Q2 FY2025
Earnings Presentation

January 28, 2025



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; failure to prevent or mitigate a cybersecurity incident that affects our systems; and risks related to artificial intelligence; 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

FY2025 Q2 Highlights

01

Record Enrollment and Strong In-Year Trends

Average Q2 enrollments of 230.6K, up 19.4% from the prior year.

02

Increasing Full Year Guidance

Most profitable quarter in Stride's history. Increasing full year revenue and AOI guidance

03

On Track to Achieve FY2028 Targets

Trends keep Stride 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

Q2 FY25 Performance

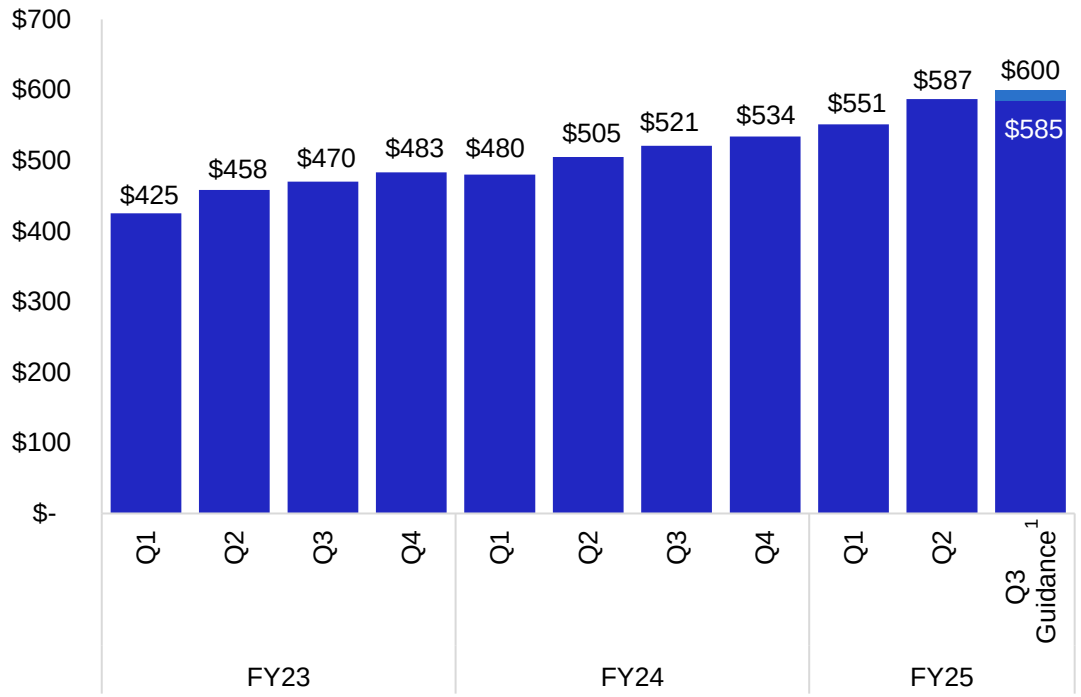
- Revenue: $587.2M
  +16% y-o-y
- Adjusted Operating Income: $135.6M
  +43% y-o-y
- Adjusted EBITDA: $160.4M
  +36% y-o-y

H1 FY25 Performance

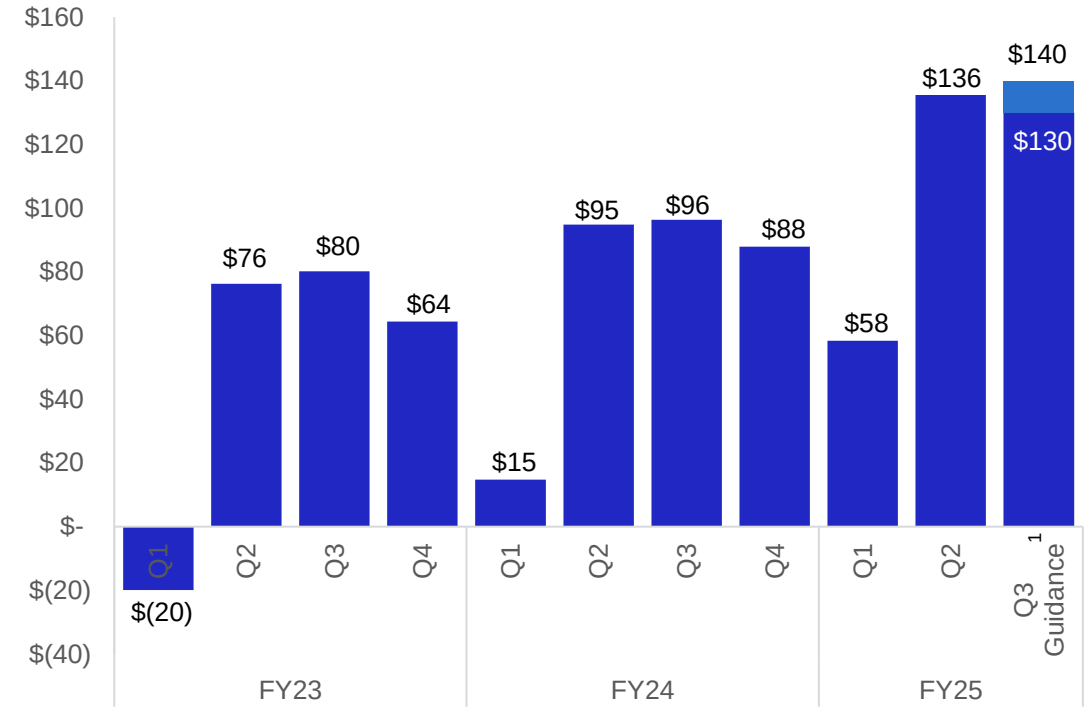
- Revenue: $1,138.3M
  +16% y-o-y
- Adjusted Operating Income: $193.9M
  +77% y-o-y
- Adjusted EBITDA: $244.3M
  +55% y-o-y

Growth in Key Financial Metrics

Revenue ($M)



Adjusted Operating Income ($M)



Demonstrated demand for school options

Third straight year of in-year enrollment growth

Strong track record of profitability

1. Guidance as of January 28, 2025

Strong Enrollment Trends Continue

Enrollments Trends

- In-year enrollment growth continues
- General Education enrollments increased 15.1K, up 13% y-o-y
- Career Learning enrollments increased 22.4K, up 31% y-o-y

	Three Months Ended Dec. 31,			
	2024	2023		Change
Revenue ($M)				
General Education	354.3	313.9	↑	12.9%
Career Learning				
• Middle – High School	213.1	165.1	↑	29.1%
• Adult	19.8	25.9	↓	(23.6%)
Total Career Learning	232.9	191.0	↑	21.9%
Total Revenues	587.2	504.9	↑	16.3%
Enrollments (K)				
Total Enrollment	230.6	193.1	↑	19.4%
• General Education, K-12	135.8	120.7	↑	12.5%
• Career Learning, Middle – High School	94.8	72.4	↑	30.9%

Increased Revenue and Profitability Guidance

	Q3 FY25 Guidance[1]		FY25 Guidance[1]	
	Low	High	Low	High
Revenue	$585M	$600M	$2.320B	$2.355B
Adj. Operating Income	$130M	$140M	$430M	$450M
Capital Expenditures	$15M	$17M	$60M	$65M
Effective Tax Rate			24%	26%

Guidance Mid-Points

- FY25 Revenue: +15% Y-O-Y
  Mid-point of Guidance
- FY25 AOI: +50% Y-O-Y
  Mid-point of Guidance

1. Guidance as of January 28, 2025

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 December 31, 2024 ($M)

Cash, Cash Equivalents & Marketable Securities	**$738.1**
Accounts Receivable, Net	582.5
Accounts Payable	30.9
Total Debt Obligations	509.5



Leverage ratio[1] of (0.01)x

1. Leverage ratio is a non-GAAP measure defined as Net Debt (total debt obligations of $509.5M less cash and cash equivalents of $515.0M) divided by Adjusted EBITDA of $477.0M for the twelve months ended December 31, 2024

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

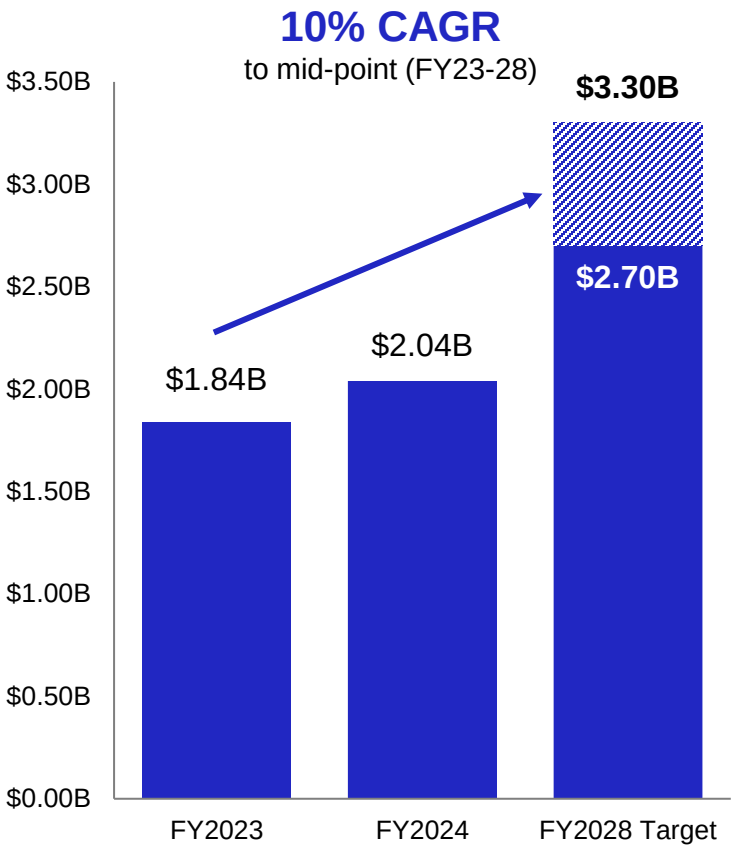


Capital Return

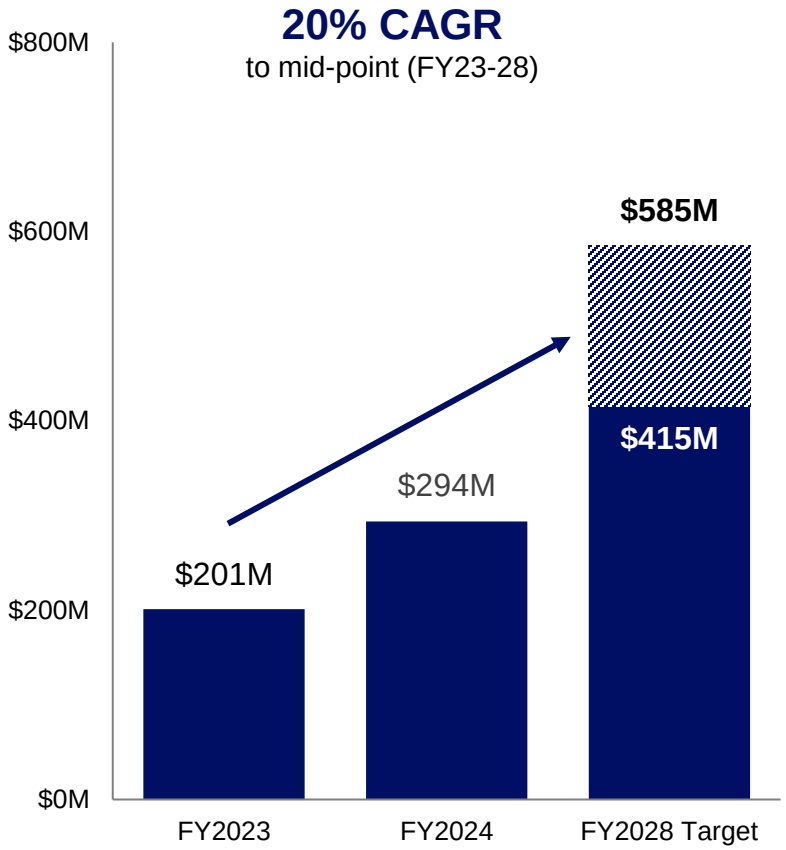
- Evaluate approaches to return cash to stockholders over the long term

Compelling Long-Term Growth Targets

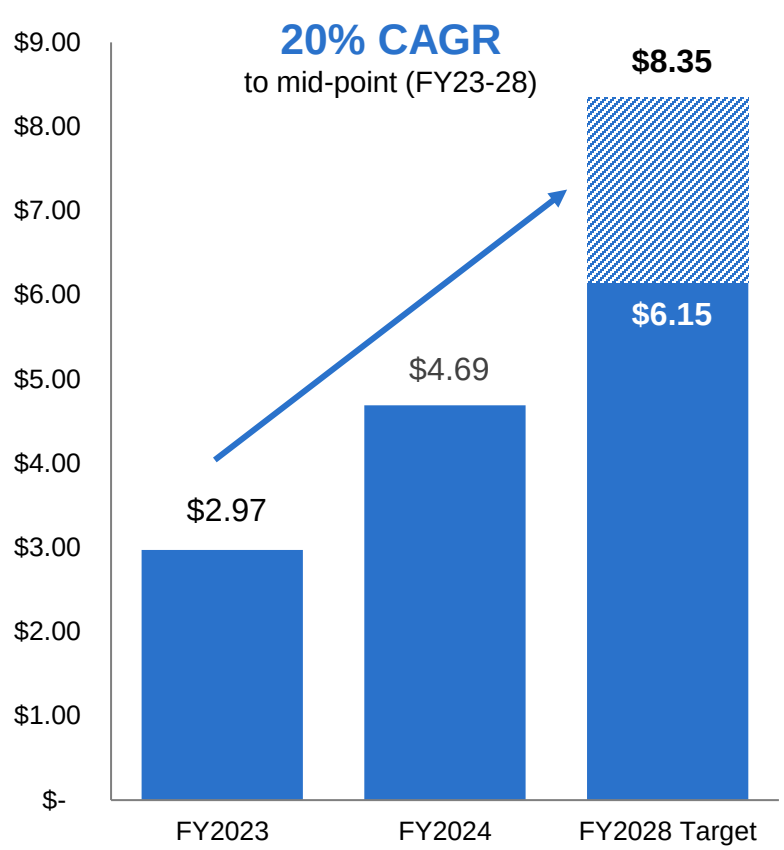
Total Revenue ($B)



Adj. Operating Income ($M)



Diluted EPS ($)



Depicts low-high range for target

Appendix

Stride

Reconciliation of Net Income to EBITDA and Adjusted EBITDA

($, M)	Three months ended December 31, 2024	Three months ended December 31, 2023	Six months ended December 31, 2024	Six months ended December 31, 2023	Trailing twelve months ended December 31, 2024
Net income	$96.4	$66.8	$137.3	$71.7	$269.7
Interest expense, net	2.6	2.0	5.0	4.1	9.8
Other (income) expense, net	(7.3)	(6.5)	(16.1)	(11.7)	(31.3)
Income tax expense	33.4	22.2	44.6	23.7	85.4
Loss from equity method investments	-	(0.2)	1.6	(0.2)	0.9
Depreciation and amortization	27.4	26.5	55.5	54.5	110.7
EBITDA	**152.5**	**110.8**	**228.0**	**142.1**	**445.2**
Stock-based compensation expense	7.9	7.5	16.4	16.0	31.8
Adjusted EBITDA	**$160.4**	**$118.3**	**$244.3**	**$158.1**	**$477.0**

Reconciliation of Income from Operations to Adjusted Operating Income

($, M)	Three months ended December 31,		Six months ended December 31,	
	2024	2023	2024	2023
Income from operations	**125.1**	**84.3**	**172.4**	**87.6**
Amortization of intangible assets	2.6	3.0	5.1	6.0
Stock-based compensation expense	7.9	7.6	16.4	16.0
Adjusted operating income	**135.6**	**94.9**	**193.9**	**109.6**

Reconciliation of Income from Operations to Adjusted Operating Income

($, M)	Three Months Ended								
	Sept. 30, 2022	Dec. 31, 2022	Mar. 31, 2023	Jun. 30, 2023	Sept. 30, 2023	Dec. 31, 2023	Mar. 31, 2024	Jun. 30, 2024	Sept. 30, 2024
Income (loss) from operations	**(28.7)**	**68.1**	**72.2**	**53.9**	**3.3**	**84.3**	**88.3**	**73.7**	**47.3**
Amortization of intangible assets	3.3	3.3	3.3	5.4	3.0	3.0	2.8	4.0	2.7
Stock-based compensation expense	5.5	4.9	4.7	5.1	8.5	7.6	5.3	10.2	8.4
Adjusted operating income (loss)	**(19.9)**	**76.3**	**80.2**	**64.4**	**14.8**	**94.9**	**96.4**	**87.9**	**58.4**

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

($, Millions)	Three months ended December 31, 2024	2023
Net Cash Provided by Operating Activities	223.4	173.3
Purchases of property and equipment	(0.5)	(0.0)
Capitalized software development costs	(9.8)	(8.4)
Capitalized curriculum development costs	(4.5)	(4.3)
Free Cash Flow	**208.6**	**160.6**

Reconciliation of Income from Operations to Adjusted Operating Income

(In Millions)	Three months ended March 31, 2025		Year ended June 30, 2025	
	Low	High	Low	High
Income from operations	$119.8	$127.3	$387.5	$402.5
Amortization of intangible assets	2.2	2.7	9.5	10.5
Stock-based compensation expense	8.0	10.0	33.0	37.0
Adjusted operating income	**$130.0**	**$140.0**	**$430.0**	**$450.0**

Effect of Convertible Notes on Share Dilution

Convertible Senior Notes (Illustrative Dilution Example)

- Stride Convertible Notes: $420M principal (7.9M shares underlying)
- Irrevocably elected that all future conversions of the notes will be settled pursuant to combination settlement, generally requiring the principal amount to be settled in cash
- Any excess of the conversion value over the principal amount can be settled, at Stride's election, in cash or shares of our common stock
- Incremental shares are reported for GAAP purposes but are not issued at the time of reporting
- Stride's capped call transactions completed at the time of the issuance of the convertible notes effectively raise the potential dilution point of the convertible notes from $52.88 to $86.17
- Below some examples of potential dilution from the Notes at various share prices:

LRN Illustrative Stock Price	Shares owed on Convertible Notes[1]	Shares received from capped call transactions	GAAP Dilution	Non-GAAP Dilution[2]
$110	4,124,396	2,403,745	4,124,396	1,720,651
$115	4,290,404	2,299,234	4,290,404	1,991,170
$120	4,442,578	2,203,433	4,442,578	2,239,145
$125	4,582,578	2,115,296	4,582,578	2,467,282
$130	4,711,809	2,033,938	4,711,809	2,677,871
$135	4,831,467	1,958,607	4,831,467	2,872,860
$140	4,942,578	1,888,657	4,942,578	3,053,921
$145	5,046,026	1,823,531	5,046,026	3,222,496
$150	5,142,578	1,762,746	5,142,578	3,379,832

1. Assumes Stride settles the principal amount ($420M) in cash.
2. Non-GAAP Dilution is equal to the number of shares owed for settlement of the Convertible Notes less the shares expected to be received by Stride for the capped call transaction.