Q4 FY2023
Earnings Presentation

August 15, 2023



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**," "**will be**," "**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; 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 and third-party cloud facilities, 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.

Highlights

1. **Record revenue and profitability**
   - Revenue of $1.84 billion; Adj. operating income of $201.0 million
   - Seventh straight year of revenue growth

2. **In-year enrollment strength**
   - Finished the year with more enrollments than count date driven by in-year enrollment growth and strong retention trends

3. **Generative AI presents opportunity to further personalize learning**
   - GAI allows teachers more time with students; eases administrative burden
   - Short-term opportunity to increase efficiencies

4. **Committed to achieving FY2025 targets**
   - Enrollment demand trends demonstrate ability to achieve FY25 revenue and adj. operating income targets

5. **Organic and Inorganic Opportunities**
   - Strong balance sheet and disciplined capital allocation strategy allow for flexibility

FY23 Performance

- Revenue: $1.84B
  +9% y-o-y
- Adj. Operating Income[1]: $201.0M
  +7% y-o-y
- Adj. EBITDA[1]: $296.2M
  +8% y-o-y

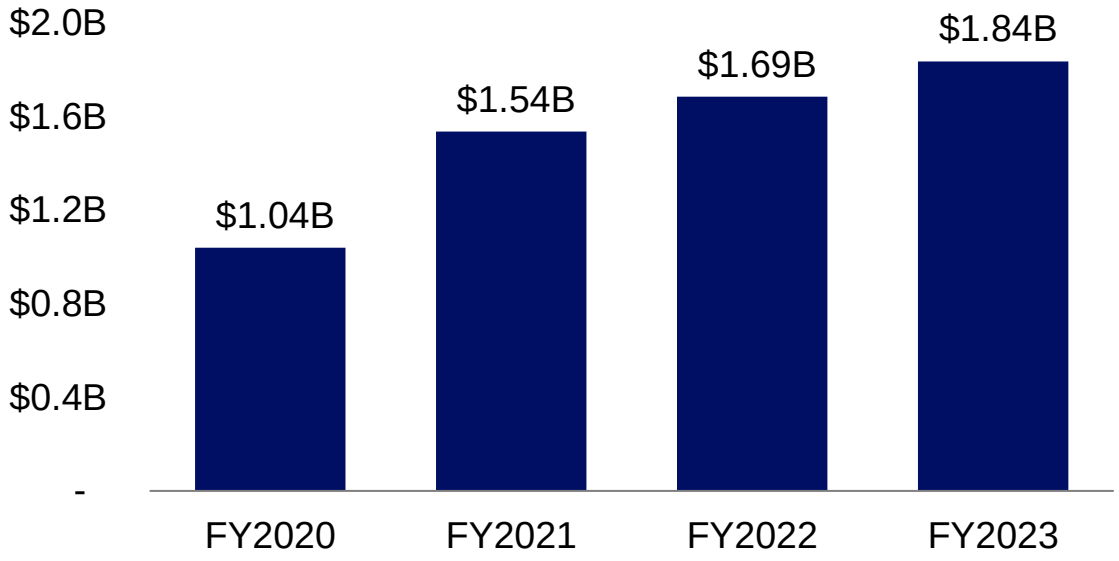
Q4 Performance

- Revenue: $483.5M
  +6% y-o-y
- Adj. Operating Income[1]: $64.4M
  +21% y-o-y
- Adj. EBITDA[1]: $88.8M
  +19% y-o-y

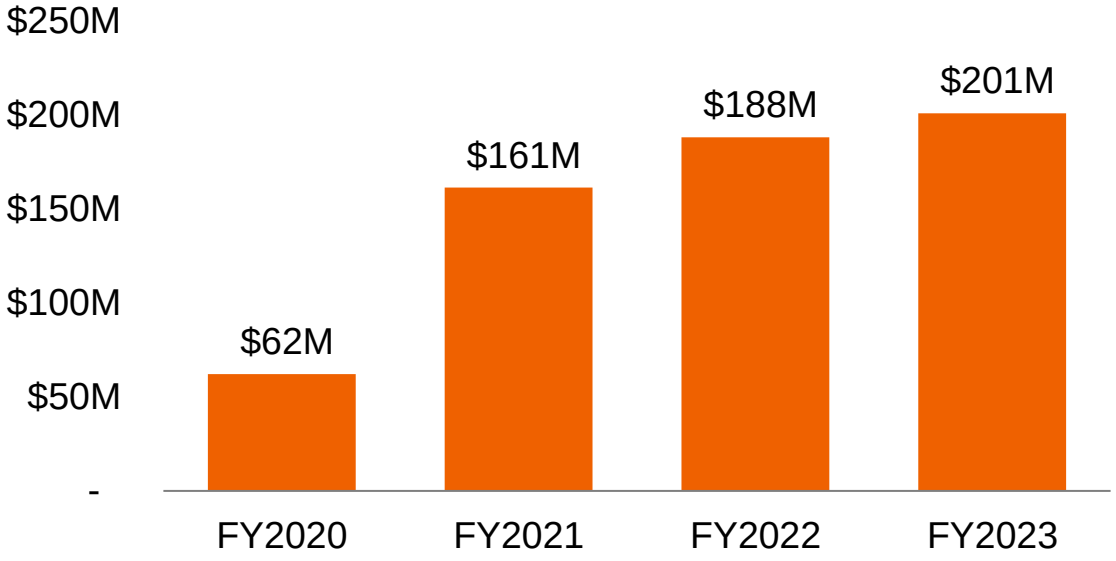
1. To supplement our financial statements presented in accordance with U.S. generally accepted accounting principles (GAAP), we also present non-GAAP financial measures including adjusted operating income (loss), and adjusted EBITDA. Management believes that these additional metrics provide useful information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

Continued growth in key financial metrics

Revenue ($M)



Adjusted Operating Income[1] ($M)



Continued execution of growth strategy into Career Learning

Demonstrated demand for school options

Strong track record of profitability

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, 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 Learning Continues to Drive Growth

Career Learning

- Enrollment growth of 57%

Adult Learning

- Strong organic growth

General Education

- Stable and consistent business with strong free cash flow characteristics

	Year Ended June 30,		
	2023	2022	Change
Revenue ($M)			
General Education	1,131.4	1,273.8 ↓	(11.2%)
Career Learning			
Middle – High School	586.8	321.4 ↑	82.6%
Adult	119.2	91.5 ↑	30.3%
Total Career Learning	706.0	412.9 ↑	71.0%
Total Revenues	1,837.4	1,686.7 ↑	8.9%
Enrollments (K)			
Total Enrollment	178.2	185.1 ↓	(3.7%)
General Education, K-12	112.3	143.2 ↓	(21.6%)
Career Learning, Middle – High School	65.9	41.9 ↑	57.3%

FY25 Financial Outlook

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

	FY23 Actuals	FY25 Financial Outlook	
		Low	High
Revenue	**$1.837B**	**$1.900B**	**$2.200B**
Gross Margin	**35.2%**	**36.0%**	**39.0%**
Adj. Operating Income[1]	**$201M**	**$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

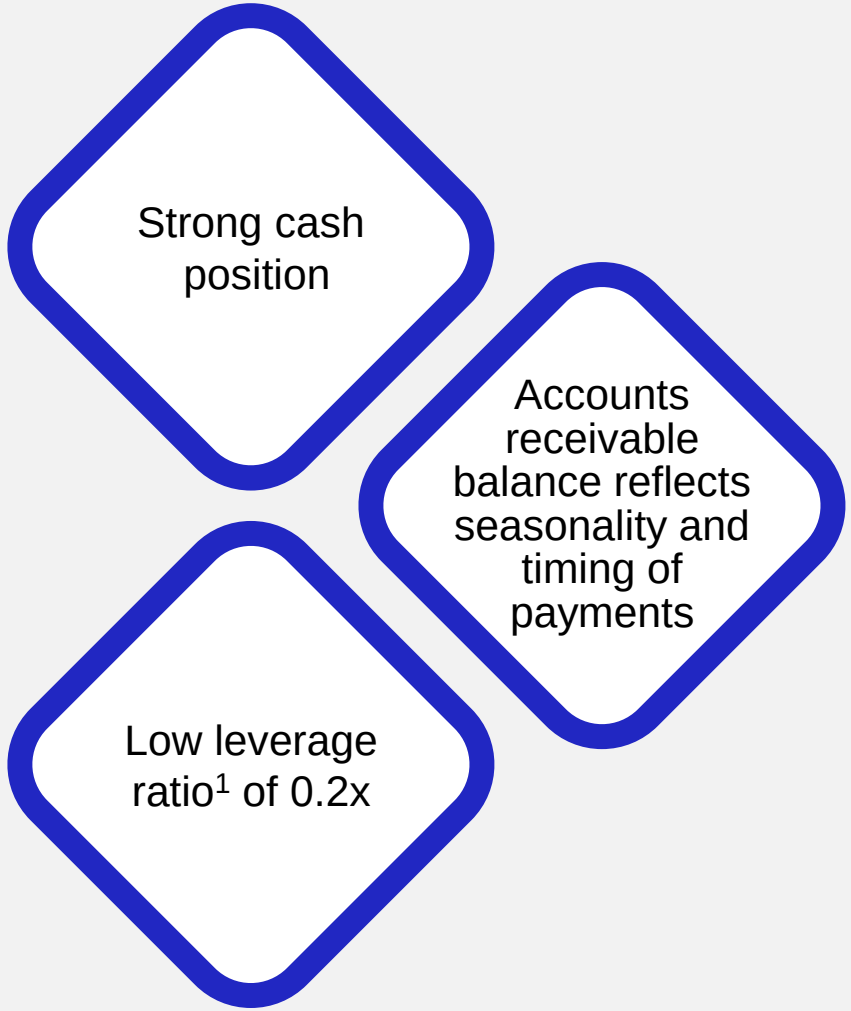
1. Adj. Operating Income is a non-GAAP measure. For a reconciliation to the most directly comparable GAAP measure, see Appendix

Liquidity & Low Debt Support Organic & Inorganic Growth

Select balance sheet and other information

As of June 30, 2023 ($M)

Cash and Cash Equivalents	**410.8**
Marketable Securities	134.7
Accounts Receivable, Net	463.7
Accounts Payable	48.9
Total Debt Obligations	469.9
Revolving Credit Facility Availability	100.0



1. Leverage ratio is Net Debt (total debt obligations of $469.9M less cash and cash equivalents of $410.8M) divided by Adjusted EBITDA of $296.2M for the twelve months ended June 30, 2023

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

($, M)	Three Months Ended June 30,		Year Ended June 30,	
	2023	2022	2023	2022
Income from operations	**53.9**	**46.1**	**165.5**	**156.6**
Stock-based compensation expense	5.4	3.3	15.2	13.0
Amortization of intangible assets	5.1	4.1	20.3	18.6
Adjusted operating income	**64.4**	**53.5**	**201.0**	**188.2**

RECONCILIATION OF INCOME FROM OPERATIONS TO ADJUSTED OPERATING INCOME

($, M)	Year Ended June 30, 2021	2020
Income from operations	**110.5**	**32.5**
Stock-based compensation expense	39.3	23.6
Amortization of intangible assets	11.6	6.0
Adjusted operating income	**161.4**	**62.1**

RECONCILIATION OF NET INCOME TO EBITDA AND ADJUSTED EBITDA

	Three Months Ended June 30,		Year Ended June 30,	
($, M)	**2023**	**2022**	**2023**	**2022**
Net income	43.4	28.1	126.9	107.1
Interest (income) expense, net	2.1	2.0	8.4	8.3
Other (income) expense, net	(5.9)	5.6	(15.4)	1.3
Income tax expense	14.4	10.3	45.3	40.1
(Income) loss from equity method investments	(0.1)	0.1	0.3	(0.2)
Depreciation and amortization	29.7	24.4	110.4	97.9
EBITDA	**83.6**	**70.5**	**275.9**	**254.5**
Stock-based compensation expense	5.2	4.2	20.3	18.6
Adjusted EBITDA	**88.8**	**74.7**	**296.2**	**273.1**

RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW

($, Millions)	Year Ended June 30, 2023	2022
Net Cash Provided by Operating Activities	203.1	206.9
Purchases of property and equipment	(4.3)	(9.7)
Capitalized software development costs	(45.0)	(42.2)
Capitalized curriculum development costs	(17.2)	(15.7)
Free Cash Flow	**136.6**	**139.3**