fiscal year ~~2018~~ **2019 is cohort for Chamberlain, Walden, AUC, RUSM, and RUSVM are 0.5 %, 1.1 %, 0.26 %, 4.72 %, and 0.27 %, 0.9 %, and 0.4 %, 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' ~~35standards~~ **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 ~~32of~~ 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. ~~36~~We ~~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~~~~33~~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 ~~37~~~~are~~ ~~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 34Risks** Related to Adtalem' s BusinessOutbreaks of communicable infections or diseases, or other public health pandemics, ~~such as the global coronavirus outbreak and the efficacy and distribution of COVID-19 vaccines,~~ 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, ~~such as the current outbreak of the coronavirus currently being experienced and the efficacy and distribution of COVID-19 vaccines,~~ 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. ~~We have developed and continue to develop plans to help mitigate the negative impact of the coronavirus to our business including all classes having shifted to online learning, all employees working from home, practice containment, recovery and normalization scenario planning, and emergency succession planning. Students at AUC returned to campus in St. Maarten for the January 2021 semester. A limited number of RUSM students began returning to Barbados for the January and May 2021 semesters with a full return occurring for the September 2021 semester. As of the May 2021 semester, all RUSVM basic science students have resumed classroom-based learning in St. Kitts. The coronavirus outbreak and the efficacy and distribution of COVID-19 vaccines continues to be fluid and uncertain, making it difficult to forecast the final impact it could have on our future operations.~~ If our business experiences prolonged occurrences of adverse public health conditions, ~~such as the coronavirus,~~ and the attendant **reinstatement of** stay- at- home orders ~~or 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, ~~2022~~ **2023**, intangible assets from business combinations totaled \$ ~~873.812.63~~ **812.63** 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 ~~38~~ **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 35~~ **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 ~~39system~~ **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-36~~ **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 data 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 ~~40increase~~ **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 37 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, ~~some of which could be material to our operations~~. 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; 41 · 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 38 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, 2022 2023, intangible assets from business combinations totaled \$ 873 812. 6 3 million and goodwill totaled \$ 961. 3 million. Together, these assets equaled 61 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 \$ 873 812. 6 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 ~~42~~ **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. **Risks Related to Acquisition**~~The Acquisition has and will involve substantial costs. We have incurred a number of non- recurring costs associated with the Acquisition. The majority of the non- recurring expenses consisted of transaction and regulatory costs related to the Acquisition. We also incurred, and continue to incur, transaction fees and costs related to formulating and implementing integration plans, including system consolidation costs and employment- related costs. We continue to assess the magnitude of these costs, and additional unanticipated costs may be incurred from the Acquisition and integration. Although we anticipate that the elimination of duplicative costs and the realization of other efficiencies and synergies related to the integration should allow us to offset integration- related costs over time, this net benefit may not be achieved in the near term, or at all. In connection with the Acquisition, we incurred additional indebtedness, which could adversely affect Adtalem, including our business flexibility and has increased our interest expense. We have increased indebtedness following the completion of the Acquisition in comparison to our recent historical basis, which could have the effect, among other things, of reducing our flexibility to respond to changing business and economic conditions and increasing our interest expense. We also incurred various costs and expenses related to the financing of the Acquisition. The amount of cash required to pay interest on our increased indebtedness, and thereby the demands on our cash resources, is greater than the amount of cash flow required to service our indebtedness prior to the Acquisition. The increased levels of indebtedness could also reduce funds available for working capital, capital expenditures, and other general corporate purposes, and may create competitive disadvantages for us relative to other companies with lower debt levels. If we do not achieve the expected synergies and cost savings from the Acquisition, or if our financial performance after the Acquisition does not meet our current expectations, then our ability to service the indebtedness may be adversely impacted. Despite current indebtedness levels, we may still be able to incur substantially more debt, including secured debt, which could further exacerbate the risks we face. After giving effect to (a) the consummation of the Acquisition, (b) the issuance of the 5- 50 % Senior Secured Notes due 2028 (the " Notes "), (c) the delivery of collateral to any escrow accounts and entry into commitment letters by Adtalem in connection therewith, (d) entry into and incurrence of borrowings under the Credit Facility (as defined below) and the application of the net proceeds thereof, (e) the amendment of, repayment of and termination of Adtalem' s Prior Credit Agreement (as defined below), (f) the merger of the Escrow Issuer (as defined below) with and into Adtalem, with Adtalem as the surviving entity, and (g) all other transactions related or incidental to, or in connection with, any of the foregoing (including, without limitation, the payment of fees and expenses in connection with each of the foregoing), we are a highly leveraged company. We and our subsidiaries may be able to incur substantial additional indebtedness in the future, including secured indebtedness secured by different collateral to which the Notes would be effectively junior and indebtedness of non- guarantor subsidiaries to which the Notes would be structurally subordinated. The terms of our Credit Facility and Notes limit, but not prohibit, us or our subsidiaries from incurring additional indebtedness, including secured indebtedness, but these limits are subject to significant exceptions and do not limit liabilities that do not constitute debt. If we or the guarantors incur any additional indebtedness secured by the collateral on the same first priority basis, the holders of that indebtedness will be entitled to share ratably with the lenders under the Credit Facility and holders of the Notes and the guarantees offered hereby in any proceeds of the collateral distributed in connection with any insolvency, liquidation, ~~43~~ reorganization, dissolution or other winding- up of our company. In addition, our substantial indebtedness could have important consequences. For example, it could: • limit our ability to borrow money for our working capital, capital expenditures, debt service requirements, strategic initiatives or other purposes; • make it more difficult for us to satisfy our obligations with respect to our indebtedness, including the Notes, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under the Notes and the agreements governing other indebtedness; • require us to dedicate a substantial portion of our cash flow from operations to the repayment of our indebtedness, thereby reducing funds available to us for other purposes; • limit our flexibility in planning for, or reacting to, changes in our operations or business; • make us more highly leveraged than some of our competitors, which may place us at a competitive disadvantage; • make us more vulnerable to downturns in our business or the economy; and • restrict us from making strategic acquisitions, engaging in development activities, introducing new technologies or exploiting business opportunities. If new indebtedness is added to our current debt levels, the related risks that we and our subsidiaries now face could intensify. We and our subsidiaries may not be able to generate sufficient cash to service all of our indebtedness , including the Notes (as defined below), and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful **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. 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 below) in an amount sufficient to enable us to pay our indebtedness, including the Notes, 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, including the Notes. 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, which are currently experiencing significant volatility during the ongoing COVID-19 pandemic, 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. The terms of existing or future debt instruments and the indenture governing the Notes may restrict us from adopting some of these alternatives. 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.~~ 44