

Q4 FY2024
Earnings Presentation

August 6, 2024

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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 presentation 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 developments; 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 systems and 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.

Compelling Long-term Investment Thesis



Disruptor in Education

Innovator with the scale, expertise & long-term customer relationships to change education



Sustainable & Growing Virtual School Business

Accelerating secular shift toward virtual education and school choice



New Products & Technologies

Leveraging capabilities and assets to address market failures or shortcomings



Experienced & Diverse Leadership Team

Deep educational regulatory & policy expertise



Financial Track Record

Consistent revenue and profitability growth with a strong balance sheet to support organic and inorganic growth

FY2024 Highlights

01

Another record year for revenue and profitability

Finished the year with over \$2B in revenues for first time ever; eighth straight year of revenue growth

02

Enrollments top pandemic highs

Parent demand for school choice continues to increase; reach new high in enrollments in Q3

03

On track to achieve FY28 Targets

Remain on-track to achieve FY2028 targets outlined in our November 2023 Investor Day

04

Organic and Inorganic Opportunities

Strong balance sheet and disciplined capital allocation strategy allow for flexibility

FY24 Performance

- Revenue: \$2,040.1M
+11% y-o-y
- Adjusted Operating Income¹: \$293.9M
+46% y-o-y
- Adjusted EBITDA¹: \$390.7M
+32% y-o-y

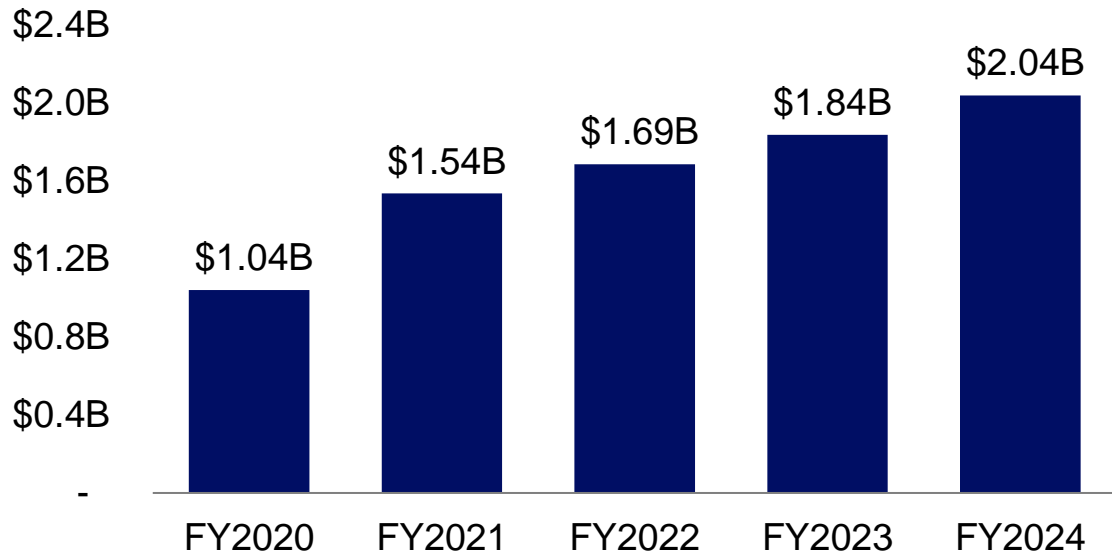
Q4 Performance

- Revenue: \$534.2M
+11% y-o-y
- Adjusted Operating Income¹: \$87.9M
+37% y-o-y
- Adjusted EBITDA¹: \$112.1M
+26% y-o-y

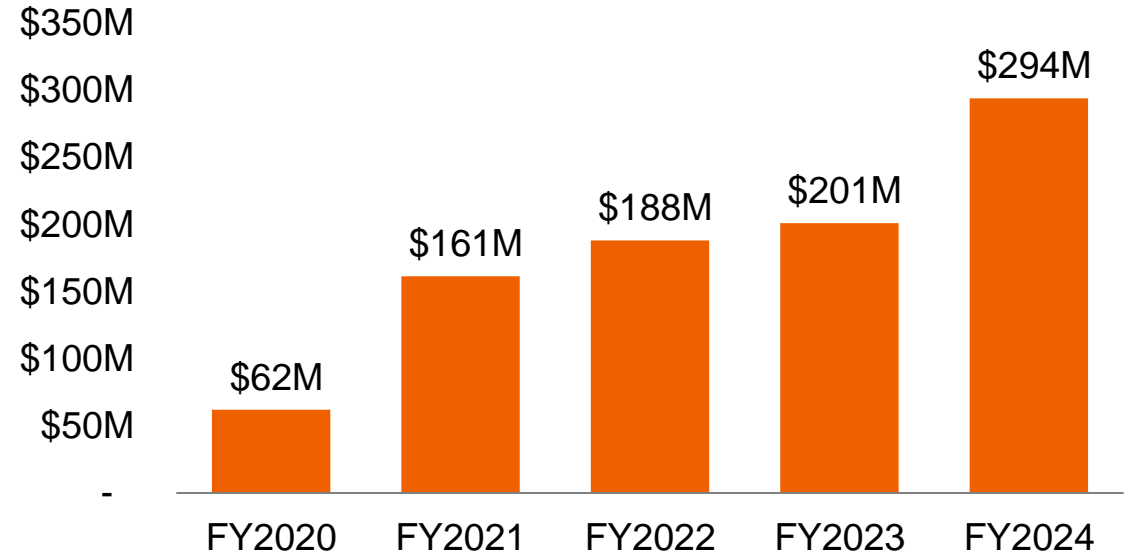
1. To supplement our financial statements presented in accordance with U.S. generally accepted accounting principles (GAAP), we also present non-GAAP financial measures including adjusted operating income (loss), and adjusted EBITDA. Management believes that these additional metrics provide useful information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

Growth in Key Financial Metrics

Revenue (\$M)



Adjusted Operating Income¹ (\$M)



Demonstrated demand for school options

Record high enrollment (Q3 FY2024)

Strong track record of profitability

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Strong Enrollment Trends

Enrollments Trends

- Finished the year with more enrollments than Q1
- General Education enrollments increased 9K, up 8% y-o-y
- Career Learning enrollments increased 7K, up 10% y-o-y

	Year Ended June 30,		
	2024	2023	Change
Revenue (\$M)			
General Education	1,289.2	1,131.4	↑ 13.9%
Career Learning			
• Middle – High School	651.2	586.8	↑ 11.0%
• Adult	99.7	119.2	↓ (16.4%)
Total Career Learning	750.9	706.0	↑ 6.4%
Total Revenues	2,040.1	1,837.4	↑ 11.0%
Enrollments (K)			
Average Enrollment	194.3	178.2	↑ 9.0%
• General Education, K-12	121.6	112.3	↑ 8.3%
• Career Learning, Middle – High School	72.7	65.9	↑ 10.3%

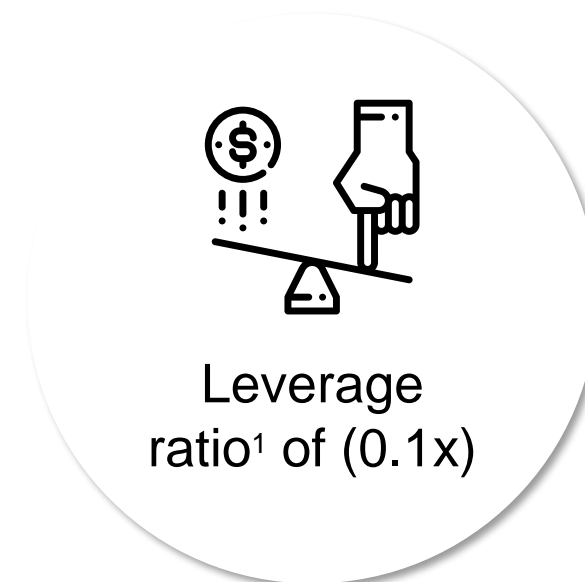
Strong Balance Sheet with Low Debt

Cash position, low leverage ratio, and consistent cash flows provide options for capital allocation

Select balance sheet and other information

As of June 30, 2024 (\$M)

Cash, Cash Equivalents & Marketable Securities	\$714.2
Accounts Receivable, Net	472.8
Accounts Payable	41.0
Total Debt Obligations	470.3



Disciplined Capital Allocation

Prioritizing organic growth, new product and technology development and synergistic M&A



Organic Growth

- Invest in academic quality and student/customer experience to support outcomes and retention
- Technology advancements to improve personalization and outcomes
- Implement innovative products across portfolio



Strategic Acquisitions

- Leverage platform across markets/verticals
- High-growth, high-margin targets providing synergies

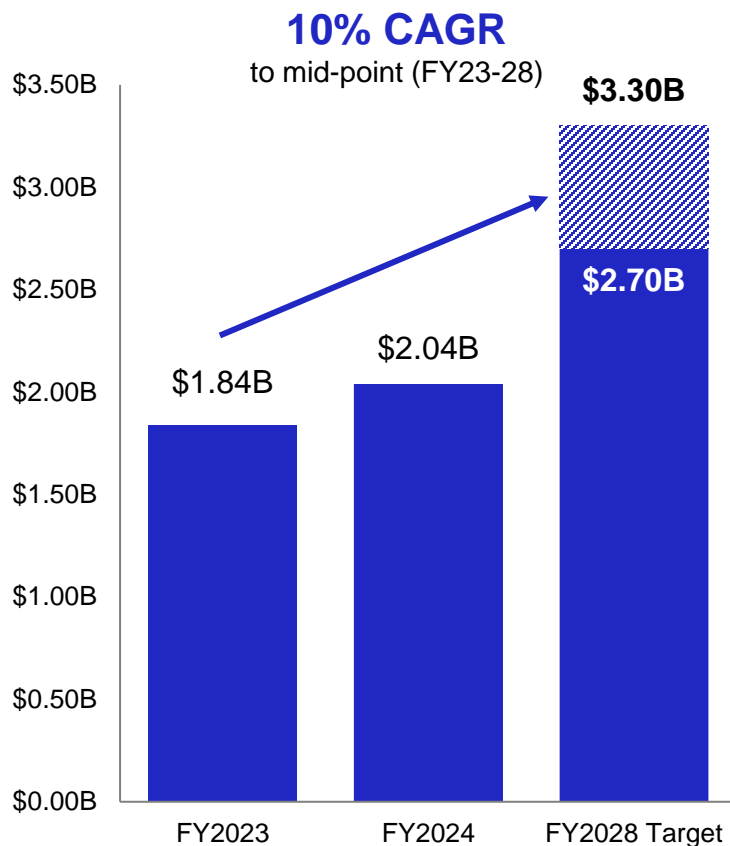


Capital Return

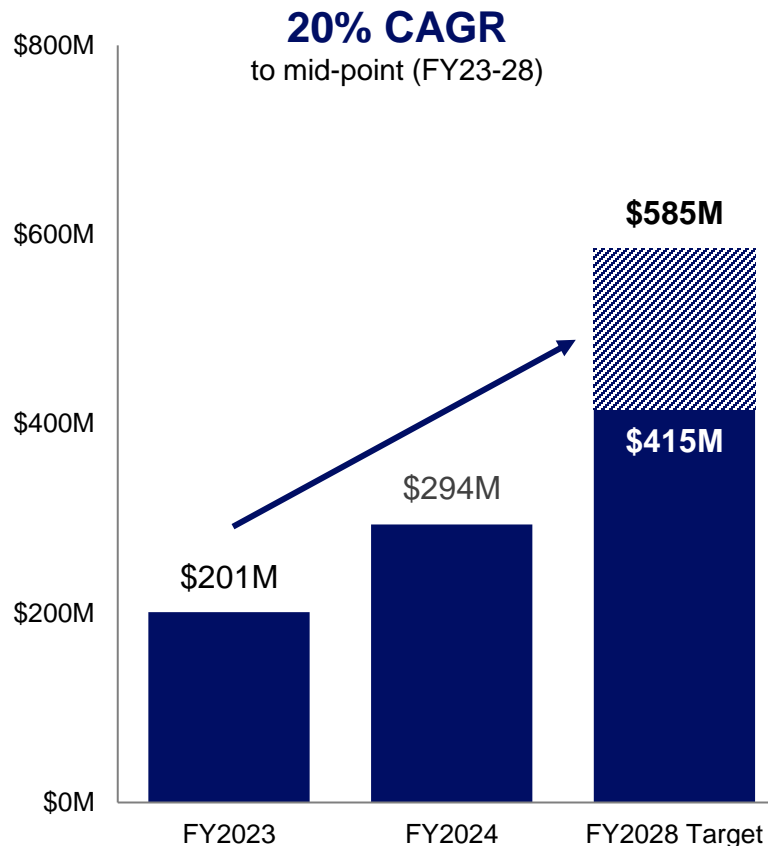
- Evaluate approaches to return cash to stockholders over the long term

Compelling Long-Term Growth Targets

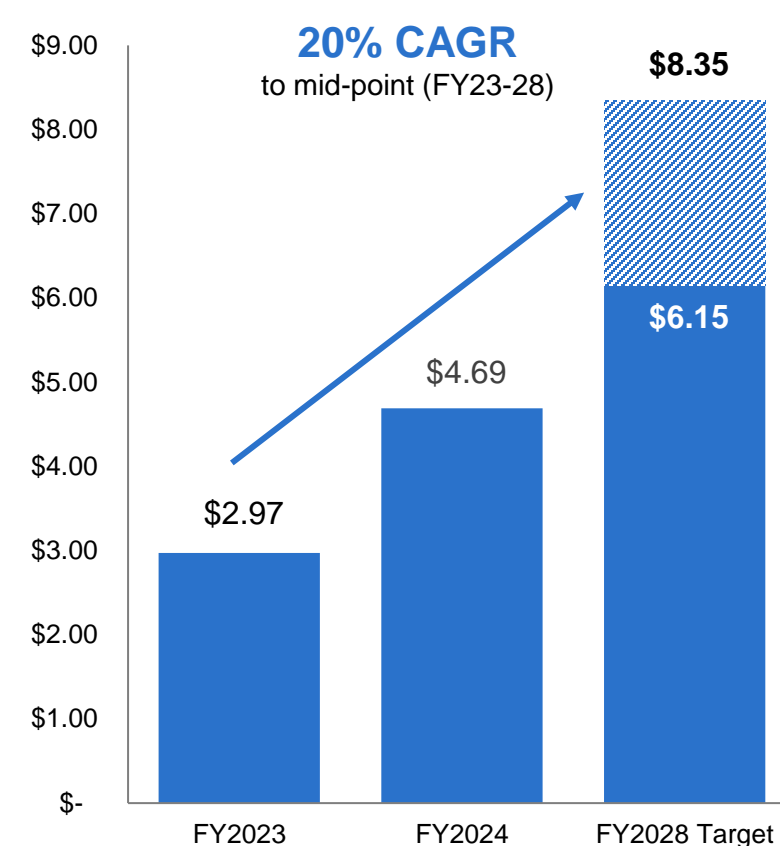
Total Revenue (\$B)




Adj. Operating Income (\$M)



EPS (\$)



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 Depicts low-high range for target

Appendix

Reconciliation of Net Income to EBITDA and Adjusted EBITDA

(\$, M)	Three months ended June 30,		Year ended June 30,	
	2024	2023	2024	2023
Net income	62.8	43.4	204.2	126.9
Interest expense, net	2.3	2.1	8.8	8.4
Other (income) expense, net	(7.5)	(5.9)	(26.9)	(15.4)
Income tax expense	16.1	14.4	64.5	45.3
(Income) loss from equity method investments	-	(0.1)	(1.0)	0.3
Depreciation and amortization	28.2	29.7	109.7	110.4
EBITDA	101.9	83.6	359.3	275.9
Stock-based compensation expense	10.2	5.2	31.4	20.3
Adjusted EBITDA	112.1	88.8	390.7	296.2

Reconciliation of Income from Operations to Adjusted Operating Income

(\$, M)	Three months ended June 30,		Year ended June 30,	
	2024	2023	2024	2023
Income from operations	73.7	53.9	249.6	165.5
Amortization of intangible assets	4.0	5.4	12.9	15.2
Stock-based compensation expense	10.2	5.1	31.4	20.3
Adjusted operating income	87.9	64.4	293.9	201.0

Reconciliation of Income from Operations to Adjusted Operating Income

	Year Ended June 30,		
(\$, M)	2020	2021	2022
Income from operations	32.5	110.5	156.6
Stock-based compensation expense	23.6	39.3	13.0
Amortization of intangible assets	6.0	11.6	18.6
Adjusted operating income	62.1	161.4	188.2

Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow

(\$, Millions)	Year Ended June 30,	
	2024	2023
Net Cash Provided by Operating Activities	278.8	203.1
Purchases of property and equipment	(2.3)	(4.3)
Capitalized software development costs	(40.7)	(45.0)
Capitalized curriculum development costs	(18.6)	(17.2)
Free Cash Flow	217.2	136.6