

Q3 FY2021 Earnings Presentation

April 20, 2021

Striide

Safe Harbor

This presentation 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; failure to replace students who have graduated from the terminal grade in a school or have left our programs for other reasons with new students of a sufficient number; inability to maintain our current rate of retention of students enrolled in our courses; an increase in the amount of failures to enter into new school contracts or renew existing contracts, in part or in their entirety; the failure of perceived industry trends and projections resulting from the expected effects of COVID-19 on virtual education; 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 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 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 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.



Agenda

- **Online and Blended Lifelong Learning Solutions**
- **Highlights**
- **Career Learning**
- **Financial Performance**

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

Stride

 **K12**
Stride Career Prep


**K-12
General
Education
& Career
Prep**





**Early Career
& Immersive
Training**



**Job Placement
& Recruitment**





**Career
Advancement
(Corp. Training
& Upskilling)**

\$100B+
addressable
market

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

Company Highlights

- COVID-19 has **broadened awareness** and **increased acceptance** of online learning:
 - 1 out of 3 high school students would choose a fully online or hybrid approach even as things return to normal post-COVID¹
 - 25% of Gen Z teens indicate they are more likely to attend a career and technical education school due to their pandemic experience²
 - Stride-powered schools demonstrated more success in reducing learning loss during the pandemic and more success in helping students maintain and make learning gains³
- Stride's **market opportunity is larger than ever before** and supports our current approach to be an **outcomes-based lifelong learning company**
- **Career Learning business continues to perform well**
 - Market opportunity has expanded from \$11B to \$100B+ with new product offerings and new markets
 - Acquisitions accelerate Stride's strategy and strengthen competitive position
 - Q3 Career Learning Revenue up 191% Year-over-Year
- Early indications suggest a **strong re-registration cohort going into FY22**



¹ <https://www.globenewswire.com/news-release/2021/04/05/2204362/0/en/One-in-Three-High-School-Students-Favor-Keeping-an-Online-Component-to-their-Education-Post-Pandemic-Survey-Shows.html>

² <https://www.prnewswire.com/news-releases/todays-teens-questioning-the-status-quo-when-it-comes-to-college-301230744.html>

³ https://www.k12.com/content/dam/stride/meet-stride/Stride_NWEA_Performance_Covid_FN%20%28006%29.pdf

Q3 FY21 Performance

- Revenue of \$392.1M (+52% y-o-y)
- Adjusted Operating Income* of \$54.9M (+146% y-o-y)
- Adjusted EBITDA* of \$75.0M (+92% y-o-y)

FY21 Guidance

- **Raising full year guidance** for revenue and Adjusted Operating Income*:
 - FY21 revenue expected to be **\$1.525B to \$1.530B**
 - Midpoint of guidance represents 47% y-o-y growth
 - FY21 Adjusted Operating Income* expected to be **\$156M to \$159M**

*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, EBITDA 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 momentum in Career Learning business

In just five years, Stride has built the assets and capabilities to reach today's ~\$250M scale and is well-positioned to sustain high growth into the future

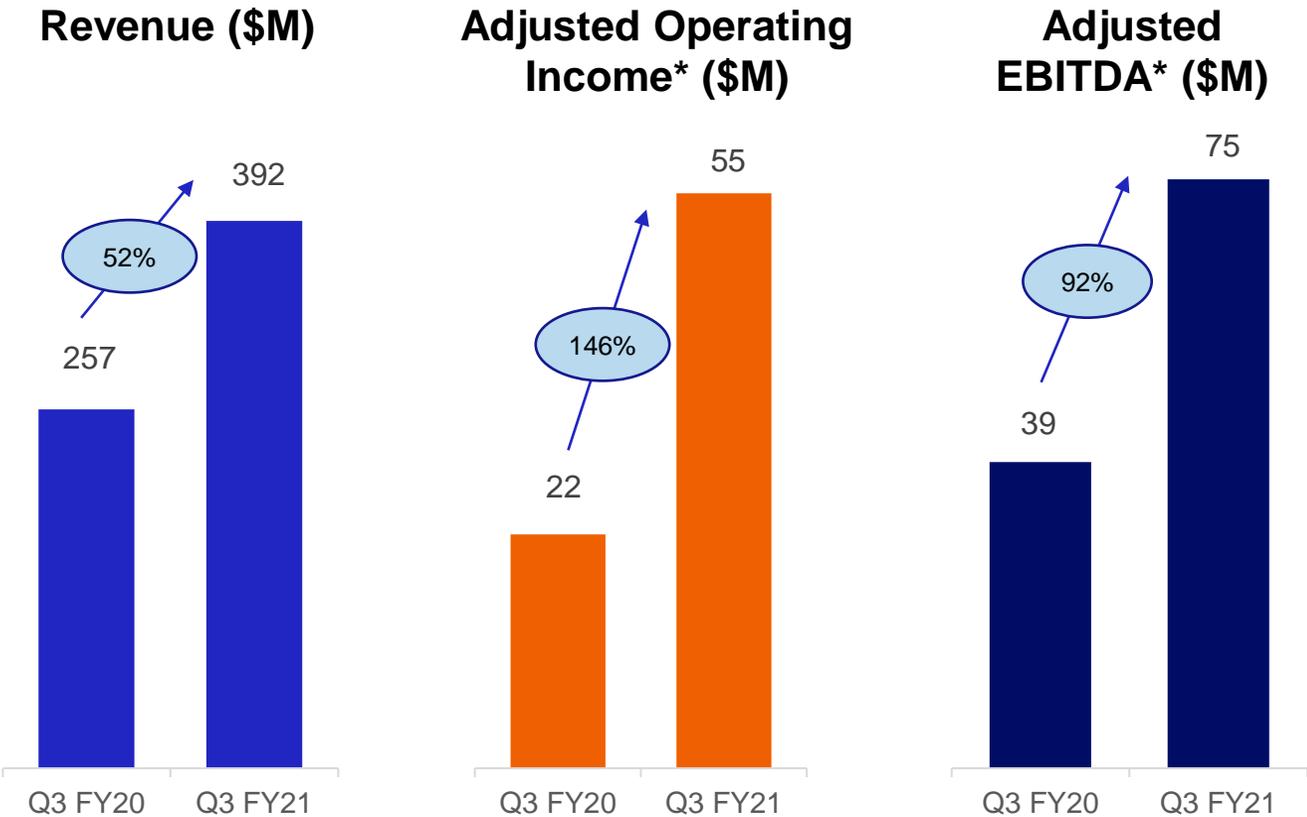
Career Preparation

- 29.5K students enrolled as of Mar. 31, 2021 (+123% y-o-y)
- 32 schools / programs reaching 60% of H.S. students in U.S.
- 50 customized courses, including project-based learning and new career courses with industry content
- 7,500+ work-based learning experiences including Nepris and Job Shadow Week
- ~1,000 college credits earned

Career Development / Enterprise

- Acquired top software engineering, data science & healthcare bootcamps
- 28K+ students trained across software engineering, data science and healthcare professions
- ~3,000 companies have hired program graduates
- 50% of Fortune 100 companies employ graduates
- 1.4M+ community of users on Tallo platform

Robust year-over-year growth in key financial metrics



- **General Education** revenue of \$322.3M (+38% y-o-y) driven by 43% increase in enrollment
 - **Career Learning** revenue of \$69.8M (+191% y-o-y) driven by 123% increase in enrollment and Tech Elevator and MedCerts acquisitions
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- Continued execution of growth strategy into Career Learning
 - Demonstrated high quality of Stride’s educational services
 - Strength of business model and competitive position



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Strong revenue growth in both General Education and Career Learning

Three Months Ended March 31

| | 2021 | 2020 | % change |
|------------------------------|-----------------|-----------------|------------|
| Revenue (in millions) | | | |
| General Education | \$ 322.3 | \$ 233.1 | 38% |
| Career Learning | | | |
| Middle - High School | 52.4 | 20.8 | 152% |
| Adult | 17.4 | 3.2 | |
| Total Career Learning | 69.8 | 24.0 | 191% |
| Total Revenues | \$ 392.1 | \$ 257.2 | 52% |

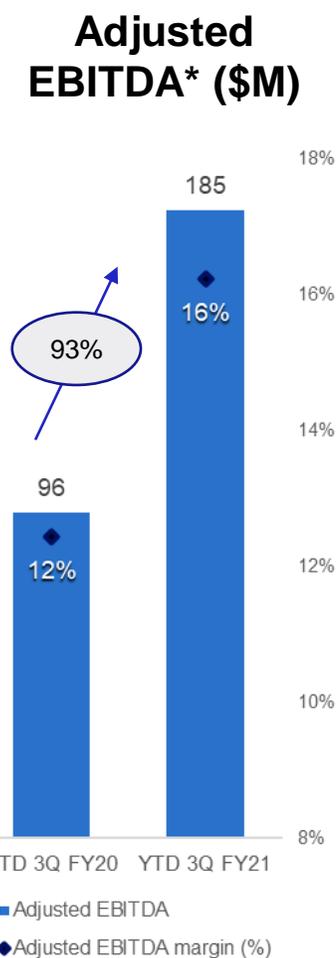
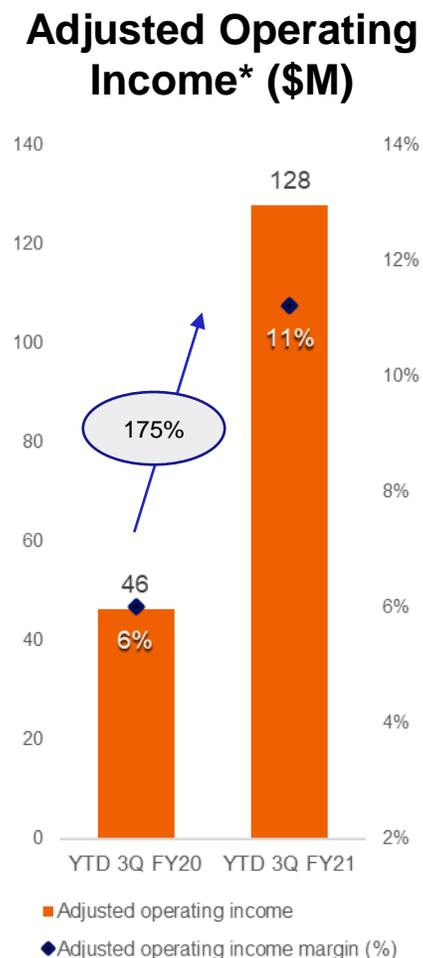
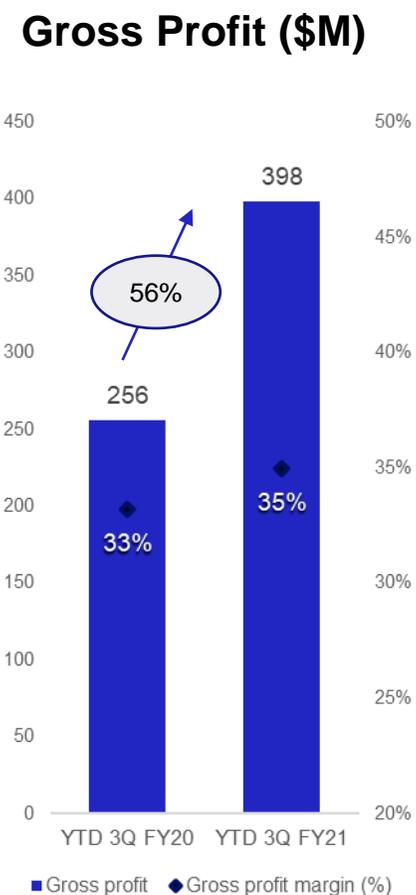
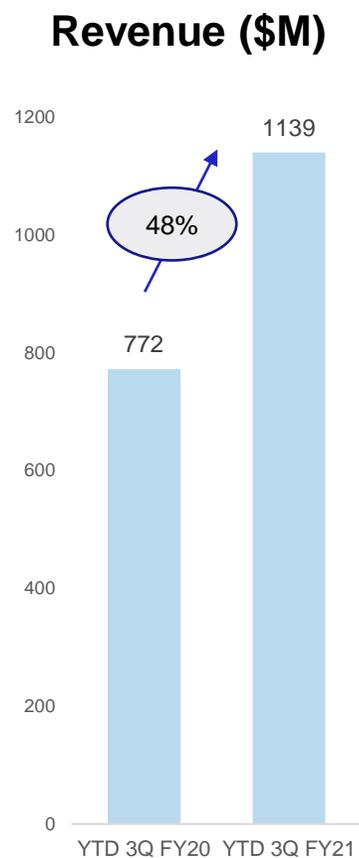
Enrollment data (in thousands)

| | | | |
|---------------------------------------|--------------|--------------|------------|
| General Education, K-12 | 155.8 | 108.9 | 43% |
| Career Learning, Middle - High School | 29.5 | 13.2 | 123% |
| Total Enrollment | 185.3 | 122.1 | 52% |

Growing Demand for Online Education and Career Learning

- COVID-19 has accelerated awareness of online and hybrid learning, with several studies suggesting that a significant percentage of high school students would choose online or hybrid options even after a return to normalcy following the pandemic
- Adult learners looking for education or training options are increasingly focused on gaining certification and licensure rather than traditional degrees

Significant growth in key financial metrics for the nine months ended March 31, 2021



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Strong balance sheet & liquidity

Flexibility to maintain long-term low leverage ratios

Select balance sheet and other information

For the Three Months Ended March 31, 2021 (\$M)

| | |
|--|---------|
| Cash and Cash Equivalents | \$329.0 |
| Accounts Receivable, net | 422.8 |
| Accounts Payable | 47.0 |
| Total Debt Obligations | 489.2 |
| Revolving Credit Facility Availability | 100.0 |

Quarter-over-quarter cash balance increased \$70.9M driven by an increase in cash from operations

Accounts receivable balance reflects in-year seasonality of cash flows

Low leverage ratio of 0.73x

Note: Leverage ratio is Net Debt (total debt obligations of \$489.2M less cash and cash equivalents of \$329.0M) divided by Adjusted EBITDA of \$219.9M for the twelve months ended March 31, 2021.

Raising FY21 guidance

| | FY2021 | |
|---------------------------------|---------------|------------|
| | Low | High |
| | (In millions) | |
| Revenue | \$ 1,525.0 | \$ 1,530.0 |
| Adjusted operating income* | \$ 156.0 | \$ 159.0 |
| Capital expenditures | 50.0 | 55.0 |
| Tax rate (after discrete items) | 27% | 29% |

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Appendix

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Reconciliation

| (in millions) | Three Months Ended March 31, | | Nine Months Ended March 31, | |
|-------------------------------------|---------------------------------|----------------|--------------------------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Income from operations | \$ 38.5 | \$ 14.5 | \$ 89.1 | \$ 25.4 |
| Stock-based compensation expense | \$ 12.9 | \$ 6.1 | \$ 30.8 | \$ 17.8 |
| Amortization of intangible assets | \$ 3.5 | \$ 1.8 | \$ 8.1 | \$ 3.3 |
| Adjusted operating income | \$ 54.9 | \$ 22.4 | \$ 128.0 | \$ 46.5 |
| Depreciation and other amortization | \$ 20.1 | \$ 16.6 | \$ 56.9 | \$ 49.5 |
| Adjusted EBITDA | \$ 75.0 | \$ 39.0 | \$ 184.9 | \$ 96.0 |

FY21 guidance reconciliation

| | FY2021 | |
|-----------------------------------|---------------|----------|
| | Low | High |
| | (In millions) | |
| Income from operations | 102.5 | 103.5 |
| Stock-based compensation expense | 42.0 | 44.0 |
| Amortization of intangible assets | 11.5 | 11.5 |
| Adjusted operating income | \$ 156.0 | \$ 159.0 |