Q2 FY2023
Earnings Presentation

January 24, 2023

Stride

Safe Harbor

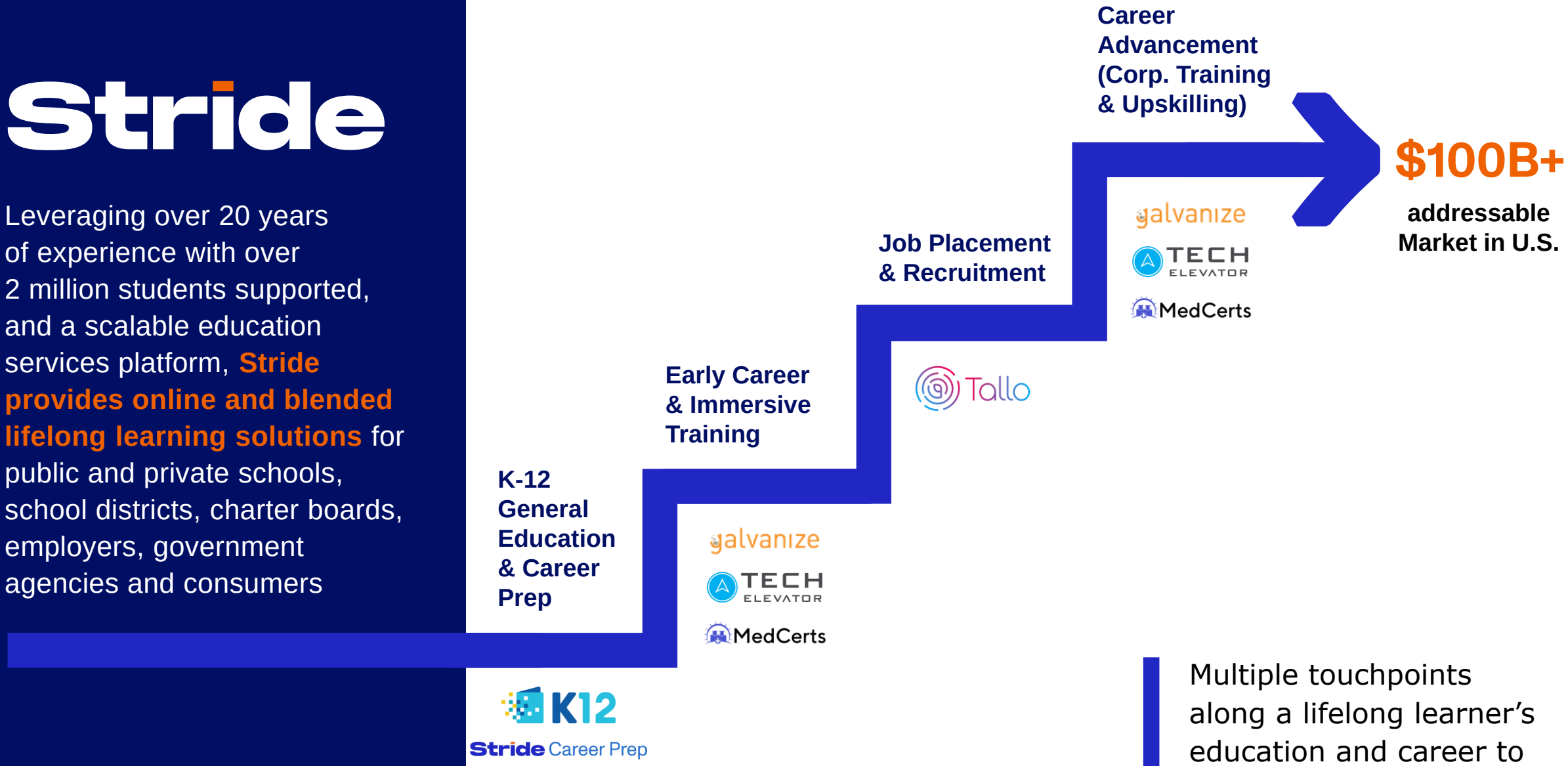
This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this press release are forward-looking statements. 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 Learning 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 or mitigate 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

Strong and diversified portfolio

Digital assets support learners across general education, career preparation and adult learning. Leveraging existing capabilities to expand into new products and services.

General Education and Career Learning MS/HS

K12

Stride Career Prep

stride Learning Solutions

Full Time Online Programs

Online and blended programs for K - 12th grade in General Education and 5th – 12th grade in Career Learning

Learning Solutions

Content, platform, instruction and support solutions for traditional school environments

New Products

Stride Professional Development Center

Tallo

Stride Tutoring

STRIDE ESPORTS

New Products

Leveraging current educational assets to expand into large and growing addressable markets

Adult Learners

MedCerts

galvanize

TECH ELEVATOR

Adult Learning

Training, recruitment and job placement, career data tracking & analysis, for consumer and enterprise in IT and Healthcare

Compelling long-term investment thesis

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

01

Leading education services platform

With scale, expertise & broad, long-term customer relationships

02

Sustainable core business

Secular shift toward online & blended education for lifelong learning

03

Career Learning growth

Leveraging capabilities & assets addressing business needs

04

Experienced, diverse leadership

Deep educational regulatory & policy expertise with commitment to ESG

05

Financial track record

Consistent revenue growth, profitability & strong balance sheet

Quarterly Highlights

1. **Strong in-year demand**
   - Ended quarter with total enrollments of 180.3K up 6.4K from end of Q1
   - Adult Learning revenue continues to grow, up 42% y-o-y

2. **Raising Full Year Revenue and Profitability Guidance**
   - Enrollment strength, efficiencies roll-out, and continued Adult Learning growth driving increases

3. **Committed to FY2025 targets**
   - Initial success in efficiencies work adds confidence to ability to achieve targets

4. **Cash Flow And Liquidity Support Organic and Inorganic Opportunities**
   - Strong balance sheet and disciplined capital allocation strategy allow for flexibility

1H FY23 Performance

- Revenue: $883.6M
  +9.1% y-o-y
- Adj. Operating Income[1]: $56.4M
  -13.6% y-o-y
- Adj. EBITDA[1]: $103.5M
  -4.3% y-o-y

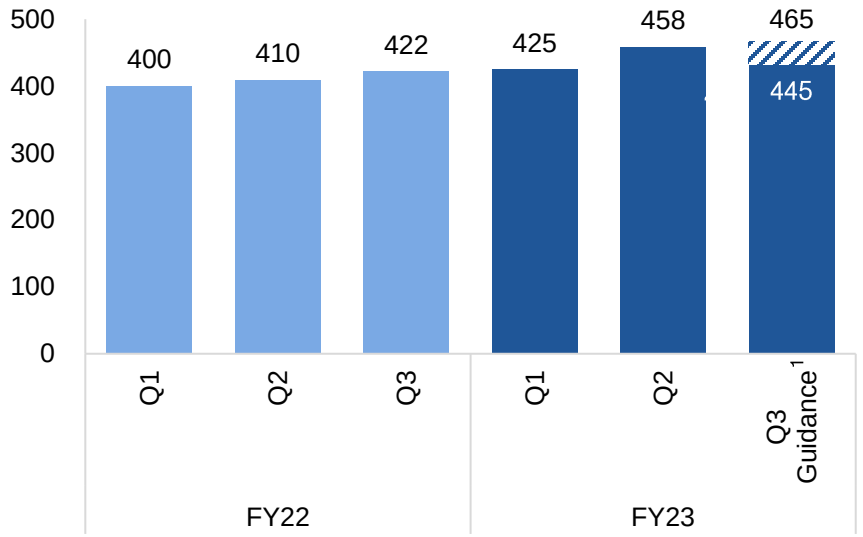
Q2 Performance

- Revenue: $458.4M
  +11.9% y-o-y
- Adj. Operating Income[1]: $76.3M
  +25.7% y-o-y
- Adj. EBITDA[1]: $100.5M
  +21.5% y-o-y

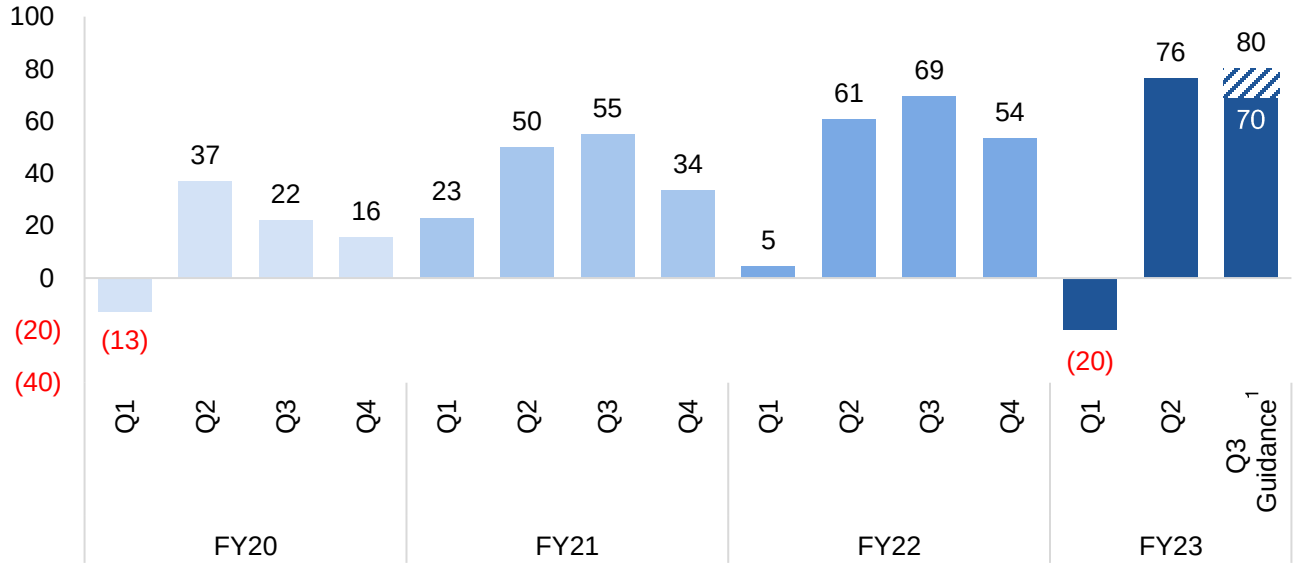
1. To supplement our financial statements presented in accordance with U.S. generally accepted accounting principles (GAAP), we also present non-GAAP financial measures including adjusted operating income (loss), and adjusted EBITDA. Management believes that these additional metrics provide useful information 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

Revenue ($M)



Adjusted Operating Income[2] ($M)



Continued execution of growth strategy into Career Learning

Demonstrated demand for school options

Strong track record of profitability

1. Guidance as of January 24, 2023

2. 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

Career & Adult Learning Continue to Drive Growth

Career Learning

- Enrollment growth of 58%

Adult Learning

- Strong organic growth rate
- Q2 y-o-y growth of 42%

General Education

- Stable and consistent business with strong free cash flow characteristics

	Three Months Ended December 31,		
	2022	2021	Change
Revenue ($M)			
General Education	274.7	313.2 ↓	-12.3%
Career Learning			
Middle – High School	153.8	75.3 ↑	104.2%
Adult	29.9	21.0 ↑	42.4%
Total Career Learning	183.7	96.3 ↑	90.8%
Total Revenues	458.4	409.5 ↑	11.9%
Enrollments (K)			
Total Enrollment	177.5	187.5 ↓	(5.3%)
General Education, K-12	111.2	145.6 ↓	(23.6%)
Career Learning, Middle – High School	66.3	41.9 ↑	58.2%

Raising Full Year Revenue and Profitability Guidance

	Q3 FY23 Guidance[1]		Updated FY23 Guidance[1]	
	Low	High	Low	High
Revenue	$445.0M	$465.0M	$1.775B	$1.815B
Adj. Operating Income[2]	$70.0M	$80.0M	$180.0M	$200.0M
Capital Expenditures	$16.0M	$19.0M	$70.0M	$75.0M
Effective Tax Rate			27%	29%

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Guidance Reflects Strong Demand for Offerings

- FY23 Revenue: +6% Y-O-Y
  Mid-point of Guidance
- FY23 AOI[2]: +1% Y-O-Y
  Mid-point of Guidance
- Strong Career and Adult Learning Growth
- Continued demand for school options

FY25 Financial Outlook

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

	Updated FY23 Guidance[1]		FY25 Financial Outlook	
	Low	High	Low	High
Revenue	**$1.775B**	**$1.815B**	**$1.900B**	**$2.200B**
Adj. Operating Income[3]	**$180M**	**$200M**	**$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

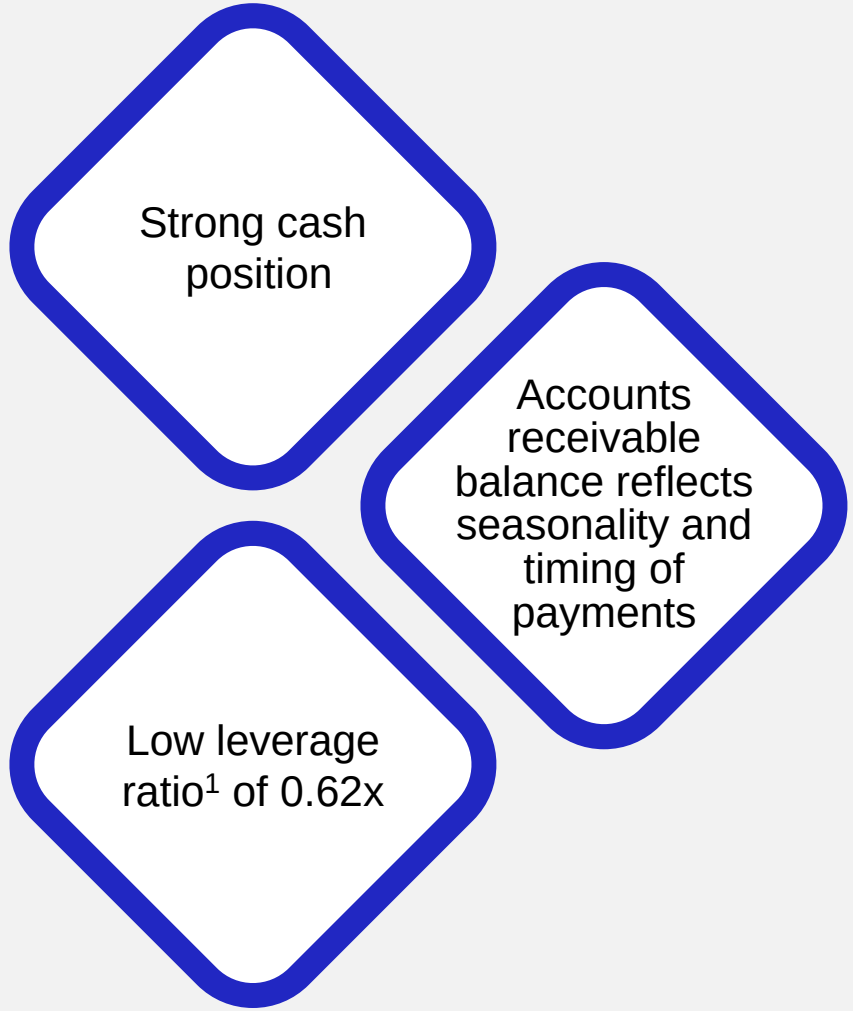
1. Guidance as of January 24, 2023
2. Adj. Operating Income is a non-GAAP measure. For a reconciliation to the most directly comparable GAAP measure, see Appendix

Liquidity & Low Debt Support Organic & Inorganic Growth

Select balance sheet and other information

As of December 31, 2022 ($M)

Cash and Cash Equivalents	**318.3**
Accounts Receivable, Net	442.2
Accounts Payable	32.8
Total Debt Obligations	485.6
Revolving Credit Facility Availability	100.0



1. Leverage ratio is Net Debt (total debt obligations of $485.6M less cash and cash equivalents of $318.3M) divided by Adjusted EBITDA of $268.5M for the twelve months ended December 31, 2022

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

RECONCILIATION OF INCOME FROM OPERATIONS TO ADJUSTED OPERATING INCOME AND ADJUSTED EBITDA

	Three months ended December 31,		Six months ended December 31,	
($, M)	**2022**	**2021**	**2022**	**2021**
Income from operations	**68.1**	**56.9**	**39.4**	**49.9**
Stock-based compensation expense	4.9	0.6	10.4	8.9
Amortization of intangible assets	3.3	3.2	6.6	6.5
Adjusted operating income	**76.3**	**60.7**	**56.4**	**65.3**
Depreciation and other amortization	24.2	22.0	47.1	42.9
Adjusted EBITDA	**100.5**	**82.7**	**103.5**	**108.2**

RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO ADJUSTED OPERATING INCOME (LOSS)

	Three months ended												
($, M)	**Sept. 30, 2019**	**Dec. 31, 2019**	**Mar. 31, 2020**	**Jun. 30, 2020**	**Sept. 30, 2020**	**Dec. 31, 2020**	**Mar. 31, 2021**	**Jun. 30, 2021**	**Sept. 30, 2021**	**Dec. 31, 2021**	**Mar. 31, 2022**	**Jun. 30, 2022**	**Sept. 30, 2022**
Income (loss) from operations	**(19.4)**	**30.3**	**14.5**	**7.0**	**12.1**	**38.5**	**38.6**	**21.4**	**(7.0)**	**56.9**	**60.6**	**46.1**	**(28.7)**
Stock-based compensation expense	5.5	6.2	6.1	5.8	8.9	9.1	12.9	8.5	8.3	0.6	5.6	4.1	5.5
Amortization of intangible assets	0.8	0.7	1.8	2.8	2.0	2.5	3.4	3.6	3.2	3.2	3.3	3.3	3.3
Adjusted operating income (loss)	**(13.1)**	**37.2**	**22.4**	**15.6**	**23.0**	**50.1**	**54.9**	**33.5**	**4.5**	**60.7**	**69.5**	**53.5**	**(19.9)**

RECONCILIATION OF INCOME FROM OPERATIONS TO ADJUSTED OPERATING INCOME

($, Millions)	Three months ended March 31, 2023		Year ended June 30, 2023	
	Low	High	Low	High
Income from operations	**62.5**	**70.5**	**147.5**	**164.5**
Stock-based compensation expense	4.5	5.5	20.0	22.0
Amortization of intangible assets	3.0	4.0	12.5	13.5
Adjusted operating income	**70.0**	**80.0**	**180.0**	**200.0**