

Investor Presentation

August 26, 2020

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.



Our Mission: We help learners of all ages reach their full potential through inspired teaching and personalized learning

Education for Any ONE

Challenges to Education and Training



Education isn't Working for All Students

- Bullying, disabilities
- Educational inequality
- High drop out rates



Not Preparing Students for Careers

- Lack of skills
- Student's don't feel prepared
- Colleges are failing students



Employers Struggling to Find Qualified Workers

- Digital skills gap is growing
- Qualified IT jobs are especially hard to fill
- Lack of qualified workers
- Lost economic output

K12 Fills the Gaps in Today's Education System

Providing a suite of solutions for lifelong learning which supports both students and employers



General Education Solutions

Kindergarten – 12th grade full/part-time online and blended schools

Courseware and teacher solutions



Career Exploration and Pathways

Middle-High School Career Education

Entry-level certifications



Adult Career Development

Immersive training

Consumer Upskilling / Retraining

Job Placement Services



Enterprise Workforce Solutions

Corporate Upskilling / Retraining

Recruitment / Placement

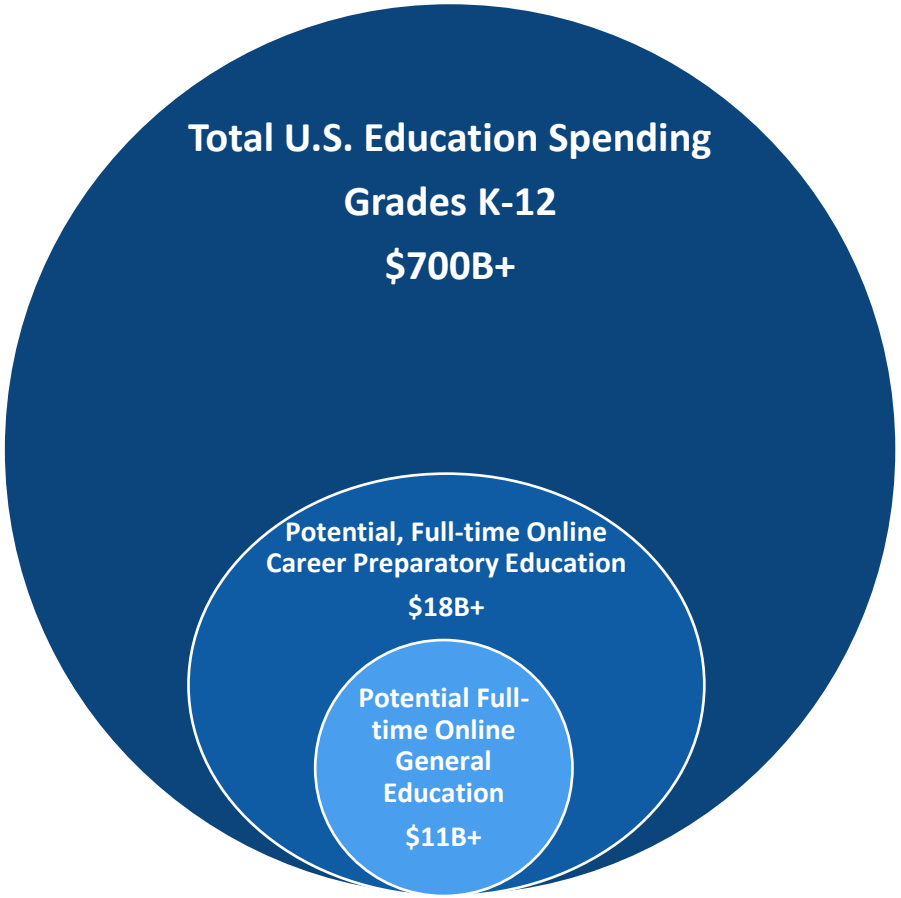
Career data tracking & analysis

GENERAL EDUCATION FOR STUDENTS K-12

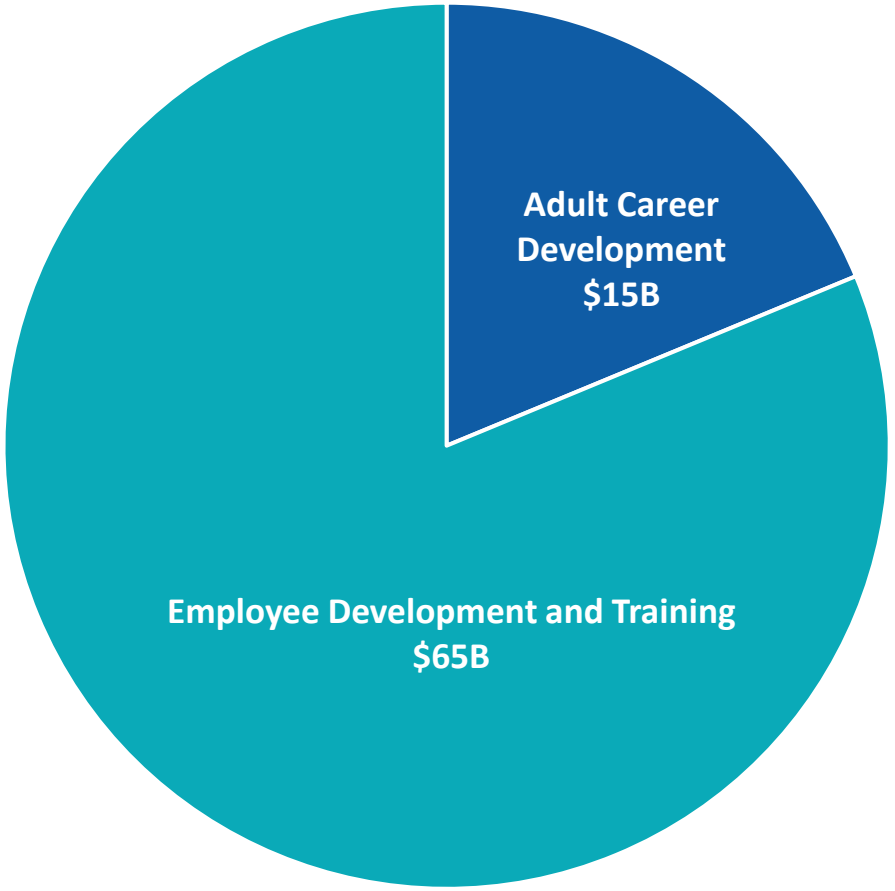
CAREER LEARNING FOR BOTH STUDENTS AND EMPLOYERS

Total Addressable Market For K12

Education



Career Learning



Above charts for full time online career and general education markets calculated as number of potential students multiplied by K12's revenue per enrollment for FY20, based on market research.

Pie chart components are not drawn to scale.

Unique Offerings and Technology Platform

Since our inception, we have invested more than $500 million to develop curriculum and an online learning platform that promotes mastery of core concepts and skills for students of all abilities

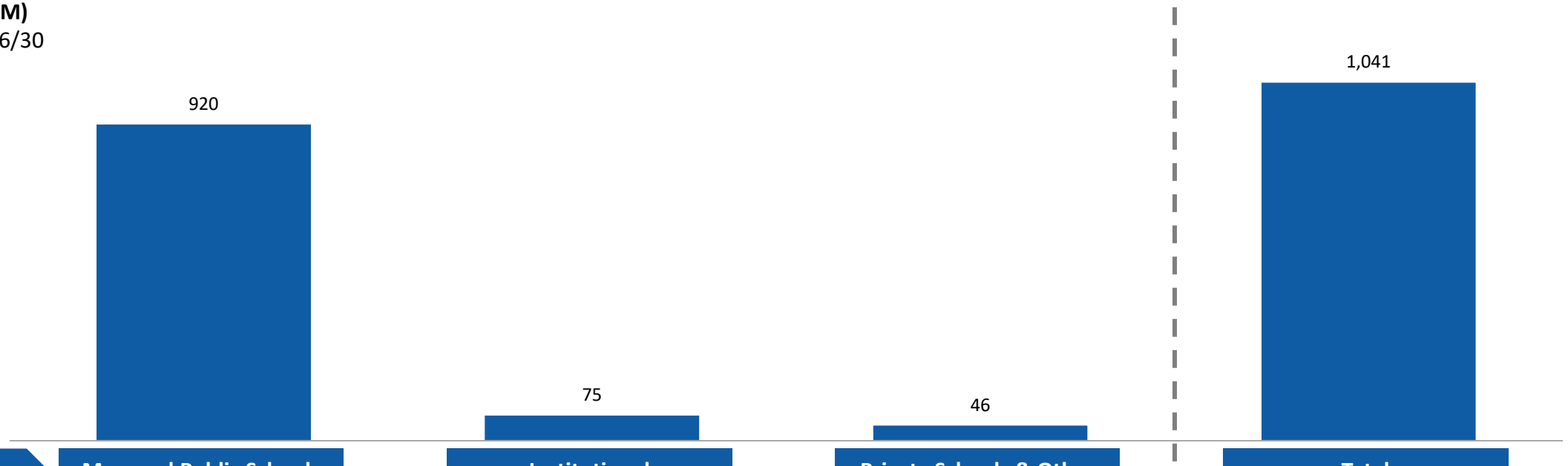
During the current pandemic, K12 has scaled school enrollments to meet accelerated demand and increased sales of high quality learning solutions



K12 Revenue Overview

Line of revenue reporting will change to General Education and Career Learning beginning fiscal Q1’2021

Revenue ($MM)
FY’20 Ending 6/30



Lines of Business	Managed Public Schools	Institutional	Private Schools & Other	Total
Revenue Model	State Funding	School District Funding	Consumer Funding	
Offerings	• Online public schools • Blended public schools • Destinations Career Academies / Career readiness education	• Non-managed public school programs • Institutional software and services • Destinations Career Academies / Career readiness course offerings	• Private Schools • Destination Career Academies (Private) • Galvanize – boot camp, training, workspace offerings (acquired in January 2020)	

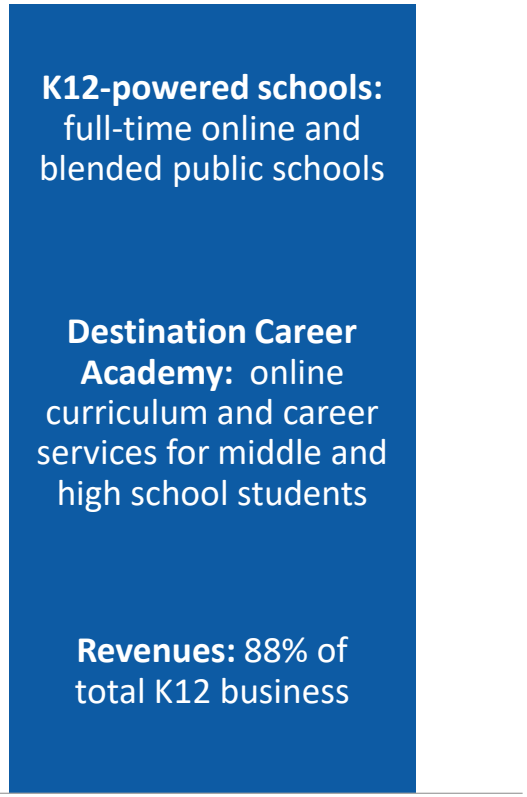


General Education

K12's Managed Public School Program

Online and blended public school offerings, including administrative support, IT services, academic support, curriculum, LMS, and instructional services

$920MM FY'20 Revenue



Managed Public School Program by the Numbers

1MM+
Students Enrolled Since 2000

30+
States With Schools Covering Over 70% Of K-12 Population

76
K12-powered Schools – Average 2+ Per State

5+ years
Typical contract length

122K
Full-time Students Enrolled in Q1 FY'20

5,000+
State Certified Teachers

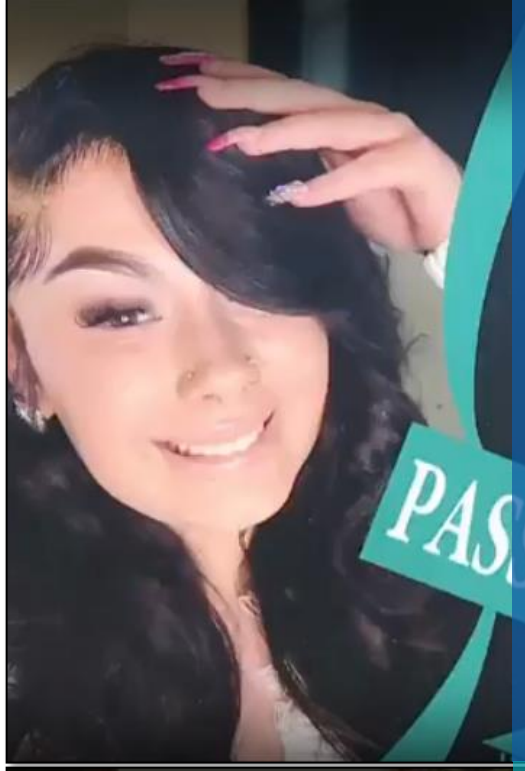
K12's Managed Public School Solution

A 'digital first' curriculum, 'mobile ready' platform and service suite to support the unique needs of online and blended education in all grades and all subjects



Why Students Choose a K12-Powered School

- **Seeking 1:1 instruction**
- **Special situations** (struggling, special needs, behavioral / social issues)
- **Private / home school needs**
- **Mainstream students driven to homeschooling by pandemic**
- **Artists & athletes**



“She’s a Gem: Munhall Teenager Graduates as Valedictorian After Overcoming Loss, Suffering from Depression.”

Alexis McElroy, a 19-year-old from Munhall, Pennsylvania, suffered from depression after her grandfather, who raised her, passed away a few years ago.

This year, while enrolled at Passport Academy, which blends in-person and online learning, she graduated valedictorian of her class.



“Online Learning Helps Local Girl Recover from Accident.”

Last August, then 14-year-old Emma Larson was involved in a boat crash that left her with brain injuries, putting her hopes of attending college in danger.

Luckily, she was able to enroll at Wisconsin Virtual Academy, which has allowed her to fully catch up on her studies as she enrolls in ninth grade this Fall.

Competitive Positioning

High barriers to entry limit nationwide competition for K12-Powered General Education schools

- **Large investment** in high-quality platform, curriculum and educational services to support all grades and subjects
- Our **uniquely built curriculum** allows for frequent updating to outpace competitors
- Significant back office, marketing/enrollment, public affairs and other **administrative infrastructure** required
- Depth of **experience working with independent boards** to open and operate schools
- Investment required to fund schools and **major working capital requirements**



Student Success

More than 50,000 students have graduated from K12-powered programs





Career Learning

Skills Gap Growing, Need for Training Persists

The Fastest Growing Jobs are Highly-Skilled Technical Roles… (1)

= Job in Technology

Rank	Job	Average Annual Salary	Average Annual Growth Rate Since 2015
1	Artificial Intelligence Specialist	$136,000	74%
2	Robotics Engineer	$85,000	40%
3	Data Scientist	$143,000	37%
4	Full Stack Engineer	$82,000	35%
5	Site Reliability Engineer	$130,000	34%
6	Customer Success Specialist	$90,000	34%
7	Sales Development Representative	$60,000	33%
8	Data Engineer	$100,000	33%
9	Behavioral Health Technician	$33,000	32%
10	Cybersecurity Specialist	$103,000	30%
11	Back End Developer	$88,000	30%
12	Chief Revenue Officer	$330,000	28%
14	Cloud Engineer	$100,000	27%
14	JavaScript Developer	$83,000	25%
15	Product Owner	$100,000	24%

***10** of the **15** fastest-growing emerging jobs are in technology*

…Yet Students Lack the Requisite Skills to Be Successful

~1MM IT jobs went unfilled due to demand exceeding supply of qualified workers

74% of young people felt their schools failed to fully prepare them for the professional world

67% of employers lack qualified talent

(1) 2020 LinkedIn emerging jobs report published December 10, 2019

Career Learning Platform

Providing a Suite of Solutions for Lifelong Learning Through Organic and Strategic Investments

DESTINATIONS CAREER ACADEMY

High School Career Learning

Provides career exploration, technical courses and hands-on experiences for students, in addition to general education requirements.

Tallo

Talent Profile Company

Develops talent profiles for students and promotes them to higher education and industry.

nepris

Career Exploration Company

Connects students and industry professionals in a virtual environment.

galvanize

IT Workforce Development

Develops talent and capabilities for individuals and enterprises in software and data fields.

Destinations Career Academy



INFORMATION TECHNOLOGY

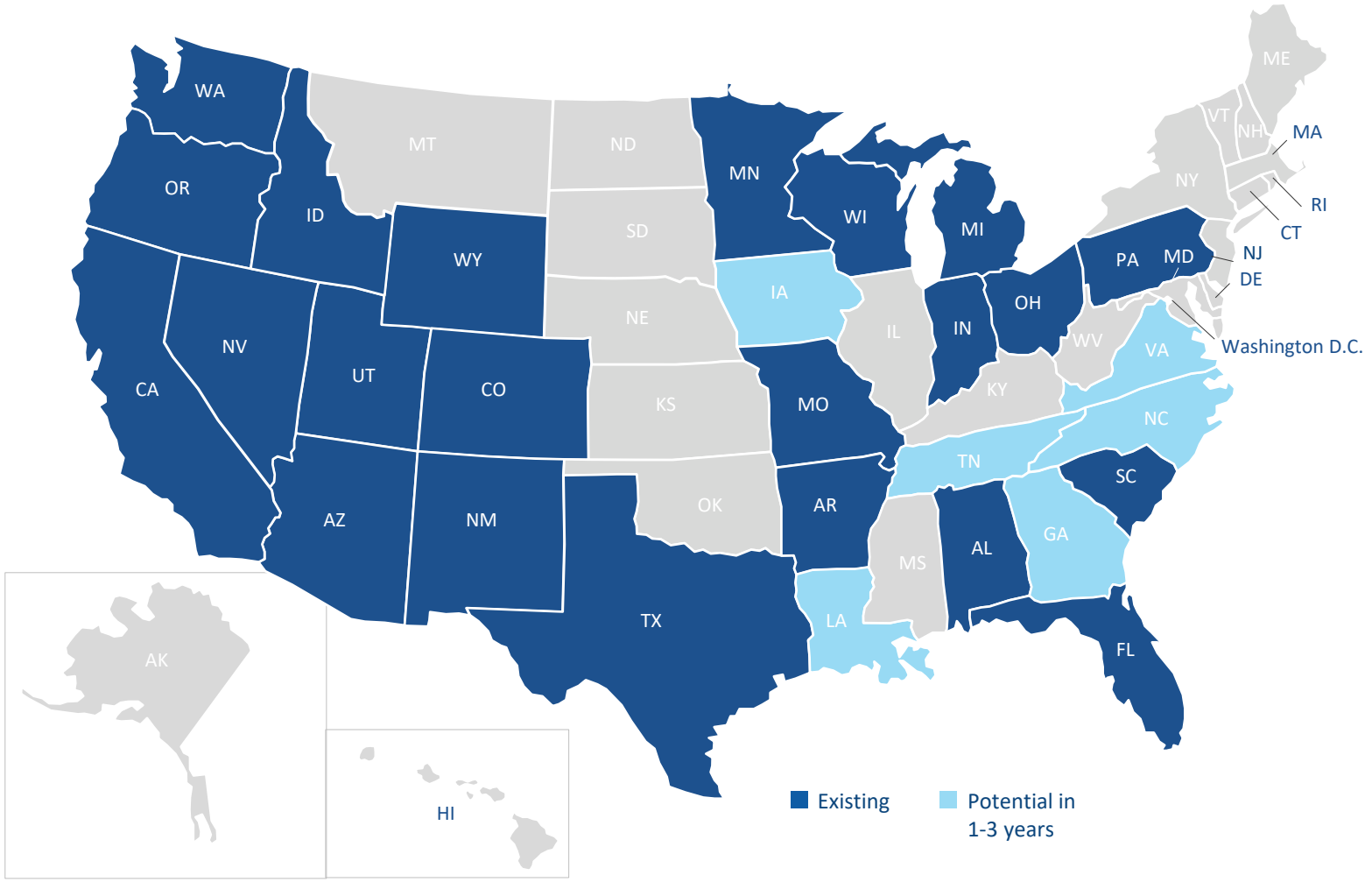
HEALTH & HUMAN SERVICES

BUSINESS ADMINISTRATION

MANUFACTURING & THE TRADES

AGRICULTURE, FOOD & NATURAL RESOURCES

Destinations Career Academy



Nationwide Scope

13K+

STUDENTS ATTENDED ACADEMIES IN FY20 – 90+% GROWTH Y/Y

24

ACADEMIES IN FY21 EXPECTED TO INCREASE BY 2-5 OVER FY22

60%+

OF U.S. HIGH SCHOOL STUDENTS HAVE ACCESS TO A DESTINATIONS CAREER ACADEMY PROGRAM

Galvanize



Consumer education

- **Immersives** in Software Engineering and Data Science
- **Delivery modalities** of full-time in person, full-time remote, and part-time remote
- **Readiness programs** to prepare individuals via workshops, webinars, and prep courses



Enterprise training

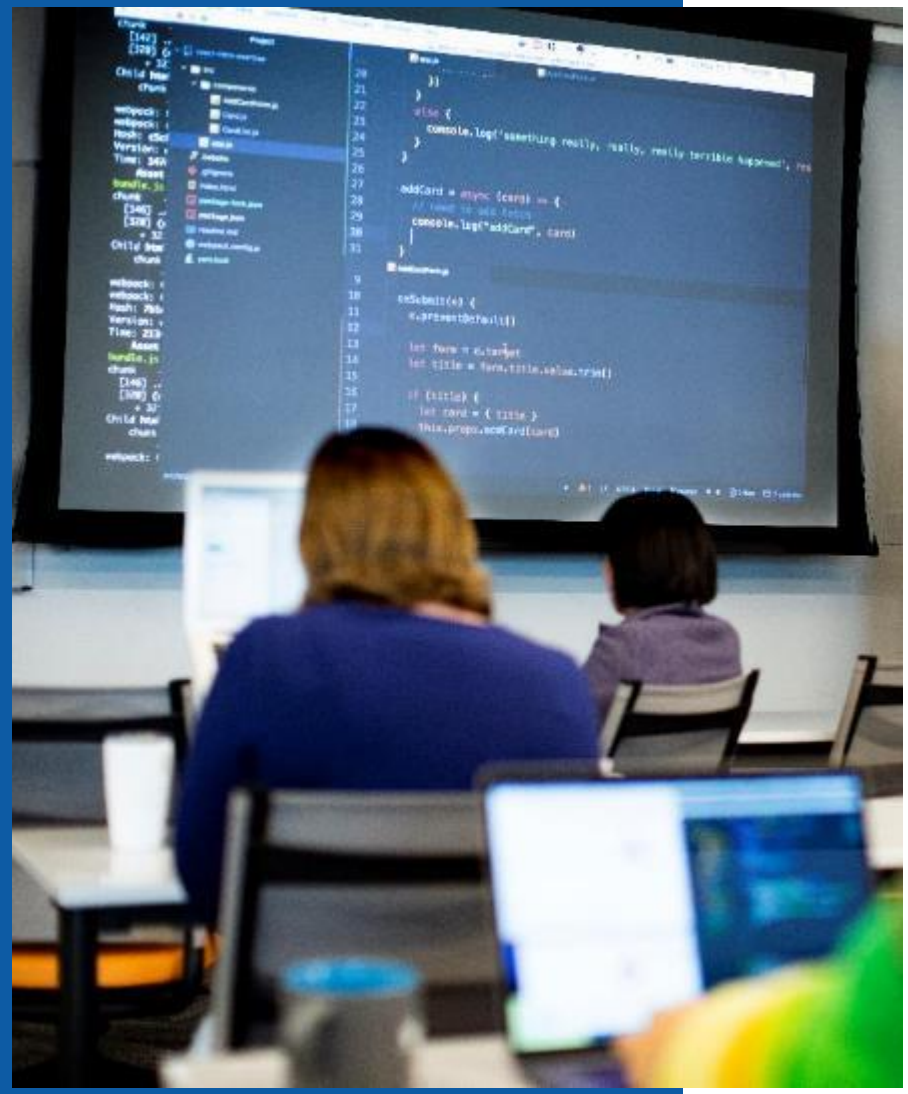
- **Upskilling or reskilling** programs customized to the needs of each client
- **Executive workshops** crafted for organizations undergoing digital transformations
- **Talent sourcing** to deliver technical talent for Fortune 500



Membership

- **Co-working** space for technology startups of all sizes via seats, suites, and desks
- **Mentorship** from experienced entrepreneurs to our Members
- **Events** to expand presence in our community and generate leads for our bootcamps

Galvanize - Consumer



One of the Top 10 Data Science Bootcamps*

8K+

GRADUATES SINCE 2012

2,250+

COMPANIES HIRING GALVANIZE GRADUATES, ALL TIME

50%

FORTUNE 100 COMPANIES HAVE HIRED GALVANIZE GRADUATES

One of the first

DATA SCIENCE BOOTCAMP; JAVASCRIPT BOOTCAMP; IT TRAINER FOR SOLDIERS MOVING TO CIVILIAN LIFE

70%+

SOFTWARE ENGINEERING GRADUATES HIRED WITHIN 6 MONTHS OF GRADUATION

K12

** Course Reports - 2019 Data Science Bootcamps*

Galvanize - Enterprise

Re-skilling or cross-skilling enterprise workforces and hiring, training and placing learners within those organizations



Talent Development Courses
Designed to drive business value with industry proven methodologies and business relevant curriculum to level up enterprise technical talent



Executive Workshops
Equips leaders and executives with the Data Science, Cloud, and Agile skills needed to guide tomorrow's technology teams



Talent as a Service
For large-scale hiring needs where talent is hard to find, Galvanize fills talent pipeline with trained personnel



Learn Platform
Enables automated talent assessment at-scale, continuous self-paced upskilling, and detailed visualization by student and by topic

2K+ enterprise employees trained / upskilled

Allstate. USAA® CapitalOne BOEING ally AUTODESK Cognizant McKESSON IBM REFINITIV bp GLOBO MTY digital HUB Berkeley StateFarm

Growth Strategy

Multi-faceted Strategy to Continue Building Momentum in the Business



General Education K-12 School Programs

Expansion into new states

New schools into existing states

Increase awareness through marketing and PR



Career Learning: DCA

Grow DCA offerings to middle-high school students

Expand DCA into markets with existing MPS presence

Build program through partnerships



Career Learning: Adult

Expand physical locations

Scale enterprise and military programs

Scale talent development courses



New Markets

Healthcare training

Learning solutions

Placement and recruiting services



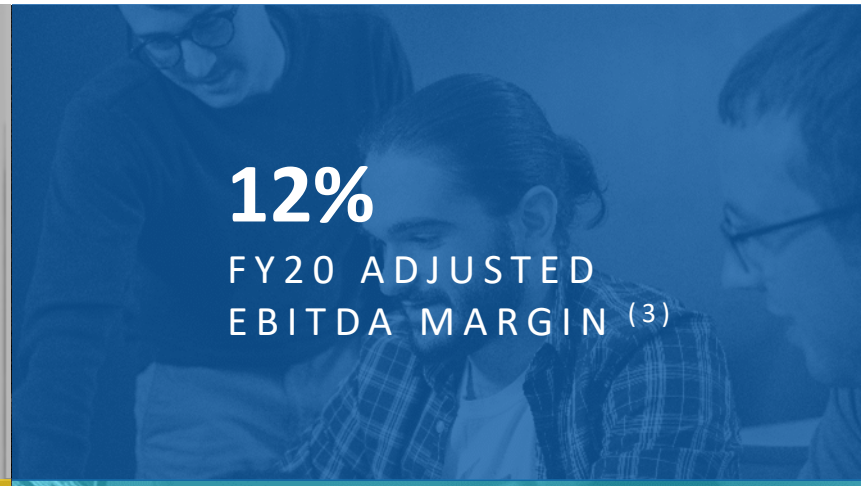
Financial Overview

Financial Results[1]

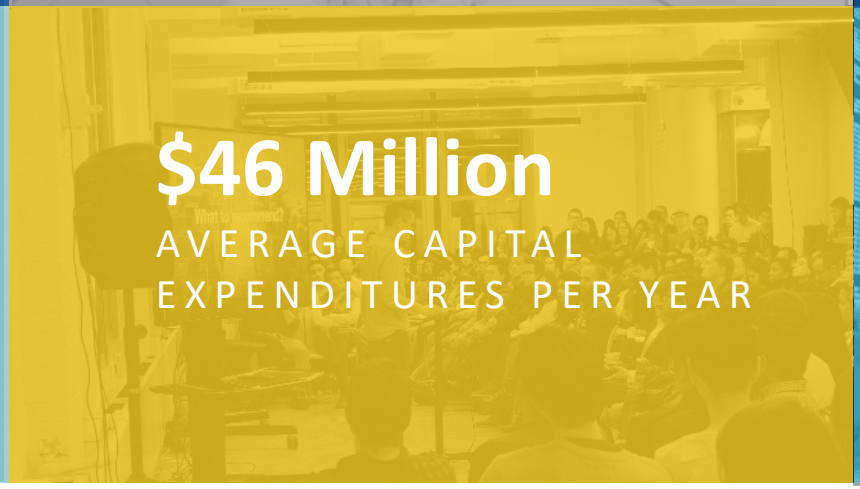
Strong financial and operating performance for K12 supports organic and inorganic growth opportunities





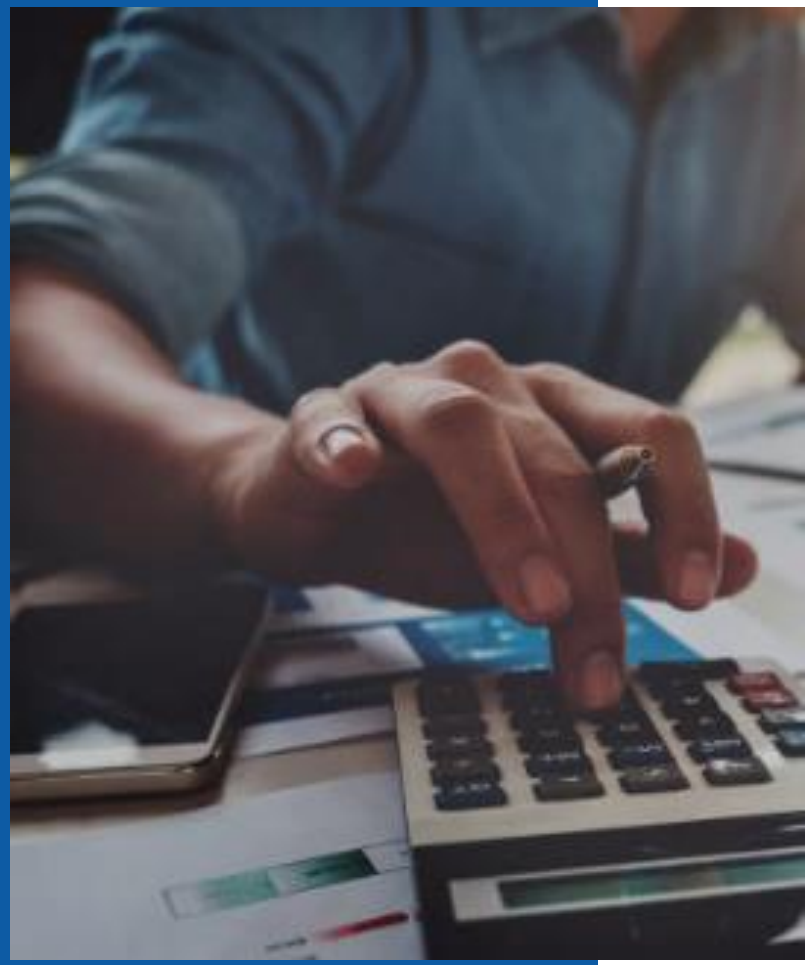








1. *Adjusted operating income, adjusted EBITDA margin, and free cash flow are non-GAAP measures. See slide 37 for reconciliations to GAAP*
2. *Gross margin calculated as (Revenue – Cost of Goods Sold) / Revenue*
3. *Adjusted EBITDA is defined as Net income as adjusted for, among other things, tax expense (benefit), net interest expense (income), stock-based compensation and depreciation and amortization. Adjusted EBITDA margin is defined as adjusted EBITDA over revenue*
4. *Adjusted operating income is defined as income from operations as adjusted for stock-based compensation*
5. *Free cash flow and capital statistics represents FY17-FY20 average*
6. *Free cash flow is defined as net cash provided by operating activities, as adjusted for purchase of property and equipment, capitalized software development costs and capitalized curriculum development costs*

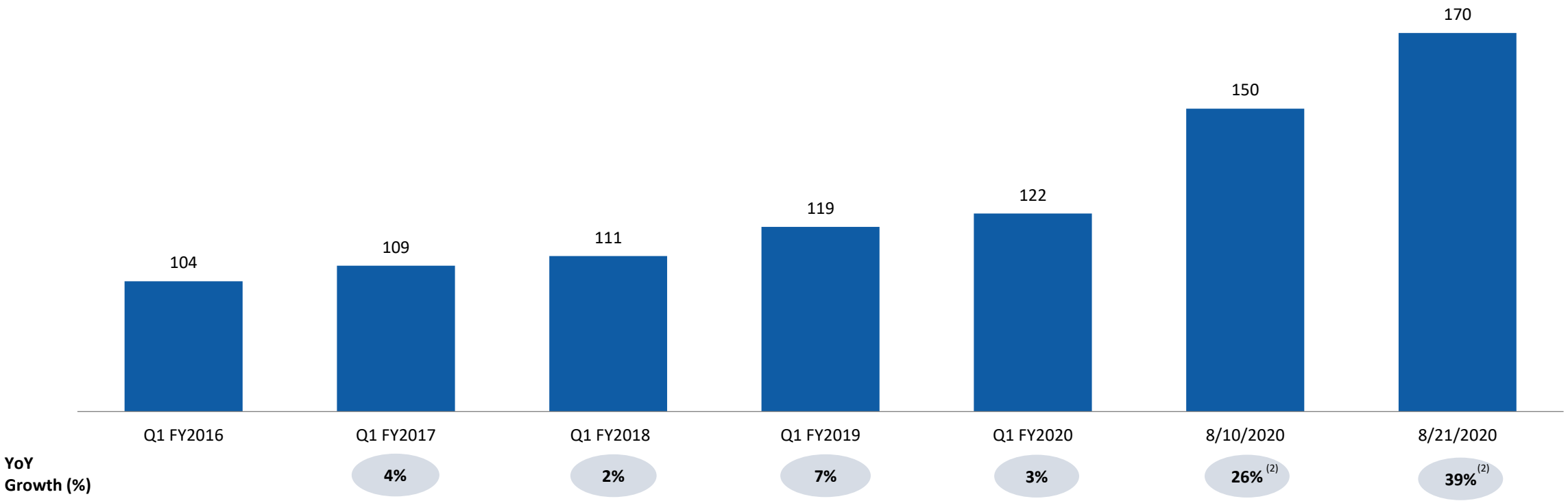


Financial Highlights

- Large addressable markets with compelling market trends
- Sustainable business model with high visibility
- Solid core general education business generating significant free cash flow
- High growth-higher margin career learning business, still in early stages
- Strong balance sheet supports ongoing organic / inorganic growth opportunities

Stable and Growing Managed Public School Enrollments

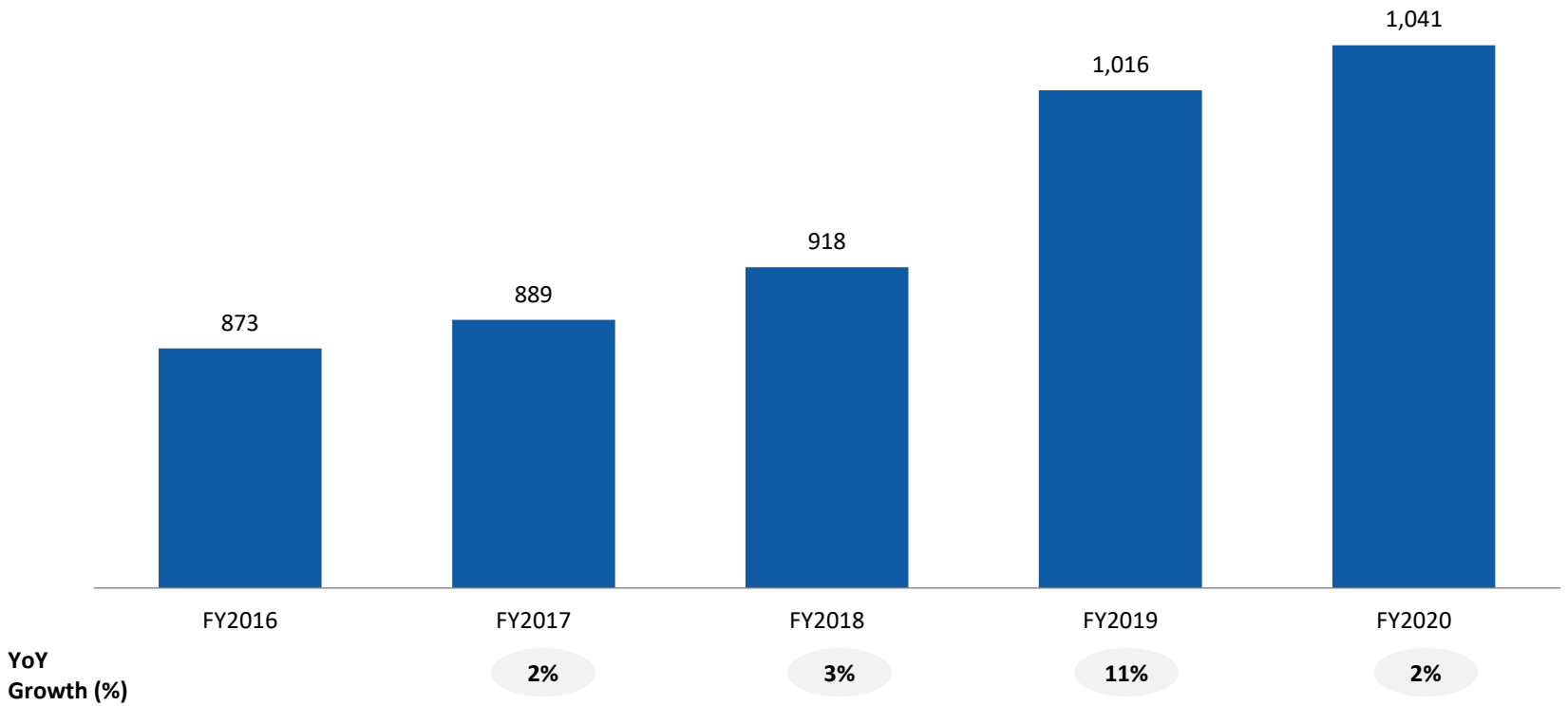
Managed Public Schools Enrollment (000's)[1]
FYE 6/30



(1) *Based on the number of students enrolled at the end of Q1 (September 30th) of each fiscal year*
(2) *YoY growth relative to Q1 FY'20*

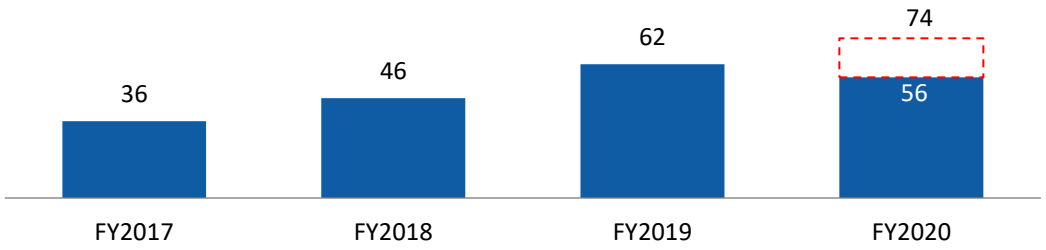
Business Poised for Continued Growth

- Massive addressable market provides runway for growth
- Stable growth in Managed Public Schools, with upside due to acceleration of online learning
- Career Learning programs (DCA and Galvanize) expected to drive higher growth, as the need for skilled and upskilled labor increases

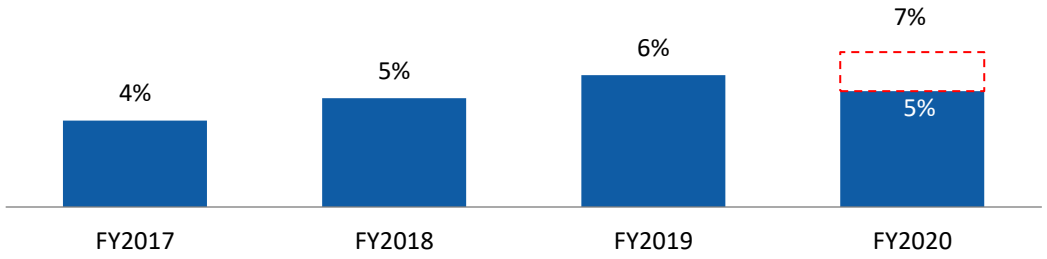


Stable Growth in EBITDA Leading to Consistent Free Cash Flow Generation

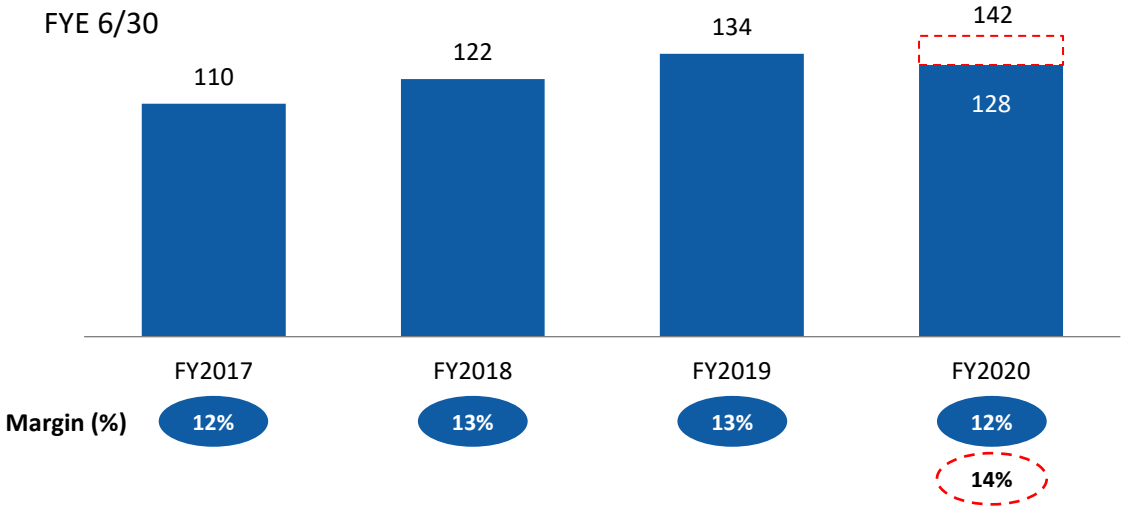
Adj. Operating Income ($MM)
FYE 6/30



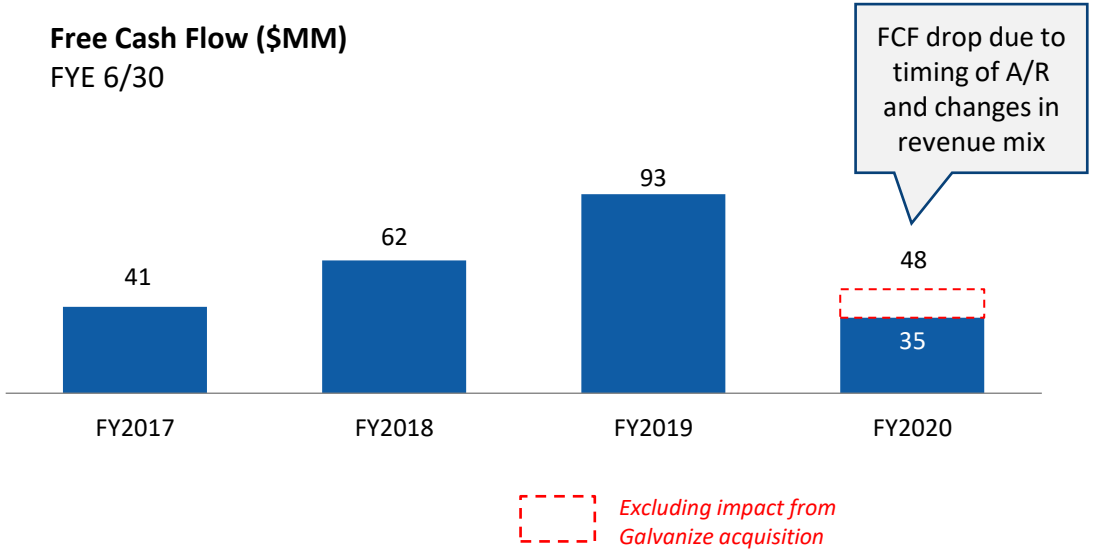
Adj. Operating Income Margin (%)
FYE 6/30



Adj. EBITDA ($MM)
FYE 6/30



Free Cash Flow ($MM)
FYE 6/30



Adjusted operating income, adjusted operating income margin, adjusted EBITDA, adjusted EBITDA margin and free cash flow are non-GAAP measures. See slide 37 for reconciliations to most directly comparable GAAP measures.

Strong Balance Sheet Strengthened by Offering

Use of Net Proceeds

- Capped call transactions
- Revolving credit facility repayment
- Other general corporate purposes

Capitalization

(in millions except per share data)	Actual	As Adjusted
Share Price (as of August 25, 2020)	$43.57	
(x) Basic Shares Outstanding [1]	41.3	
Market Capitalization	**$1,800**	**$1,800**
Total Debt	**$100**	**$300**
Revolving Credit Facility [2]	100	--
Convertible Senior Unsecured Notes due 8/2027	--	300
Cash and Cash Equivalents[3]	**$212**	**$376**
Net Proceeds from Convertible after paying down revolver[4]	--	164
Enterprise Value	**$1,688**	**$1,724**

(1) Basic shares outstanding of 41,309,402 as of July 31, 2020 per 10-K
(2) $100MM revolving credit facility, with an additional $200MM accordion feature, for a total capacity of $300MM
(3) Actual cash and cash equivalents as of June 30, 2020 per 10-K
(4) Net proceeds from convertible of $264MM after capped call, less $100MM used to pay off outstanding revolving credit facility balance


K12



Appendix

Non-GAAP Financial Measures

To supplement our financial statements presented in accordance with GAAP, we have presented adjusted operating income, adjusted EBITDA, adjusted EBITDA margin and free cash flow, which are not presented in accordance with GAAP.

Adjusted operating income is defined as income from operations as adjusted for stock-based compensation. Adjusted EBITDA is defined as Net income as adjusted for, among other things, tax expense (benefit), net interest expense (income), stock-based compensation and depreciation and amortization. Adjusted EBITDA and adjusted operating income exclude stock-based compensation, which consists of expenses for stock options, restricted stock, restricted stock units, and performance stock units. Adjusted EBITDA margin is defined as adjusted EBITDA over revenue. Free cash flow is defined as net cash provided by operating activities, as adjusted for purchase of property and equipment, capitalized software development costs and capitalized curriculum development costs.

Management believes that the presentation of these non-GAAP financial measures provides useful information to investors relating to our financial performance. These measures remove stock-based compensation, which is a non-cash charge that varies based on market volatility and the terms and conditions of the awards. Adjusted EBITDA also removes depreciation and amortization, which can vary depending upon accounting methods and the book value of assets. Adjusted EBITDA provides a measure of corporate performance exclusive of capital structure and the method by which assets were acquired.

We have also adjusted revenues, income from operations, adjusted operating income, net income, EBITDA and adjusted EBITDA to exclude the impact from the acquisition of Galvanize. We believe that these non-GAAP measures are useful to investors to allow comparisons against our historical results which did not include the Galvanize business prior to January 2020.

Our management uses these non-GAAP financial measures as additional measures of operating performance because they assist us in comparing our performance on a consistent basis; and in presentations to the members of our Board of Directors to enable our Board to review the same measures used by management to compare our current operating results with corresponding prior periods.

Other companies may define these non-GAAP financial measures differently and, as a result, our use of these non-GAAP financial measures may not be directly comparable to similar non-GAAP financial measures used by other companies. Although we use these non-GAAP financial measures to assess the performance of our business, the use of non-GAAP financial measures is limited as they include and/or do not include certain items not included and/or included in the most directly comparable GAAP financial measure.

These non-GAAP financial measures should be considered in addition to, and not as a substitute for, revenues, income or loss from operations, net income or other related financial information prepared in accordance with GAAP. Adjusted EBITDA is not intended to be a measure of liquidity. You are cautioned not to place undue reliance on these non-GAAP measures.

A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures is provided on Slide 37 of this presentation.

Reconciliation to Financials Ex-Galvanize

($000's)	Galvanize (Increase) / Decrease
Revenues	(10,953)
Income from operations	18,078
Net income	13,772
Income from operations	18,078
Stock-based compensation expense	-
Adjusted operating income	**18,078**
Adjusted operating income margin (% revenue)	***1.8%***
Depreciation and amortization	(4,260)
Adjusted EBITDA	**13,818**
Net cash provided (used) in operating activities	12,861
Purchase of property and equipment	65
Capitalized software development costs	-
Capitalized curriculum development costs	-
Free cash flow	**12,926**

Reconciliation to GAAP Financials

	Year Ended June 30			
($000s)	**2017**	**2018**	**2019**	**2020**
Revenues	888,519	917,734	1,015,752	1,040,765
Net Income (loss)	(459)	27,420	37,209	24,506
Loss from equity method investments	—	—	632	380
Tax expense / (benefit)	5,396	(910)	10,520	8,541
Net interest expense / (income)	(1,808)	(965)	(2,761)	(698)
Impairment of investment in Web International Education Group	10,000	—	—	—
Other expense / (income)	—	—	(114)	(272)
Income (loss) from operations	***$13,129***	***$25,545***	***$45,486***	***$32,457***
Stock-based compensation expense	22,598	20,817	16,676	23,609
Adjusted operating income	***35,727***	***46,362***	***62,162***	***56,066***
Adjusted operating income margin (% revenue)	***4.0%***	***5.1%***	***6.1%***	***5.4%***
Depreciation and amortization	74,280	75,260	71,400	72,091
Adjusted EBITDA	***$110,007***	***$121,622***	***$133,562***	***$128,157***
Adjusted EBITDA margin (% revenue)	**12.4%**	**13.3%**	**13.1%**	**12.3%**
Net cash provided by operating activities	$88,728	$105,446	$141,606	$80,415
Purchase of property and equipment	(2,174)	(8,743)	(5,477)	(1,677)
Capitalized software development costs	(26,918)	(24,533)	(26,318)	(23,988)
Capitalized curriculum development costs	(19,132)	(9,927)	(16,611)	(19,332)
Free cash flow	***$40,504***	***$62,243***	***$93,200***	***$35,418***