

Stride, Inc. Announces Second Quarter Revenues Increased 46% to \$376.1 Million Total Enrollments of 191.5 Thousand, up nearly 60% Year-over-Year

HERNDON, Va.— (Business Wire) — January 26, 2021 — Stride, Inc. – formerly K12 Inc. (NYSE: LRN), one of the nation’s leading tech-enabled education companies, today announced its results for the second fiscal quarter ended December 31, 2020.

Financial Highlights for the Second Quarter Fiscal 2021 compared with the Second Quarter Fiscal 2020

- Revenues of \$376.1 million, compared with \$257.6 million. The increase is due largely to increased enrollments.
- Income from operations of \$38.5 million, compared with \$30.3 million.
- Net income of \$24.5 million, compared with \$20.6 million.
- Diluted net income per share of \$0.60, compared with \$0.52.
- Cash and cash equivalents as of December 31, 2020 of \$258.1 million, compared with \$212.3 million as of June 30, 2020.
- Adjusted operating income of \$50.1 million, compared with \$37.2 million. (1)
- Adjusted EBITDA of \$70.7 million, compared with \$53.7 million. (1)

Second Quarter Fiscal 2021 Summary Financial Metrics

	Three Months Ended December 31,		Change 2020 / 2019	
	2020	2019	\$	%
	(In thousands, except percentages)			
Revenues	\$ 376,145	\$ 257,559	\$ 118,586	46.0%
Income from operations	38,452	30,305	8,147	26.9%
Adjusted operating income (1)	50,050	37,224	12,826	34.5%
Net income	24,501	20,594	3,907	19.0%
EBITDA (1)	61,613	47,534	14,079	29.6%
Adjusted EBITDA (1)	70,687	53,711	16,976	31.6%

Financial Highlights for the Six Months Ended December 31, 2020 Compared to the Six Months Ended December 31, 2019

- Revenue of \$747.1 million, compared with \$514.7 million.
- Income from operations of \$50.5 million, compared with \$10.9 million.
- Net income of \$37.2 million, compared with \$10.9 million.
- Diluted net income per share of \$0.89, compared with \$0.27.
- Adjusted operation income of \$73.1 million, compared with \$24.1 million. (1)
- Adjusted EBITDA of \$109.9 million, compared with \$57.0 million. (1)

Six Months Ended December 31, 2020 Summary Financial Metrics

	Six Months Ended December 31,		Change 2020 / 2019	
	2020	2019	\$	%
	(In thousands, except percentages)			
Revenues	\$ 747,105	\$ 514,680	\$ 232,425	45.2%
Income from operations	50,516	10,917	39,599	362.7%
Adjusted operating income (1)	73,059	24,101	48,958	203.1%
Net income	37,167	10,864	26,303	242.1%
EBITDA (1)	91,954	45,293	46,661	103.0%
Adjusted EBITDA (1)	109,921	56,992	52,929	92.9%

(1) 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 our investors as an indicator of performance because they exclude stock-based compensation expense and the amortization of intangible assets. A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures is provided below.

Cash Flow and Liquidity

As of December 31, 2020, the Company's cash and cash equivalents totaled \$258.1 million, compared with \$212.3 million reported at June 30, 2020. The increase in the cash balance is largely the result of the \$348.3 million in proceeds the Company received from its issuance of convertible senior notes during the first quarter, partially offset by the use of \$100 million to pay down its revolving credit facility and \$72.8 million in cash used to acquire Tech Elevator and MedCerts.

Capital Expenditures

Capital expenditures for the six months ended December 31, 2020 were \$23.6 million, a decrease of \$2.7 million from the six months ended December 31, 2019 and comprised of,

- \$2.0 million on property and equipment,
- \$14.1 million on capitalized software development, and
- \$7.5 million on capitalized curriculum development.

Organization Announcement

The company today announced that Nathaniel (Nate) A. Davis is retiring from his role as Chief Executive Officer. He will remain active in the business as the Executive Chairman of Stride's Board of Directors supporting the company's strategy, public policy, and external relations initiatives. The Board of Directors has selected James J. Rhyu to replace Mr. Davis as Chief Executive Officer. "With a solid foundation and clear strategies in place, I believe this is the appropriate time for me to retire from my role as CEO," said Nate Davis, Executive Chairman of the Board of Directors. "Having known James and the quality of his work for fifteen years, I have complete faith in his broad set of skills, which he's developed through managing multiple functional areas both at Stride and throughout his career. He is the right person, at the right moment for this role." Mr. Rhyu assumes the role of CEO from his current position as President of Corporate Strategy, Marketing, and Technology. During his eight-year tenure at Stride, Mr. Rhyu has also served as the company's Chief Financial Officer and President of Product and Technology. With more than two decades of business experience, Mr. Rhyu brings significant strategic, financial management, and operational expertise to his new role.

Revenue and Enrollment Data

During the first quarter of fiscal year 2021, the Company revised its lines of revenue reporting into two categories:

- a. General Education - products and services that are predominantly focused on kindergarten through twelfth grade students for core subjects including math, English, science, and history to help build a common foundation of knowledge, and

- b. Career Learning - products and services that are focused on developing skills for students, in middle school through high school and adult learners, to enter careers in high-growth, in-demand industries—including information technology, business, and health services. Middle and high school students also take general education courses per state standards in addition to coursework in career pathways.

The Company believes that the change in the lines of revenue will facilitate a better understanding of its business strategy and the markets in which the Company competes. Additional information on the new lines of revenue, including revenue and enrollments for the three months ended December 31st, 2020 and 2019 revised to reflect the new lines of revenue format can be found in Appendix A. Additional information on the new lines of revenue for fiscal years 2020 and 2019 revised to reflect the new lines of revenue format can be found in our first quarter, fiscal year 2021 press release. This information is provided for investor reference only. Readers are encouraged to obtain and carefully review Stride Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2020, including all financial statements contained therein and the footnotes thereto, filed with the SEC.

Revenue

The following table sets forth the Company's revenues for the periods indicated:

	Three Months Ended				Six Months Ended			
	December 31,		Change 2020 / 2019		December 31,		Change 2020 / 2019	
	2020	2019	\$	%	2020	2019	\$	%
	(In thousands, except percentages)							
General Education	\$ 313,989	\$ 232,619	\$ 81,370	35.0%	\$ 627,838	\$ 466,185	\$ 161,653	34.7%
Career Learning								
Middle - High School	51,376	24,940	26,436	106.0%	100,147	48,495	51,652	106.5%
Adult	10,780	—	10,780	100.0%	19,120	—	19,120	100.0%
Total Career Learning	62,156	24,940	37,216	149.2%	119,267	48,495	70,772	145.9%
Total Revenues	\$ 376,145	\$ 257,559	\$ 118,586	46.0%	\$ 747,105	\$ 514,680	\$ 232,425	45.2%

Enrollment Data

The following table sets forth total enrollment data for students in our General Education and Career Learning lines of revenue. Enrollments for General Education and Career Learning include those students in full service public or private programs where Stride provides a combination of curriculum, technology, instructional and support services inclusive of administrative support.

	Three Months Ended				Six Months Ended			
	December 31,		2020 / 2019		December 31,		2020 / 2019	
	2020	2019	Change	Change %	2020	2019	Change	Change %
	(In thousands, except percentages)							
General Education (1)	161.2	106.8	54.4	50.9%	162.0	107.8	54.2	50.3%
Career Learning (1) (2)	30.3	13.1	17.2	131.3%	30.4	13.2	17.2	130.3%
Total Enrollment	191.5	119.9	71.6	59.7%	192.4	121.0	71.4	59.0%

(1) This data includes enrollments for which Stride receives no public funding or revenue.

(2) No enrollments are included in Career Learning for Galvanize, Tech Elevator or MedCerts.

Revenue per Enrollment Data

The following table sets forth revenue per average enrollment data for students for the period indicated. If the mix of enrollments changes, our revenues will be impacted to the extent the average revenues per enrollments are significantly different. Revenue per enrollment in the three and six months ended December 31st declined from 2019 to 2020 due to state budgetary pressures resulting from COVID-19 and a higher mix of lower-funded states.

	Three Months Ended December 31,		Change 2020 / 2019		Six Months Ended December 31,		Change 2020 / 2019	
	2020	2019	\$	%	2020	2019	\$	%
General Education	\$ 1,755	\$ 1,953	\$ (198)	(10.1%)	\$ 3,491	\$ 3,847	\$ (356)	(9.2%)
Career Learning	1,681	1,866	(185)	(9.9%)	3,258	3,619	(361)	(10.0%)

Outlook

The Company is updating its outlook for the third quarter and full fiscal year, 2021. The Company is forecasting the following for the full fiscal year 2021:

- Revenue in the range of \$1.500 billion to \$1.525 billion.
- Capital expenditures in the range of \$50 million to \$60 million. Note that capital expenditures include the purchase of property and equipment and capitalized software and curriculum development costs as defined on our Statement of Cash Flows.
- Tax rate of 26% to 29% after discrete items.
- Adjusted operating income in the range of \$145 million to \$155 million. (1)

The Company is forecasting the following for the third quarter, fiscal 2021:

- Revenue in the range of \$375 million to \$385 million.
- Capital expenditures in the range of \$12 million to \$15 million. Note that capital expenditures include the purchase of property and equipment, and capitalized software and curriculum development costs as defined on our Statement of Cash Flows.
- Adjusted operating income in the range of \$47 million to \$52 million. (1)

(1) In addition to providing an outlook for revenue and capital expenditures, adjusted operating income is provided as a supplemental non-GAAP financial measure as management believes that it provides useful information to our investors. Please also see Special Note on Forward Looking Statements below.

	Three Months Ended March 31, 2021		Year Ended June 30, 2021	
	Low	High	Low	High
	(In millions)			
Income from operations	\$ 30.5	\$ 34.5	\$ 90.5	\$ 98.5
Stock-based compensation expense	13.0	14.0	43.0	45.0
Amortization of intangible assets	3.5	3.5	11.5	11.5
Adjusted operating income	\$ 47.0	\$ 52.0	\$ 145.0	\$ 155.0

Conference Call

The Company will discuss its second quarter 2021 financial results during a conference call scheduled for Tuesday, January 26, 2021 at 5:00 p.m. eastern time (ET).

Participants can access a live webcast of the call at <https://event.on24.com/wcc/r/2948484/F4CDE03D7AFE81652B2C24482A4B7C99>. Please access the website at least 15 minutes prior to the start of the call. To participate in the live call, investors and analysts should dial (833) 900-1536 (domestic) or (236) 712-2276 (international) at 4:45 pm. (ET). The conference ID is 7723219.

A replay of the call will be available starting on January 26, 2021 at 8:00 p.m. (ET) through February 26, 2021 at 8:00 p.m. (ET) at 1-800-585-8367 (domestic) or 416-621-4642 (international) and entering the conference ID 7723219. A webcast replay will be available at <https://event.on24.com/wcc/r/2948484/F4CDE03D7AFE81652B2C24482A4B7C99>. for 30 days.

About Stride Inc.

At Stride, Inc. (NYSE: LRN) – formerly K12 Inc. – we are reimagining learning – where learning is lifelong, deeply personal, and prepares learners for tomorrow. The company has transformed the teaching and learning experience for millions of people by providing innovative, high-quality, tech-enabled education solutions, curriculum, and programs directly to students, schools, the military, and enterprises in primary, secondary, and post-secondary settings. Stride is a premier provider of K-12 education for students, schools, and districts, including career learning services through middle and high school curriculum. For adult learners, Stride delivers professional skills training in healthcare and technology, as well as staffing and talent development for Fortune 500 companies. Stride has delivered millions of courses over the past decade and serves learners in all 50 states and more than 100 countries. The company is a proud sponsor of the [Future of School](#), a nonprofit organization dedicated to closing the gap between the pace of technology and the pace of change in education. More information can be found at [stridelearning.com](#), [K12.com](#), [destinationsacademy.com](#), [galvanize.com](#), [techelevator.com](#), and [medcerts.com](#).

Stride Inc.

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Special Note on Forward-Looking Statements

This press release 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. These risks, uncertainties, factors and contingencies include, but are not limited to: reduction of per pupil funding amounts at the schools we serve; inability to achieve a sufficient level of new enrollments to sustain our business model; failure to replace students who have graduated from the terminal grade in a school or have left our programs for other reasons with new students of a sufficient number; inability to maintain our current rate of retention of students enrolled in our courses; an increase in the amount of failures to enter into new school contracts or renew existing contracts, in part or in their entirety; the failure of perceived industry trends and projections resulting from the expected effects of COVID-19 on virtual education; failure of the schools we serve or us to comply with federal, state and local regulations, resulting in a loss of funding, an obligation to repay funds previously received or contractual remedies; governmental investigations that could result in fines, penalties, settlements, or injunctive relief; declines or variations in academic performance outcomes of the students and schools we serve as curriculum standards, testing programs and state accountability metrics evolve; harm to our reputation resulting from poor performance or misconduct by operators or us in any school in our industry and/or in any school in which we operate; legal and regulatory challenges from opponents of virtual public education or for-profit education companies; changes in national and local economic and business conditions and other factors such as natural disasters, pandemics and

outbreaks of contagious diseases and other adverse public health developments, such as COVID-19; discrepancies in interpretation of legislation by regulatory agencies that may lead to payment or funding disputes; termination of our contracts, or a reduction in the scope of services with schools; failure to develop the career learning education business; entry of new competitors with superior technologies and lower prices; unsuccessful integration of mergers, acquisitions and joint ventures, failure to further develop, maintain and enhance our technology, products, services and brands; inadequate recruiting, training and retention of effective teachers and employees; infringement of our intellectual property; disruptions to our Internet-based learning and delivery systems, including but not limited to our data storage systems, resulting from cybersecurity attacks; misuse or unauthorized disclosure of student and personal data; and other risks and uncertainties associated with our business described in the Company's filings with the Securities and Exchange Commission. Although the Company believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that the expectations will be attained or that any deviation will not be material. All information in this presentation is as of today's date, and the Company undertakes no obligation to update any forward-looking statement to conform the statement to actual results or changes in the Company's expectations

Financial Statements

The financial statements set forth below are not the complete set of Stride Inc.'s financial statements for the three and six months ended December 31, 2020 and are presented below without footnotes. Readers are encouraged to obtain and carefully review Stride Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2020, including all financial statements contained therein and the footnotes thereto, filed with the SEC, which may be retrieved from the SEC's website at www.sec.gov or from Stride Inc.'s website at www.stridelearning.com.

STRIDE INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended December 31,		Six Months Ended December 31,	
	2020	2019	2020	2019
	(In thousands except share and per share data)			
Revenues	\$ 376,145	\$ 257,559	\$ 747,105	\$ 514,680
Instructional costs and services	246,754	167,470	487,823	336,828
Gross margin	129,391	90,089	259,282	177,852
Selling, general, and administrative expenses	90,939	59,784	208,766	166,935
Income from operations	38,452	30,305	50,516	10,917
Interest income (expense), net	(5,024)	441	(7,131)	1,351
Other income, net	1,361	365	1,790	357
Income before income taxes and loss from equity method investments	34,789	31,111	45,175	12,625
Income tax expense	(10,642)	(10,392)	(8,266)	(1,574)
Income (loss) from equity method investments	354	(125)	258	(187)
Net income attributable to common stockholders	\$ 24,501	\$ 20,594	\$ 37,167	\$ 10,864
Net income attributable to common stockholders per share:				
Basic	\$ 0.61	\$ 0.52	\$ 0.93	\$ 0.28
Diluted	\$ 0.60	\$ 0.52	\$ 0.89	\$ 0.27
Weighted average shares used in computing per share amounts:				
Basic	40,160,362	39,450,017	40,072,360	39,369,287
Diluted	41,102,425	39,973,933	41,681,061	40,692,822

STRIDE INC.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2020	June 30, 2020 (audited)
(In thousands except share and per share data)		
ASSETS		
Current assets		
Cash and cash equivalents	\$ 258,107	\$ 212,299
Accounts receivable, net of allowance of \$20,924 and \$6,808	435,254	236,134
Inventories, net	28,618	28,300
Prepaid expenses	21,525	13,058
Other current assets	24,973	11,480
Total current assets	768,477	501,271
Operating lease right-of-use assets, net	104,010	111,768
Property and equipment, net	78,503	38,668
Capitalized software, net	50,296	48,493
Capitalized curriculum development costs, net	48,147	48,849
Intangible assets, net	106,547	77,451
Goodwill	240,799	174,939
Deposits and other assets	75,175	71,824
Total assets	\$ 1,471,954	\$ 1,073,263
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 39,251	\$ 40,428
Accrued liabilities	41,514	27,351
Accrued compensation and benefits	42,501	47,227
Deferred revenue	62,635	24,417
Credit facility	—	100,000
Current portion of finance lease liability	21,506	13,304
Current portion of operating lease liability	21,204	20,689
Total current liabilities	228,611	273,416
Long-term finance lease liability	37,796	4,634
Long-term operating lease liability	86,977	96,544
Long-term debt	291,624	—
Deferred tax liability	34,645	13,771
Other long-term liabilities	39,872	9,569
Total liabilities	719,525	397,934
Commitments and contingencies		
	—	—
Stockholders' equity		
Preferred stock, par value \$0.0001; 10,000,000 shares authorized; zero shares issued or outstanding	—	—
Common stock, par value \$0.0001; 100,000,000 shares authorized; 46,893,934 and 46,341,627 shares issued; and 41,559,191 and 41,006,884 shares outstanding	4	4
Additional paid-in capital	777,409	730,761
Accumulated other comprehensive income (loss)	(369)	93
Retained earnings	77,867	46,953
Treasury stock of 5,334,743 shares at cost	(102,482)	(102,482)
Total stockholders' equity	752,429	675,329
Total liabilities and stockholders' equity	\$ 1,471,954	\$ 1,073,263

STRIDE INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended December 31,	
	2020	2019
	(In thousands)	
Cash flows from operating activities		
Net income	\$ 37,167	\$ 10,864
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization expense	41,438	34,376
Stock-based compensation expense	17,967	11,699
Deferred income taxes	5,375	346
Provision for (recovery of) doubtful accounts	6,382	(344)
Amortization of discount and fees on debt	4,973	—
Other	16,871	7,116
Changes in assets and liabilities:		
Accounts receivable	(208,870)	(59,650)
Inventories, prepaid expenses, deposits and other current and long-term assets	(23,231)	2,556
Accounts payable	(7,202)	(14,141)
Accrued liabilities	4,346	690
Accrued compensation and benefits	(5,401)	(13,943)
Operating lease liability	(10,364)	(4,089)
Deferred revenue and other liabilities	40,592	3,255
Net cash used in operating activities	(79,957)	(21,265)
Cash flows from investing activities		
Purchase of property and equipment	(1,969)	(1,338)
Capitalized software development costs	(14,061)	(12,978)
Capitalized curriculum development costs	(7,524)	(11,991)
Sale of long-lived assets	223	—
Acquisition of MedCerts, LLC, net of cash acquired	(54,775)	—
Acquisition of Tech Elevator, Inc., net of cash acquired	(15,981)	—
Other acquisitions and investments, net of distributions	(188)	(4,114)
Net cash used in investing activities	(94,275)	(30,421)
Cash flows from financing activities		
Repayments on finance lease obligations	(11,455)	(14,959)
Repayments on credit facility	(100,000)	—
Issuance of convertible senior notes	408,610	—
Purchases of capped calls in connection with convertible senior notes	(60,354)	—
Proceeds from exercise of stock options	303	48
Withholding of stock options for tax withholding	(10,885)	—
Repurchase of restricted stock for income tax withholding	(6,108)	(4,883)
Net cash provided by (used in) financing activities	220,111	(19,794)
Net change in cash, cash equivalents and restricted cash	45,879	(71,480)
Cash, cash equivalents and restricted cash, beginning of period	213,299	284,621
Cash, cash equivalents and restricted cash, end of period	\$ 259,178	\$ 213,141
 Reconciliation of cash, cash equivalents and restricted cash to balance sheet as of December 31st:		
Cash and cash equivalents	\$ 258,107	\$ 211,641
Other current assets (restricted cash)	571	500
Deposits and other assets (restricted cash)	500	1,000
Total cash, cash equivalents and restricted cash	\$ 259,178	\$ 213,141

Non-GAAP Financial Measures

To supplement our financial statements presented in accordance with GAAP, we have presented adjusted operating income (loss), and adjusted EBITDA, which are not presented in accordance with GAAP.

- Adjusted operating income (loss) is defined as income (loss) from operations as adjusted for stock-based compensation and the amortization of intangible assets.
- Adjusted EBITDA is defined as income (loss) from operations as adjusted for stock-based compensation and depreciation and amortization.
- Adjusted EBITDA and adjusted operating income (loss) exclude stock-based compensation, which consists of expenses for stock options, restricted stock, restricted stock units, and performance stock units.

Management believes that the presentation of these non-GAAP financial measures provides useful information to investors relating to our financial performance. These measures remove stock-based compensation, which is a non-cash charge that varies based on market volatility and the terms and conditions of the awards. Adjusted EBITDA also removes depreciation and amortization, which can vary depending upon accounting methods and the book value of assets. Adjusted EBITDA provides a measure of corporate performance exclusive of capital structure and the method by which assets were acquired.

Our management uses these non-GAAP financial measures:

- as additional measures of operating performance because they assist us in comparing our performance on a consistent basis; and
- in presentations to the members of our Board of Directors to enable our Board to review the same measures used by management to compare our current operating results with corresponding prior periods.

Other companies may define these non-GAAP financial measures differently and, as a result, our use of these non-GAAP financial measures may not be directly comparable to similar non-GAAP financial measures used by other companies. Although we use these non-GAAP financial measures to assess the performance of our business, the use of non-GAAP financial measures is limited as they include and/or do not include certain items not included and/or included in the most directly comparable GAAP financial measure.

These non-GAAP financial measures should be considered in addition to, and not as a substitute for, revenues, income (loss), net income (loss) and net income (loss) per share or other related financial information prepared in accordance with GAAP. Adjusted EBITDA is not intended to be a measure of liquidity. You are cautioned not to place undue reliance on these non-GAAP financial measures.

A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures is provided below.

	<u>Three Months Ended December 31,</u>		<u>Six Months Ended December 31,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	(In thousands)			
Income from operations	\$ 38,452	\$ 30,305	\$ 50,516	\$ 10,917
Stock-based compensation expense	9,074	6,177	17,967	11,699
Amortization of intangible assets	2,524	742	4,576	1,485
Adjusted operating income	<u>50,050</u>	<u>37,224</u>	<u>73,059</u>	<u>24,101</u>
Depreciation and other amortization	<u>20,637</u>	<u>16,487</u>	<u>36,862</u>	<u>32,891</u>
Adjusted EBITDA	<u>\$ 70,687</u>	<u>\$ 53,711</u>	<u>\$ 109,921</u>	<u>\$ 56,992</u>

Appendix A

Full Definitions for New Lines of Reporting Revenue and Enrollments

Stride, Inc., together with its subsidiaries (“Stride” or the “Company”) is an education services company providing online and blended learning. On December 16, 2020, the Company changed its name from K12 Inc. to Stride, Inc. The brand reflects the Company’s continued growth into lifelong learning, regardless of a student’s age or location. The Company’s technology-based products and services enable its clients to attract, enroll, educate, track progress, and support students on a scalable basis. These products and services, spanning curriculum, systems, instruction, and support services are designed to help learners reach their educational goals through inspired teaching and personalized learning. The Company’s clients are primarily public and private schools, school districts, and charter boards. Additionally, it offers solutions to employers, government agencies and consumers, including through private schools which it operates. These products and services are provided through two lines of revenue:

General Education – products and services are predominantly focused on kindergarten through twelfth grade students for core subjects including math, English, science, and history to help build a common foundation of knowledge. Programs utilizing General Education products and services are for students that are not specializing in any particular curriculum or course of study. These programs provide an alternative to traditional school options and serve a range of student needs including safety concerns, increased academic support, scheduling flexibility, physical/health restrictions or advanced learning among other reasons. Products and services are sold a la carte or combined into customized customer offerings.

Career Learning – products and services are focused on developing skills for students, in middle school through high school and adult learners, to enter careers in high-growth, in-demand industries—including information technology, business, and health services. The Company provides middle and high school students with Career Learning programs that complement their core general education coursework in math, English, science and history. Stride currently offers a catalog of over 160 Career Learning courses in 23 Career Pathways™ in five of the sixteen National Career Clusters. The middle school program spans career exploration, exposes students to a variety of career options, and introduces career skill development. In high school, students may engage in industry content pathway courses, project-based learning in virtual teams, and career development services. High school students also have the opportunity to progress toward certifications, connect with industry professionals, earn college credits while in high school, and participate in job shadowing and/or work based learning experiences that are required to succeed in today’s digital, tech-enabled economy. A student enrolled in a school offering our General Education program may take Career Learning courses but that student and associated revenue is not reported as Career Learning enrollment and revenue. A student and the associated revenue, whether in middle or high school is counted as Career Learning if enrolled in a school offering our Career Learning program and must commit to a career pathway and its associated services, including the Exploratory Pathways. Like General Education, products and services for the Career Learning market are sold a la carte or combined into a Career Learning program or customized customer offering. The Company also offers post-secondary Career Learning programs to adult learners, through its Galvanize, Tech Elevator and MedCerts subsidiaries. These programs include skills training in data science and software engineering,

healthcare and medical fields, technology staffing and talent development, and are offered directly to consumers, employers and government agencies.

The following tables provide revenue and enrollments for the three months ended December 31, 2020 and 2019 for the new reporting formats. This information is provided for investor reference only. Readers are encouraged to obtain and carefully review Stride Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2020, including all financial statements contained therein and the footnotes thereto, filed with the SEC, which may be retrieved from the SEC's website at www.sec.gov or from Stride Inc.'s website at www.stridelearning.com.

General Education	Fiscal Year 2021	Fiscal Year 2020
	Three Months Ended	Three Months Ended
	December 31, 2020	December 31, 2019
	(In thousands)	(In thousands)
Managed Public School Programs	\$ 325,827	\$ 229,576
Add:		
Private Pay Schools and Other	12,533	8,626
Institutional (Non-managed and Software & Services)	27,005	19,357
Less:		
Career Learning - Managed Public School Programs	(50,228)	(24,356)
Career Learning - Non-managed Public School Programs	(477)	(481)
Career Learning - Private Pay Schools and Other	(671)	(103)
Total General Education Revenues	\$ 313,989	\$ 232,619

	Fiscal Year 2021	Fiscal Year 2020
	Three Months Ended	Three Months Ended
	December 31, 2020	December 31, 2019
	(In thousands)	(In thousands)
Managed Public School Programs	186.7	117.6
Non-managed Public School Programs	55.5	15.6
Total Old Reporting	242.2	133.2
Add:		
Private Pay	4.8	2.3
Less:		
Non-managed Public School Programs	(55.5)	(15.6)
Net Changes - Old vs New Reporting	(50.7)	(13.3)
Total New Reporting	191.5	119.9

Career Learning	Fiscal Year 2021	Fiscal Year 2020
	Three Months Ended	Three Months Ended
	December 31, 2020	December 31, 2019
	(In thousands)	(In thousands)
Career Learning - Managed Public School Programs	\$ 50,228	\$ 24,356
Career Learning - Non-managed Public School Programs	477	481
Career Learning - Private Pay Schools and Other	671	103
Private Pay Schools and Other (Galvanize, MedCerts and Tech Elevator)	10,780	—
Total Career Learning Revenues	\$ 62,156	\$ 24,940