

What We Do

Stride, Inc. (NYSE:LRN) is a technology-based education company providing General Education and Career Learning virtual and hybrid products and services to learners, schools, and enterprises. Stride's General Education focuses on core subjects for K-12 grade levels, while Career Learning develops middle to high school and adult learners' skills to enter and succeed in careers with a focus on information technology and health care.

Stock Info

Ticker Symbol	Stock Exchange	Shares O/S	52-week Low/High
LRN	NYSE	41.6M As of July 30, 2021	\$20.89-\$47.07 As of August 11, 2021

Key Metrics

Revenue	Gross margin	Adj. EBITDA* margin	Adj. OI* Margin	Leverage ratio**
\$1.54 billion	35%	16%	11%	0.4x
For the full fiscal year ended June 30, 2021 (FY21)				

Analyst Price Targets & Recommendations



Investment Thesis

Leading education services platform	Sustainable core business	Career learning growth	Experienced, diverse leadership	Financial track record
With scale, expertise & broad, long-term customer relationships	Secular shift toward online & blended education for lifelong learning	Addressing \$65B TAM by helping solve the worker skills gap issue	Deep educational regulatory & policy expertise with commitment to ESG	Consistent growth in revenue & profitability & strong balance sheet

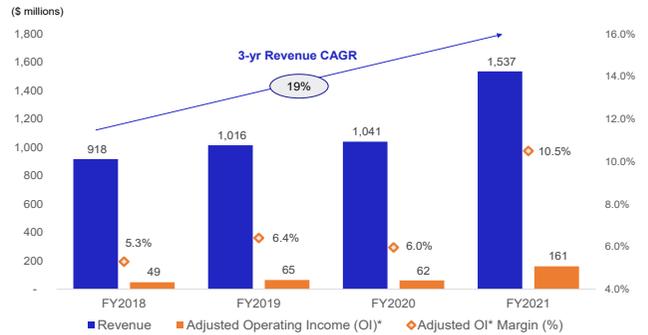
A Lifelong Learning Company



Key Messages

- Stride is not just a short-term COVID-19 beneficiary
- Digital transformation in education is long-term
- Total addressable market (TAM) has expanded significantly
- Platform assets provide new growth vectors into mainstream markets
- Gross margin improvements underway

Financial Summary



	FY2018	FY2019	FY2020	FY2021
EPS	\$ 0.68	\$ 0.91	\$ 0.60	\$ 1.71
Market capitalization (\$M) ¹	\$ 648	\$ 1,224	\$ 1,117	\$ 1,376
P/E Ratio (Forward) ²	18x	51x	16x	19x

*Note: To supplement our financial statements presented in accordance with U.S. generally accepted accounting principles (GAAP), we also present non-GAAP financial measures including adjusted operating income, EBITDA and adjusted EBITDA. Management believes that these additional metrics provide useful information to investors relating to our financial performance. A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures is provided in the Appendix to this presentation.
¹Note: Leverage ratio is Net Debt (total debt obligations of \$488.9M less cash and cash equivalents of \$386.1M) divided by Adjusted EBITDA of \$239.9M for the twelve months ended June 30, 2021.
² - Market capitalization as of end of fiscal year; FY21 market cap as of August 11, 2021.
³ - P/E ratio calculated using share price at end of fiscal year divided by next fiscal year's earnings per share; FY21 P/E ratio as of August 11, 2021.

General Education

FY21 Revenue → **\$1.28B**

Annual growth rate → **+37%**



Full-time Online Programs

Online and blended programs for Kindergarten - 12th grade



Part-time Online Programs

Students attending traditional program and Stride-powered online option



Learning Solutions

Content, platform, instruction and support solutions for brick-and-mortar schools

Growing mass acceptance of online learning

Many parents are now digital natives and used to learning and getting information online

School districts and private schools shifting from print to digital format at accelerating rate

COVID-19 impact increasing awareness and broader requirement for online education

Career Learning

FY21 Revenue → **\$257M**

Annual growth rate → **+140%**



Career Preparation

- Middle-High School Career Education
- Entry-level certifications
- Bootcamps and short courses



Career Development

- Immersive training
- Consumer upskilling & retraining
- Job placement services
- Bootcamps and short courses



Enterprise Workforce Solutions

- Corporate & Military upskilling / retraining
- Recruitment / placement
- Career data tracking & analysis

Bi-partisan support for workforce development at K-12 and adult levels

Increasingly competitive global market

Technology advancement driving need to reskill / upskill talent

Economics require rethinking of college vs. skill attainment

"New collar jobs" no longer require a 4-year degree

Long-Term Targets

	FY21 Results	Financial Outlook* (FY25)
Total Revenue (\$B)	\$1.54B	\$1.9B – \$2.2B (7% CAGR)
Adj. Operating Income (\$M)	\$161M	\$250M – \$350M (17% CAGR)

*CAGR estimate based on midpoint of FY25 targets

Environmental, Social & Governance (ESG)

On June 30, 2021, Stride published its inaugural ESG report, which details our efforts to champion a more equitable education system, develop a future ready workforce, and nurture a stronger society. The report, which can be accessed at <https://investors.stridelearning.com/esg/default.aspx>, is based on four cornerstones:

- 1 Expand lifelong learning for today's digital workforce
- 2 Support racial and socioeconomic equity and inclusion
- 3 Foster transparent leadership, governance and professional development
- 4 Contribute to a sustainable world



Appendix

ADJ. OPERATING INCOME AND EBITDA TO GAAP FINANCIALS

Reconciliation

Year Ended June 30,

(in millions)	2021	2020	2019	2018
Net Income	\$ 71.5	\$ 24.5	\$ 37.2	\$ 27.4
Loss (income) from equity method investments	\$ (0.7)	\$ 0.4	\$ 0.6	\$ -
Tax expense / (benefit)	\$ 24.5	\$ 8.5	\$ 10.5	\$ (0.9)
Net interest expense / (income)	\$ 18.0	\$ (0.7)	\$ (2.8)	\$ (1.0)
Other (income) / expense, net	\$ (2.8)	\$ (0.2)	\$ -	\$ -
Income from operations	\$ 110.5	\$ 32.5	\$ 45.5	\$ 25.5
Stock-based compensation expense	\$ 39.3	\$ 23.6	\$ 16.7	\$ 20.8
Amortization of intangible assets	\$ 11.6	\$ 6.0	\$ 2.9	\$ 2.9
Adjusted operating income	\$ 161.4	\$ 62.1	\$ 65.1	\$ 49.2
Depreciation and amortization	\$ 78.5	\$ 66.1	\$ 68.5	\$ 72.4
Adjusted EBITDA	\$ 239.9	\$ 128.2	\$ 133.6	\$ 121.6

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For more financial information and investor resources, visit the Stride Investor Relations website by clicking [here](#).

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We have tried, whenever possible, to identify these forward-looking statements using words such as "anticipates," "believes," "estimates," "continues," "likely," "may," "opportunity," "potential," "projects," "will," "expects," "plans," "intends" and similar expressions to identify forward looking statements, whether in the negative or the affirmative. These statements reflect our current beliefs and are based upon information currently available to us. Accordingly, such forward-looking statements involve known and unknown risks, uncertainties and other factors which could cause our actual results, performance or achievements to differ materially from those expressed in, or implied by, such statements. To supplement our financial statements presented in accordance with U.S. generally accepted accounting principles (GAAP), we also present non-GAAP financial measures including adjusted operating income, EBITDA and adjusted EBITDA. Management believes that these additional metrics provide useful information to investors relating to our financial performance. A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures is provided in the Appendix to this presentation.