

**Q1 FY2024
Earnings Presentation**

October 24, 2023

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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 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.

Quarterly Highlights

- 1 Record First Quarter Revenue of \$480.2M**
 - Increase of 13% y-o-y driven by enrollment and revenue per enrollment growth in General Education and Career Learning
- 2 Highest Annual Enrollment Growth Rate since Fall 2021**
 - Career Learning enrollment increase of 14% y-o-y
 - General Education enrollment increase of 5%
- 3 Strong Full Year Revenue and Profitability Guidance**
 - FY24 revenue and adj. operating income guidance implies ability to reach low end of FY25 financial targets one year ahead of schedule
- 4 Organic and Inorganic Opportunities**
 - Strong balance sheet and disciplined capital allocation strategy allow for flexibility

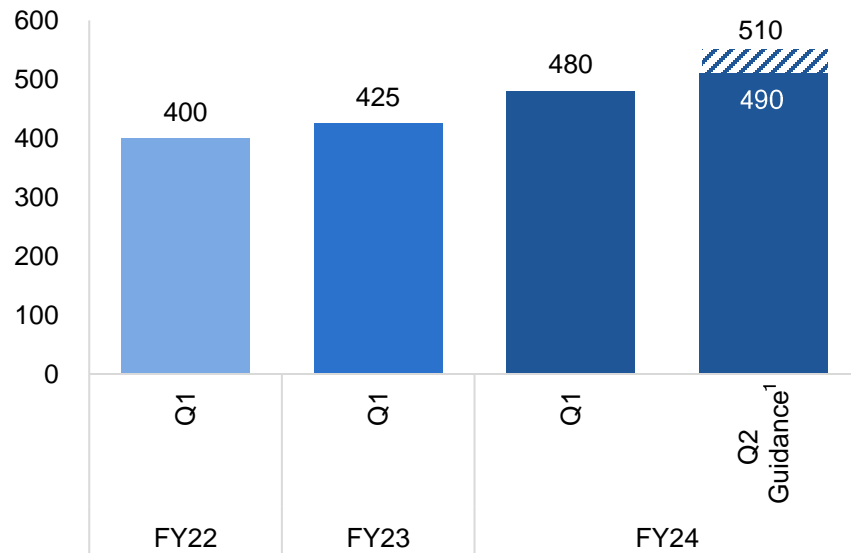
Q1 Performance

- Revenue: \$480.2M
+13% y-o-y
- Adj. Operating Income¹: \$14.8M
+34.7M y-o-y
- Adj. EBITDA¹: \$39.8M
+36.7M y-o-y

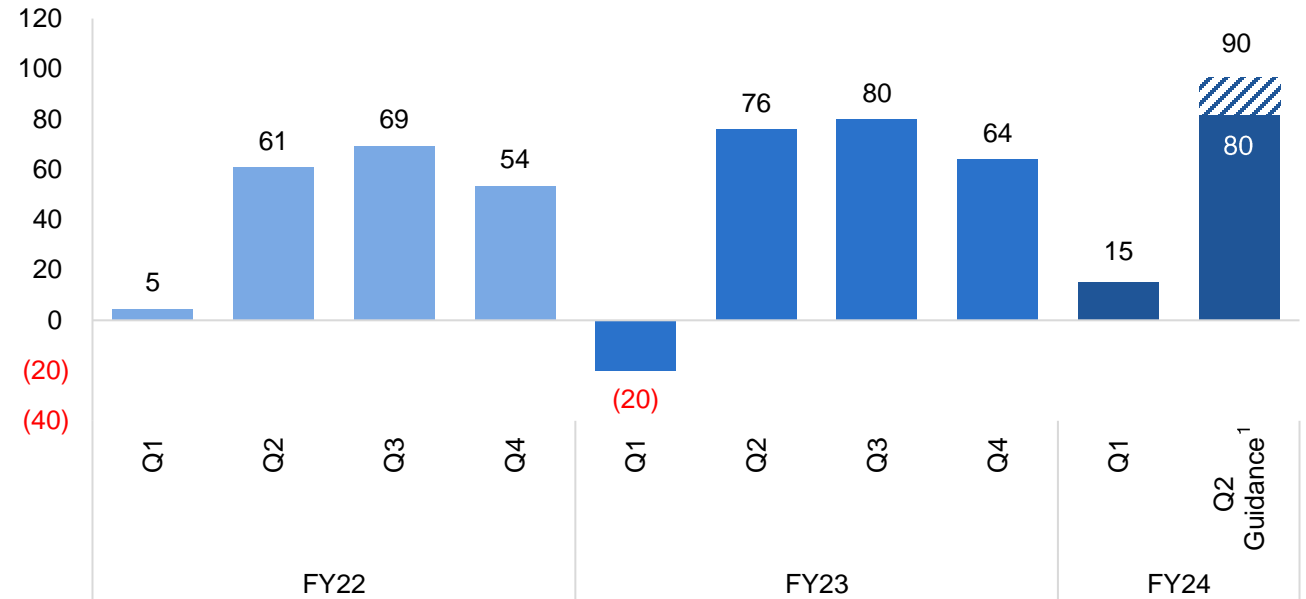
1. To supplement our financial statements presented in accordance with U.S. generally accepted accounting principles (GAAP), we also present non-GAAP financial measures including adjusted operating income (loss), and adjusted EBITDA. Management believes that these additional metrics provide useful information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

Year-over-year growth in key financial metrics

Revenue (\$M)



Adjusted Operating Income² (\$M)



Demonstrated demand for school options

Continued growth in Career Learning and return to growth in GenEd enrollments

Strong track record of profitability

1. Guidance as of October 24, 2023

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Total Enrollments 50% higher than pre-pandemic levels

Three Months Ended September 30,

2023 2022 Change

Revenue (\$M)

General Education	299.3	271.7 ↑	10.2%
Career Learning			
Middle – High School	151.0	125.5 ↑	20.3%
Adult	29.9	28.0 ↑	6.8%
Total Career Learning	180.9	153.5 ↑	17.8%
Total Revenues	480.2	425.2 ↑	12.9%

Enrollments (K)

Total Enrollment	187.9	173.9 ↑	8.1%
General Education, K-12	117.6	112.3 ↑	4.7%
Career Learning, Middle – High School	70.3	61.6 ↑	14.1%

Enrollments

- General Education returns to enrollment growth following pandemic driven highs
- Career Learning enrollments continue to grow, up 14% y-o-y

Adult Learning

- Demand for Healthcare training remains robust

Guiding to Strong Revenue and Profitability Growth

	Q2 FY24 Guidance ¹		FY24 Guidance ¹	
	Low	High	Low	High
Revenue	\$490.0M	\$510.0M	\$1.96B	\$2.03B
Adj. Operating Income ²	\$80.0M	\$90.0M	\$250.0M	\$275.0M
Capital Expenditures	\$15.0M	\$18.0M	\$65.0M	\$75.0M
Effective Tax Rate			25%	27%

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Guidance Reflects Continued Demand for Offerings

- FY24 Revenue: +9% Y-O-Y
Mid-point of Guidance
- FY24 AOI²: +31% Y-O-Y
Mid-point of Guidance

FY25 Financial Outlook

Support improving learner outcomes while delivering strong growth and sustainable long-term value creation – FY24 Guidance outpacing FY25 Outlook from November 2020 Investor Day

	FY24 Guidance ¹		FY25 Financial Outlook	
	Low	High	Low	High
Revenue	\$1.96B	\$2.03B	\$1.90B	\$2.20B
Adj. Operating Income ²	\$250M	\$275M	\$250M	\$350M
Provided During November 2020 Investor Day				

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

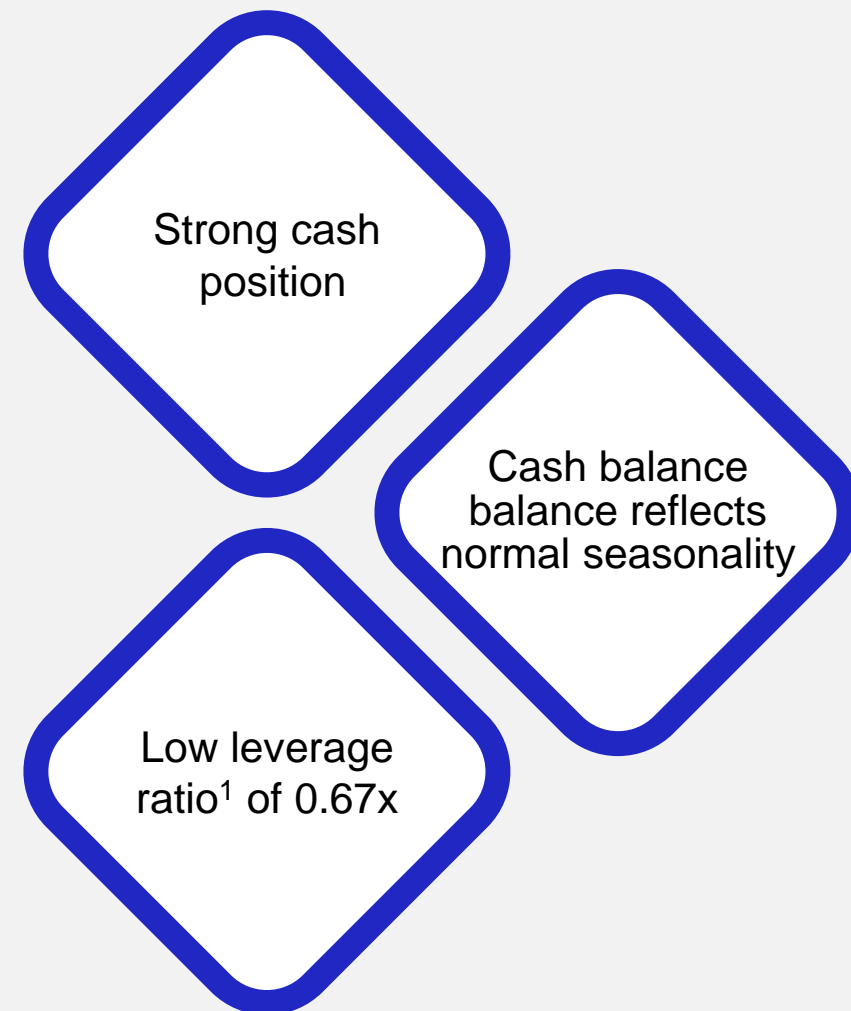
Maintain strong balance sheet

Liquidity & Low Debt Support Organic & Inorganic Growth

Select balance sheet and other information

As of September 30, 2023 (\$M)

Cash and Cash Equivalents	254.6
Marketable Securities	126.4
Accounts Receivable, Net	629.6
Accounts Payable	74.6
Total Debt Obligations	478.2
Revolving Credit Facility Availability	100.0



1. Leverage ratio is Net Debt (total debt obligations of \$478.2M less cash and cash equivalents of \$254.6M) divided by Adjusted EBITDA of \$332.9M for the twelve months ended September 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

RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO ADJUSTED OPERATING INCOME (LOSS)

(\$, M)	Three Months Ended							
	Sept. 30, 2021	Dec. 31, 2021	Mar. 31, 2022	Jun. 30, 2022	Sept. 30, 2022	Dec. 31, 2022	Mar. 31, 2023	Jun. 30, 2023
Income (loss) from operations	(7.0)	56.9	60.6	46.1	(28.7)	68.1	72.2	53.9
Stock-based compensation expense	8.3	0.6	5.6	4.1	5.5	4.9	4.7	5.1
Amortization of intangible assets	3.2	3.2	3.3	3.3	3.3	3.3	3.3	5.4
Adjusted operating income (loss)	4.5	60.7	69.5	53.5	(19.9)	76.3	80.2	64.4

RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO ADJUSTED OPERATING INCOME (LOSS)

(\$, M)	Three months ended September 30,	
	2023	2022
Income (loss) from operations	3.3	(28.7)
Stock-based compensation expense	8.5	5.5
Amortization of intangible assets	3.0	3.3
Adjusted operating income (loss)	14.8	(19.9)

RECONCILIATION OF NET INCOME (LOSS) TO EBITDA AND ADJUSTED EBITDA

(\$, M)	Three Months Ended September 30,	
	2023	2022
Net income (loss)	4.9	(22.7)
Interest (income) expense, net	2.1	2.0
Other (income) expense, net	(5.2)	(1.0)
Income tax expense	1.5	(7.5)
(Income) loss from equity method investments	0.0	0.4
Depreciation and amortization	28.0	26.3
EBITDA	31.3	(2.5)
Stock-based compensation expense	8.5	5.5
Adjusted EBITDA	39.8	3.0

RECONCILIATION OF INCOME FROM OPERATIONS TO ADJUSTED OPERATING INCOME

(In Millions)	Three months ended December 31, 2023		Year ended June 30, 2024	
	Low	High	Low	High
Income from operations	\$ 70.5	\$ 79.0	\$ 210.5	\$ 228.5
Stock-based compensation expense	6.5	7.5	28.0	33.0
Amortization of intangible assets	3.0	3.5	11.5	13.5
Adjusted operating income	\$ 80.0	\$ 90.0	\$ 250.0	\$ 275.0