Q2 FY2022
Earnings Presentation

January 25, 2022

Stride

Safe Harbor

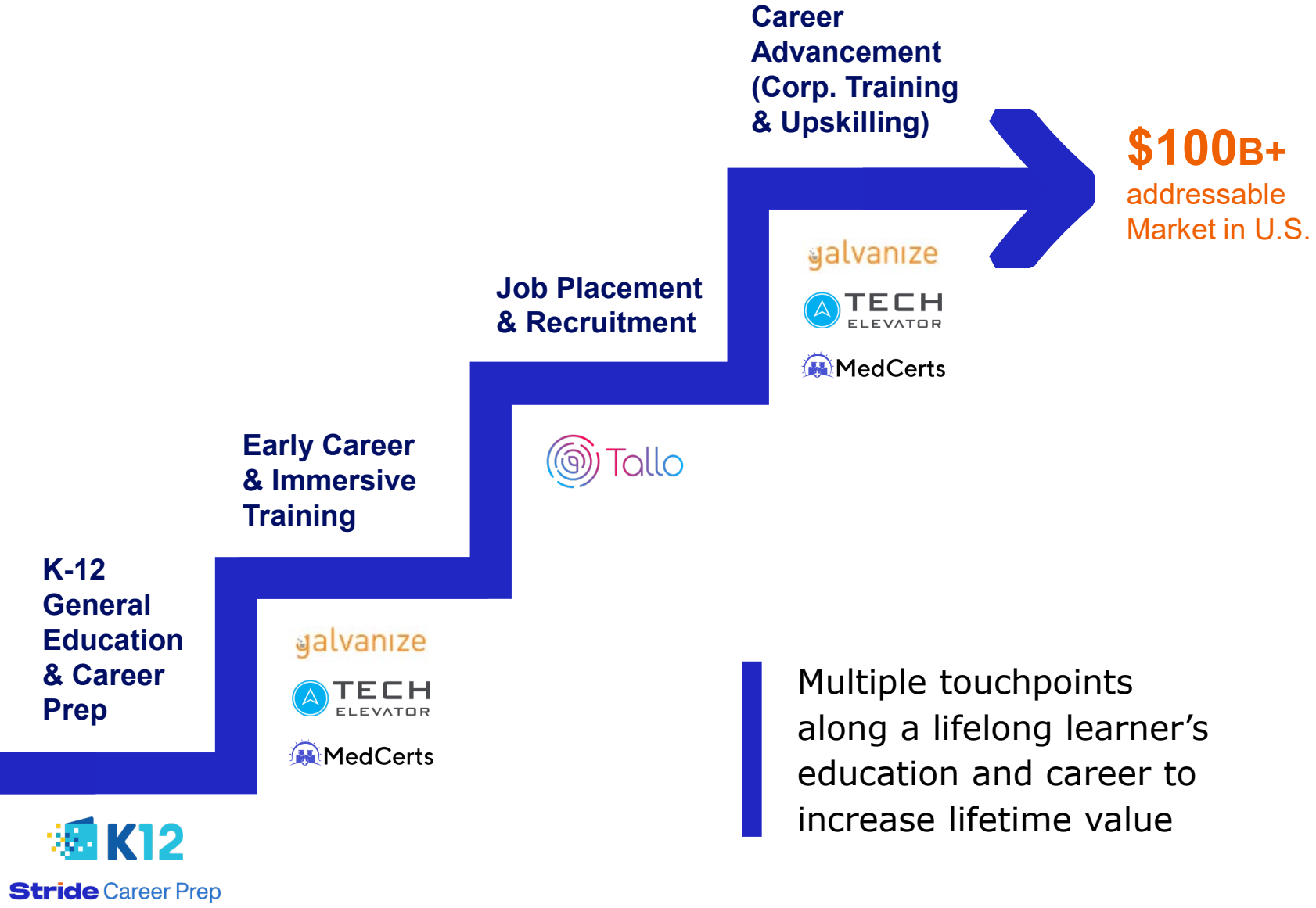
This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We have tried, whenever possible, to identify these forward-looking statements using words such as "**anticipates**," "**believes**," "**estimates**," "**continues**," "**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; limitations of the enrollment data we present, which may not fully capture trends in the performance of our business; failure to enter into new school contracts or renew existing contracts, in part or in their entirety; 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 coronavirus disease 2019 ("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 readiness 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 failure to prevent a cybersecurity incident that affects our systems; 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.

Stride

Leveraging over 20 years of experience with over 2 million students supported, and a scalable education services platform, **Stride provides online and blended lifelong learning solutions** for public and private schools, school districts, charter boards, employers, government agencies and consumers



Multiple touchpoints along a lifelong learner's education and career to increase lifetime value

Compelling long-term investment thesis

Growing in **$100B+ addressable market** in U.S.

01	02	03	04	05
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**	**Leveraging capabilities & assets addressing business needs**	**Deep educational regulatory & policy expertise with commitment to ESG**	**Consistent growth in revenue & profitability & strong balance sheet**

Second Quarter Highlights

1. Continued Strength in Enrollments and Revenue Per Enrollment
   - ➢ Q2 revenue and profitability above guidance ranges
2. Raising Full Year Guidance for Revenue and Profitability
   - ➢ Retention, continued demand for virtual options and Adult Learning business growth driving top- and bottom-line increases
3. On Track to Achieve FY2025 Targets
   - ➢ Growth drivers demonstrate clear trajectory toward achieving FY2025 targets
4. Bringing Best Practices to Mainstream Teachers
   - ➢ Will hold first external Promising Practices conference in March 2022 – open to all teachers and school staff to learn best practices in online education
   - ➢ Focus on Career Readiness Education
5. Cash Flow And Liquidity Support Organic and Inorganic Opportunities
   - ➢ Balance sheet remains strong – disciplined capital allocation strategy

Q2 FY22 Performance

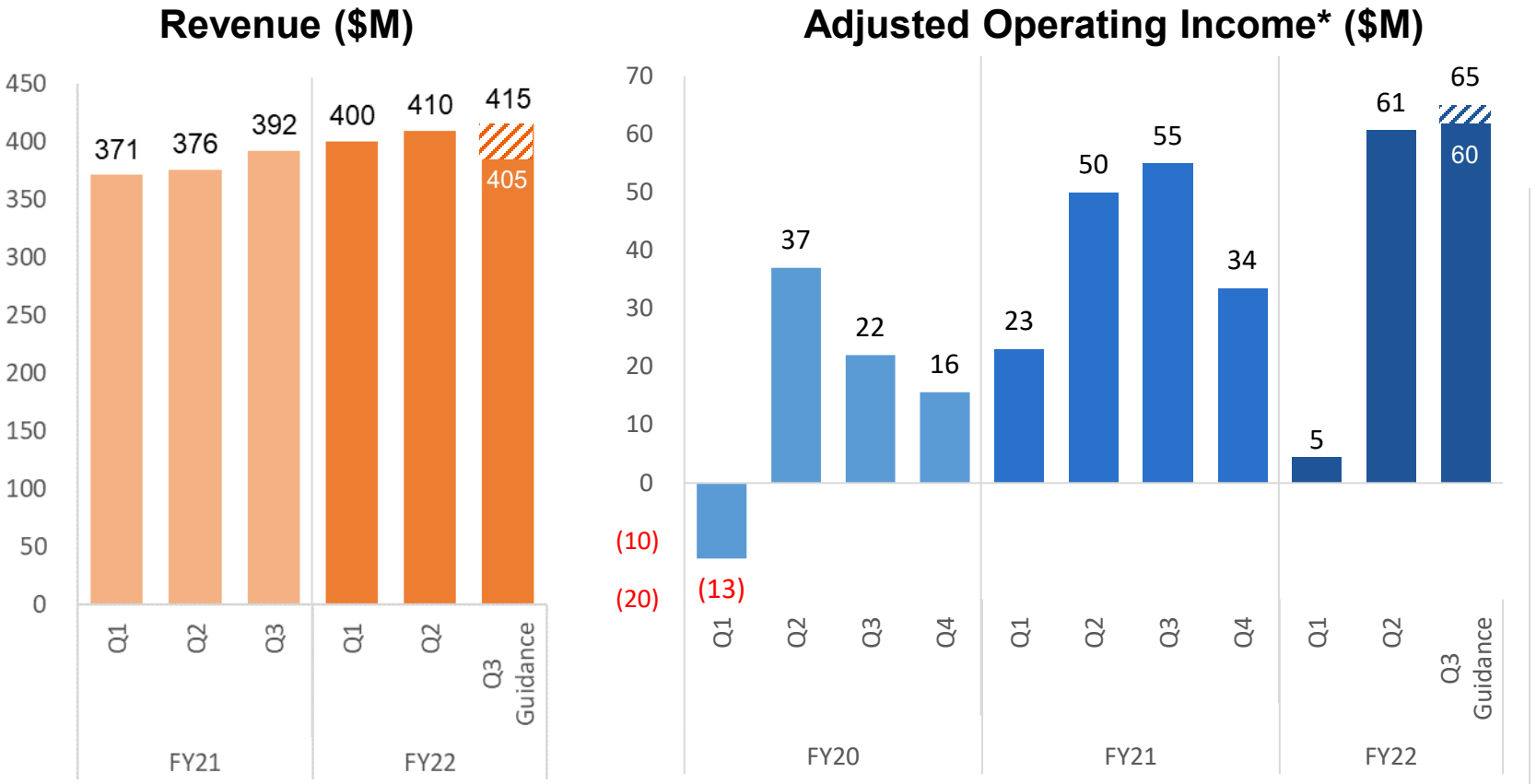
- Revenue of $409.5M
  - (+9% y-o-y)
- Adj. Operating Income* of $60.7M
  - (+21% y-o-y)
- Adj. EBITDA* of $82.7M
  - (+17% y-o-y)

1H FY22 Performance

- Revenue of $809.7M
  - (+8% y-o-y)
- Adj. Operating Income* of $65.3M
  - (-11% y-o-y)
- Adj. EBITDA* of $108.2M
  - (-2% y-o-y)

*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, 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.

Strong year-over-year growth in key financial metrics



- Continued execution of growth strategy into Career Learning
- Demonstrated demand for virtual school options
- Improving margins

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Career & Adult Learning Continue to Drive Growth

Career Learning

- Enrollment growth of 38%

Adult Learning

- Continued growth
- Y-O-Y comparison impacted by timing of acquisitions

General Education

- Demand for virtual options remains even as brick & mortar schools have reopened

	Quarter Ended December 31, 2021			
	2021	2020		Change
Revenue ($M)				
General Education	313.2	314.0	↓	0.3%
Career Learning				
Middle – High School	75.3	51.3	↑	47%
Adult	21.0	10.8	↑	95%
Total Career Learning	96.3	62.1	↑	55%
Total Revenues	**409.5**	**376.1**	↑	**9%**
Enrollment Data (K)				
General Education, K-12	145.6	161.2	↓	10%
Career Learning, Middle – High School	41.9	30.3	↑	38%
Total Enrollment	**187.5**	**191.5**	↓	**2%**

Raising Full Year Revenue and Profitability Guidance

	Q3 FY2022		FY2022	
	Low	High	Low	High
Revenue ($M)	405	415	1,620	1,640
Adjusted Operating Income ($M)*	60	65	175	185
Capital Expenditures ($M)	15	18	65	75
Effective Tax Rate			27%	30%

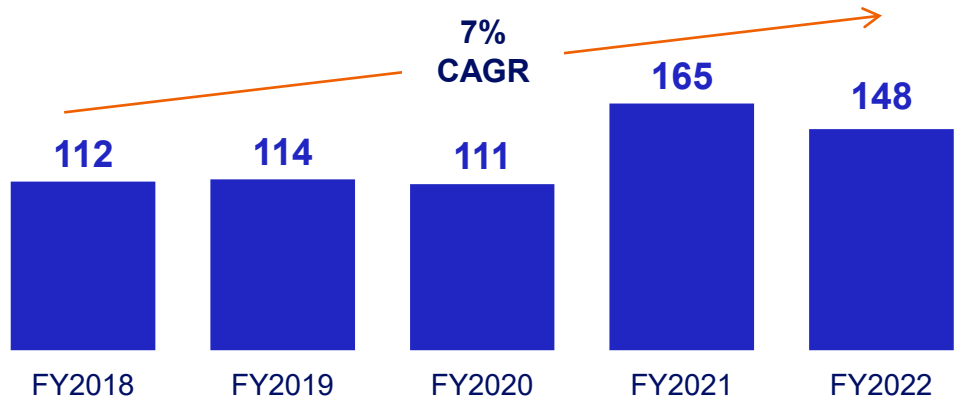
Guidance reflects continued strong demand for virtual education

- FY22 Revenue: +6% Y-O-Y
  Mid-point of Guidance
- FY22 AOI: +12% Y-O-Y
  Mid-point of Guidance

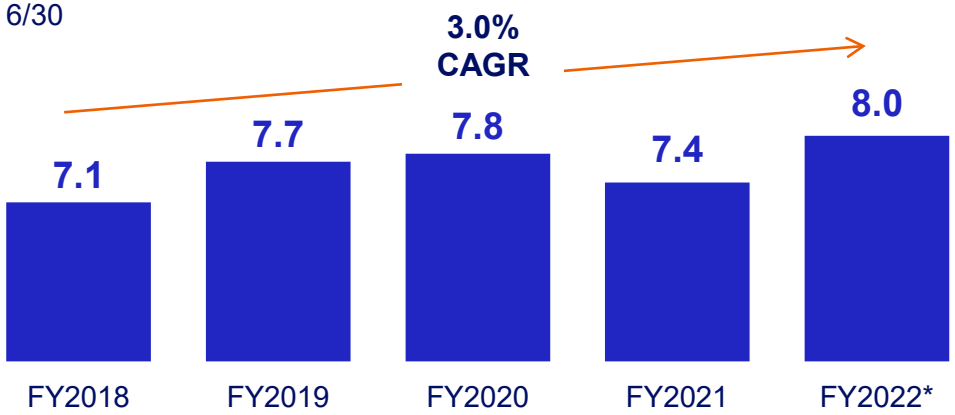
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Long-term General Education Growth Drivers

Total Enrollment[1] (K)
QE 9/30



Per Pupil Funding ($K)
YE 6/30



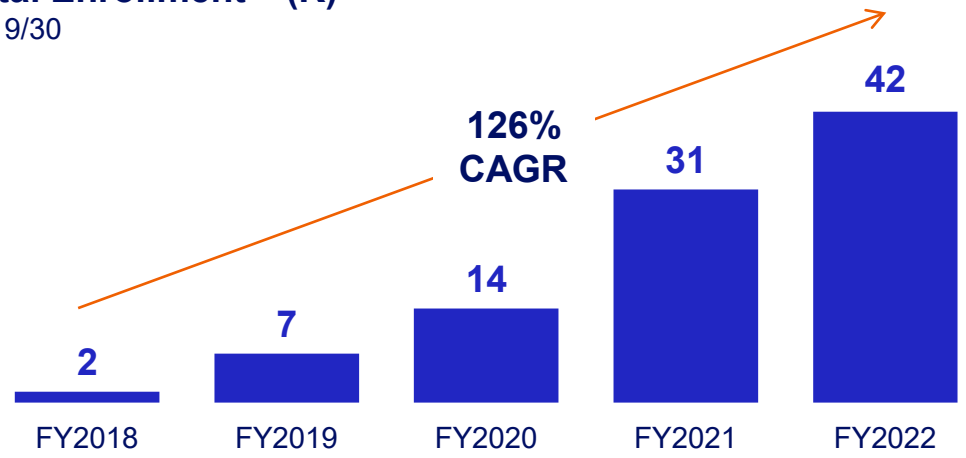
**Based on Analyst Consensus as of January 25, 2022*

	FY21 Actuals	FY25 Expectations
Revenue	$1.28B	**$1.25B - $1.4B**
Enrollments[1]	164.6K	**170 – 180K**
Programs[2]	77	**+ 8 – 10**
States[2]	31	**34 – 36**
Per Pupil Revenue	$7,389	**+ 0 - 2% / Yr**

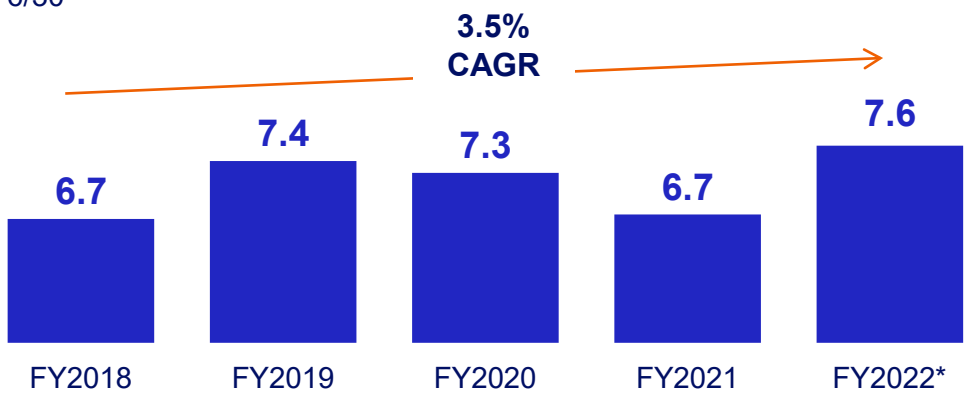
(1) Based on the number of students enrolled at the end of Q1 (September 30th) of each fiscal year
(2) Programs includes Private and Public programs, States includes only Public programs

Long-term Career Learning Growth Drivers

Total Enrollment[1] (K)
QE 9/30



Per Pupil Funding ($K)
YE 6/30



*Based on Analyst Consensus as of January 25, 2022

	FY21 Actuals	FY25 Expectations
Revenue	$256.6M	**$650M - $800M**
Adult Learning Revenue	$55.8M	**$140M - $150M**
Career Prep Enrollments[1]	30.8K	**80 – 85K**
Career Prep Programs[2]	33	**+ 15 – 20**
States[2]	23	**30 - 36**
Per Pupil Revenue	$6,711	**+ 0 - 2% / Yr**

(1) Based on the number of students enrolled at the end of Q1 (September 30th) of each fiscal year
(2) Programs includes Private and Public programs, States includes only Public programs

FY25 Financial Outlook

Support improving learner outcomes while delivering strong growth and sustainable long-term value creation

	FY22 Guidance[1]	FY25 Financial Outlook
Total Revenue	$1.62B – $1.64B	**$1.9B – $2.2B**
General Education[2]		$1.25B – $1.4B
Career Learning[2]		$650M – $800M
Adj. Operating Income[3] ($M)	$175M – $185M	**$250M – $350M**

Strategic priorities supporting outlook

- **Enrollment growth in K-12 and Adult programs**
- **Expand capacity in existing and new programs**
- **Develop innovative and mainstream products**
- **Improve process / use of technology to lower unit costs**
- **Maintain strong balance sheet**

(1) Guidance as of January 25, 2022
(2) Stride does not guide to business Lines of Revenue
(3) Adj. Operating Income is a non-GAAP measure. For a reconciliation to the most directly comparable GAAP measure, see Appendix.



2022 Promising Practices: CRE – Stronger Together

- Open to all teachers, administrators, counselors, board members, and parents
- Hosted internally for Stride staff for the past 10 years with over 6,000 in attendance last year – now open to everyone
- Designed by Stride educators and leaders, offering professional growth for anyone devoted to a quality learning experience
- Four major conference themes:
  - Teacher Effectiveness
  - Student Socialization & Community
  - Leadership Acceleration
  - Special Programs & Projects
- Featuring keynote speakers, an exhibitor hall of Stride partners, demonstrations of Stride platforms or products, and a resource library

Stride

Liquidity & Low Debt Support Organic & Inorganic Growth

Select balance sheet and other information

As of December 31, 2021 ($M)

Cash and Cash Equivalents	$257.0
Accounts Receivable, Net	430.4
Accounts Payable	33.8
Total Debt Obligations	491.4
Revolving Credit Facility Availability	100.0

Expect increasing cash balance through rest of year.

Accounts receivable balance reflects seasonality and timing of payments

Low leverage ratio of 0.98x

Note: Leverage ratio is Net Debt (total debt obligations of $491.4M less cash and cash equivalents of $257.0M) divided by Adjusted EBITDA of $238.1M for the twelve months ended Dec. 31, 2021.

Disciplined capital allocation

Prioritizing free cash flow sustainability, educational platform development, and synergistic M&A

Organic growth	• Invest in academic quality & student / customer experience to support outcomes & retention • Implement innovative products across portfolio
Strategic acquisitions	• Leverage platform across markets / verticals • High-growth, high-margin targets providing synergies
Capital return	• Evaluate approaches to return cash to shareholders over the long-term

Appendix

Stride

ADJ. OPERATING INCOME AND ADJUSTED EBITDA TO GAAP FINANCIALS

Reconciliation

	Three Months Ended December 31,		Six Months Ended December 31,	
	2021	2020	2021	2020
	(In thousands)			
Income from operations	$ 56,915	$ 38,452	$ 49,938	$ 50,516
Stock-based compensation expense	602	9,074	8,888	17,967
Amortization of intangible assets	3,214	2,524	6,427	4,576
Adjusted operating income	60,731	50,050	65,253	73,059
Depreciation and other amortization	21,966	20,637	42,900	36,862
Adjusted EBITDA	$ 82,697	$ 70,687	$ 108,153	$ 109,921

ADJ. OPERATING INCOME (FY2020 & FY2021)

Reconciliation

(in millions)	FY2020 Three Months Ended				FY2021 Three Months Ended			
	Sept. 30, 2019	Dec. 31, 2019	Mar. 31, 2020	Jun. 30, 2020	Sept. 30, 2020	Dec. 31, 2020	Mar. 31, 2021	Jun. 30, 2021
Income (loss) from operations	**$ (19.4)**	**$ 30.3**	**$ 14.5**	**$ 7.0**	**$ 12.1**	**$ 38.5**	**$ 38.6**	**$ 21.4**
Stock-based compensation expense	$ 5.5	$ 6.2	$ 6.1	$ 5.8	$ 8.9	$ 9.1	$ 12.9	$ 8.5
Amortization of intangible assets	$ 0.8	$ 0.7	$ 1.8	$ 2.8	$ 2.0	$ 2.5	$ 3.4	$ 3.6
Adjusted operating income	**$ (13.1)**	**$ 37.2**	**$ 22.4**	**$ 15.6**	**$ 23.0**	**$ 50.1**	**$ 54.9**	**$ 33.5**

GUIDANCE

Reconciliation

	Three Months Ended March 31, 2022		Year Ended June 30, 2022	
	Low	High	Low	High
	(In millions)			
Income from operations	$ 50.7	$ 54.7	$ 142.0	$ 150.0
Stock-based compensation expense	6.0	7.0	20.0	22.0
Amortization of intangible assets	3.3	3.3	13.0	13.0
Adjusted operating income	$ 60.0	$ 65.0	$ 175.0	$ 185.0

*Note: The MedCerts acquisition included contingent consideration that could become due in the fourth quarter of fiscal year 2022. If, due to performance, the actual amount differs from the current estimate, Stride would exclude this from our adjusted non-GAAP financial metrics.