

REFINITIV

DELTA REPORT

10-K

LRN - STRIDE, INC.

10-K - JUNE 30, 2024 COMPARED TO 10-K - JUNE 30, 2023

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TOTAL DELTAS	4712
CHANGES	450
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

- ☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended June 30, 2023 2024
- ☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission file number 001-33883

Stride, Inc.

(Exact name of registrant as specified in its charter)

Delaware	95-4774688
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
11720 Plaza America 9 th Floor	
Reston, VA 20190	(703) 483-7000
(Address of Principal Executive Offices)	(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.0001 par value	LRN	New York Stock Exchange (NYSE)

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
	Emerging growth company <input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's voting and non-voting stock held by non-affiliates of the registrant as of December 31, 2022 December 31, 2023 was \$798,629,000. \$1,639,487,000. Aggregate market value excludes an aggregate of approximately 17,565,221 15,768,927 shares of common stock held by officers and directors and by each person known by the registrant to own 5% or more of the outstanding common stock on such date. Exclusion of shares held by any of these persons should not be construed to indicate that such person possesses the power, direct or indirect, to direct or cause the direction of the management or policies of the registrant, or that such person is controlled by or under common control with the registrant.

The number of shares of the registrant's common stock outstanding as of August 11, 2023 August 2, 2024 was 42,992,835 43,278,384.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant's definitive proxy statement for its 2023 2024 annual meeting of stockholders to be filed pursuant to Regulation 14A with the Securities and Exchange Commission not later than 120 days after the registrant's fiscal year ended June 30, 2023 June 30, 2024, are incorporated by reference into Part III of this Form 10-K.

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CERTAIN DEFINITIONS

Unless the context requires otherwise, all references in this Annual Report on Form 10-K (the "Annual Report") to "Stride," "Company," "we," "our" and "us" refer to Stride, Inc. and its consolidated subsidiaries.

SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

This Annual Report contains 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 Annual Report on Form 10-K 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," "should," "would" 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;

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- 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, systems; and
- risks related to artificial intelligence (AI).

Forward-looking statements reflect our management's expectations or predictions of future conditions, events or results based on various assumptions and management's estimates of trends and economic and regulatory factors in the markets in which we are active, as well as our business plans. They are not guarantees of future performance. By their nature, forward-looking forward looking statements are subject to risks and uncertainties. Our actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking forward looking statements. There are a number of factors that could cause actual conditions, events or results to differ materially from those described in the forward-looking forward looking statements contained in this Annual Report. A discussion of factors that could cause actual conditions, events or results to differ materially from those expressed in any forward-looking forward looking statements appears in "Part 1—Item 1A—Risk Factors."

Readers are cautioned not to place undue reliance on forward-looking forward looking statements in this Annual Report or that we make from time to time, and to consider carefully the factors discussed in "Part 1—Item 1A—Risk Factors" of this Annual Report in evaluating these forward-looking forward looking statements. These forward-looking forward looking statements are representative only as of the date they are made, and we undertake no obligation to update any forward-looking forward looking statement as a result of new information, future events or otherwise.

PART I

ITEM 1. BUSINESS

Company Overview

We are an education services a technology company providing virtual and blended learning, an educational platform to deliver online learning to students throughout the U.S. Our technology-based platform hosts products and services enable our clients to attract, enroll, educate, track progress, and support students. These products and services, spanning curriculum, systems, instruction, and support services are designed to help learners of all ages reach their full potential through inspired teaching and personalized learning. Our clients are primarily public and private schools, school districts, and charter boards. Additionally, we offer provide solutions to employers, government agencies and consumers.

We offer provide a wide range of individual products and services as well as across our platform with the ability to deliver customized solutions, such as our most solutions. Our comprehensive school-as-a-service offering which supports our clients in operating full-time virtual or blended schools. More than three million schools in the K-12 market. Together with our network of online schools, Stride has served millions of students have attended schools powered by Stride curriculum with our products and services since our inception, services.

Our solutions address platform addresses two growing markets: markets in the K-12 space: General Education and Career Learning.

General Education	Career Learning
<ul style="list-style-type: none"> • School-as-a-service • Stride Private Schools 	<ul style="list-style-type: none"> • Stride Career Prep school-as-a-service • Learning Solutions Career Learning software and services sales

Products and services for the General Education market are predominantly focused on core subjects including math, English, science and history, for kindergarten through twelfth grade students to help build a common foundation of knowledge. These programs provide an alternative to traditional "brick-and-mortar" school options and address a range of student needs including, safety concerns, increased academic support, scheduling flexibility, physical/health restrictions or advanced learning. Products and services are sold as a comprehensive school-as-a-service offering or à la carte.

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as stand-alone products and services.

Career Learning products and services are focused on developing skills to enter and succeed in careers in high-growth, in-demand industries—including information technology, healthcare and general business. Through our Career

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Learning programs, we offer provide middle and high school students content pathways that include job-ready skills and work experiences and, for high school students, that can lead toward an industry certification and/or college credits. Like General Education products and services, the products and services for the Career Learning market are sold as a comprehensive school-as-a-service offering or à la carte. as stand-alone products and services.

Through our Adult Learning brands, business, we also offer in-person and remote immersive provide training programs and self-paced, structured online Career Learning programs leading to adult learners certifications in software engineering, high-demand, growing industries like healthcare and medical fields, as well as providing staffing and technology. This business also delivers talent development services to employers. These programs are offered directly to consumers, as well as to employers and government agencies.

For both the General Education and Career Learning markets, the majority of revenue is derived from our comprehensive school-as-a-service offering which includes an integrated package of curriculum, technology systems, instruction, and support services that we administer on behalf of our customers. The average duration of the agreements for our school-as-a-service offering is greater than five years, and most provide for automatic renewals absent a customer notification of non-renewal. During any fiscal year, we may enter into new agreements, receive non-automatic renewal notices, negotiate replacement agreements, terminate such agreements or receive notices of termination, or customers may transition a school to a different offering.

Our History

We were founded in 2000 to utilize advances in technology to provide children with access to a high quality education regardless of their geographic location or socioeconomic background. Given the geographic flexibility of technology based education, we believed we could help address the growing concerns regarding the regionalized disparity in the quality and breadth of available curriculum and instruction, both in the United States and abroad. The convergence of these factors and rapid advances in Internet networks created the opportunity to make a significant impact by deploying online learning software and systems on a flexible, online platform.

In September 2001, we introduced our kindergarten through 2nd grade offering in Pennsylvania and Colorado, serving approximately 900 students in the two states combined. We subsequently added new grades and new schools/school clients in additional states. We also launched blended public schools that combine face to face time in the classroom with online instruction and opened an online private school/schools to reach students worldwide. For

During the 2022-2023/2023-2024 school year, we provided our school-as-a-service offering to 87/91 schools in 31 states and the District of Columbia in the General Education market, and 52/56 schools or programs in 27 states and the District of Columbia in the Career Learning market. We also serve schools in 48 states and the District of Columbia through our Learning Solutions sales channel.

In 2020, we acquired/significantly expanded our Career Learning opportunity by acquiring three adult learning companies, Galvanize, Tech Elevator, and MedCerts to enter into and expand the Company's offerings. MedCerts. These Adult Learning brands deliver a mix of in-person and remote training in software engineering and allied healthcare to consumers and enterprises.

Our Market

The U.S. market for K-12 education is large and virtual/school choice and blended learning has gained broader awareness/alternative educational options continue to gain share and acceptance following the COVID-19 pandemic. acceptance. For example:

- According to a May 2023 report of the National Education Policy Center ("NEPC") entitled "Virtual Schools in the U.S. 2023," in 2021-22, 1,093 full-time virtual schools enrolled 566,344 students, and 332 blended schools enrolled 106,219 students. The NEPC report further states thirty-five states had full-time virtual schools.
- A January 2023/2024 survey by the National School Choice Awareness Foundation, found that 53.7%/72% of parents had considered, searched for, or chosen a new or different school or learning environment for their school-aged child within the past year. Of those who were considering switching, 20.8%/21.8% of parents visited, inquired about, or researched full-time online school.
- In 2022, the National Home Education Research Institute estimated that there were approximately 3.1 million home-educated/3.1 million home educated students in the United States during School Year 2021-2022. Prior to the COVID-19

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pandemic, the number of students was 2.5 million, and estimates showed home-educated student enrollments growing by 2% per year since 2016.

- September 2022/April 2024 data from the Bureau of Labor Statistics estimates that demand for occupations that require nondegree postsecondary education will grow 6.7%/5.5% by 2031, 2032, a faster rate than overall employment.

Demand for Education Alternatives: The Market Opportunity

As evidenced by/The traditional education model has not fully utilized technology and digital content, leading to significant parental dissatisfaction with the rapid evolution/current state of education technology and varying educational options being offered to/in the U.S. All learners of all ages, no single learning model has been found that works equally well for every student. Learners today utilize technology in all aspects of their lives, and we expect this reality to extend to their education. Our business has been built on the premise that every learner, regardless of geographic location or socioeconomic background, is/should be entitled to a high-quality education/access educational platforms that is individualized and adaptable based on the student's unique needs. We also believe all learners can benefit from more engaging/deliver technology-enriched educational content.

content that leads to strong student outcomes. We anticipate that our customers' full time online public schools will meet the needs of a small percentage/portion of the overall United States K-12 student population, but that segment will still represent the expansion of our educational platform with new products and services can address a large/much larger and growing opportunity for us in absolute terms. Across our educational programs, learners come from a broad range of social, economic and academic backgrounds. Examples of students/us. There continues to be strong demand for whom our full-time virtual or blended solutions may fit include, but are not limited/education options driven

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by individual needs and desires to families with: (i) students seeking address technology, safety, disabilities, flexibility, athletes, career pathways, supplemental learning, medical needs, and frequent movers, just to learn in list a way that better accommodates their individual needs; (ii) safety, social and health concerns about their local school, including students who are being bullied or are subjected to discrimination; (iii) students with disabilities who are seeking alternatives to traditional classrooms; (iv) students for whom the local public school is not meeting their needs; (v) students who seek or need greater flexibility than other alternatives, such as student athletes and performers who are not able to attend regularly scheduled classes; (vi) college bound students who want to bolster their college readiness and application appeal by taking additional Advanced Placement ("AP"), honors and/or elective courses; (vii) students seeking career and technical skills; (viii) high school dropouts who have decided to reenroll in school to earn a diploma; and (ix) students of military families who desire high-quality, consistent education as they relocate to new locations. few examples. Our individualized learning approach allows students to optimize their educational experience and, therefore, their chances of achieving their goals. goals, regardless of their unique challenges.

Although the COVID-19 pandemic changed the awareness and acceptance of virtual online learning, and blended learning, although we continue to expect that most students in the United States will be educated in traditional school buildings and classrooms. However, settings, we believe that certain student segments will benefit from the availability to choose an online public education (including blended learning models), a fundamental shift has taken place, and that states and districts will seek to incorporate virtual and blended solutions into their school-based programs. Our school-as-a-service offering offers a full service, integrated program, and a complete solution for districts and schools that desire a comprehensive option. For public school customers who need less than a full-service offering, our Learning Solutions sales channel provides online curriculum and services on a solution oriented, customized basis. We continue to invest significant resources, organically expand virtual solutions. To meet this need we offer full-service programs and through licensing or acquisitions, in developing product offerings that afford us the flexibility to serve different types of customers with varying value propositions and price points that are adaptable to an institution's and individuals' capabilities and needs. These investments are intended to expand our current assets into markets that have appeal to today's education consumers. Moreover, we have pursued, and will continue to pursue, selected markets outside the United States where we believe our stand-alone products and services can address local foreign market needs, that appeal to parents and students across the K-12 market.

We believe the are seeing growth in careers requiring non-degree post-secondary awards will drive more adult learners to seek training solutions that lead to credentials or certifications. It certifications and it is anticipated that demand for these learners will seek lower cost more accessible training solutions that prepare them for the workforce in less time than traditional post-secondary degree programs. Our adult learning solutions provide these types of learners with content, instruction, and career placement services to help them achieve their career goals. will be strong. Additionally, according to the Society for Human Resource Management, we believe recruiting and hiring for entry-level skilled positions remains one of the top challenges a challenge for companies. To address this challenge, companies are beginning partnering with training providers to cover the cost of training prepare candidates for entry-level positions as well as increasing budgets for upskilling and reskilling of to upskill their existing workforce. Stride's adult learning solutions address these employer needs by providing training and job placement and recruitment services. We anticipate that this market will continue to grow as more employers recognize the benefits of retaining existing talent rather than sourcing new talent.

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Our Lines of Revenue

General Education

Products and services for the General Education market are predominantly focused on core subjects, including math, English, science and history, for kindergarten through twelfth grade students to help build a common foundation of knowledge. These programs provide an alternative to traditional school options and address a range of student needs including, safety concerns, increased academic support, scheduling flexibility, physical/health restrictions or advanced learning needs. Products and services are sold delivered as a comprehensive school-as-a-service offering for schools or à la carte as stand-alone products and services. A student enrolled in a school that offers Stride's General Education program may elect to take career courses, but that student and the associated revenue is reported as a General Education enrollment and General Education revenue.

Career Learning

Career Learning products and services are focused on developing skills to enter and succeed in careers in high-growth, in-demand industries—including information technology, healthcare and general business. We provide middle and high school students with Career Learning programs that complement their core general education coursework in math, English, science and history, coursework. Stride offers multiple career pathways supported by through a diverse catalog of Career Learning courses. The middle school program exposes students to a variety of career options and introduces career skill development. In high school, students may engage in industry content pathway courses, project-based learning in virtual teams, and career development services. High school students have the opportunity to progress toward certifications, connect with industry professionals, earn college credits while in high school, and participate in job shadowing and/or work-based learning experiences that facilitate success in today's digital, tech-enabled economy. A student enrolled in a school that offers Stride's General Education program may elect to take Career Learning courses, but that student and the associated revenue is reported as a General Education enrollment and General Education revenue. A student and the associated revenue is counted as a Career Learning enrollment or and associated Career Learning revenue only if the student is enrolled in a Career Learning program or school.

program. Like General Education products and services, the products and services for the Career Learning market are sold as a comprehensive school-as-a-service offering or à la carte, as stand-alone products and services.

We also offer provide focused post-secondary career learning programs to adult learners, through our Galvanize, Tech Elevator, and MedCerts brands. These include skills training for the software engineering, healthcare, and medical fields, as well as staffing and talent development services to employers, fields. These programs are offered sold directly to consumers, as well as to employers and government agencies.

Our Sales Channels

Virtual and Blended Schools

The Virtual and Blended Public Schools we serve offer Our educational platform can be offered in an integrated package of systems, services, products, and professional expertise that we administer to support a virtual or blended public school. Customers of these programs can obtain the administrative support, information technology, academic support services, online curriculum, learning system platforms systems and instructional services under the terms of a negotiated service and product agreement. We provide our school-as-a-service offerings to virtual and blended public charter schools and school districts, agreements. These contracts are negotiated with, and approved by, the governing authorities of the customer. The duration of these service and product agreements are typically greater than five years, and most provide for automatic renewals absent a customer notification of non-renewal. During any fiscal year, the Company may enter into new agreements, receive non-automatic renewal notices, negotiate replacement agreements, terminate such agreements or receive notice of termination, or customers may transition a school to a different offering. The governing boards may also establish school policies and other terms and conditions over the course of a contract, such as enrollment parameters. The authorizers who issue the charters to our school-as-a-service customers can renew, revoke, or modify those charters as well.

The majority of our revenue is derived from these school-as-a-service **service** agreements with the governing authorities of **the our** public **schools we serve, school partners**. In addition to providing a comprehensive course catalog, related books and physical materials, a learning management system ("**LMS**") for online learning, and, in certain cases, student computers, we also **offer provide** these schools a variety of administrative support, technology and academic support services. Full time virtual and blended school students access online lessons over the internet and utilize offline learning materials we provide. Students receive assignments, complete lessons, take assessments, and are instructed by teachers with whom they interact via email, telephonically, in synchronous virtual classroom environments, and sometimes face to face. **In either case, for parents who believe their child is not thriving in their current school or for students and families who require time or location flexibility**

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in their schooling, virtual and blended public schools can provide a compelling choice. Students attending many of these schools are also provided the opportunity to participate in a wide variety of school activities, including field trips, service-learning opportunities, honor societies, and clubs. In addition to school level activities, we sponsor a wide variety of extracurricular activities on a national basis, such as clubs, contests and college and career planning sessions.

In addition to our full time virtual programs, we offer a variety of support services and sell our products to blended schools, which are schools that combine online and face to face instruction for students in a variety of ways with varying amounts of time spent by students in a physical learning center. In contrast to a typical brick and mortar public school, blended schools can provide a greater selection of available courses, increased opportunities for self-paced, individualized instruction and greater scheduling flexibility. These blended programs bring students and teachers physically together more often than a purely online program. In some blended schools we support, students attend a learning center on a part time basis, where they receive face to face instruction, in addition to their online virtual curriculum and instruction.

Learning Solutions *Traditional School Districts*

Our Learning Solutions sales channel distributes We also distribute our software and services educational platform to schools and school districts across the U.S. Over the past few years, both as a result of the COVID-19 pandemic and, continuing trends toward provide access to our digital solutions, public content, learning software, teachers and support services. Public schools and school districts have been are increasingly adopting online digital educational solutions to augment teaching practices, launch new learning models, cost effectively expand course offerings, provide schedule flexibility, improve student engagement, increase graduation rates, replace textbooks, and retain students. State education funds traditionally allocated for textbook and print materials have also been authorized for the purchase of digital content, including online courses, and in some cases mandated access to online courses. Additionally, districts are seeking support for implementations that blend virtual and in-person instruction.

To address the growing need for digital solutions and the emerging need for comprehensive virtual solutions, our Learning Solutions team provides curriculum and technology solutions, packaged in a portfolio of flexible learning and delivery models mapped to specific student and/or district needs. This portfolio approach provides a continuum of delivery models, from full time programs to individual course sales and supplemental options that can be used in traditional classrooms to differentiate instruction. Our Learning Solutions team strives to partner with public schools and school districts, primarily in the U.S., to provide more options and better tools to empower teachers to improve student achievement through personalized learning in traditional, blended and online learning environments and to provide comprehensive support for teachers and administrators to deliver effective virtual and blended instructions.

Private Programs

We also operate tuition-based private schools that meet a range of student needs from individual course credit recovery to college preparatory programs. These programs address students and families in the states in which we do not offer a free public option, as well as students looking for additional flexibility. Additionally, many families can use education savings accounts, tax credits and vouchers to attend these schools for low or no cost. We also pursue international opportunities where we believe there is significant demand for quality online education. Our international students are typically from expatriate families who wish to study in English and foreign students who desire a U.S.

high school diploma. In addition, we have entered into agreements that enable us to distribute our products and services to our international and domestic school partners who use our courses to provide broad elective offerings and dual diploma programs.

Consumer Sales

We provide tuition-based online private schools that meet a range of student needs from individual course credit recovery to college preparatory programs. These programs address students and families in the states in which we do not offer a free public option, as well as students looking for additional flexibility. Additionally, many families can use education savings accounts, tax credits and vouchers to attend these schools for low or no cost. We also offer individual pursue international opportunities where we believe there is significant demand for quality online education. Our international students are typically from expatriate families who wish to study in English and foreign students who desire a U.S. high school diploma. In addition, we have entered into agreements that enable us to distribute our products and services to our international and domestic school partners who use our courses to provide broad elective offerings and supplemental dual diploma programs.

Our educational platform also offers the ability to deliver products and services directly to families. These purchasers desire to educate their children as homeschoolers, outside of the traditional school system or offer supplemental educational products to supplement further their child's existing public or private school education without the aid of an online teacher. education. Customers of our consumer products have the option of purchasing a complete curriculum, individual courses, tutoring, career learning products, or a variety of other supplemental products, covering various subjects depending on their child's needs. Typical applications include summer school course work, home-schooling, enrichment, and educational supplements.

Adult Learning

We offer provide adult learning training programs through Galvanize, Tech Elevator, and MedCerts, which provide programs that address the skills gap facing companies in the information technology and healthcare sectors. We offer in-

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person provide in-person and remote immersive full-time software engineering programs designed for adult learners looking to advance their technology careers by providing such learners with skills and real-world experiences. MedCerts provides Our allied health programs provide self-paced, fully online structured training programs that lead to certifications in the healthcare field. These brands We can also work provide these programs directly with to enterprises to create customized, tailored education plans to help companies train, upskill, and reskill their employees. employees.

Our Business Strategy

We are committed to maximizing every learner's potential by personalizing their educational experience, delivering a quality education to schools and students, and supporting our customers in their quest to improve academic outcomes and prepare them for college and future careers. In furtherance of To further those objectives, we plan continue to continue investing make investments in our curriculum and learning systems. These investments include initiatives platforms to create and deploy a next generation curriculum and learning platform, improve the effectiveness of our school workforce, develop new instructional approaches, to increase student and parental engagement, and improve our systems and security, architecture. and to enable us to expand the markets we can serve. This strategy consists of the following key elements:

Affect Better Student Outcomes. We are committed to improving student outcomes for every student in the schools we serve. To achieve this goal we: (i) invest in training and professional development for teachers and school leaders, which may include a competency-based Master's Graduate Degree in Online Teaching K-12 through our partnership with Southern New Hampshire University; (ii) develop programs and initiatives designed to improve the learning experience, such as our interactive media projects, virtual science labs and AP test prep; (iii) enhance our curriculum to make it more engaging, adaptive and available to all students anywhere; and (iv) update our content as state standards and state assessments change. We also will focus our marketing and enrollment efforts on helping students and families understand the unique demands and challenges of the online learning environment. We believe better understanding by parents and students will better prepare students for the work and improve their chance at academic success.

Improve Student Retention in Our School-as-a-Service Offerings. To ensure the best outcomes for students, we have partnered with the school boards we serve to make a concerted effort to enroll and retain students who are truly engaged and ready to learn. Research shows that students who remain in the same school setting longer generally perform better academically, and retention is especially challenging with virtual and blended schools because families have the option of enrolling their children in a brick-and-mortar school or another virtual or blended school. Once students are enrolled, we offer programs to provide early intervention and focused engagement and retention strategies, which strive to help students stay on track, improve engagement and, ultimately, give students a better chance at academic success.

Grow Career Learning Enrollments and Expand Career Training Market. To grow Stride's Career Learning business and enrollments we are expanding the Stride Career Prep brand, and pursuing industry partnerships. We believe this approach will be more advanced than traditional vocational training and broader than enrollment in a series of career technical education ("CTE") courses. We seek to expand our addressable market by offering career readiness training beyond our traditional K-12 market and into adult education and corporate training.

Introduce New and Improved Products and Services. We intend to continue to expand our product line and offerings, both internally and through licensing or strategic acquisitions of products that expand our current portfolio. This includes pursuing development and licensing of curriculum and platforms that are accessible from tablet and mobile devices and leveraging adaptive learning technologies and solutions. We will also invest in our current products and assets to make them more accessible to larger markets by improving the user experience and content.

Increase Enrollments at Existing Virtual and Blended Public Schools. Some state regulations, school governing authorities and/or districts limit or cap student enrollment or enrollment growth. At the direction of our school board and school district customers, we seek to provide an opportunity for more students to attend these schools, and support their efforts to work with legislators, state departments of education, educators and parents to increase or remove student enrollment caps.

Expand Virtual and Blended Public School Presence into Additional States and Cities. As laws change and opportunities arise, we work with states, school districts, regional education organizations, and charter schools to authorize and establish new virtual and blended public schools and to contract with them to provide our curriculum, online learning platform, support services, and other related offerings. Traditional school districts are becoming a greater percentage of our customer base.

- *Grow Enrollments.*
- *Introduce New and Improved Products and Services.*
- *Improve Student Outcomes.*
- *Improve Retention.*

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Grow Our Learning Solutions Sales Channel. Our broad Learning Solutions course catalog ranges from pre-K to 12th grade, instructional services, supplemental solutions, and teacher development and is the key driver for Learning Solutions growth. We work to continue the market adoption of these solutions and services as school districts partner with us to address a variety of academic needs and to facilitate personalized learning in traditional, blended and online learning environments.

Add Enrollments in Our Private Schools. We currently operate online private schools that we believe appeal to a broad range of students and families. We look to drive increased enrollments in these schools by increasing awareness, through targeted marketing programs, and by partnerships with traditional brick and mortar private schools.

Develop Additional Channels through which to Deliver Our Learning Systems. We plan to evaluate other delivery channels on a routine basis and to pursue opportunities where we believe there is likely to be significant demand for our offering, such as direct classroom instruction, blended classroom models, career technical education, supplemental educational products, adult learning, and individual products packaged and sold directly to consumers. We have made strategic investments in other companies to supplement our Learning Solutions go-to-market approach with a focus on advising school districts on their digital classroom transformation efforts.

Pursue Strategic Partnerships and Acquisitions. We may pursue selective acquisitions that complement our existing educational offerings and business capabilities, and that are natural extensions of our core competencies. We may also pursue acquisitions that extend our offerings and business capabilities. We believe we can be a valued-added partner or contribute our expertise in curriculum development and educational services to serve more students. In 2018, we partnered with Southern New Hampshire University to invest in the development of degree-granting programs for online teaching.

Key Products and Services

We continue to invest in curriculum and technology our educational platform to educate students more effectively and efficiently. Much of our investment has been in the development of improved functionality of our curriculum and technology systems. Areas of focus include: (i) integration and user experience—making sure that all of our systems and solutions are easy for teachers, administrators, students, and parents to use; experience (ii) mobile enabled products; (iii) portability—making sure that our platforms integrate with and onto third-party platforms; portability; (iv) features which personalize learning for all students we serve; personalization; (v) courses that are flexible enough to provide assistance to struggling students; flexibility; (vi) reading and oral fluency scoring; (vii) alignment with state standards; standard alignment; (viii) built-in tutoring and support functionality; & support; and (ix) a virtual learning platform which supports the scheduling automated and delivery of instruction, tracking of attendance, recording of instructional sessions, and allows student group work; artificial intelligence (AI)-assisted learning.

We provide various products and services to customers on an individual basis as well as customized solutions, including our comprehensive school-as-a-service offering which supports our customers in operating full-time virtual or blended schools. We continue to expand upon our personalized learning model, improve the user experience of our products, and develop tools and partnerships to more effectively engage and serve students, teachers, administrators, and adult learners.

Curriculum and Content Technology Platform

Our customers can select from hundreds of high-quality, engaging, online coursework and content, as well as many state-customized versions of those courses, electives, and instructional supports. We have built core courses with the guidance and recommendations of leading educational organizations at the national and state levels. State standards continue to evolve, and we invest in our curriculum to meet these changing requirements. Additionally, through our Galvanize, Tech Elevator and MedCerts brands, we have high-quality, engaging, online coursework and content in information technology and healthcare.

Systems

We have established a secure and reliable technology platform, which integrates proprietary and third-party systems to provide a high-quality educational environment and gives us the capability to grow our customer programs and enrollment. Our end-to-end platform includes content management, learning management, student information, data reporting and analytics, and various support systems that allow customers to provide a high-quality, and personalized

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educational experience for students. *A la carte* Our platform can be used to deliver our products and services in a number of implementation models, including our school-as-a-service offering, integration with existing school LMSs, and to deliver stand-alone offerings to consumers.

Our platform, along with our back-office support systems, runs on cloud infrastructure from Amazon Web Services ("AWS") and Microsoft Azure. Our key systems leverage a proprietary technology architecture that allows us to develop iterative, agile and customizable solutions to meet both present and future market needs. Our systems run 7 X 24 X 365 on world-class cloud infrastructure from AWS and Azure that operate in multiple availability zones. A business-centric information security program has also been adopted that is tailored to adjust to an ever-changing IT compliance and information security threat landscape. Our cybersecurity measures and policies are aligned with cybersecurity guidance from the National Institute of Standards & Technologies (NIST) across our cloud ecosystems. See Item 1C of Part I, "Cybersecurity," for additional information.

Curriculum and Content

Our customers can provide curriculum select from hundreds of high-quality, engaging, online coursework and content, hosting on customers' learning management systems, or integrate as well as many state-customized versions of those courses, electives, and instructional supports. We have built core courses with customers' student the guidance and recommendations of leading educational organizations at the national and state levels. Additionally, through our Adult Learning offerings, we have high-quality, engaging coursework and content in information systems, technology and healthcare.

Instructional Services

We offer provide a broad range of instructional services that include customer support for instructional teams, including recruitment of state certified teachers, training in research-based online instruction methods and systems, oversight and evaluation services, and ongoing professional development. Stride also provides training options to support teachers and parents to meet students' learning needs. Our range of training options are designed to enhance skills needed to teach using an online learning platform, and include hands-on training, on-demand courses, and support materials.

Support Services

We offer provide a broad range of support services, including marketing and enrollment (e.g., supporting prospective students through the admission process), assessment management, administrative support (e.g., budget proposals, financial reporting, and student data reporting), and technology and materials support (e.g., providing student computers, offline learning kits, internet access and technology support services).

Our student recruitment and marketing team is focused on promoting the K-12 online education category and generating enrollments for our virtual school customers. This is achieved by creating awareness and conversion among families with K-12 students through integrated marketing campaigns that include offline and digital media, as well as web assets. These campaigns are continuously optimized using data analytics and market research. The marketing team also

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assists in enhancing and reducing friction in the onboarding experience of new students to online schooling. Additionally, our marketing team is working to ensure awareness and conversion in our adult learning offerings.

Public Affairs and School Development

We seek to increase public awareness of the educational and fiscal benefits of our online learning. We receive numerous inquiries from school districts, legislators, public charter school boards, community leaders, state departments of education, educators and parents who express the desire to have a choice in public school options. Our public affairs and school development teams work together with these interested parties to identify and pursue opportunities to expand the use of our products and services in new and existing jurisdictions.

Operations

We are responsible for the sourcing, assembly and delivery of school supplies and materials for our school-as-a-service offerings. We have developed strong relationships with partners allowing us to source goods at favorable price, quality and service levels. Our fulfillment partner stores our inventory, assembles our learning kits and ships the kits to students. We have invested in systems, including our Order Management System, to automatically translate the curriculum selected by each enrolled student into a personalized order to fulfill the corresponding new or refurbished learning kits to ship to each student through an end to end efficient and scalable warehousing and fulfillment operation.

Academic Performance

Our fundamental goal for every child who enrolls in a school that has purchased our school-as-a-service offering, offerings is to improve their academic performance. With the implementation of the federal Every Student Succeeds Act ("ESSA") beginning with the 2017-18 school year, each of the states in which we support virtual and blended public schools has been given the authority to develop a school accountability plan within the confines of a broad federal ESSA framework based on their own conception of the best means to advance college and career readiness. The ESSA requires states to utilize four academic-related indicators in their accountability plans to measure school and student performance: academic achievement, student growth in reading and math, graduation rate, and progress in achieving English language proficiency. The states were given discretion on the weight to give to each indicator and how to apply them. Most of the state ESSA plans submitted in 2017 to the U.S. Department of Education use some form of summative rating method to describe school performance, such as conferring an A-F grade or using a ranking system having a 1-10 scale. A significant new element of this education law is a requirement for states to adopt at least one non-academic indicator in their state's accountability system to measure "school quality or student success," often called the "fifth" indicator. Unlike No Child Left Behind where the only measure of school performance was an Annual Yearly Progress report, there are a wide range of non-academic options enumerated in the ESSA that the states can adopt to advance their own "school quality or student success" accountability objectives. The states may include measures of student engagement, educator engagement, student access to and completion of advanced coursework, post-secondary readiness, school climate and safety, and any other indicator a state may choose for this purpose. For example, a post-secondary readiness accountability indicator can include student participation in and completion of a CTE program of study, or access to dual credit programs. Similarly, a student engagement indicator may focus on teacher observations or ratings that demonstrate improvements in this area.

We share the view taken by many states that assessing a student by his or her learning growth is a more accurate indicator of school and student performance than attaining a static proficiency score. This approach is now reflected in the ESSA as well. All of our school-as-a-service offerings administer state or nationally recognized assessments to measure student achievement and growth during the school year, to prepare students for state assessments and to guide instruction. To ensure all schools are utilizing best practices learned from other successful school clients and from other high performing schools across the country, we have developed an academic framework that addresses teacher preparation, delivery of instruction, and student assessment. Effective instruction is informed by and evaluated based on student level data. As part of the academic framework, schools implement plans to collect student level data throughout the year through the use of norm-referenced growth measures at least three times per year, along with strategically placed formative interims, benchmarks, and summative assessments.

In addition to the complexities involved in measuring academic performance of students, we believe that the virtual and blended public online schools we serve face unique challenges impacting academic success not necessarily encountered to the same extent by traditional brick and mortar schools. These challenges include students who enter behind grade level or under credited, high student mobility, and lack of control over the student learning environment and higher than average percentages of students eligible for free or reduced price lunch in many states. With rare exceptions, the data shows that students identified as eligible for free lunch had lower percentages at or above proficiency levels than students environment.

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eligible for reduced price lunch, and both groups usually underperformed students identified as not eligible for subsidized meals. In addition, for decades, educational research has shown that persistence—remaining and proceeding at pace in the same school setting—can benefit academic performance, while mobility—moving from one school setting to another—can have a destabilizing influence, causing students to struggle and lapse in academic performance.

While measuring academic performance is necessary, taking meaningful steps to improve academic performance and student outcomes is an integral part of our mission. Accordingly, we continually strive to achieve that objective by undertaking new initiatives and improving existing programs that support students and families. To monitor student learning progress during the school year, we use multiple equivalent assessments at the lesson, unit and semester level. This is intended level to ensure that our measurement is reliable and valid. We provide more synchronous sessions for at-risk students based on data driven instruction that provides for targeted teacher intervention points to assist students with lesson challenges. improve outcomes.

Competition

As a general matter, we face varying degrees of competition from a variety of education companies because the scope of our offerings and the customers we serve encompass many separate and distinct segments of the education business. We compete primarily with companies that provide online curriculum and school support services to K-12 virtual and blended public schools, and school districts, including those with a career orientation. These companies include Pearson PLC (Connections Academy), Lincoln Learning Solutions, StrongMind, Pansophic Learning, Inspire Charter Schools, and Charter Schools USA, and state administered online programs, among others. We also face competition from digital and print curriculum developers. The digital curriculum providers include including Curriculum Associates, Imagine Learning LLC, Edmentum Inc., Dreambox Learning, Inc., Discovery Education, and traditional textbook publishers such as Houghton Mifflin Harcourt and McGraw Hill. Other competing digital curriculum providers, including Khan Academy, Duolingo, IXL Learning, Inc. and Renaissance Learning, Inc., offer a different pricing model which provides curriculum at a lower cost (sometimes free) but may charge for additional products or services. We also compete with institutions such as The Laurel Springs School (Spring Education Group) and Penn Foster Inc. for online private pay school students. Additionally, our Adult Learning offerings compete with other in-person and remote immersive programs and self-paced online training programs. These include programs including General Assembly (a subsidiary of Adecco), Bloom Institute of Technology, Carrus, Penn Foster Inc., and Education to Go (a subsidiary of Cengage Learning), among others.

We believe that the primary factors on which we compete are:

- extensive experience in, and understanding of, virtual education delivery;
- comprehensive suite of academic programs;
- customer satisfaction;
- quality of integrated curriculum and materials with an online delivery platform;

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- qualifications, experience and training teachers for online instruction;
- comprehensiveness of school management and student support services;
- integrated K-12 solutions, with components designed and built to work together;
- student outcomes for math and reading, graduation and job placement;
- scale and ability to leverage our assets across our business; and
- sophisticated government affairs knowledge and experience in virtual and blended school regulatory environments.

Broadly speaking, we participate in the market for digital education and adult training. In states where we enter into multi-year service and product agreements with virtual and blended public schools, we believe that we generally serve less than 1% of the public school students in that state. The customers for Learning Solutions sales are schools and school districts seeking individual courses to supplement their course catalogs or school districts seeking to offer an online education program to serve the needs of a small subset of their overall student population. Defining a more precise relevant market upon which to base a share estimate would not be meaningful due to significant limitations on the comparability of data among jurisdictions. For example, some providers to K-12 virtual public schools serve only high school students; others serve elementary and middle school students, and some serve both. There are also providers of online virtual K-12 education that operate solely within individual states or geographic regions rather than globally as we do. Furthermore, some school districts offer their own virtual programs with which we compete. Parents in search of an alternative to their full time local public school have a number of alternatives beyond virtual and blended public schools, including private schools, public charter schools and home schooling. In our private schools, we compete for students seeking an English-based English based K-12

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education worldwide. In addition, our integrated learning systems consist educational platform consists of components that face competition from many different types of education companies, such as traditional textbook publishers, test and assessment firms and private education management companies. These learning systems are designed to operate domestically and internationally, and thus, the geographic market for many of our products and services is global and indeterminate in size. Finally, our Adult Learning brands compete with post-secondary providers, both public and private, as well as other certificate and credential providers. They also compete with upskilling and reskilling training programs developed in-house by employers.

Key Functional Areas

Public Affairs, School Development, Student Recruitment and Marketing

We seek to increase public awareness of the educational and fiscal benefits of our online learning options through full-time virtual and blended instructional models, as well as supplementary course options. We receive numerous inquiries from school districts, legislators, public charter school boards, community leaders, state departments of education, educators and parents who express the desire to have a choice in public school options. Our public affairs and school development teams work together with these interested parties to identify and pursue opportunities to expand the use of our products and services in new and existing jurisdictions.

Our student recruitment and marketing team is focused on promoting the K-12 online education category and generating enrollments for the Company's virtual and blended school customers within that category. This is achieved by creating awareness among families with K-12 students through integrated marketing campaigns that include offline and digital media, as well as web assets. These campaigns are continuously optimized using data analytics and market research. The marketing team also assists in enhancing the onboarding experience of new students to online schooling. Additionally, our marketing team is working to ensure awareness of our adult learning options, delivered through our Galvanize, Tech Elevator, and MedCerts brands.

Operations

Over our more than 20 years of operation, we believe that we have gained significant experience in the sourcing, assembly and delivery of school supplies and materials. We have developed strong relationships with partners allowing us to source goods at favorable price, quality and service levels. Our fulfillment partner stores our inventory, assembles our learning kits and ships the kits to students. We have invested in systems, including our Order Management System, to automatically translate the curriculum selected by each enrolled student into a personalized order to fulfill the corresponding learning kits to ship to each student. As a result, we believe we have an end-to-end warehousing and fulfillment operation that will cost-effectively scale as the business grows in scope and complexity.

For many of our virtual and blended public school customers, we attempt to reclaim any materials that could be cost-effectively re-utilized in the next school year. These items, once returned to our fulfillment centers, are refurbished and included in future learning kits. This reclamation process allows us to maintain lower materials costs. Our fulfillment activities are highly seasonal, and are centered on the start of school in August or September. To ensure that students in virtual and blended public schools have access to our systems, we often provide students with a computer, where applicable or required and all necessary support. We source computers and ship them to students when they enroll and reclaim the computers upon termination of their enrollment or withdrawal from the school in which they are enrolled.

Technology

Stride's online learning systems, along with our back-office support systems, run on cloud infrastructure from Amazon Web Services (AWS) and Microsoft Azure.

Architecture. Stride's key systems leverage a technology architecture that allows us to develop iterative solutions to meet both present and future market needs.

Availability and Redundancy. Stride's systems run on world-class cloud infrastructure from AWS and Azure that operate in multiple availability zones.

Cybersecurity. A business-centric information security program has also been adopted that is tailored to adjust to an ever-changing IT compliance and information security threat landscape. Our cybersecurity measures and policies are

aligned with cybersecurity guidance from the National Institute of Standards & Technologies (NIST) across our cloud ecosystems.

Physical Infrastructure. Stride has completed the migration of our entire application portfolio to Amazon Web Services (AWS) and Microsoft Azure. We leverage various technologies to monitor our application and infrastructure ecosystem on a 7 X 24 X 365 basis.

Other Information

Intellectual Property

We continue to invest in our intellectual property through internal development and by acquisitions as we aim to offer more courses for new grades and expand into adjacent education markets, both in the United States and overseas. Through acquisitions, we have also obtained curriculum, patents and trademarks that expand our portfolio of educational products and services. We continue to add features and tools to our proprietary learning platform and support systems to assist teachers and students and improve educational outcomes, such as adaptive learning technologies. These intellectual property assets are critical to our success and we avail ourselves of the full protections provided under the patent, copyright, trademark and trade secrets laws. We also routinely utilize confidentiality and licensing agreements with our employees, the virtual and blended public schools, traditional schools, school districts and private schools that we serve, individual consumers, contractors and other businesses and persons with which we have commercial relationships.

Our patent portfolio includes five four U.S.-issued patents and one foreign-issued patents patent directed towards various aspects of our educational products and offerings. Three Two of the U.S.-issued patents encompass our system and methods of virtual schooling and online foreign language instruction. The other two U.S.-issued patents and the foreign-issued patent encompass our system and method for producing, delivering and managing educational material.

We own copyrights related to the lessons contained in the courses that comprise our proprietary curriculum. We also have obtained federal, state and foreign registrations for numerous trademarks that are related to our offerings, and we have applied to the U.S. Patent and Trademark Office to register certain new trademarks.

We grant licenses to individuals and schools to use our software and access our online learning systems. Similarly, schools are granted licenses to utilize our online learning systems and other systems. These licenses are intended to protect our ownership and the confidentiality of the embedded information and technology contained in our software and systems.

We also own many of the trademarks and service marks that we use as part of the student recruitment and branding services we provide to schools. Those marks are licensed to the schools for use during the term of the products and services agreements.

Our employees, contractors and other parties with access to our confidential information sign agreements that prohibit the unauthorized use or disclosure of our proprietary rights, information and technology.

Human Capital Resources

As of June 30, 2023 June 30, 2024, we had approximately 7,800 employees including approximately 4,400 teachers. Substantially (including teachers), and substantially all of these employees are located in the United States. In addition, there total, we manage approximately 8,400 teachers, 4,600 of whom are approximately 3,400 teachers employees and 3,800 who are employed by virtual or blended public schools that we manage under contracts with those schools but are not direct employees of Stride. None of our employees are represented by a labor union or covered by a

Our success depends in large part on continued employment of senior management and key personnel who can effectively operate our business, which is necessary in the highly regulated public education sector involving a publicly traded for profit company. We believe a critical component to our success depends on the ability to attract, develop and retain key personnel.

We select and hire based upon our values of making an impact on the lives of our students. In addition to annual goals, and individual job duties, we consider demonstration of our core values—passion, accountability, courage, trust, and inclusiveness—an important factor in performance appraisals.

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We support professional development opportunities that reflect our desire to 'hire from within' and to enhance employees' skillsets in ways that improve their effectiveness and sense of fulfillment. We offer our employees many different professional development opportunities through job related training and a number of benefit programs, including a Tuition Assistance Benefit, discount tuition options with several participating colleges and universities, and discounted options to access K-12 curriculum.

At our Company, we uphold a workplace culture that celebrates diversity and embraces inclusion. We are proud of our diverse workforce and recognize the value diversity brings to our team.

- ~~50%~~ 55% of our Board is comprised of minorities and ~~30%~~ 33% are women.
- ~~65%~~ 67% of our executive leadership team is comprised of minorities and women.
- ~~81%~~ 83% of our full-time employees are women.
- For direct education-related roles, largely the K-12 teacher population, employee demographics mirror national averages for these positions.

We continue to recognize opportunities to improve our gender equity and minority representation. Various efforts are underway to create a more diverse workforce that supports our learner community, including robust professional, managerial, and leadership development programs. In addition, we offer customized training for teams, as well as training that focuses on diversity and inclusion topics, including unconscious bias training for all employees.

Corporate Information

Our website address is www.stridelearning.com.

Available Information

We make available, free of charge through the Investors section of our website (www.stridelearning.com), our annual reports on Form ~~10 K~~, ~~10-K~~, quarterly reports on Form ~~10 Q~~, ~~10-Q~~, current reports on Form ~~8 K~~, ~~8-K~~, and amendments to those reports filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), promptly after they are electronically filed with the Securities and Exchange Commission (the "SEC"). These filings are also available on the SEC's website at www.sec.gov, which contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Our earnings conference calls are ~~web cast~~ ~~webcast~~ live via the Investors section of our website. Information contained on our website is expressly not incorporated by reference into this Annual Report.

Regulation

We and the virtual and blended public schools that we serve are subject to regulation by and laws of each of the states in which we operate. The state laws and regulations that impact our business are primarily those that authorize or restrict our ability to operate these schools, the applicable funding mechanisms for the schools and the increasing number of states with their own, unique privacy laws. To the extent these schools receive federal funds, such as through a grant

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program or financial support dedicated for the education of low income families, these schools also become subject to additional federal regulation.

State Laws Authorizing or Restricting Virtual and Blended Public Schools. The authority to operate a virtual or blended public school is dependent on the laws and regulations of each state. Laws and regulations vary significantly from one state to the next and are constantly evolving. In states that have implemented specific legislation to support virtual and blended public schools, the schools are able to operate under these statutes. Other states provide for virtual and blended public schools under existing public charter school legislation or provide that school districts and/or state education agencies may authorize them. Some states do not currently have legislation that provides for virtual and blended public schools or have requirements that effectively prohibit such schools and, as a result, may require new legislation before virtual and blended public schools can open in the state.

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Obtaining new legislation in the remaining states where we do not have virtual and blended public schools can be a protracted and uncertain process. When determining whether to pursue expansion into new states in which the laws are ambiguous, we research the relevant legislation and policy climate and then make an assessment of the perceived likelihood of success before deciding to commit resources.

State Laws and Regulations Applicable to Virtual and Blended Public Schools. A virtual or blended public school that fails to comply with the state laws and regulations applicable to it may be required to repay these funds and could become ineligible for receipt of future state funds. To be eligible for state funding, some states require that virtual and blended public schools be organized as not-for-profit charters exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The schools must then be organized exclusively for charitable educational purposes, and not for the benefit of private, for-profit management companies. The board or governing authority of the not-for-profit virtual or blended public school must retain ultimate accountability and control for the school's operations to retain its tax-exempt status. It may not delegate its responsibility and accountability for the school's operations. Our service agreements with these virtual and blended public schools are, therefore, structured to ensure the full independence of the not-for-profit board and preserve its arm's-length ability to exercise its fiduciary obligations to operate a virtual or blended public school.

Laws and regulations affect many aspects of operating a virtual or blended public school. They can dictate the content and sequence of the curriculum, the methods for counting student enrollments for funding purposes, graduation requirements, use of approved textbooks, the length of the school year and the school day, the accessibility of curriculum and technology to students with disabilities, teacher to student ratios, specific credentialing of teachers and administrators, the assessment of student performance and any accountability requirements. In addition, a virtual or blended public school may be obligated to comply with states' requirements to offer programs for specific populations, such as students at risk of dropping out of school, advanced and talented students, non-English speaking students, pre-kindergarten students and students with disabilities. Tutoring services and the use of technology may also be regulated. Other state laws and regulations may affect the school's compulsory attendance requirements, treatment of absences and make-up work, and access by parents to student records and teaching and testing materials.

In addition to federal laws protecting the privacy of student education records, a growing number of states are enacting laws to protect the privacy of student data and to guard against its misuse. As a general matter, these laws are designed to prevent third-party vendors to schools from using student data for non-educational purposes and ensuring the security of personally identifiable information. In addition,

virtual or blended public schools may have to comply with state requirements that school campuses report various types of data as performance indicators of the success of the program.

States have laws and regulations concerning the certification, training, experience and continued professional development of teachers and staff with which a virtual or blended public school may be required to comply. There are also numerous laws pertaining to employee salaries and benefits, statewide teacher retirement systems, workers' compensation, unemployment benefits and matters related to employment agreements and procedures for termination of school employees. State labor laws applicable to public-sector employees and their rights to organize may also apply to virtual charter schools, such as teachers they employ. A virtual or blended public school must also comply with requirements for performing criminal background checks on school staff, reporting criminal activity by school staff and reporting suspected child abuse. An increasing number of states are also enacting more general laws about personal information that apply regardless of whether the individual is a student.

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As with any public school, virtual and blended public schools must comply with state laws and regulations applicable to governmental entities, such as open meetings or sunshine laws, which may require the board of trustees of a virtual or blended public school to provide advance public notice of and hold its meetings open to the public unless an exception in the law allows an executive session. Failure to comply with these requirements may lead to personal civil and/or criminal penalties for board members or officers or the invalidation of actions taken during meetings that were not properly noticed and open to the public. Virtual and blended public schools must also comply with public information or open records laws, which require them to make school records available for public inspection, review and copying unless a specific exemption in the law applies. Additionally, laws pertaining to records privacy and retention and to standards for maintenance of records apply to virtual and blended public schools.

Other types of regulation applicable to virtual and blended public schools include restrictions on the use of public funds, the types of investments made with public funds, accounting and financial management, and marketing practices.

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There remains uncertainty about the extent to which virtual and blended public schools we serve may be required to comply with state laws and regulations applicable to traditional public schools because the concept of virtual and blended public schools is still evolving, especially as technology advances. Although we receive state funds indirectly, according to the terms of each service agreement with the local public school entity, our receipt of state funds subjects us to extensive state regulation and scrutiny. States routinely conduct audits of these schools, to verify enrollment, attendance, information technology security, fiscal accountability, special education services and other regulatory issues. While we may believe that a virtual public school or blended school we serve is compliant with state law, an agency's different interpretation of law in a particular state, or the application of facts to such law, could result in findings of non-compliance, potentially affecting future funding or repayment of past funding.

Regulations Restricting Virtual and Blended Public School Growth and Funding. As a public schooling alternative, some state and regulatory authorities have elected to proceed cautiously with virtual and blended public schools. Statutes or regulations that hinder our ability to serve certain jurisdictions include: restrictions on student eligibility, such as mandating attendance at a traditional public school prior to enrolling in a virtual or blended public school; caps on the total number of students in a virtual or blended public school; restrictions on grade

levels served; geographic limitations on enrollments; fixing the percentage of per pupil funding that must be paid to teachers; state-specific curriculum requirements; limits on the number of charters that can be granted in a state; and requirements to obtain approval from a student's resident school district.

Funding regulations for virtual public schools and blended schools can take a variety of forms. These regulations include: (i) attendance—some state daily attendance rules were designed for traditional classroom procedures, and applying them to track daily attendance and truancy in an online setting can cause disputes to arise over interpretation and funding; (ii) enrollment eligibility—some states place restrictions on the students seeking to enroll in virtual and blended public schools, resulting in lower aggregate funding levels; (iii) teacher contact time—some states have regulations that specify minimum levels of teacher-student face-to-face time; and (iv) completion of course work. These regulations can create logistical challenges for statewide virtual and blended public schools, reduce funding and eliminate some of the economic, academic and technological advantages of virtual learning.

Federal and State Grants. We have worked with some entities to secure public and grant funding that flows to virtual and blended public schools that we serve. These grants are awarded to the local or state education agency or to the not-for-profit entity that holds the charter of the virtual or blended public school on a competitive basis in some instances and on an entitlement basis in other instances. Grants awarded to public schools and programs—whether by a federal or state agency or nongovernmental organization—often include reporting requirements, procedures and obligations.

Federal Laws Applicable to Virtual Public Schools and Blended Schools

Five primary federal laws are directly applicable to the day-to-day provision of educational services we provide to virtual and blended public schools:

Every Student Succeeds Act ("ESSA"). Under the ESSA, the states have the discretion to develop and design their own accountability systems within a broad federal framework. In addition, states have been given the authority to adopt different types of annual accountability plans for school performance, including proficiency and growth standards for all students and subgroups. The ESSA makes clear that the U.S. Department of Education has a limited role to impose federal mandates, direction or control over the authority given to the states. Notwithstanding these federal limitations, states are

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still required under ESSA to test students in reading or language arts and math annually in grades 3-8 and once in grades 10-12, and in science once in each of the following grade spans: 3-5, 6-9 and 10-12. All states have plans approved by the U.S. Department of Education to demonstrate compliance with ESSA.

Individuals with Disabilities Education Act ("IDEA"). The IDEA is implemented through regulations governing every aspect of the special education of a child with one or more specific disabilities that fit within any of the disability categories listed in the Act. The IDEA created a responsibility on the part of a school to identify students who may qualify under the IDEA and to perform periodic assessments to determine the students' needs for services. A student who qualifies for services under the IDEA must have in place an individual education plan, which must be updated at least annually, created by a team consisting of school personnel, the student, and the parent. This plan must be implemented in a setting where the child with a disability is educated with non-disabled peers to the maximum extent appropriate. IDEA provides the student and parents with numerous due process rights relating to the student's program and education, including the right to seek mediation of disputes and make complaints to the state education agency. The schools we manage are

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responsible for ensuring helping ensure the requirements of IDEA are met. The virtual public schools and blended schools are required to comply with certain requirements in IDEA concerning teacher certification and training. We, the virtual public school or the blended school could be required to provide additional staff, related services, supplemental aids and services or a private school option at our own cost to comply with the requirement to provide a free appropriate public education to each child covered under the IDEA. If we fail to meet this requirement, we, the virtual public school or blended school could lose federal funding and could be liable for compensatory educational services, reimbursement to the parent for educational service the parent provided and payment of the parent's attorney's fees.

The Rehabilitation Act of 1973 and the Americans with Disabilities Act. A virtual public school or blended school receiving federal funds is subject to Section 504 of the Rehabilitation Act of 1973 ("Section 504") insofar as the regulations implementing the Act govern the education of students with disabilities as well as personnel and parents. Section 504 prohibits discrimination against a person on the basis of disability in any program receiving federal financial assistance if the person is otherwise qualified to participate in or receive benefit from the program. Students with disabilities not specifically listed in the IDEA may be entitled to specialized instruction or related services pursuant to Section 504 if their disability substantially limits a major life activity. Beginning in 2011, the Office of Civil Rights of the United States Department of Education interpreted both Section 504 and Title II of the Americans with Disabilities Act to apply to elementary and secondary schools and to require that students with disabilities be afforded substantially equivalent ease of use as students without disabilities. As applied to online public schools, such "web accessibility" requires technical capabilities similar to those applied to procurements of information technology by the federal government under Section 508 of the Rehabilitation Act of 1973 ("Section 508") or standards adopted by the worldwide web consortium, such as Web Content Accessibility Guidelines ("WCAG") Level A and Level AA. If a school fails to comply with the requirements and the procedural safeguards of Section 504, it may lose federal funds even though these funds flow indirectly to the school through a local board. In the case of bad faith or intentional wrongdoing, some courts have awarded monetary damages to prevailing parties in Section 504 lawsuits. Because there is no federal rule setting a uniform technical standard for determining web accessibility under Section 508 and Title II of the ADA, online service providers have no uniform standard of compliance. Some states have adopted the standards promulgated under Section 508, while others require WCAG Level A and/or Level AA or their own unique standards.

Family Educational Rights and Privacy Act ("FERPA"). Virtual public schools and blended schools are also subject to the FERPA which protects the privacy of a student's educational records and generally prohibits a school from disclosing a student's records to a third party without the parent's prior consent. The law also gives parents certain procedural rights with respect to their minor children's education records. A school's failure to comply with this law may result in termination of its eligibility to receive federal education funds. Schools that contract with vendors that violate FERPA may be prohibited from contracting with the vendor for five years.

Communications Decency Act. The Communications Decency Act of 1996 ("CDA") provides protection for online service providers against legal action being taken against them because of certain actions of others. For example, the CDA states that no provider or user of an interactive computer service shall be treated as the publisher or speaker of any data given by another provider of information content. Further, Section 230 of the CDA grants interactive online services of all types, broad immunity from tort liability so long as the information at issue is provided or posted by a third party. As part of our technology services offering, we provide an online school platform on which teachers and students may communicate. We also conduct live classroom sessions using Internet-based collaboration software and we may offer certain online community platforms for students and parents. While the CDA affords us with some protection from liability

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associated with the interactive online services we offer, there are exceptions to the CDA that could result in successful actions against us that give rise to financial liability.

Other Federal Laws. Other federal laws also apply to virtual managed schools, in some cases depending on the demographics associated with a school. For example, Title VI of the Civil Rights Act of 1964 has been deemed to apply to ELL English language learners ("ELL") Students, as further defined in the joint guidance issued by the U.S. Departments of Justice and Education in January 2015. Title IX of the Education Amendments of 1972 also applies, which prohibits discrimination on the basis of gender in education programs, activities and

employment, applies to all schools that receive federal funds. There are also other federal laws and regulations that affect other aspects of our business such as the Children's Online Privacy Protection Act ("COPPA"), which imposes certain parental notice and other requirements on us that are directed to children under 13 years of age who access the web-based schools we manage. In addition, the Children's Internet Protection Act requires that school districts that receive certain types of federal funding must ensure that they have technology which blocks or filters certain material from being accessed through the Internet. We have developed procedures by which computers that we ship to students meet this requirement. Many other federal and state laws, such as deceptive trade practices laws, the

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Lanham Act and others apply to us, just as they do to other businesses. If we fail to comply with these and other federal laws, we could be determined ineligible to receive funds from federal programs or face penalties.

Laws and Regulations Applicable to Consumer Education Products offered by Galvanize, Tech Elevator and MedCerts

State Laws Authorizing or Restricting Private Post-Secondary Schools. The authority to operate a private post-secondary school is dependent on the laws and regulations of each state. Laws and regulations vary significantly from one state to the next and are constantly evolving, with regulatory authority vesting under various state agencies. Galvanize, Tech Elevator and MedCerts each currently operate in a multi-jurisdictional regulatory environment, maintaining licenses in several states. In states that have implemented specific legislation to license and oversee private post-secondary schools, Galvanize, Tech Elevator and MedCerts are able to operate under these statutes. State laws and regulations affect many aspects of operating a private post-secondary school, including, but not limited to, requiring the content and sequence of the curriculum, the methodology for counting student enrollments and reporting outcomes, graduation requirements, the duration of the approved program, the accessibility of curriculum and technology to students with disabilities, specific credentialing of teachers and administrators, the assessment of student performance, accountability requirements, and compliance with student record collection and retention requirements.

Other types of state regulations applicable to private post-secondary schools include, but are not limited to, restrictions on the use of scholarships and tuition discounts, student payment policies and the collection of and use of student fees, accounting and financial management, and limitations on marketing and advertising practices. States also have laws and regulations concerning the certification, training, experience and continued professional development of teachers and staff with which private post-secondary schools may be required to comply. Additionally, state unfair competition and consumer protection laws and regulations apply to Galvanize, Tech Elevator and MedCerts in their dealings with the public, which include limitations on advertising, and disclosures, and the structure of financing methods for consumer customers, customers as well as registration requirements under state consumer finance laws. Lastly, additional regulations and student outcome reporting requirements may affect Galvanize, Tech Elevator and MedCerts should they seek funding related to the Workforce Innovation and Opportunity Act in any given state.

Federal Laws Applicable

Each None of Galvanize, Tech Elevator and MedCerts does not qualify qualifies or receive receives Title IV funding under the Higher Education Act, but each of them is eligible for federal funding through its veteran's respective veterans education and workforce programs. As such, each is required to comply with the anti-discrimination provisions of Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, as amended, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and all Federal regulations adopted to carry out such laws. If we fail to comply with these federal laws, we could be determined ineligible to receive funds from federal programs or face penalties. Galvanize also provides training services to active duty service members subject to the Federal Acquisition Regulations and Defense Federal Acquisition Regulation Supplement.

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Laws and Regulations Applicable to Our Products offered Directly to Consumers

Our business also encompasses individual products packaged and sold directly to consumers, including elements of Galvanize, Tech Elevator and MedCerts, along with products for child education, including individual online courses and supplemental educational products. A variety of federal, state and non-U.S. laws and regulations apply to this aspect of our business, including laws and regulations related to consumer protection, payments, marketing and advertising, taxation, privacy, and data security.

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ITEM 1A. RISK FACTORS

Risk Factors Summary

The following summary description sets forth an overview of the material risks we are exposed to in the normal course of our business activities. The summary does not purport to be complete and is qualified in its entirety by reference to the full risk factor discussion immediately following this summary description. Our business, results of operations and financial conditions, as well as your investment in our common stock, could be materially and adversely affected by any of the following material risks:

- The majority of our revenues come from our school-as-a-service offering and depends on per pupil funding amounts and payment formulas remaining near levels existing at the time we execute service agreements with the schools we serve;
- Any failure to comply with applicable laws or regulations, the enactment of new laws or regulations, regulatory requirements, poor academic performance or misconduct by us or operators of other virtual public schools;
- Opponents of public charter schools could prevail in challenging the establishment and expansion of such schools through the judicial process;
- Any failure to comply with the laws and regulations applicable to our business, resulting in a loss of public funding and an obligation to repay funds previously received;
- Disputes over our inability to invoice and receive payments for our services due to ambiguous enabling legislation and interpretive discrepancies by regulatory authorities;
- Any failure to renew an authorizing charter for a virtual or blended public school;
- Actual or alleged misconduct by current or former directors, officers, key employees or officials;
- Enactment of new laws or regulations not currently applicable to for-profit education companies in the K-12 sector;
- Changes in the objectives or priorities of the independent governing bodies of the schools we serve;
- Any failure to renew a contract for a school-as-a-service offering, which is subject to periodic renewal;
- Any failure to enroll or re-enroll a significant number of students by the schools we serve;

- The enrollment data we present may not fully capture trends in our business performance;
- Any nonpayment or nonperformance by our customers, including due to actions taken by the independent governing authorities of our customers;
- Any failure to renew a contract for a school-as-a-service offering, which is subject to periodic renewal;
- Any failure to enroll or re-enroll a significant number of students by the schools we serve;
- The enrollment data we present may not fully capture trends in our business performance;
- Our marketing efforts may not be effective and changes in our marketing efforts and enrollment activities could lead to declines in enrollment;
- The student demographics of the schools we serve can lead to higher costs;
- The ability to meet state accountability testing standards and achieve parent and student satisfaction;
- Compliance with curriculum standards and assessments for individual state determinations under the ESSA;
- Risks due to mergers, acquisitions and joint ventures;

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- Negative impacts caused by the actions of activist stockholders;
- Market demand for online options in public schooling may decrease or not continue, or additional states may not authorize or adequately fund virtual or blended public schools;
- Increasing competition in the education industry sectors that we serve;

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- The continuous evolution of regulatory frameworks on the accessibility of technology and curriculum;
- Differences between our quarterly estimates and the actual funds received and expenses incurred by the schools we serve;
- Seasonal fluctuations in our business;
- Our ability to create new products, expand distribution channels and pilot innovative educational programs;
- Our ability to recruit, train and retain quality certified teachers;
- Higher operating expenses and loss of management flexibility due to collective bargaining agreements;

- Our reliance on third-party service providers to host some of our solutions;
- Any problems with our Company-wide ERP enterprise resource planning ("ERP") and other systems;
- Our ability to maintain and enhance our product and service brands;
- Our ability to protect our valuable intellectual property rights, or lawsuits against us alleging the infringement of intellectual property rights of others;
- Any legal liability from the actions of third parties;
- Any failure to maintain and support customer facing services, systems, and platforms;
- Any failure to prevent or mitigate a cybersecurity incident affecting our systems, or any significant interruption in the operation of our data centers;
- Our reliance on the Internet to enroll students and to deliver our products and services;
- Failure to comply with data privacy regulations;
- Any failure by the single vendor we use to manage, receive, assemble and ship our learning kits and printed educational materials;
- Any significant interruption in the operation of AWS or Azure could cause a loss of data and disrupt our ability to manage our technological infrastructure;
- Scale and capacity limits on some of our technology, transaction processing systems and network hardware and software;
- Our ability to keep pace with changes in our industry and advancements in technology; technology, including AI;
- AI technology is new and developing, and may present business, compliance, and reputational challenges, that could lead to operational or reputational damage, competitive harm, legal and regulatory risk, and additional costs;

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- Our ability to attract and retain key executives and skilled employees; and
- Our ability to obtain additional capital in the future on acceptable terms; and
- The possibility that a material misstatement of our annual or interim financial statements, resulting from a material weakness in our internal control over financial reporting, would not be prevented or detected on a timely basis. terms.

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Risks Related to Government Funding and Regulation of Public Education

The majority of our revenues come from our comprehensive school-as-a-service offering in both the General Education and Career Learning markets and depends on per pupil funding amounts and payment formulas remaining near the levels existing at the time we execute service agreements with the schools we serve. If those funding levels or formulas are materially reduced or modified due to economic conditions or political opposition, or new restrictions are adopted or payments delayed, our business, financial condition, results of operations and cash flows could be adversely affected.

The public schools we contract with are financed with government funding from federal, state and local taxpayers. Our business is primarily dependent upon those funds with a majority of our revenue coming from our comprehensive school-as-a-service offerings in both the General Education and Career Learning markets. Budget appropriations for education at all levels of government are determined through a legislative process that may be affected by negative views of for-profit education companies, recessionary conditions in the economy at large, or significant declines in public school funding. The results of federal and state elections can also result in shifts in education policy and the amount of funding available for various education programs.

The political process and potential variability in general economic conditions, including due to possible pandemics, **changing interest rates**, rising inflation and geo-political instability, create a number of risks that could have an adverse effect on our business including the following:

- Legislative proposals can and have resulted in budget or program cuts for public education, including the virtual and blended public schools and school districts we serve, and therefore have reduced and could potentially limit or eliminate the products and services those schools purchase from us, causing our revenues to decline. From time to time, proposals are introduced in state legislatures that single out virtual and blended public schools for disparate treatment.
- Economic conditions, including current and future business disruptions and debt and equity market volatility caused by changing interest rates, rising inflation, the government closures of various banks and liquidity concerns at other financial institutions, geo-political instability, **possible** pandemics and the potential for local and/or global economic recession, could reduce state education funding for all public schools or cause a delay in the payment of government funding to schools and school districts or a delay in payments to us for our products or services, the effects of which could be disproportionate for the schools we serve. Our annual revenue growth is impacted by changes in federal, state and district per pupil funding levels. **For example, due to the budgetary problems arising from the 2008 recession, many states reduced per pupil funding for public education affecting many of the public schools we serve, including even abrupt midyear cuts in certain states, which in some cases were retroactively applied to the start of the school year as a result of formulaic adjustments.** In addition, as we enter into service and product agreements with multiple schools in a single state, the aggregate impact of funding reductions applicable to those schools could be material. For example, we have agreements with 13 schools in California, and while each school is independent with its own governing authority and no single school in California accounts for more than 10% of our revenue, regulatory actions that affect the level or timing of payments for all similarly situated schools in that state could adversely affect our financial condition. The specific level of federal, state and local funding for the coming years is not yet known for specific states and, when taken as a whole, it is reasonable to believe that a number of the public schools we serve could experience lower per pupil enrollment funding, while others may increase funding, as economic conditions or political conditions change.
- As a public company, we are required to file periodic financial and other disclosure reports with the SEC. This information may be referenced in the legislative process, including budgetary considerations, related to the funding of alternative public school options, including virtual public schools and blended schools. The disclosure of this information by a for-profit education company, regardless of parent satisfaction and student performance, may nonetheless be used by opponents of virtual and blended public schools to propose funding reductions or restrictions.
- From time to time, government funding to schools and school districts is not provided when due, which sometimes causes the affected schools to delay payments to us for our products and services. These payment delays have occurred in the past and can deprive us of significant working capital until the matter is resolved,

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which could hinder our ability to implement our growth strategies and conduct our business. For example, in

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fiscal year 2016, the Commonwealth of Pennsylvania was unable to approve a budget, including funding for public school education, and thus the Agora Cyber Charter School received no funds and could not make timely contractual payments to the Company for our products and services, even though we continued to incur the costs to keep the school operating.

Failure to comply with regulatory requirements, poor academic performance, or misconduct by us or operators of other virtual public schools could tarnish the reputation of all the school operators in our industry, which could have a negative impact on our business or lead to punitive legislation.

As a non-traditional form of public education, online public school operators will be subject to scrutiny, perhaps even greater than that applied to traditional brick and mortar public schools or public charter schools. Not all virtual public schools will have successful academic programs or operate efficiently, and new entrants may not perform well either. Such underperformance could create the impression that virtual schooling is not an effective way to educate students, whether or not our learning systems achieve satisfactory performance. Consistently poor academic performance, or the perception of poor performance, could also lead to closure of an online public school or termination of an approved provider status in some jurisdictions, or to passage of legislation empowering the state to restructure or close low-performing schools. For example, a 2016 Nevada law expanded a charter authorizer's ability to terminate a charter based upon academic performance or to reconstitute a school's governing board, and a 2013 Tennessee law included academic performance criteria applicable only to virtual schools.

Beyond academic performance issues, some virtual school operators, including us, have been subject to governmental investigations alleging, among other things, false attendance reporting, the misuse of public funds or failures in regulatory compliance. These allegations have attracted significant adverse media coverage and have prompted legislative hearings and regulatory responses. Investigations have focused on specific companies and individuals, or even entire industries, such as the industry-wide investigation of for-profit virtual schools initiated by the Attorney General of California in 2015. The precise impact of these governmental investigations on our current and future business is difficult to discern, in part because of the number of states in which we operate and the range of purported malfeasance or performance issues involved. If these situations, or any additional alleged misconduct, cause all virtual public schools to be viewed by the public and/or policymakers unfavorably, we may find it difficult to expand into new states or renew our contracts with our clients.

Opponents of public charter schools, including virtual and blended, have sought to challenge the establishment and expansion of such schools through the judicial process. If these interests prevail, it could damage our ability to sustain or grow our current business or expand in certain jurisdictions.

We have been, and will likely continue to be, subject to public policy lawsuits by those who do not share our belief in the value of this form of public education or the involvement of for-profit education management companies. Whether we are a named party to these lawsuits, legal claims have involved challenges to the constitutionality of authorizing statutes, methods of instructional delivery, funding provisions and the respective roles of parents and teachers that can potentially affect us. For example, the Louisiana Association of Educators, an affiliate of a national teachers union, sought to terminate funding on state constitutional grounds to certain types of charter schools through the judicial process (including to a public school we serve), and while the teachers union was initially successful, the Louisiana Supreme Court reversed that decision in March 2018. See *Iberville Parish School Board v. Louisiana State Board of Elementary and Secondary Education*.

Should we fail to comply with the laws and regulations applicable to our business, such failures could result in a loss of public funding and an obligation to repay funds previously received, which could adversely affect our business, financial condition and results of operations.

Once authorized by law, virtual and blended public schools are generally subject to extensive regulation, as are the school districts we serve. These regulations cover specific program standards and financial requirements including, but **are** not limited to: (i) student eligibility standards; (ii) numeric and geographic limitations or caps on enrollments; (iii) state-specific curriculum requirements and standards; (iv) restrictions on open-enrollment policies by and among districts; (v) prescribed teacher-to-student ratios and teacher funding allocations from per pupil funding; (vi) teacher certification and reporting requirements; and (vii) virtual school attendance reporting. State and federal funding authorities conduct regular program and financial audits of the public schools we serve to ensure compliance with applicable

regulations. If a final determination of non-compliance is made, funds may be withheld, which could impair that school's

ability to pay us for services in a timely manner, or the school could be required to repay funds received during the period of non-compliance. Additionally, the indemnity provisions in our standard service agreements, with virtual and blended public schools and school districts, may require us to return any contested funds on behalf of the school.

As an emerging form of public education with unique attributes, enabling legislation for online public schools is often ambiguous and subject to discrepancies in interpretation by regulatory authorities, which may lead to disputes over our ability to invoice and receive payments for services rendered.

Statutory language providing for virtual and blended public schools is sometimes interpreted by regulatory authorities in ways that may vary from year to year making compliance subject to uncertainty. More issues normally arise during our first few school years of doing business in a state because such state's enabling legislation often does not address specific issues, such as what constitutes proper documentation for enrollment eligibility or attendance reporting in a virtual or blended school. From time to time there are changes to the regulators' approaches to determining the eligibility of students for funding purposes. Another issue may be differing interpretations on what constitutes a student's substantial completion of a semester in a public school or daily attendance requirements. These regulatory uncertainties may lead to disputes over our ability to invoice and receive payments for services rendered, or to disputes with auditors of public schools, which could adversely affect our business, financial condition and results of operations. For example, in October 2017, the California Department of Education commenced an audit covering, among other things, the average daily attendance records and associated funding provided to the California Virtual Academies ("CAVAs"), dependent on the proper method of counting the time-value and daily engagement of students enrolled in independent study programs provided by non-classroom based charter schools and the regulations applicable to such programs and schools.

The operation of virtual and blended public charter schools depends on the maintenance of the authorizing charter and compliance with applicable laws. If these charters are not renewed, our contracts with these schools would be terminated.

In many cases, virtual and blended public schools operate under a charter that is granted by a state or local authorizer to the charter holder, such as a community group or an established not-for-profit corporation, which typically is required by state law to qualify for student funding. In fiscal year 2023, 2024, a majority of our revenue was derived from our comprehensive school-as-a-service offerings in both the General Education and Career Learning markets, the majority of which were virtual and blended public schools operating under a charter. The service and products agreements for these schools are with the charter holder or the charter board. Non-profit public charter schools qualifying for exemption from federal taxation under Internal Revenue Code Section 501(c)(3) as charitable organizations must also operate on an arms-length basis in accordance with Internal Revenue Service rules and policies to maintain that status and their funding eligibility. In addition, many state public charter school statutes require periodic reauthorization. If a virtual or blended public school we support fails to maintain its tax-exempt status and funding eligibility, fails to renew its charter, or if its charter is revoked for non-performance or other reasons that may be due to actions of the independent charter board completely outside of our control, our contract with that school would be terminated. For example, in fiscal year 2018, our contract with the Insight School of Ohio was terminated because the Buckeye Community Hope Foundation terminated the charter of Insight School of Ohio.

Actual or alleged misconduct by current or former directors, officers, key employees or officials could make it more difficult for us to enter into new contracts or renew existing contracts.

If we or any of our current or former directors, officers, key employees, or officials are accused or found to be guilty of serious crimes or civil violations, including the mismanagement or improper accounting of public funds, or violations of the federal securities laws, the schools we serve could be barred or discouraged from entering into or renewing service agreements with us. As a result, our business and revenues would be adversely affected.

New laws or regulations not currently applicable to for-profit education companies in the K-12 sector could be enacted and negatively impact our operations and financial results.

As the provision of online K-12 public education matures, policy or business practice issues may arise that could lead to the enactment of new laws or regulations similar to, or in addition to, laws or regulations applicable to other education industry sectors. For example, for-profit education companies that own and operate post-secondary colleges and programs depend in significant part on student loans provided by the federal government to cover tuition expenses and

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income sharing agreements, and federal laws prohibit incentive compensation for success in securing enrollments or financial aid to any person engaged in student recruiting or admission activities. In contrast, while students in virtual or

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blended public K-12 schools are entitled to a public education with no federal or state loans necessary for tuition, laws could be enacted that make for-profit management companies serving such schools subject to similar recruitment or other restrictions. In keeping with good business practices, we do not award or permit incentive compensation to be paid to our public school program enrollment staff or contractors based on the number of students enrolled. New laws that specifically target for-profit education companies or education management organizations from operating public charter schools could also adversely affect our business, financial condition and results of operation.

Risks Related to Our Business and Our Industry

The schools we contract with and serve are governed by independent governing bodies that may shift their priorities or change objectives in ways that are adverse to us and to the students who attend the school programs we administer, or they may react negatively to acquisitions or other transactions.

We contract with and provide a majority of our products and services to virtual and blended public schools governed by independent boards or similar governing bodies. While we typically share a common objective at the outset of our business relationship, over time our interests could diverge resulting in changes adverse to our business or the students enrolled in those schools. The governing boards of the schools we serve in which we hire the Principal or Head of School ("HoS") may seek to employ their own HoS as a condition for contract renewal. This decision may potentially reduce the value of the programs they purchase from us by structurally separating the HoS from regular involvement with our virtual school management experts, employee-based professional development programs, and internal understanding of the proprietary curriculum and innovations we develop to improve academic performance. As these independent boards shift their priorities or change objectives, reduce or modify the scope of services and products we provide, or terminate their relationships with us, our ability to generate revenues consistently over time or to improve academic outcomes would be adversely affected.

Our contracts for a school-as-a-service offering are subject to periodic renewal, and each year, some of these agreements are set to expire. If we are unable to renew several such contracts or if a single significant contract expires during a given year, our business, financial condition, results of operations and cash flow could be adversely affected.

In fiscal year 2023, 2024, we had contracts for our school-as-a-service offerings for 8791 schools in 31 states and the District of Columbia. A portion of these contracts are scheduled to expire in any given year and may not be renewed or may be renewed on terms much less favorable to us. Most of these contracts include auto renewal provisions having significant advance notice deadlines. The advance notice provisions are intended to allow sufficient time to engage in renewal negotiations before and during the final year of these contracts. A renewed contract could involve a restructuring of our services and management arrangements that could lower our revenue or even change how revenue and expenses are recognized. When the customer prefers the existing contract terms to be extended, it can elect to disregard the advance notice provision and have the contract automatically renew. If we are unable to renew contracts or if contract renewals have significantly less favorable terms or unbundle previously provided services, our business, financial condition, results of operations and cash flow could be adversely affected.

If the schools we serve fail to enroll or re-enroll a sufficient number of students, or we fail to enroll a significant number of students in the Career Learning programs for adult learners, our business, financial condition and results of operations will be adversely affected.

A majority of our revenues are a direct function of how many students are enrolled in our school-as-a-service offerings, the number of school districts and students who subscribe to such district programs, and the enrollments in our international and private schools.

Because families have alternative choices both within and outside the public school system for educating their children, it is typical during each school year that some students withdraw from schools using our online education services and switch to their traditional local public schools, other charter school alternatives or private schools. While many of our school-as-a-service offerings also accept new student enrollment throughout the year where permitted, generally our average student enrollment declines as the school year progresses such that we serve on average fewer students at the end of any given school year than at the beginning of the year. If our school-as-a-service offerings experience higher

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withdrawal rates during the year and/or enroll fewer new students as the year progresses than we have experienced in the past, our revenues, results of operations and financial condition would be adversely affected.

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Similarly, at the start of each new school year, students who had remained enrolled through the end of the previous year may have graduated from the terminal grade in a school or have left our school-as-a-service offerings for any number of reasons. To the extent our school-as-a-service offerings do not retain previously enrolled students from the prior year, they must attract new students at the start of the year to sustain their average student enrollment year over year, as well as to grow their enrollment each year, based upon enrollment objectives determined by the governing authority of those schools. If the schools we serve in the aggregate are able only to sustain prior year enrollment levels, our revenues may not grow from the prior year, absent improved revenue capture or the addition of new schools. More

fundamentally, if average student enrollment at the schools we serve declines from one year to the next, our revenues, results of operations and financial condition will be adversely affected.

We also contract with virtual public schools and school districts to provide marketing and enrollment services, and we provide similar services directly to our international and private schools. However, many of these customers are responsible for their own marketing and enrollment activities. Efforts on our part to sustain or increase enrollments in the face of higher student withdrawals or fewer returning students at the start of a school year may lead to higher costs for us, and may adversely affect our operating margin. If we or the virtual public schools and school districts are unsuccessful in marketing plans or enrollment processes for the schools, the average student enrollment at the schools may not grow or could even decline, and adversely affect our revenues, results of operations and financial condition.

We also derive revenues from our Galvanize, Tech Elevator and MedCerts offerings to adult learners. The vast majority of the enrollments in these programs are for shorter periods of time, and re-enrollments are not typical due to the nature of these offerings. Thus, we must continually attract and enroll new adult learners in order to maintain our revenues at current levels or grow our revenues. Efforts on our part to sustain or increase enrollments in the face of lower enrollments compared to prior periods may lead to higher costs for us, and may adversely affect our operating margin. If we are unsuccessful in marketing plans or enrollment processes for these programs for adult learners, the average enrollment in our Galvanize, Tech Elevator or MedCerts offerings may not grow or could even decline, which could adversely affect our revenues, results of operations and financial condition.

The enrollment data we present is subject to certain limitations and may not fully capture trends in the performance of our business.

We periodically disclose enrollment data for students in our General Education and Career Learning lines of revenue. However, this data may not fully capture trends in the performance of our business for a number of reasons, including:

- Enrollments for General Education and Career Learning only include those students in full service public or private programs where Stride provides a combination of curriculum, technology, instructional and support services inclusive of administrative support;
- This data includes enrollments for which Stride receives no public funding or revenue;
- No enrollments are included in Career Learning for Galvanize, Tech Elevator or MedCerts; and
- Over time a student may move from being counted as a General Education enrollment to being counted as a Career Learning enrollment, or vice versa, depending on the educational choices made by each student, which choices in certain cases may be impacted by counseling from Stride employees, and this may result in enrollment growth in one line of revenue being offset by a corresponding decrease in enrollments for the other line of revenue.

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Accordingly, changes in enrollment data may not entirely correspond with changes in the financial performance of our business, and if the mix of enrollments changes, our revenues will be impacted to the extent the average revenues per enrollments are significantly different.

Because the independent governing authorities of our customers may shift priorities or incur new obligations which have financial consequences, we may be exposed to the risk of loss resulting from the nonpayment or nonperformance by our customers and our financial condition, results of operations and cash flows could suffer.

The independent boards or similar governing bodies may shift their priorities or incur new obligations, which may have financial consequences on our customers. If our customers were to cause or be subjected to situations that lead

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to a weakened financial condition, dispute our invoices, withhold payments, or file for bankruptcy, we could experience difficulty and prolonged delays in collecting receivables, if at all. Any nonpayment or nonperformance by our customers could adversely affect our business, financial condition, results of operations and cash flows. For example, in fiscal year 2017, as the Agora Cyber Charter School continued to operate as a self-managed charter school, it delayed its payments to us and our accounts receivable from the school **have grown** **grew** significantly, resulting in a revised payment schedule agreement, which accompanied a contract extension.

As we continue to refine our marketing efforts, and support the enrollment activities for our school-as-a-service offerings and adult learning programs, changes in our marketing efforts and enrollment activities could lead to a decline in overall enrollment at the schools we serve or at the adult learning programs we offer.

As parents evaluate school choices for their children, we are segmenting our marketing efforts to better attract students who are most likely to benefit from and succeed in virtual education programs and who are likely to remain enrolled with a virtual school over several years. Our research leads us to believe that students with parents who are active and regularly engaged in their education are more likely to be successful in a virtual school. In some cases, the governing authorities of these schools may request different enrollment policies or criteria. Our marketing efforts, therefore, may not be wholly successful, and could lead to an overall decline in enrollment for our school-as-a-service **offering**, thus adversely affecting our revenue, results of operations and financial condition.

Additionally, for our Galvanize, Tech Elevator and MedCerts offerings to adult learners, we are focusing our marketing and enrollment efforts to identify and attract adult learners in the software engineering, healthcare and medical fields, as well as providing staffing and talent development services to employers and government agencies. However, our marketing efforts may not be successful. As a result, our overall enrollment in these adult learning programs may decline, and our revenue, results of operations and financial condition may be adversely affected.

The student demographics of the schools we serve can lead to higher costs and affect our ability to sustain or grow our operating income.

The schools we serve are publicly funded and are generally obligated to accept all students meeting state or district criteria for enrollment. Because an online education environment may offer a better educational opportunity for students falling behind grade level, our school-as-a-service offerings have experienced in recent years a higher academically at-risk student population, requiring supplemental student and family support services and closer one-on-one involvement by teachers and school personnel, leading to higher costs to us in providing full management and curriculum services to the schools. We consider students academically at-risk if they were not proficient on the previous year's state assessment, are credit-deficient, have previously dropped out, have failed courses, or score lower than average on diagnostic norm-referenced assessments. Some states have additional or different indicators to determine students who are at risk. These factors are used by the state to identify at-risk students in several states and have been found through research to impact future student performance. The schools we serve also enroll a significant percentage of special needs students with learning and/or physical disabilities, which also adds to the total costs incurred by the schools.

Education of high school students is generally more costly than K-8 as more teachers with subject matter expertise (e.g., chemistry, calculus) must be hired to support an expansive curriculum, electives, and counseling services. As the relative percentage of high school students increases as part of the total average enrollment in our school-as-a-service offerings, our costs are likely to increase.

As our cost structure evolves due to the demographics, educational profile and mix of the students enrolled in our school-as-a-service offerings, our profit margins may decline, and we may have increasing difficulty in sustaining or growing our operating income commensurate with our revenues.

If student performance falls, state accountability standards are not achieved, teachers or administrators tamper with state test scoring or graduation standards, or parent and student satisfaction declines, a significant number of students may not remain enrolled in a virtual or blended public school that we serve, charters may not be renewed or enrollment caps could be put in place, or enrollment practices could be limited, and our business, financial condition and results of operations will be adversely affected.

The success of our business depends in part on the choice of a family to have their child begin or continue his or her education in a virtual or blended public school that we serve. This decision is based on many factors, including student

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performance and parent and student satisfaction. Students may perform significantly below state averages or the virtual or blended public school may fail to meet state accountability standards. Like many traditional brick and mortar public schools, not all of the public schools we serve meet the requirements of their applicable accountability frameworks, as large numbers of new enrollments from students underperforming in traditional schools can decrease overall results or the underperformance of any one subgroup can lead to the entire school failing to meet accountability expectations and potentially lead to the school's closure. For example, in Tennessee, the Commissioner of Education has statutory authority to close a virtual school if an accountability trigger is met. In addition, although serving academically at-risk students is an important aspect of our obligation to educate any child regardless of circumstance, the performance of these students can adversely affect a school's standing under applicable accountability standards. We expect that, as our enrollments increase and the portion of students that have not used our learning systems for multiple years increases, the average performance of all students using our learning systems may decrease, even if the individual performance of other students improves over time. This effect may also be exacerbated if students enrolled in schools that we provide services to or acquire are predominately below state proficiency standards or experience low graduation rates. For example, at-risk students who attended the Electronic Classroom of Tomorrow (ECOT) schools in Ohio, which were closed in mid-school year 2017-18 by state regulators, and who then transferred to other public schools, including the Ohio Virtual Academy supported by us, could negatively impact a receiving school's overall academic performance ratings absent a different accountability measure applicable to such students or waiver of such standards. Moreover, under ESSA, state authorities may change their accountability frameworks in ways that negatively impact the schools we serve.

Students in the school-as-a-service offerings we serve are required to complete standardized state testing, and the frequency and the results of this testing may have an impact on school enrollment. The significant increase of testing undertaken at the state level has led some parents to opt out of state assessments, a parental right which is now codified in the ESSA, thereby resulting in an incomplete and potentially inaccurate assessment of school and student performance. To avoid the consequences of failing to meet applicable required proficiency, growth or accountability standards, teachers or school administrators may engage in improperly altering student test scores or graduation standards, especially if teacher performance and compensation are evaluated on these results. Finally, parent and student satisfaction may decline as not all parents and students are able to devote the substantial time and effort necessary to complete our curriculum. A student's satisfaction may also suffer if his or her relationship with the virtual or blended public school teacher does not meet expectations. If student performance or satisfaction declines, students may decide not to remain enrolled in a virtual or blended public school that we serve and our business, financial condition and results of operations could be adversely affected.

Compliance with curriculum standards and assessments for individual state determinations under the ESSA may create ongoing challenges to ensure that our curriculum products align with state requirements, which could possibly cause academic performance to decline and dissatisfaction by our school customers which could limit our growth and profitability.

Under the ESSA, states will set their own curriculum standards in reading, math and science, and the federal government is prohibited from mandating or incentivizing states to adopt any set of particular standards, such as Common Core. States were also given the authority under the ESSA to craft their own assessment programs to measure the proficiency of their students for college and career readiness, and may also choose to offer already available nationally recognized assessments at the high school level, such as the SAT or ACT tests. As implementation proceeds at the state level, and use of the assessments previously developed by the Partnership for Assessment of Readiness for College and Careers and Smarter Balanced Assessment Consortium consortia continues to erode, a multitude of different standards and assessments may emerge and result in temporary misalignments of our curriculum offerings with state standards, cause

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academic performance to decline, create a need for additional teacher training and product investments, all of which could adversely affect our relationship with public school contracting with us for a school-as-a-service offering and school district customers, financial condition, contract renewals and reputation.

Mergers, acquisitions and joint ventures present many risks, and we may not realize the financial and strategic goals that formed the basis for the transaction.

When strategic opportunities arise to expand our business, we may acquire or invest in other companies using cash, stock, debt, asset contributions or any combination thereof, such as the acquisitions of Galvanize in January 2020, Tech Elevator in November 2020 and MedCerts in November 2020. We may face risks in connection with these or other future transactions, including the possibility that we may not realize the anticipated cost and revenue synergies on a timely basis, or at all, or further the strategic purpose of any acquisition if our forecasts do not materialize. The pursuit of

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acquisitions and their integrations may divert the resources that could otherwise be used to support and grow our existing lines of business. The combination of two or more independent enterprises is a complex, costly and time-consuming process. Acquisitions may create multiple and overlapping product lines that are offered, priced and supported differently, which could cause customer confusion and delays in service. We may have difficulties coordinating sales and marketing efforts to effectively position the combined company's capabilities. Customers may decline to renew their contracts, or the contracts of acquired businesses might not allow us to recognize revenues on the same basis. These transactions and their integrations may also divert our management's attention, and our ongoing business may be disrupted by acquisition, transition or integration activities. In addition, we may have difficulty separating, transitioning and integrating an acquired company's systems, including but not limited to, financial accounting systems, information technology systems, transaction processing systems, internal controls and standards, and procedures and policies, and the associated costs in doing so may be higher than we anticipate.

There may also be other adverse effects on our business, operating results or financial condition associated with the expansion of our business through acquisitions. We may fail to identify or assess the magnitude of certain liabilities, shortcomings or other circumstances prior to acquiring a company or technology, which could result in unexpected operating expenses, unexpected accounting treatment, unexpected increases in taxes due or a loss of anticipated tax benefits. The acquired companies may not be able to achieve the levels of revenue, earnings or operating efficiency that we expect. Our use of cash to pay for acquisitions may limit other potential uses of our cash, including investment in other areas of our business, stock repurchases, dividend payments and retirement of outstanding indebtedness. If we issue a significant amount of equity for future acquisitions, existing stockholders may be diluted and earnings per share may decrease. We may pay more than the acquired company or assets are ultimately worth and we may have underestimated our costs in continuing the support and development of an acquired company's offerings. Our operating results may be adversely impacted by liabilities resulting from a stock or asset acquisition, which may be costly, disruptive to our business, or lead to litigation.

We may be unable to obtain required approvals from governmental authorities on a timely basis, if at all, which could, among other things, delay or prevent us from completing a transaction, otherwise restrict our ability to realize the expected financial or strategic goals of an acquisition or have other adverse effects on our current business and operations. We may face contingencies related to intellectual property,

financial disclosures, and accounting practices or internal controls. Finally, we may not be able to retain key executives of an acquired company.

To execute our business plans, we depend upon the experience and industry knowledge of our officers and other key employees, including those who joined us as part of the Galvanize, Tech Elevator, and MedCerts acquisitions. The combined company's success will depend, in part, upon our ability to retain key management personnel and other key employees, some of which may experience uncertainty about their future roles with the combined company as a result of the acquisition. This may have a material adverse effect on our ability to attract and retain key personnel.

The occurrence of any of these risks could have a material adverse effect on our business, results of operations, financial condition or cash flows, particularly in the case of a larger acquisition or several concurrent acquisitions.

Our business could be negatively affected as a result of actions by activist stockholders, and such activism could impact the trading value of our securities and harm our business, financial condition and results of operations.

Responding to actions by activist stockholders can be costly and time consuming, disrupting our operations and diverting the attention of management and our employees. If activist stockholders were to emerge, their activities could

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interfere with our ability to execute our strategic plan and divert resources from our business. In addition, a proxy contest for the election of directors at our annual meeting would require us to incur significant legal fees and proxy solicitation expenses and require significant time and attention of management and our Board of Directors. Any perceived uncertainties as to our future direction also could affect the market price and volatility of our securities, cause key executives to leave the Company, adversely affect the relationships we have with our school board customers, and harm existing and new business prospects.

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If market demand for online options in public schooling does not increase or continue or if additional states do not authorize or adequately fund virtual or blended public schools, our business, financial condition and results of operations could be adversely affected.

While historically we grew by opening new virtual public schools in new states, in recent years the pace of state expansion has declined while opening more schools in existing states has increased. In fiscal year 2023, 2024, we served 87 91 virtual public schools and blended schools in 31 states and the District of Columbia. Without adding additional states, our school-as-a-service revenues may become increasingly dependent on serving more virtual schools in existing states. We may also not be able to fill available enrollment slots as forecasted. If the market demand for virtual and blended public schools does not increase or declines, if the remaining states are hesitant to authorize virtual or blended public schools, if enrollment caps are not removed or raised, or if the funding of such schools is inadequate, our opportunities for growth and our ability to sustain our revenues, results of operations and financial condition would be adversely affected.

Increasing competition in the education industry sectors that we serve could lead to pricing pressures, reduced operating margins, loss of market share, departure of key employees and increased capital expenditures.

As a general matter, we face varying degrees of competition from a variety of education providers because our learning systems integrate all the elements of the education development and delivery process, including curriculum development, textbook publishing, teacher training and support, lesson planning, testing and assessment, job placement and industry-certified content, and school performance and compliance management. In both our General Education and Career Learning markets, we compete with companies that provide online curriculum and support services. We also compete with public school districts and state departments of education that offer K-12 online programs of their own or in partnership with other online curriculum vendors. As we pursue our post-secondary Career Learning strategic initiatives through our Galvanize, Tech Elevator and MedCerts subsidiaries, we **will be are** competing with corporate training businesses and some employers that offer education as an employee benefit. We anticipate intensifying competition both from existing competitors and new entrants. Our competitors may adopt superior curriculum content, technology and learning platforms, school support or marketing approaches, and may have different pricing and service packages that may have greater appeal than our offerings. In addition, some of our school-as-a-service offerings could seek to transition to a self-managed school by inviting competitive alternatives to portions of the products and services now provided entirely by us under our integrated fully managed service agreements. If we are unable to successfully compete for new business, win and renew contracts, including fully managed public school contracts, or students fail to realize sufficient gains in academic performance, our revenues, opportunities for growth and operating margins may decline. Price competition from our current and future competitors could also result in reduced revenues, reduced margins or the failure of our product and service offerings to achieve or maintain more widespread market acceptance.

We may also face competition from publishers of traditional educational materials that are substantially larger than we are and have significantly greater financial, technical and marketing resources, and may enter the field through acquisitions and mergers. Many of these traditional publishers, or new market entrants, have developed their own online curriculum products and teaching materials that compete directly with our post-secondary Career Learning products. As a result, they may be able to devote more resources and move quickly to develop products and services that are superior to our platform and technologies. We may not have the resources necessary to acquire or compete with technologies being developed by our competitors, which may render our online delivery format less competitive or obsolete. These new and well-funded entrants may also seek to attract our key executives as employees based on their acquired expertise in virtual education where such specialized skills are not widely available.

Our future success will depend in large part on our ability to maintain a competitive position with our curriculum and our technology, as well as our ability to increase capital expenditures to sustain the competitive position of our product and retain our talent base. We cannot assure that we will have the financial resources, technical expertise, marketing, distribution or support capabilities to compete effectively.

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Regulatory frameworks on the accessibility of technology and curriculum are continually evolving due to legislative and administrative developments and the rapid evolution of technology, which could result in increased product development costs and compliance risks.

Our online curriculum is made available to students through websites, computers and other display devices connected to the Internet. The website platforms and online curriculum include a combination of software applications that include graphics, pictures, videos, animations, sounds and interactive content that may present challenges to

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individuals with disabilities. A number of states and federal authorities have considered or are considering how web-based information should be made accessible to persons with such disabilities. To the extent they enact or interpret laws and regulations to require greater accessibility than we currently provide, we may have to modify our offerings to satisfy those requirements. Because there is no federal rule setting a uniform technical standard for determining web accessibility under Section 508 and Title II of the ADA, online service providers have no uniform standard of compliance. Some states have adopted the standards promulgated under Section 508 while others require WCAG Level A and/or Level AA or their own unique standards. In addition, Section 504 of the Rehabilitation Act of 1973 is designed to ensure that students with disabilities have an equal opportunity to access each school's website and online learning environment. To the extent that we enter into federal government contracts, different standards of compliance could be imposed on us under Section 508, of the Rehabilitation Act, or by states who apply these federal standards under Section 508 or other standards to education providers, which standards may be changed from time to time. Beyond the significant product development costs associated with these evolving regulations, a failure to meet such requirements could also result in loss or termination of material contracts, inability to secure new contracts, or in potential legal liability.

Our revenues from our school-as-a-service offerings are based in part on our estimate of the total funds each school will receive in a particular school year and our estimate of the full year expenses to be incurred by each school. As a result, differences between our quarterly estimates and the actual funds received and expenses incurred could have an adverse impact on our results of operations and cash flows.

We recognize revenues ratably from certain of our fees charged to school-as-a-service offerings over the course of our fiscal year. To determine the pro rata amount of revenues to recognize in a fiscal quarter, we estimate the total expected funds each school will receive in a particular school year. Additionally, we take responsibility for any operating deficits incurred at most of the school-as-a-service offerings we serve. Because this may impair our ability to collect the full amount invoiced in a period and therefore collection cannot reasonably be assured, we reduce revenues by the estimated pro rata amount of the school's net operating loss. We review our estimates of total funds and operating expenses periodically, and we revise as necessary, by adjusting our year-to-date earned revenues to be proportional to the expected revenues to be earned during the fiscal year. Actual school funding received and school operating expenses incurred may vary from our estimates or revisions and could adversely impact our revenues, results of operations and cash flows.

Our business is subject to seasonal fluctuations, which may cause our operating results to fluctuate from quarter-to-quarter and adversely impact our working capital and liquidity throughout the year.

Our operating results normally fluctuate as a result of seasonal variations in our business, principally due to the number of months in a fiscal quarter that our school customers are fully operational and serving students. In the typical academic year, our first and fourth fiscal quarters have fewer than three full months of operations, whereas our second and third fiscal quarters will have three complete months of operations. Instructional costs and services increase in the first fiscal quarter, primarily due to the costs incurred to ship learning kits at the beginning of the school year. These instructional costs may increase significantly quarter-to-quarter as school operating expenses increase. The majority of our selling and marketing expenses are incurred in the first and fourth fiscal quarters, as our primary enrollment season is April through September.

We expect quarterly fluctuations in our operating results to continue. These fluctuations could result in volatility and adversely affect our cash flow. As our business grows, these seasonal fluctuations may become more pronounced. As a result, we believe that sequential quarterly comparisons of our financial results may not provide an accurate assessment of our financial position.

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Risks Related to Our Operations

We plan to continue to create new products, expand distribution channels and pilot innovative educational programs to enhance academic performance. If we are unable to effectively manage these initiatives or they fail to gain acceptance, our business, financial condition, results of operations and cash flows would be adversely affected.

As we create and acquire new products, expand our existing customer base and pilot new educational programs, we expect to face challenges distinct from those we currently encounter, including:

- our continual efforts to innovate and pilot new programs to enhance student learning and to foster college and career opportunities, such as our Stride Career Prep schools which offer pathways for Career Learning, **and including new AI-enabled products and programs**, may not receive sufficient market acceptance to be economically viable;
- **the ongoing transition of our curriculum from Flash to HTML**, and our use of third-party educational platforms that we do not control, could create issues with customer satisfaction, early withdrawals and declines in re-registrations, and potentially harm our reputation;
- the acquisition or opening of additional school-as-a-service offering in states where we already have a contract with other schools can potentially complicate the school selection process for prospective parents, and present marketing differentiation challenges depending on the facts and circumstances in that state;
- our development of public blended schools has raised different operational challenges than those we face with full-time virtual schools. Blended schools require us to lease facilities for classrooms, staff classrooms with teachers, sometimes provide meals and kitchen facilities, adhere to local safety and fire codes, purchase additional insurance and fulfill many other responsibilities;
- operating in international markets may require us to conduct our business differently than we do in the United States or in existing countries. Additionally, we may have difficulty training and retaining qualified teachers or generating sufficient demand for our products and services in international markets. International opportunities will also present us with different legal, operational, tax and currency challenges;
- the use of our curriculum in classrooms will produce challenges with respect to adapting our curriculum for effective use in a traditional classroom setting;
- our creation of curricula and instruction protocols for courses taught through our Galvanize, Tech Elevator and MedCerts subsidiaries requires us to rely upon specialized instructors and curriculum developers;
- our online private school business is dependent on a tuition-based financial model and may not be able to enroll a sufficient number of students over time to achieve long-run profitability or deliver a high level of customer satisfaction; and
- our participation in summer foreign language instruction camps through MIL could generate new legal liabilities and financial consequences associated with our responsibility for students housed on leased college campuses on a 24-hour basis over the duration of the camp.

Our failure to manage these business expansion programs, or any new business expansion program or new distribution channel we pursue, may have an adverse effect on our business, financial condition, results of operations and cash flows.

High-quality teachers are critical to the success of our learning systems. If we are not able to continue to recruit, train and retain quality certified teachers, our curriculum might not be effectively delivered to students, compromising their academic performance and our reputation. As a result, our brand, business and operating results may be adversely affected.

High-quality teachers are critical to maintaining the value of our learning systems and assisting students with their daily lessons. In addition, teachers in the public schools we manage or who provide instruction in connection with

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the online programs we offer to school districts, must be state certified (with limited exceptions or temporary waiver provisions in various states), and we must implement effective internal controls in each jurisdiction to ensure valid teacher certifications, as well as the proper matching of certifications with student grade levels and subjects to be taught. Teachers must also possess strong interpersonal communications skills to be able to effectively instruct students in a virtual school setting, and the technical skills to use our technology-based learning systems. There is a limited pool of teachers with these specialized attributes and the public schools and school districts we serve must provide competitive benefits packages to attract and retain such qualified teachers.

The teachers in many public schools we serve are not our employees and the ultimate authority relating to those teachers resides with an independent not-for-profit governing body, which oversees the schools. However, under many of our service and product agreements with virtual and blended public schools, we have responsibility to recruit, train and manage these teachers. The teacher recruitment and student assignment procedures and processes for our school-as-a-service offerings must also comply with individual state certification and reporting requirements. We must also provide continuous training to virtual and blended public school teachers so they can stay abreast of changes in student needs, academic standards and other key trends necessary to teach online effectively, including measures of effectiveness. We may not be able to recruit, train and retain enough qualified teachers to keep pace with school demand while maintaining consistent teaching quality in the various public schools we serve. Shortages of qualified teachers, failures to ensure proper teacher certifications and course assignments in each state, or decreases in the quality of our instruction, whether actual or perceived, could have an adverse effect on our business.

School teachers are subject to union organizing campaigns, and if the teachers employed by us or at the public schools we serve join a union, collective bargaining agreements negotiated with union representatives could result in higher operating expenses and the loss of management flexibility and innovation for which charter schools were created.

If the teachers at any one of the public schools we serve were to unionize, as is the case in California, the employer would become subject to a collective bargaining agreement with union representatives. A collective bargaining agreement could impact teacher salaries, benefits, work rules, teacher tenure and provide for restrictions on the teaching work-day and the time devoted to online instruction delivery or communications with students, and place limitations on the flexibility to reassign or remove teachers for inadequate performance. This could result in higher school-related expenses and could impede the sustainability of, or growth in, enrollment at the school due to the loss of management flexibility and innovation. The outcome could result in higher costs to us in providing educational support and curriculum services to the school, which may adversely affect our operating margins, overall revenues and academic performance results.

We rely on third-party service providers to host some of our solutions and any interruptions or delays in services from these third parties could impair the delivery of our products and harm our business.

We currently outsource some of our hosting services to third parties. We do not control the operation of any third-party facilities. These facilities are vulnerable to damage or interruption from natural disasters, fires, power loss, telecommunications failures and similar events. They are also subject to break-ins, computer viruses, sabotage, intentional acts of vandalism and other misconduct. The occurrence of any of these disasters or other unanticipated problems could result in lengthy interruptions in our service. Furthermore, the availability of our proprietary and third-party LMSs could be interrupted by a number of additional factors, including our customers' inability to access the Internet, the failure of our network or software systems due to human or other error, security breaches or the ability of the infrastructure to handle spikes in customer usage. Interruptions in our service may reduce our revenue, cause us to issue credits or pay penalties, cause customers to terminate their subscriptions and adversely affect our renewal rates and our ability to attract new customers. Our business will also be harmed if our customers and potential customers believe our service is unreliable.

We operate a complex Company-wide enterprise resource planning ("ERP") ERP system, and if it were to experience significant operating problems, it could adversely affect our business and results of operations.

We operate a complex Company-wide, Oracle-hosted, integrated ERP system to handle various business, operating and financial processes, which handles a variety of important functions, such as order entry, invoicing, accounts receivable, accounts payable, financial consolidation and internal and external financial and management reporting matters. If the ERP system experiences significant problems, it could result in operational issues including delayed billing and accounting errors and other operational issues, which could adversely affect our business and results of operations. System delays or malfunctioning could also disrupt our ability to timely and accurately process and report results of our

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operations, financial position and cash flows, which could impact our ability to timely complete important business processes.

The continued development of our product and service brands is important to our business. If we are not able to maintain and enhance these brands, our business and operating results may suffer.

Enhancing brand awareness is critical to attracting and retaining students, and for serving additional virtual and blended public schools, school districts and online private schools, and we intend to spend significant resources to accomplish that objective. These efforts include sales and marketing directed to targeted locations, as well as the national marketplace, discrete student populations, the educational community at large, key policy groups, image-makers and the media. As we continue to seek to increase enrollments and extend our geographic reach and product and service offerings, maintaining quality and consistency across all our services and products may become more difficult to achieve, and any significant and well-publicized failure to maintain this quality and consistency will have a detrimental effect on our brands. We cannot provide assurances that our new sales and marketing efforts will be successful in further promoting our brands in a competitive and cost-effective manner. If we are unable to further enhance our brand recognition and increase awareness of our products and services, or if we incur excessive sales and marketing expenses, our business and results of operations could be adversely affected.

Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products, services and brand.

Our patents, trademarks, trade secrets, copyrights, domain names and other intellectual property rights are important assets. For example, we have been granted three U.S. patents related to our provision of virtual schooling, including the system components for creating and administering assessment tests and our lesson progress tracker, and two U.S. patents related to foreign language instruction. Additionally, we are the copyright owner of courses in our proprietary curriculum.

Various events outside of our control pose a threat to our intellectual property rights. For instance, effective intellectual property protection may not be available in every country in which our products and services are distributed or made available through the Internet. Also, the efforts we have taken to protect our proprietary rights may not be sufficient or effective. If we fail to protect adequately our intellectual property through patents, trademarks and copyrights, license agreements, employment agreements, confidentiality agreements, nondisclosure agreements or similar agreements, our intellectual property rights may be misappropriated by others, invalidated or challenged, and our competitors could duplicate our technology or may otherwise limit any competitive technology advantage we may have. Any significant impairment of our intellectual property rights could harm our business or our ability to compete. Also, protecting our intellectual property rights is costly and time consuming. Any unauthorized use of our intellectual property could make it more expensive to do business and harm our operating results.

It is possible that we may not be able to sufficiently protect our innovations. In addition, given the costs of obtaining patent protection, we may choose not to protect certain innovations that later turn out to be important. Further, there is always the possibility that the scope of the protection gained will be insufficient or that an issued patent be deemed invalid or unenforceable.

We also seek to maintain certain intellectual property as trade secrets. This secrecy could be compromised by outside parties, whether through breach of our network security or otherwise, or by our employees or former employees, intentionally or accidentally, which would cause us to lose the competitive advantage resulting from these trade secrets. Third parties may acquire domain names that are substantially similar to our domain names leading to a decrease in the value of our domain names and trademarks and other proprietary rights.

Lawsuits against us alleging infringement of the intellectual property rights of others and such actions would be costly to defend, could require us to pay damages or royalty payments and could limit our ability or increase our costs to use certain technologies in the future.

Companies in the Internet, software, technology, education, curriculum and media industries own large numbers of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. Regardless of the merits, intellectual property claims are time-consuming and expensive to litigate or settle. For example, a non-practicing entity sued us alleging that our proprietary learning

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systems infringed three of its patents although its lawsuit was ultimately dismissed on the merits in 2014. In addition, to the extent claims against us are successful, we may have to pay substantial monetary damages or discontinue certain products, services or practices that are

found to be in violation of another party's rights. We may also have to seek a license and make royalty payments to continue offering our products and services or following such practices, which may significantly increase our operating expenses.

We may be subject to legal liability resulting from the actions of third parties, including independent contractors, business partners, or teachers, which could cause us to incur substantial costs and damage our reputation.

We may be subject, directly or indirectly, to legal claims associated with the actions of or filed by our independent contractors, business partners, or teachers. In the event of accidents or injuries or other harm to students, we could face claims alleging that we were negligent, provided inadequate supervision or were otherwise liable for their injuries and our insurance may not cover the expenses of litigation or settlement amounts. Additionally, we could face claims alleging that our independent curriculum contractors or teachers infringed the intellectual property rights of third parties. A liability claim against us or any of our independent contractors, business partners, or teachers could adversely affect our reputation, enrollment and revenues. Even if unsuccessful, such a claim could create unfavorable publicity, cause us to incur substantial expenses and divert the time and attention of management.

We operate in markets that are dependent on Information Technology (IT) systems and technological change. Failure to maintain and support customer facing services, systems, and platforms, including addressing quality issues and execution on time of new products and enhancements, could negatively impact our revenues and reputation.

We use complex IT systems (as defined below) and products to support our business activities, including customer-facing systems, back-office processing and infrastructure. We face several technological risks associated with online product service delivery, information technology security (including virus and cyber-attacks, ransomware, as well as software related bugs, misconfigurations or other vulnerabilities), e-commerce and enterprise resource planning system implementation and upgrades. From time to time we have experienced verifiable attacks on our system by unauthorized parties, and our plans and procedures to reduce such risks may not be successful. Thus, our business could be adversely affected if our systems and infrastructure experience a significant failure or interruption in the event of future attacks on our system by unauthorized parties. Moreover, any use or integration of generative or other AI in our, or any third party's, operations, products or services will pose new and/or unknown cybersecurity risks and challenges.

The failure to prevent a cybersecurity incident affecting our systems could result in the disruption of our services and the disclosure or misappropriation of sensitive information, which could harm our reputation, decrease demand for our services and products, expose us to liability, penalties, and remedial costs, or otherwise adversely affect our financial performance.

In order to provide our services and solutions, we depend on various computer systems, hardware, software, infrastructure, online sites and connected networks (hereinafter, "IT Systems"), including those of third parties. In addition, as part of our business, we collect, use, process, transmit, host and store information, including personal data related to employees, customers, students, and parents, as well as proprietary business data and other sensitive information (collectively, "Confidential Information"). The confidentiality, integrity and availability of our IT Systems and Confidential Information is at risk of being compromised, whether through malicious activity (including social engineering) engineering/phishing, malware (including ransomware)) by internal or external actors (including through the use of AI), or through human or technological errors that result from negligence or software "bugs" or other vulnerabilities. Although we dedicate personnel and resources toward protecting against cybersecurity risks and threats, our efforts may fail to prevent a security incident.

For example, on December 1, 2020, we announced a security incident involving a ransomware attack. The incident resulted in the attacker accessing certain parts of our corporate back-office systems, including some student and employee information on those systems. We do not believe the incident has had a material impact on our business, operations or financial results. We worked with our cyber insurance provider to make a payment to the ransomware attacker, as a proactive and preventive step to prevent the information obtained by the attacker from being released on the Internet or otherwise disclosed, although there is always a risk that the threat actor will not adhere to negotiated terms. Any remediation measures that we have taken or that we may undertake in the future in response to this security incident may be insufficient to prevent future attacks.

Cyberattacks are expected to accelerate on a global basis in both frequency and magnitude, and threat actors are increasingly sophisticated in using techniques that circumvent controls, evade detection, and remove forensic evidence, which means that we and critical third parties may be unable to anticipate, contain, investigate or recover from future attacks or incidents in a timely or effective manner. In addition, remote and hybrid working arrangements that started during the COVID-19 pandemic may continue in the future, which presents additional opportunities for threat actors to engage in social engineering (for example, phishing) and to exploit vulnerabilities present in many non-corporate networks.

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Furthermore, we may acquire companies or enter into IT systems integrations with companies that have cybersecurity vulnerabilities or unsophisticated security measures, which would expose us to increased risks.

Any security incident that results in Confidential Information, including personal information, being stolen, accessed, used or modified without authorization, or that otherwise disrupts or negatively impacts our operations or IT Systems, could harm our reputation, lead to customer attrition, and expose us to regulatory investigations, enforcement actions or litigation, including class actions. We may also be required to expend significant capital and other resources in response to a security incident, including notification under data privacy laws and regulations, and incur expenses related to investigating and containing the incident, restoring lost or corrupted data, and remediating our IT Systems. Monetary damages, regulatory fines or penalties and other costs or losses, as well as injunctive remedies that require changes to our business model or practices, could be significant and may exceed insurance policy limits or may not be covered by our insurance at all. In addition, a security incident could require that we expend substantial additional resources related to the security of our IT Systems, diverting resources from other projects and disrupting our businesses.

Furthermore, there can be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our IT Systems and Confidential Information.

We rely on the Internet to enroll students and to deliver our products and services and to market ourselves and schools that contract with us, all of which exposes us to a growing number of legal risks and increasing regulation.

We collect information regarding students during the online enrollment process and a significant amount of our curriculum content is delivered over the Internet. As a result, specific federal, state and other jurisdictional laws that could have an impact on our business include the following:

- the COPPA, as implemented by regulations of the Federal Trade Commission (revised July 2013), imposes restrictions on the ability of online companies to collect and use personal information from children under the age of 13;
- the FERPA, which imposes parental or student consent requirements for specified disclosures of student information to third parties, and emerging state student data privacy laws;
- the CDA, which provides website operators immunity from most claims arising from the publication of third-party content;
- numerous state cyberbullying laws which require schools to adopt policies on harassment through the Internet or other electronic communications;
- rapidly emerging state student data privacy laws which require schools to adopt privacy policies and/or require certain contractual commitments from education technology providers are applicable to virtual schools and can significantly vary from one state to another;
- federal and state laws that govern schools' obligations to ELL students and students with disabilities; and
- the European Union General Data Protection Regulation ("GDPR"), which may apply to certain aspects of our private schools.

In addition, the laws applicable to the Internet are still developing, continue to develop. These laws impact pricing, advertising, taxation, consumer protection, quality of products and services, and are in a state of change. New or amended laws may also be enacted, which could increase the costs of regulatory compliance for us or force us to change our business practices. As a result, we may be exposed to substantial

liability, including significant expenses necessary to comply with such laws and regulations and indemnification of schools we operate for liabilities resulting from a school's failure to comply with such laws and regulations.

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Failure to comply with data privacy regulations could result in reputational damage to our brands and adversely affect our business, financial condition and results of operations.

Any perceived or actual unauthorized access, disclosure of personally identifiable information, whether through breach of our network or a vendor's network by an unauthorized party, employee theft, misuse or error or otherwise, could harm our reputation, impair our ability to attract and retain our customers, or subject us to claims or litigation arising from damages suffered by individuals. Failure to adequately protect personally identifiable information could potentially lead to penalties, significant remediation costs, reputational damage, the cancellation of existing contracts and difficulty in competing for future business. In addition, we could incur significant costs in complying with relevant laws and regulations regarding the unauthorized disclosure of personal information, which may be affected by any changes to data privacy legislation at both the federal and state levels. Because we serve students residing in foreign countries, we may be subject to privacy laws of other countries and regions, such as the GDPR. In addition to the possibility of penalties, remediation costs and reputational damage, the cost of compliance with foreign laws may outweigh revenue from those countries to such an extent that we may discontinue or restrict our offerings to certain countries.

We utilize a single logistics vendor for the management, receiving, assembly and shipping of all of our learning kits and printed educational materials. In addition, we utilize the same vendor at a second location for the reclamation and redeployment of our student computers. This partnership depends upon execution on the part of us and the vendor. Any material failure to execute properly for any reason, including damage or disruption to any of the vendor's facilities would have an adverse effect on our business, financial condition and results of operations.

Substantially all of the inventory for our learning kits and printed materials is located in one warehouse facility, which is operated by a third-party logistics vendor that handles receipt, assembly and shipping of all physical learning materials. If this logistics vendor were to fail to meet its obligations to deliver learning materials to students in a timely manner, or if a material number of such shipments are incomplete or contain assembly errors, our business and results of operations could be adversely affected. In addition, we provide computers for a substantial number of our students. Execution or merger integration failures which interfere with the reclamation or redeployment of computers may result in additional costs. Furthermore, a natural disaster, fire, earthquake, power interruption, work stoppage or other unanticipated catastrophic event, especially during the period from April through June when we are awaiting receipt of most of the curriculum materials for the school year and have not yet shipped such materials to students, could significantly disrupt our ability to deliver our products and operate our business. If any of our material inventory items were to experience any significant damage, we would be unable to meet our contractual obligations and our business would suffer.

Any significant interruption in the operation of AWS or Azure could cause a loss of data and disrupt our ability to manage our technological infrastructure.

We have migrated the applications that form the basis of our products to Amazon Web Services (AWS) AWS and Microsoft Azure. Amazon and Microsoft are global leaders in the cloud services industry and provide world class data centers and capabilities. However, our reliance on these vendors exposes us to risks outside of our control.

Additionally, we do not control the operation of these cloud facilities and must rely on AWS and Azure to provide the physical security, facilities management and communications infrastructure services related to our cloud environment. If AWS or Azure encounter financial difficulty, such as bankruptcy or other events beyond our control, that causes it to fail to secure adequately and maintain its hosting facilities or provide the required data communications capacity, students of the schools we serve may experience interruptions in our service or the loss or theft of important customer data.

Scale and capacity limits on some of our technology, transaction processing systems and network hardware and software may be difficult to project and we may not be able to expand and upgrade our systems in a timely manner to meet significant unexpected increased demand.

As the number of schools we serve increases and our student base grows, the traffic on our transaction processing systems and network hardware and software will rise. In our capacity planning processes, we may be unable to accurately project the rate of increase in the use of our transaction processing systems and network hardware and software. In addition, we may not be able to expand and upgrade our systems and network hardware and software capabilities to accommodate significant unexpected increased or peak use. If we are unable to appropriately upgrade our systems and network hardware and software in a timely manner, our operations and processes may be temporarily disrupted.

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Our efforts to expand capacity may not produce the operational and financial results for which those investments were intended.

As we have grown to serve more schools, students and families in an increasing number of states and countries, we have invested in infrastructure systems and technology to keep pace such as new communication systems, enterprise hardware and software systems. In the absence of compatible business processes, adequate employee training, integration with other dependent systems, and sufficient staffing, this expanded capacity alone may not result in improved performance or outcomes.

We may be unable to keep pace with changes in our industry and advancements in technology as our business and market strategy evolves, evolves, including AI.

As changes in our industry occur or macroeconomic conditions fluctuate, including due to changing interest rates, rising inflation, the government closures of various banks and liquidity concerns at other financial institutions, geopolitical instability, artificial intelligence AI and machine learning, pandemics and the potential for local and/or global economic recession, we may need to adjust our business strategies or find it necessary to restructure our operations or businesses, which could lead to changes in our cost structure, the need to write down the value of assets, or impact our profitability. We also make investments in existing or new businesses, including investments in technology and expansion of our business lines. These investments may have short-term returns that are negative or less than expected and the ultimate business prospects of the business may be uncertain.

As our business and market strategy evolves, we also will need to respond to technological advances and emerging industry standards in a cost-effective and timely manner in order to remain competitive, such as the ubiquitous use of tablets for public school applications, artificial intelligence AI and machine learning, adaptive learning technologies, and web accessibility standards. The need to respond to technological changes may require us to make substantial, unanticipated expenditures. There can be no assurance that we will be able to respond successfully to technological change.

While working to capture the significant benefits of AI, we recognize that the technology is new and developing. Our introduction and use of AI may present business, compliance, and reputational challenges that could lead to operational or reputational damage, competitive harm, legal and regulatory risk, and additional costs, any of which could materially and adversely affect our business, financial condition, and results of operations.

We use AI technologies in our platform and offerings, and we are making investments in expanding the use of AI throughout our business. This new and emerging technology, which is in its early stages of commercial use, presents a number of inherent risks. For example AI technologies can create accuracy issues, unintended biases, and discriminatory outcomes and create other perceived or actual technical, legal, compliance, privacy, security, and ethical risks which could slow our partners' and customers' adoption of our products and services that use AI. While AI-powered applications may help provide more tailored or personalized learner experiences, if the content, analyses, or recommendations that AI applications assist in producing on our platform are, or are perceived to be, deficient, inaccurate, or biased, our reputation, competitive position, and business may be materially and adversely affected. Further, the use of AI technology is subject to ongoing debate in the education industry, including with respect to issues such as plagiarism, cheating, academic integrity, and the scope of appropriate

or permissible use of generative AI in the context of both learning and teaching. Furthermore, privacy concerns arise when sensitive student data is used to train generative models, potentially exposing personal information to unauthorized access or misuse. Further, our competitors or other third parties may incorporate AI into their products more quickly or more successfully than us, which could impair our ability to compete effectively.

In addition, litigation or government regulation related to the use of AI (including the use of generative AI) may also adversely impact our ability to develop and offer products that use AI, as well as increase the cost and complexity of doing so. In the United States, several states have introduced legislation mandating transparency in AI algorithms and their decision-making processes to prevent discriminatory practices. Notably, the Illinois Student Online Personal Protection Act (SOPPA) sets specific guidelines for protecting student data used by educational technology companies. In addition, developing, testing and deploying AI in our platform, offerings and services involves significant technical complexity and requires specialized expertise. Any disruption or failure in our AI systems or infrastructure could result in delays or errors in our operations, which could harm our business and financial results. Further, market demand and acceptance of AI technologies are uncertain, and we may be unsuccessful in our efforts related to deploying AI in our business.

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We may be unable to attract and retain key executives and skilled employees, and because our employees are located throughout the United States, we may incur additional compliance and litigation costs that could adversely impact our business, financial condition and our results of operations.

Our success depends in large part on continued employment of senior management and key personnel who can effectively operate our business, which is necessary in the highly regulated public education sector involving a publicly traded for-profit company. This complexity requires us to attract and retain experienced executive management and employees with specialized skills and knowledge across many disciplines. If any of these employees leave us and we fail to effectively manage a transition to new personnel, or if we fail to attract and retain qualified and experienced professionals on acceptable terms, our business, financial condition and results of operations could be adversely affected.

Our success also depends on our having highly trained financial, technical, recruiting, sales and marketing personnel. We will need to continue to hire additional personnel as our business grows. A shortage in the number of people with these skills or our failure to attract them to our Company could impede our ability to increase revenues from our existing products and services, ensure full compliance with federal and state regulations, launch new product offerings, and would have an adverse effect on our business and financial results.

We are subject to the Fair Labor Standards Act and other state and federal employment laws. These laws govern such matters as minimum wage, overtime, leave, and other working conditions that can increase our labor costs or subject us to liabilities to our employees. In addition, many state and local jurisdictions are adopting their own laws, such as paid sick leave, to address conditions of employment not covered by federal law and/or to provide additional rights and benefits to employees. These developments and disparate laws could increase our costs of doing business, lead to litigation, or have a material adverse effect on our business, financial condition and results of operations.

We may need additional capital in the future, but there is no assurance that funds will be available on acceptable terms.

We may need to raise additional funds in order to achieve growth or fund other business initiatives. This financing may not be available in sufficient amounts or on terms acceptable to us and may be dilutive to existing stockholders. Additionally, any securities issued to raise funds may have rights, preferences or privileges senior to those of existing stockholders. If adequate funds are not available or are not available on acceptable terms, our ability to expand, develop

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or enhance services or products, or respond to competitive pressures will be limited. In addition, economic conditions, including current and future business disruptions and debt and equity market volatility caused by changing interest rates, rising inflation, the government closures of various banks and liquidity concerns at other financial institutions, geopolitical instability, possible pandemics and the potential for local and/or global economic recession may impact our ability to raise funds on acceptable terms.

Moreover, the Company maintains the majority of its cash and cash equivalents in accounts with major U.S. and multi-national financial institutions, and our deposits at certain of these institutions exceed insured limits. Market conditions can impact the viability of these institutions. In the event of failure of any of the financial institutions where we maintain our cash and cash equivalents, there can be no assurance that we would be able to access uninsured funds in a timely manner or at all. Any inability to access or delay in accessing these funds could adversely affect our business, financial condition and results of operations.

We have identified a material weakness in our internal control over financial reporting, which could result in a material misstatement of our annual or interim consolidated financial statements that would not be prevented or detected on a timely basis.

In connection with the audit of our consolidated financial statements as of and for the year ended June 30, 2023, we have concluded that there is a material weakness relating to our internal control over financial reporting, as described in Part II, Item 9A, "Controls and Procedures." A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis. Solely as a result of this material weakness, management has concluded that our internal control over financial reporting and disclosure controls and procedures were not effective as of June 30, 2023.

As described in Part II, Item 9A, "Controls and Procedures," we have begun, and are currently in the process of, remediating the material weakness. However, the measures we have taken and expect to take to improve our internal controls may not be sufficient to address the issue, and we may need to take additional measures to ensure that our internal controls are effective or to ensure that the identified material weakness will not result in a material misstatement of our annual or interim consolidated financial statements.

If we fail to establish and maintain adequate internal control over financial reporting, including any failure to implement remediation measures and enhancements for internal controls, or if we experience difficulties in their implementation, our business, financial condition and results of operations could be adversely affected. Further, any material weakness or unsuccessful remediation could affect investor confidence in the accuracy and completeness of our financial statements. In addition, perceptions of us among customers, lenders, investors, securities analysts and others could also be adversely affected.

We can give no assurances that the measures we have taken to date, or any future measures we may take, will remediate the material weaknesses identified or that any additional material weaknesses will not arise in the future.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Cybersecurity Risk Management and Strategy

We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of our critical systems and information.

Our cybersecurity risk management program is guided by the National Institute of Standards and Technology Cybersecurity Framework (NIST CSF) and the National Institute of Standards and Technology Special Publication (SP) 800-53. This does not imply that we meet any particular technical standards, specifications, or requirements, only that we use the NIST CSF and SP 800-53 as a framework to help us identify, assess, and manage cybersecurity risks relevant to our business.

Our cybersecurity risk management program is integrated into our overall enterprise risk management program, and shares common methodologies, reporting channels and governance processes that apply across the enterprise risk management program to other legal, compliance, strategic, operational, and financial risk areas.

Key elements of our cybersecurity risk management program include:

- risk assessments designed to help identify material cybersecurity risks to our critical systems, information, products, services, and our broader enterprise IT environment;
- a security team principally responsible for managing (1) our cybersecurity risk assessment processes, (2) our security controls, and (3) our response to cybersecurity incidents;
- the use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security controls;
- cybersecurity awareness training of our employees, including incident response personnel, and senior management;
- a cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents; and
- a third-party risk management process for key service providers, suppliers, and vendors based on our assessment of their criticality to our operations and respective risk profile.

We have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected us, including our operations, business strategy, results of operations, or financial condition. We face certain ongoing risks from cybersecurity threats that, if realized, are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition. See "Risk Factors – We operate in markets that are dependent on Information Technology (IT) systems and technological change. Failure to maintain and support customer facing services, systems, and platforms, including addressing quality issues and execution on time of new products and enhancements, could negatively impact our revenues and reputation" and "Risk Factors – The failure to prevent a cybersecurity incident affecting our systems could result in the disruption of our services and the disclosure or misappropriation of sensitive information, which could harm our reputation, decrease demand for our services and products, expose us to liability, penalties, and remedial costs, or otherwise adversely affect our financial performance".

Cybersecurity Governance

Our Board considers cybersecurity risk as part of its risk oversight function and has delegated to its Audit Committee (the "Committee") oversight of cybersecurity and other information technology risks, including oversight of management's implementation of our cybersecurity risk management program.

The Committee receives regular reports from management on our cybersecurity risks. In addition, management updates the Committee on any incidents it considers to be significant or potentially significant.

The Committee reports to the full Board regarding its activities, including those related to cybersecurity. The full

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Board also receives briefings from management on our cyber risk management program.

Our management team, including our Chief Information Security Officer (CISO), is responsible for assessing and managing our material risks from cybersecurity threats. The team has primary responsibility for our overall cybersecurity risk management program and supervises both our internal cybersecurity personnel and our retained external cybersecurity consultants. Our CISO has more than 20 years of experience managing the security and compliance organization for global companies, providing online and cloud-based services to more than a majority of the Fortune 500 and the United States Government.

Our management team takes steps to stay informed about and monitor efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from internal security personnel; threat intelligence and other information obtained from governmental, public or private sources, including external consultants engaged by us; and alerts and reports produced by security tools deployed in our IT environment.

ITEM 2. PROPERTIES

Our headquarters is located in approximately 23,000 square feet of office space in Reston, Virginia. The facility is under a lease that expires in July 2033. In addition, we lease approximately 497,000 399,000 square feet in multiple locations throughout the United States under individual leases that expire between August 2024 and July 2023 and August 2030. 2033.

ITEM 3. LEGAL PROCEEDINGS

See Item 8 of Part II, "Financial Statements and Supplementary Data – Note 10 – Commitments and Contingencies - Litigation."

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock, par value \$0.0001 per share, is traded on the New York Stock Exchange (the "NYSE") under the symbol "LRN." As of August 11, 2023 August 2, 2024, there were 388 342 registered holders of our common stock.

Stock Performance Graph

The graph below compares the cumulative return of holders of Stride, Inc.'s common stock with the cumulative returns of the S&P 500 index, the NASDAQ Composite Index, the Russell 2000 Index and our Peer Group Index, which is composed of 2U, Inc., Adtalem Global Education Inc., American Public Education Inc., Perdoceo Education Corporation, Chegg, Inc., Grand Canyon Education Inc., Udemy, Inc.,

Pearson PLC, Strategic Education Inc., and Coursera, Inc. The graph assumes that the value of the investment in our common stock in each index (including reinvestment of dividends) was \$100 on **June 30, 2018****June 30, 2019** and tracks it through **June 30, 2023****June 30, 2024**. All prices reflect closing prices on the last day of trading at the end of each calendar quarter.

COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN(1)(2)

Among Stride, Inc., S&P 500 Index, NASDAQ Composite Index, Russell 2000 Index and Peer Group Index



Graphic

	30-Jun-18	30-Jun-19	20	30-Jun-21	30-Jun-22	30-Jun-23	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23	30-Jun-24
LRN	100	175	176	202	228	225	100	101	127	153	150	221
Peer Group Index	100	104	111	114	69	55	100	107	110	65	51	63
S&P 500	100	110	120	154	143	160	100	110	144	133	150	172
Nasdaq Composite	100	110	138	177	153	178	100	129	167	144	168	195
Russell 2000	100	99	100	152	124	134	100	101	153	125	135	145

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- (1) The information presented above in the stock performance graph shall not be deemed “soliciting material” or to be “filed” with the SEC or subject to Regulation 14A or 14C, except to the extent that we subsequently specifically request that such information be treated as soliciting material or specifically incorporate it by reference into a filing under the Securities Act of 1933, as amended (the “Securities Act”), or a filing under the Exchange Act.
- (2) The stock price performance shown on the graph is not necessarily indicative of future price performance. Information used in the graph was obtained from a source we believe to be reliable, but we do not assume responsibility for any errors or omissions in such information.

Dividend Policy

We have never declared or paid any cash dividends on our common stock, and we currently do not anticipate paying any cash dividends for the foreseeable future. **dividends**. Instead, we anticipate that all of our earnings on our common stock will be used to provide working capital, to support our operations, and to finance the growth and development of our business, including potentially the acquisition of,

or investment in, businesses, technologies or products that complement our existing business. Any future determination relating to dividend policy will be made at the discretion of our Board of Directors and will depend on a number of factors, including, but not limited to, our future earnings, capital requirements, financial condition, future prospects, and applicable Delaware law, which provides that dividends are only payable out of surplus or current net profits and other factors our Board of Directors might deem relevant.

ITEM 6. RESERVED

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") contains certain forward-looking statements within the meaning of Section 21E of the Exchange Act. Historical results may not indicate future performance. Our forward-looking statements reflect our current views about future events, are based on assumptions, and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those contemplated by these statements. Factors that may cause differences between actual results and those contemplated by forward-looking statements include, but are not limited to, those discussed in "Risk Factors" in Part I, Item 1A, of this Annual Report. We undertake no obligation to publicly update or revise any forward-looking statements, including any changes that might result from any facts, events, or circumstances after the date hereof that may bear upon forward-looking statements. Furthermore, we cannot guarantee future results, events, levels of activity, performance, or achievements.

This MD&A is intended to assist in understanding and assessing the trends and significant changes in our results of operations and financial condition. As used in this MD&A, the words, "we," "our" and "us" refer to Stride, Inc. and its consolidated subsidiaries. This MD&A should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this Annual Report. The following overview provides a summary of the sections included in our MD&A:

- *Executive Summary*—a general description of our business and key highlights of the year ended **June 30, 2023** **June 30, 2024**.
- *Key Aspects and Trends of Our Operations*—a discussion of items and trends that may impact our business in the upcoming year.
- *Critical Accounting Estimates*—a discussion of critical accounting estimates requiring judgments and the application of critical accounting policies.
- *Results of Operations*—an analysis of our results of operations in our consolidated financial statements.
- *Liquidity and Capital Resources*—an analysis of cash flows, sources and uses of cash, commitments and contingencies, seasonality in the results of our operations, and quantitative and qualitative disclosures about market risk.

Executive Summary

We are an education services a technology company providing virtual and blended learning, an educational platform to deliver online learning to students throughout the U.S. Our technology-based platform hosts products and services enable our clients to attract, enroll, educate, track progress, and support students. These products and services, spanning curriculum, systems, instruction, and support services are designed to help learners of all ages reach their full potential through inspired teaching and personalized learning. Our clients are primarily public and private schools, school districts, and charter boards. Additionally, we offer provide solutions to employers, government agencies and consumers.

We offer provide a wide range of individual products and services as well as across our platform with the ability to deliver customized solutions, such as our most solutions. Our comprehensive school-as-a-service offering which supports our clients in operating full-time virtual or blended schools. More than three million schools in the K-12 market. Together with our network of online schools, Stride has served millions of students have attended schools powered by Stride curriculum with our products and services since our inception. services.

Our solutions address platform addresses two growing markets: markets in the K-12 space: General Education and Career Learning.

General Education

General Education

- School-as-a-service
- Stride Private Schools

- Learning Solutions software and services sales

Career Learning

- Stride Career Prep school-as-a-service
- Learning Solutions Career Learning software and services sales

- Adult Learning

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Products and services for the General Education market are predominantly focused on core subjects, including math, English, science and history, for kindergarten through twelfth grade students to help build a common foundation of knowledge. These programs provide an alternative to traditional school options and address a range of student needs including, safety concerns, increased academic support, scheduling flexibility, physical/health restrictions or advanced learning needs. Products and services are sold delivered as a comprehensive school-as-a-service offering for schools or à la carte, as stand-alone products

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and services. A student enrolled in a school that offers Stride's General Education program may elect to take career courses, but that student and the associated revenue is reported as a General Education enrollment and General Education revenue.

Career Learning

Career Learning products and services are focused on developing skills to enter and succeed in careers in high-growth, in-demand industries—including information technology, healthcare and general business. We provide middle and high school students with Career Learning programs that complement their core general education coursework in math, English, science and history, coursework. Stride offers multiple career pathways supported by through a diverse catalog of Career Learning courses. The middle school program exposes students to a variety of career options and introduces career skill development. In high school, students may engage in industry content pathway courses, project-based learning in virtual teams, and career development services. High school students also have the opportunity to progress toward certifications, connect with industry professionals, earn college credits while in high school, and participate in job shadowing and/or work-based learning experiences that facilitate success in today's digital, tech-enabled economy. A student enrolled in a school that offers Stride's General Education program may elect to take Career Learning courses, but that student and the associated revenue is reported as a General Education enrollment and General Education revenue. A student and the associated revenue is counted as a Career Learning enrollment or and associated Career Learning revenue only if the student is enrolled in a Career Learning program or school program. Like General Education products and services, the products and services for the Career Learning market are sold as a comprehensive school-as-a-service offering or à la carte, as stand-alone products and services.

We also offer provide focused post-secondary career learning programs to adult learners, through Galvanize, Inc. ("Galvanize"), Tech Elevator, Inc. ("Tech Elevator"), and MedCerts, LLC ("MedCerts"). These include skills training in for the software engineering, healthcare, and medical fields, as well as providing staffing and talent development services to employers, fields. These programs are offered sold directly to consumers, as well as to employers and government agencies.

For both the General Education and Career Learning markets, the majority of revenue is derived from our comprehensive school-as-a-service offering which includes an integrated package of curriculum, technology systems, instruction, and support services that we administer on behalf of our customers. The average duration of the agreements for our school-as-a-service offering is greater than five years, and most provide for automatic renewals absent a customer notification of non-renewal.

During any fiscal year, we may enter into new agreements, receive non-automatic renewal notices, negotiate replacement agreements, terminate such agreements or receive notices of termination, or customers may transition a school to a different offering. For the 2022-2023 2023-2024 school year, we provided our school-as-a-service offering for 87 to 91 schools in 31 states and the District of Columbia in the General Education market, and 52 56 schools or programs in 27 states and the District of Columbia in the Career Learning market.

In 2020, we significantly expanded our Career Learning opportunity by acquiring three adult learning companies, Galvanize, Tech Elevator, and MedCerts. These Adult Learning brands deliver training in software engineering and allied healthcare to consumers and enterprises.

We generate a significant portion of our revenues from the sale of curriculum, administration support and technology services to virtual and blended public schools. The amount of revenue generated from these contracts is impacted largely by the number of enrollments, the mix of enrollments across grades and states, state or district per student funding levels and attendance requirement, among other items. The average duration of the agreements for our school-as-a-service offering is greater than five years, and most provide for automatic renewals absent a customer notification within a negotiated time frame.

The two key financial metrics that we use to assess financial performance are revenues and operating income. During the year ended June 30, 2023 June 30, 2024, revenues increased to \$1,837.4 million \$2,040.1 million from \$1,686.7 million \$1,837.4 million in the prior year, an increase of 8.9% 11.0%. Over the same period, operating income increased to \$165.5 million \$249.6 million from \$156.6 million \$165.5 million in the prior year, an increase of 5.7% 50.8%. Increases The increase in operating income were was driven by revenue growth and increases an increase in gross margin. Additionally, we use the non-financial metric of total enrollments to assess performance, as enrollment is a key driver of our revenues. Total enrollments for the year ended June 30, 2023 June 30, 2024 were 178.2 194.3 thousand, a decrease an increase of 6.9 16.1 thousand, or 3.7% 9.0%, over the prior year. Our revenues are subject to annual school district financial audits, which incorporate enrollment counts, funding and other routine financial audit considerations. The results from these audits and other routine changes in funding estimates are incorporated into the Company's monthly funding estimates for the current and prior periods. Historically, aggregate funding estimates have differed from actual reimbursements, by less than generally in the range of 2% of annual revenue or less, which may vary from year to year.

Environmental, Social and Governance

As overseers of risk and stewards of long-term enterprise value, Stride's Board of Directors plays play a vital role in

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assessing our organization's environmental and social impacts. They are also responsible for understanding the potential impact and related risks of environmental, social and governance ("ESG") issues on the organization's operating model. Our Board and management are committed aim to identifying identify those ESG issues most likely to impact business operations and growth. We craft policies that are appropriate for our industry and that are of concern to our employees, investors, customers and other key stakeholders. Our Board ensures helps ensure that the Company's leaders have ample opportunity to leverage ESG for the long-term good of the organization, its

stakeholders, and society. Each Committee of the Board monitors ESG efforts in their respective areas, with the Nominating and Governance Committee coordinating across all Committees.

Since our inception more than 20 years ago, we have removed barriers that impact academic equity. We provide high-quality education for anyone—particularly those in underserved communities—as a means to foster economic empowerment and address societal inequities from kindergarten all the way through college and career readiness. We reinforced our commitment in this area by launching several initiatives including initially offering scholarships to advance education and career opportunities for students in underserved communities, expanding career pathways in socially responsible law enforcement and increasing employment of teachers in underserved communities at Stride-powered schools. We developed interactive, modular courses focused on racial equity and social justice that are being made available for free to every public school.

Among the many ESG issues we support within the Company, we endeavor to promote diversity and inclusion across every aspect of the organization. We sponsor employee resource groups to provide support for female, minority, differently abled, LGBTQ+, and veteran employees and support employee volunteer efforts. Our commitment is evident in the make-up of our leadership team. We have more minorities in executive management and more women in executive management than the representative population. Importantly, our Board of Directors is also diverse with female, Hispanic, and black or African American members.

Our commitment to ESG initiatives is an endeavor both the Board and management undertake for the general betterment of those both inside and outside of our Company.

The nature of our business supports environmental sustainability. Most of our employees work from home and most students at Stride-powered schools attend virtual classes, even prior to the COVID-19 crisis, reducing the carbon output from commuting in cars or buses. Our online curriculum reduces the need for paper. Our meetings are most often held virtually using digital first presentations rather than paper.

Key Aspects and Trends of Our Operations

Revenues—Overview

We generate a significant portion of our revenues from the sale of curriculum, administration support and technology services to virtual and blended public schools. We anticipate that these revenues will continue to represent the majority of our total revenues over the next several years. However, we also expect revenues in other aspects of our business to continue to increase as we execute on our growth strategy. Our growth strategy includes increasing revenues in other distribution channels, expanding our adult learning training programs, adding enrollments in our private schools, and expanding our learning solutions traditional public schools sales channel. Combined revenues from these other sectors were significantly smaller than those from the virtual and blended public schools we served in the year ended June 30, 2023 June 30, 2024. Our success in executing our strategies will impact future growth. We have several sales channels from which we generate revenues that are discussed in more detail below.

Factors affecting our revenues include:

- (i) the number of enrollments;
- (ii) the mix of enrollments across grades and states;
- (iii) administrative services and curriculum sales provided to the schools and school districts;
- (iv) state or district per student funding levels and attendance requirements;
- (v) prices for our products and services;

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- (vi) growth in our adult learning programs; and
- (vii) revenues from new initiatives, mergers and acquisitions.

Virtual and Blended Schools

The virtual and blended schools we serve offer Our educational platform can be offered in an integrated package of systems, services, products, and professional expertise that we administer to support a virtual or blended public school. Customers of these programs can obtain the administrative support, information technology, academic support services, online curriculum, learning system platforms systems and instructional services under the terms of a negotiated service and product agreement. We provide agreements. These contracts are negotiated with, and approved by, the governing authorities of the customer. During any fiscal year, the Company may enter into new agreements, receive non-automatic renewal notices, negotiate replacement agreements, terminate such agreements or receive notice of termination, or customers may transition a school to a different offering. The governing boards may also establish school policies and other terms and conditions over the course of a contract, such as enrollment parameters. The authorizers who issue the charters to our school-as-a-service offerings customers can renew, revoke, or modify those charters as well.

The majority of our revenue is derived from these school-as-a-service service agreements with the governing authorities of our public school partners. In addition to providing a comprehensive course catalog, related books and physical materials, a learning management system ("LMS") for online learning, and, in certain cases, student computers, we also provide these schools a variety of administrative support, technology and academic support services. Full time virtual and blended public charter schools school students access online lessons over the internet and school districts. utilize offline learning materials we provide. Students receive assignments, complete lessons, take assessments, and are instructed by teachers with whom they interact via email, telephonically, in synchronous virtual classroom environments, and sometimes face to face.

Traditional School Districts

We define an enrollment as any student enrolled in a full service virtual or blended public school where we provide a combination of curriculum, technology, instructional and support services inclusive of administrative support. Generally, students will take four to six courses, except for some kindergarten students who may participate in half-day programs. We count each half-day kindergarten student as an enrollment. School sessions generally begin in August or September and end in May or June. To ensure that all schools are reflected in also distribute our measure of enrollments, we consider the number of students on September 30th to be our opening enrollment level, and the number of students enrolled on the last day of May to be our ending enrollment level. For each period, average enrollments represent the average of the month-end enrollment levels for each school month in the period. We continually evaluate our enrollment levels by state, by school and by grade. We track new student enrollments and withdrawals throughout the year.

We believe that our revenue growth from enrollments depends upon the following:

- the number of states and school districts in which we operate;
- the mix of students served;
- the restrictive terms of local laws or regulations, including enrollment caps;
- the appeal of our curriculum and instructional model to students and families;
- the specific school or school district requirements including credit recovery or special needs;
- the effectiveness of our program in delivering favorable academic outcomes;
- the quality of the teachers working in the schools we serve;
- the effectiveness of our marketing and recruiting programs to attract new enrollments; and
- retention of students through successive grade levels.

We continually evaluate our trends in revenues by monitoring the number of student enrollments in total, by state, by school and by grade, assessing the impact of changes in school funding levels, school mix (distribution of enrollments by school), changes in state funding rates and higher utilization in federal and state restricted funding per student, and the pricing of our curriculum and educational services.

Enrollments in virtual and blended schools on average generate substantially more revenues than enrollments served through our other sales channels where we provide limited or no administrative services.

Learning Solutions

Our Learning Solutions sales channel distributes our software and services platform to schools and school districts across the U.S. Over the past few years, public and, provide access to our digital content, learning software, teachers, and support services. Public schools

and school districts have been are increasingly adopting online digital educational solutions to augment teaching practices, launch new learning models, cost-effectively cost effectively expand course offerings, provide schedule flexibility, improve student engagement, increase graduation rates, replace textbooks, and retain students. State education funds traditionally allocated for textbook and print materials have also been authorized for the purchase of digital content, including online courses, and in some cases mandated access to online courses. Additionally, districts are seeking support for implementations

Consumer Sales

We provide tuition-based online private schools that blend virtual and in-person instruction.

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To address the growing need for digital solutions and the emerging need for comprehensive virtual solutions, our Learning Solutions team provides curriculum and technology solutions, packaged in a portfolio of flexible learning and delivery models mapped to specific student and/or district needs. This portfolio approach provides a continuum of delivery models, needs from full-time programs to individual course sales credit recovery to college preparatory programs. These programs address students and supplemental options that can be used in traditional classrooms to differentiate instruction. Our Learning Solutions team strives to partner with public schools and school districts, primarily families in the U.S., states in which we do not offer a free public option, as well as students looking for additional flexibility. Additionally, many families can use education savings accounts, tax credits and vouchers to provide more options and better tools to empower teachers to improve student achievement through personalized learning in traditional, blended and online learning environments and to provide comprehensive support for teachers and administrators to deliver effective virtual and blended instructions.

Sales opportunities are driven by a number of factors in a diverse customer population, which determine the deliverable and price. These factors include:

- **Type of Customer**—A customer can be a public school district, private school, charter school, early childhood learning center or corporate partner.
- **Curriculum Needs**—We sell our curriculum solutions based on the scope of the customer need, and a solution is generally purchased as end-user access to a complete catalog, individual course or supplemental content title.
- **License Options**—Depending on the scope of the solution, a license can be purchased for individual course enrollments, annual seat, school or district-wide site licenses or a perpetual license (a prepaid lifetime license). We may charge incrementally if we are hosting the solution.
- **Hosting**—Customers may host curricula themselves or license our hosted solution. We are able to track all students for customers who use our hosted solution. However, more often in large-scale, district-wide implementations, a customer may choose to host the curriculum, and in that case, we have no visibility of individual student usage for counting enrollments.
- **Services Menu**—Instructional services may be provided and priced per-enrollment or bundled in the overall price of the solution. Additional services, including professional development, title maintenance and support may also be provided and are priced based on the scope of services.

Private Schools

Private schools are schools where tuition is paid directly by the family of the student. We receive no public funds for students in our private schools. We operate accredited private online schools at differing price points and service levels. We define an enrollment as any student enrolled in one of attend these schools for low or no cost. We also pursue international opportunities where we provide believe there is significant demand for quality online education. Our international students are typically from expatriate families who wish to study in English and foreign students who desire a combination of curriculum, technology, instructional and support services inclusive of administrative support. Our revenues are derived from tuition receipts that are a function of course enrollments and program price. U.S. high school diploma. In some circumstances, a third-party school may elect to enroll one of its students in a Stride private school course as a supplement to the student's regular on-campus instruction. In such cases, the third-party school may pay the Stride private school tuition. We addition, we have entered into agreements that enable us to distribute our products and services to our international and domestic school partners who use our courses to provide electives broad elective offerings and dual diploma programs.

We believe our revenue growth depends primarily on

Our educational platform also offers the recruitment of students into our programs through effective marketing ability to deliver products and word-of-mouth referral based on the quality of our service. In addition, through high service quality, we seek to retain existing students and increase the total number of courses each student takes with us. In some cases, students return each summer and take only one course. In other cases, students choose a Stride private school as their principal form of education and may stay for many years. The flexibility of our programs, the quality of our curriculum and teaching, and the student community features lead to customer satisfaction and therefore, retention.

Consumer Sales

We also sell individual K-8 online courses and supplemental educational products services directly to families. These purchasers desire to educate their children as homeschoolers, outside of the traditional school system or offer supplemental educational products to supplement further their child's existing public or private school education without the aid of an online teacher, education. Customers of our consumer products have the option of purchasing a complete grade-level curriculum, for grades K-8, individual courses, tutoring, career learning products, or a variety of other supplemental products, covering various subjects depending on their child's needs. Typical applications include summer school course work, home-schooling, enrichment, and educational supplements.

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Similar to our private schools, we believe our revenue growth depends primarily on the recruitment of students into our programs through effective marketing and word-of-mouth referral based on the quality of our service.

We offer provide adult learning training programs through Galvanize, Tech Elevator, and MedCerts, which provide programs that address the skills gap facing companies in the information technology and healthcare sectors. We offer provide in-person and remote immersive full-time software engineering programs designed for adult learners looking to advance their technology careers by providing such learners with skills and real-world experiences. These Our allied health programs are offered in software engineering. MedCerts provides provide self-paced, fully online structured training programs that lead to certifications in the healthcare field. In many cases, Galvanize, Tech Elevator, and MedCerts work We can also provide these programs directly with a company to enterprises to create a customized, tailored education plan plans to help the company reach its goals companies train, upskill, and train its employees according to such plan.

We believe that revenue growth in our adult learning brands depends on our ability to identify and attract prospective learners through various marketing channels. Continued growth in these brands will also require that we demonstrate success in placing these learners in jobs following reskill their completion employees.

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Instructional Costs and Services Expenses

Instructional costs and services expenses include expenses directly attributable to the educational products and services we provide. The public schools we administer are the primary drivers of these costs, including teacher and administrator salaries and benefits and expenses of related support services. We also employ teachers and administrators for instruction and oversight in Learning Solutions to support traditional public schools and Private Schools, private schools. Instructional costs also include fulfillment costs of student textbooks and materials, depreciation and reclamation costs of computers provided for student use, the cost of any third-party online courses and the

amortization of capitalized curriculum and related systems. Our instructional costs are variable and are based directly on our number of schools and enrollments.

Our high school offering requires increased instructional costs as a percentage of revenues compared to our kindergarten to 8th grade offering. This is due to the following: (i) generally lower student-to-teacher ratios; (ii) higher compensation costs for some teaching positions requiring subject-matter expertise; (iii) ancillary costs for required student support services, including college placement, SAT preparation and guidance counseling; (iv) use of third-party courses to augment our proprietary curriculum; and (v) use of a third-party **learning management system LMS** to service high school students. Over time, we may partially offset these factors by obtaining productivity gains in our high school instructional model, replacing third-party high school courses with proprietary content, replacing our third-party **learning management system LMS** with another third-party system, leveraging our school infrastructure and obtaining purchasing economies of scale.

We have deployed and are continuing to develop new delivery models, including blended schools, where students receive limited face-to-face instruction in a learning center to complement their online instruction, and other programs that utilize brick and mortar facilities. The maintenance, management and operations of these facilities necessitate additional costs, which are generally not required to operate typical virtual public schools. We are pursuing expansion into new states for both virtual public and other specialized charter schools. If we are successful, we will incur start-up costs and other expenses associated with the initial launch of a school, including the funding of building leases and leasehold improvements.

Selling, General and Administrative Expenses

Selling, general, and administrative expenses include the salaries and benefits of employees engaged in business development, public affairs, sales and marketing, and administrative functions, and transaction and due diligence expenses related to mergers and acquisitions.

Also included are product development expenses which include research and development costs and overhead costs associated with the management of both our curriculum development and internal systems development teams. In addition, product development expenses include the amortization of internal systems. We measure and track our product development expenditures on a per course or project basis to measure and assess our development efficiency. In addition, we monitor employee utilization rates to evaluate our workforce efficiency. We plan to continue to invest in additional curriculum development and related software in the future. We capitalize selected costs incurred to develop our curriculum,

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beginning with application development, through production and testing into capitalized curriculum development costs. We capitalize certain costs incurred to develop internal systems into capitalized software development costs.

Critical Accounting Estimates

The discussion of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. In the preparation of our consolidated financial statements, we are required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the related disclosures of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. The results of our analysis form the basis for making assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions, and the impact of such differences may be material to our consolidated financial statements. Our critical accounting policies have been discussed with the Audit Committee of our Board of Directors. We believe that the following critical accounting policies affect the more significant judgments and estimates used in the preparation of our consolidated financial statements:

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Revenue Recognition

Revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services using the following steps:

- identify the contract, or contracts, with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognize revenue when, or as, the Company satisfies a performance obligation.

Revenues related to the products and services that we provide to students in kindergarten through twelfth grade or adult learners are considered to be General Education or Career Learning based on the school or adult program in which the student is enrolled. General Education products and services are focused on core subjects, including math, English, science and history, for kindergarten through twelfth grade students to help build a common foundation of knowledge. Career Learning products and services are focused on developing skills to enter and succeed in careers in high-growth, in-demand industries—including information technology, healthcare and general business, for students in middle school through high school and adult learners.

The majority of our contracts are with the following types of customers:

- a virtual or blended school whereby the amount of revenue is primarily determined by funding the school receives;
- a school or individual who licenses certain curriculum on a subscription or course-by-course basis; or
- an enterprise who contracts with the Company to provide job training.

Funding-based Contracts

We provide an integrated package of systems, services, products, and professional expertise that is administered together to support a virtual or blended public school. Contractual agreements generally span multiple years with performance obligations being isolated to annual periods which generally coincide with our fiscal year. Customers of these programs can obtain administrative support, information technology, academic support services, online curriculum, learning systems platforms and instructional services under the terms of a negotiated service agreement. The schools receive funding on a per student basis from the state in which the public school or school district is located. Shipments of materials for schools that occur in the fourth fiscal quarter and for the upcoming school year are recorded in deferred revenue.

We generate revenues under contracts with virtual and blended public schools and include the following components, where required:

- providing each of a school's students with access to our online school and lessons;
- offline learning kits, which include books and materials to supplement the online lessons;
- the use of a personal computer and associated reclamation services;
- internet access and technology support services;
- instruction by a state-certified teacher; and
- management and technology services necessary to support a virtual or blended school. In certain contracts, revenues are determined directly by per enrollment funding.

To determine the pro rata amount of revenue to recognize in a fiscal quarter, we estimate the total expected funds each school will receive in a particular school year. Total funds for a school are primarily a function of the number of students enrolled in the school and established per enrollment funding levels, which are generally published on an annual basis by the state or school district. We review its estimates of funding periodically, and updates as necessary, by adjusting its year-to-date earned revenues to be proportional to the total expected revenues to be earned during the fiscal year. Actual school funding may vary from these estimates and the impact of these differences could impact our results of operations. Since the end of the school year coincides with the end of our fiscal year, annual revenues are generally based on actual

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school funding and actual costs incurred (including costs for our services to the schools plus other costs the schools may incur). Our schools' reported results are subject to annual school district financial audits, which incorporate enrollment counts, funding and other routine financial audit considerations. The results of these audits are incorporated into the Company's monthly funding estimates for the current and prior periods. For the years ended **June 30, 2022**, **June 30, 2023**, **2021**, **2022** and **2020**, **2021**, the Company's aggregate funding estimates differed from actual reimbursements impacting total reported revenue by approximately **1.6%**, **2.8%**, **1.4%**, **1.6%**, and **(0.1)%**, **1.4%**, respectively.

Each state and/or school district has variations in the school funding formulas and methodologies that it uses to estimate funding for revenue recognition at its respective schools. As the Company estimates funding for each school, it takes into account the state definition for count dates on which reported enrollment numbers will be used for per pupil funding. The parameters the Company considers in estimating funding for revenue recognition purposes include school district count definitions, withdrawal rates, new registrations, average daily attendance, special needs enrollment, academic progress, historical completion, student location, funding caps and other state specified categorical program funding.

Under the contracts where we provide products and services to schools, we are responsible for substantially all of the expenses incurred by the school and have generally agreed to absorb any operating losses of the schools in a given school year. These school operating losses represent the excess of costs incurred over revenues earned by the virtual or blended public school (the school's expected funding), as reflected in its respective financial statements, including our charges to the schools. To the extent a school does not receive sufficient funding for each student enrolled in the school, the school would still incur costs associated with serving the unfunded enrollment. If losses due to unfunded enrollments result in a net operating loss for the year that loss is reflected as a reduction in the revenues and net receivables that we collect from the school. A school net operating loss in one year does not necessarily mean we anticipate losing money on the entire contract with the school. However, a school's net operating loss may reduce our ability to collect its management fees in full and recognized revenues are constrained to reflect the expected cash collections from such schools. We record the school's estimated net operating loss against revenues based upon the percentage of actual revenues in the period to total estimated revenues for the fiscal year. Actual school net operating losses may vary from these estimates or revisions, and the impact of these differences could have a material impact on results of operations.

Subscription-based Contracts

We provide certain online curriculum and services to schools and school districts under subscription agreements. Revenues from the licensing of curriculum under subscription arrangements are recognized on a ratable basis over the subscription period. Revenues from professional consulting, training and support services are deferred and recognized ratably over the service period.

In addition, we contract with individual customers who have access for one to two years to company-provided online curriculum and generally prepay for services to be received. Adult learners enroll in courses that provide specialized training in a specific industry. Each of these contracts are considered to be one performance obligation. We recognize these revenues pro rata over the maximum term of the customer contract based on the defined contract price.

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Enterprise Contracts

We provide job training over a specified contract period to enterprises. Each of these contracts are considered to be one performance obligation. We recognize these revenues based on the number of students trained during the term of the contract based on the defined contract price.

Income Taxes

Accounting for income taxes prescribes the use of the asset and liability method to compute the differences between the tax bases of assets and liabilities and the related financial amounts, using currently enacted tax laws. If necessary, a valuation allowance is established, based on the weight of available evidence, to reduce deferred tax assets to the amount that is more likely than not to be realized. Realization of the deferred tax assets, net of deferred tax liabilities, is principally dependent upon achievement of sufficient future taxable income. We exercise significant judgment in determining our provisions for income taxes, our deferred tax assets and liabilities and our future taxable income for purposes of assessing our ability to utilize any future tax benefit from our deferred tax assets.

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Although we believe that our tax estimates are reasonable, the ultimate tax determination involves significant judgments that could become subject to examination by tax authorities in the ordinary course of business. We periodically assess the likelihood of adverse outcomes resulting from these examinations to determine the impact on our deferred taxes and income tax liabilities and the adequacy of our provision for income taxes. Changes in income tax legislation, statutory income tax rates or future taxable income levels, among other things, could materially impact our valuation of income tax assets and liabilities and could cause our income tax provision to vary significantly among financial reporting periods.

We have a valuation allowance on net deferred tax assets of **\$6.8 million** **\$7.4 million** and **\$6.7 million** **\$6.8 million** as of **June 30, 2023** **June 30, 2024** and **2022, 2023**, respectively, for the amount that will likely not be realized.

Results of Operations

Lines of Revenue

We operate in one operating and reportable business segment as a **technology-based education technology** company providing **an educational platform to deliver** proprietary and third-party curriculum, software systems and educational services designed to facilitate individualized learning. The Chief Operating Decision Maker evaluates profitability based on consolidated results. We have two lines of revenue: (i) General Education and (ii) Career Learning.

Enrollment Data

The following table sets forth total enrollment data for students in our General Education and Career Learning lines of revenue. Enrollments for General Education and Career Learning only include those students in full service public or private programs where Stride provides a combination of curriculum, technology, instructional and support services inclusive of administrative support. No enrollments are included in Career Learning for Galvanize, Tech Elevator or MedCerts. This data includes enrollments for which Stride receives no public funding or revenue.

If the mix of enrollments changes, our revenues will be impacted to the extent the average revenue per enrollment is significantly different. We do not award or permit incentive compensation to be paid to our public school program enrollment staff or contractors based on the number of students enrolled.

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The following represents our current enrollment for each of the periods indicated:

	Year Ended June 30,			2023 / 2022		2022 / 2021		Years Ended June 30,			2024 / 2023		2023 / 2022			
	2023	2022	2021	Change	Change %	Change	Change %	2024	2023	2022	Change	Change %	Change	Change %		
	(In thousands, except percentages)															

enrolled. All kindergarten through fifth grade students are considered General Education students. Periodically, a middle school or high school student enrollment may change line of revenue classification.

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The following represents our current revenues for each of the periods indicated:

								Years Ended June 30,			Change 2024 / 2023	
								2024	2023	2022	\$	%
								</				

comprehensive school-as-a-service offering which supports our clients in operating full-time virtual or blended schools. Stride is continuously innovating to remain at the forefront of effective educational techniques to meet students' needs. It continues to expand upon its personalized learning model, improve the user experience of its products, and develop tools and partnerships to more effectively engage and serve students, teachers, and administrators.

Curriculum and Content – Stride has one of the largest digital research-based curriculum portfolios for the K-12 online education industry that includes some of the best **in** class content available in the market. Our customers can select from hundreds of high-quality, engaging, online coursework and content, as well as many state customized versions of those courses, electives, and instructional supports. Since our inception, we have built core courses on a foundation of rigorous standards, following the guidance and recommendations of leading educational organizations at the national and state levels. State standards are continually evolving, and we continually invest in our curriculum to meet these changing requirements. **Through our subsidiaries Galvanize, Tech Elevator and MedCerts, we have added** **We provide** high-quality, engaging,

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online coursework and content in software engineering, healthcare, and medical fields.

Systems – We have established a secure and reliable technology platform, which integrates proprietary and third-party systems, to provide a high-quality educational environment and gives us the capability to grow our customer programs and enrollment. Our end-to-end platform includes single-sign on capability for our content management, learning management, student information, data reporting and analytics, and various support systems that allow customers to provide a high-quality and personalized educational experience for students. **A la carte offerings** **Stand-alone products and services** can provide curriculum and content hosting on customers' **learning management systems, LMSs,** or integration with customers' student information systems.

Instructional Services – We **offer provide** a broad range of instructional services that includes customer support for instructional teams, including recruitment of state **certified** teachers, training in research-based online instruction methods and Stride systems, oversight and evaluation services, and ongoing professional development. Stride also provides training options to support teachers and parents to meet students' learning needs. Stride's range of training options are designed to enhance skills needed to teach using an online learning platform, and include hands-on training, on-demand courses, and support materials.

Support Services – We **offer provide** a broad range of support services, including marketing and enrollment, supporting prospective students through the admission process, assessment management, administrative support (e.g., budget proposals, financial reporting, and student data reporting), and technology and materials support (e.g., provisioning of student computers, offline learning kits, internet access and technology support services).

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Financial Information

The following table sets forth statements of operations data and the amounts as a percentage of revenues for each of the periods indicated:

							Years Ended June 30,					
							2024		2023		2022	

Net income attributable to common stockholders	\$ 126,867	6.9 %	\$ 107,130	6.4 %	\$ 71,451	4.6 %	\$ 204,183	10.0 %	\$ 126,867	6.9 %	\$ 107,130
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Comparison of the Years Ended June 30, 2023 June 30, 2024 and 2022 2023

Revenues. Our revenues for the year ended June 30, 2024 were \$2,040.1 million, representing an increase of \$202.7 million, or 11.0%, from \$1,837.4 million for the year ended June 30, 2023. General Education revenues increased \$157.8 million, or 13.9%, year over year. The increase in General Education revenues was primarily due to the 8.3% increase in enrollments, and changes to school mix (distribution of enrollments by school). Career Learning revenues increased \$44.9 million, or 6.4%, primarily due to a 10.3% increase in enrollments and school mix.

Instructional costs and services expenses. Instructional costs and services expenses for the year ended June 30, 2024 were \$1,276.5 million, representing an increase of \$86.2 million, or 7.2%, from \$1,190.3 million for the year ended June 30, 2023. This increase in expense was due to hiring of personnel in growth states and salary increases. Instructional costs and services expenses were 62.6% of revenues during the year ended June 30, 2024, a decrease from 64.8% for the year ended June 30, 2023.

Selling, general, and administrative expenses. Selling, general and administrative expenses for the year ended June 30, 2024 were \$514.0 million, representing an increase of \$32.4 million, or 6.7% from \$481.6 million for the year ended June 30, 2023. The increase was primarily due to an increase of \$9.5 million in personnel and related benefit costs, \$6.4 million in professional services, and \$13.7 million in bad debt expense. Selling, general, and administrative expenses were 25.2% of revenues during the year ended June 30, 2024, a decrease from 26.2% for the year ended June 30, 2023.

Interest income (expense), net. Net interest expense for the year ended June 30, 2024 was \$8.8 million as compared to \$8.4 million for the year ended June 30, 2023. The increase in net interest expense was primarily due to an increase in interest expense related to our finance leases.

Other income (expense), net. Other income, net for the year ended June 30, 2024 was \$26.9 million as compared to \$15.5 million for the year ended June 30, 2023. The increase in other income, net was primarily due to the increase in our investments in marketable securities and the returns on those investments year over year.

Income tax expense. Income tax expense was \$64.5 million for the year ended June 30, 2024, or 24.0% of income before taxes, as compared to \$45.3 million, or 26.3% of income before taxes for the year ended June 30, 2023. The decrease in the effective income tax rate for the year ended June 30, 2024, as compared to the effective tax rate for the year ended June 30, 2023, was primarily due to non-deductible compensation and state taxes.

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Comparison of the Years Ended June 30, 2023 and 2022

Revenues. Our revenues for the year ended June 30, 2023 were \$1,837.4 million, representing an increase of \$150.7 million, or 8.9%, from \$1,686.7 million for the year ended June 30, 2022. General Education revenues decreased \$142.4 million, or 11.2%, year over year. The decrease in General Education revenues was primarily due to the 21.6% decrease in enrollments, and changes to school mix (distribution of enrollments by school). Career Learning revenues increased \$293.1 million, or 71.0%, primarily due to a 57.3% increase in enrollments and school mix.

Instructional costs and services expenses. Instructional costs and services expenses for the year ended

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June 30, 2023 June 30, 2023 were \$1,190.3 million, \$1,190.3 million, representing an increase of \$100.1 million, \$100.1 million, or 9.2%, from \$1,090.2 million \$1,090.2 million for the year ended June 30, 2022. This increase in expense was due to hiring of personnel in growth states and salary increases. Instructional costs and services expenses were 64.8% of revenues during the year ended June 30, 2023, an increase from 64.6% for the year ended June 30, 2022.

Selling, general, and administrative expenses. Selling, general, and administrative expenses for the year ended June 30, 2023 were \$481.6 million, \$481.6 million, representing an increase of \$41.8 million, \$41.8 million, or 9.5%, from \$439.8 million \$439.8 million for the year ended June 30, 2022. The increase was primarily due to an increase of \$31.3 million in personnel and related benefit costs and \$17.4 million in professional services and marketing expenses, partially offset by a decrease of \$6.5 million in bad debt expense and \$1.5 million in net operating lease expense. Selling, general, and administrative expenses were 26.2% of revenues during the year ended June 30, 2023, an increase from 26.1% for the year ended June 30, 2022.

Interest income (expense), net. Net interest expense for the year ended June 30, 2023 was \$8.4 million as compared to \$8.3 million in the year ended June 30, 2022. The increase in net interest expense was primarily due to an increase in interest expense related to our finance leases.

Other income (expense), net. Other income, net for the year ended June 30, 2023 was \$15.5 million as compared to other expense, net of \$1.3 million in the year ended June 30, 2022. The increase in other income, net was primarily due to the increase in our investments in marketable securities and the returns on those investments year over year.

Income tax expense. Income tax expense was \$45.3 million for the year ended June 30, 2023, or 26.3% of income before taxes, as compared to \$40.1 million, \$40.1 million, or 27.2% of income before taxes for the year ended June 30, 2022. The decrease in the effective income tax rate for the year ended June 30, 2023, as compared to the effective tax rate for the year ended June 30, 2022, was primarily due to the decrease in the amount of non-deductible compensation, which was partially offset by the decrease in excess tax benefit of stock-based compensation.

Comparison of the Years Ended June 30, 2022 and 2021

Revenues. Our revenues for the year ended June 30, 2022 were \$1,686.7 million, representing an increase of \$149.9 million, or 9.8%, from \$1,536.8 million for the year ended June 30, 2021. General Education revenues decreased \$6.4 million, or 0.5%, year over year. The decrease in General Education revenues was primarily due to the 8.6% decrease in enrollments, and changes to school mix (distribution of enrollments by school). Career Learning revenues increased \$156.3 million, or 60.9%, primarily due to a 41.6% increase in enrollments, school mix, as well as from the acquisitions of MedCerts and Tech Elevator.

Instructional costs and services expenses. Instructional costs and services expenses for the year ended June 30, 2022 were \$1,090.2 million, representing an increase of \$88.3 million, or 8.8%, from \$1,001.9 million for the year ended June 30, 2021. This increase in expense was due to hiring of personnel in growth states and salary increases. Instructional costs and services expenses were 64.6% of revenues during the year ended June 30, 2022, a decrease from 65.2% for the year ended June 30, 2021.

Selling, general, and administrative expenses. Selling, general, and administrative expenses for the year ended June 30, 2022 were \$439.8 million, representing an increase of \$15.4 million, or 3.6%, from \$424.4 million for the year ended June 30, 2021. The increase was primarily due to an increase of \$9.1 million in bad debt expense resulting primarily from reserves related to our investment in Tallo, Inc., \$8.7 million in licensing fees, and \$8.0 million in professional services and marketing expenses, partially offset by a \$7.8 million decrease in personnel and related benefit costs, including stock-based compensation. Selling, general, and administrative expenses were 26.1% of revenues during the year ended June 30, 2022, a decrease from 27.6% for the year ended June 30, 2021.

Interest income (expense), net. Net interest expense for the year ended June 30, 2022 was \$8.3 million as compared to \$18.0 million in the year ended June 30, 2021. The decrease in net interest expense was primarily due to the adoption of ASU 2020-06 in fiscal year 2022 which resulted in the elimination of interest expense related to the debt discount of the Convertible Senior Notes.

Income tax expense. Income tax expense was \$40.1 million for the year ended June 30, 2022, or 27.2% of income before taxes, as compared to \$24.5 million, or 25.6% of income before taxes for the year ended June 30, 2021. The increase in the effective income tax rate for the year ended June 30, 2022, as compared to the effective tax rate for the year ended

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June 30, 2021, was primarily due to the increase in the amount of non-deductible compensation, which was partially offset by the increase in excess tax benefit of stock-based compensation.

Discussion of Seasonality of Financial Condition

Certain accounts in our balance sheet are subject to seasonal fluctuations. As our enrollments and revenues grow, we expect these seasonal trends to be amplified. The bulk of our materials are shipped to students prior to the beginning of the school year, usually in July or August. In order to prepare for the upcoming school year, we generally build up inventories during the fourth quarter of our fiscal year. Therefore, inventories tend to be at the highest levels at the end of our fiscal year. In the first quarter of our fiscal year, inventories tend to decline significantly as materials are shipped to students. In our fourth quarter, inventory purchases and the extent to which we utilize early payment discounts will impact the level of accounts payable.

Accounts receivable balances tend to be at the highest levels in the first quarter of our fiscal year as we begin billing for all enrolled students and our billing arrangements include upfront fees for many of the elements of our offering. These upfront fees result in seasonal fluctuations to our deferred revenue balances. We routinely monitor state legislative activity and regulatory proceedings that might impact the funding received by the schools we serve and to the extent possible, factor potential outcomes into our business planning decisions.

The deferred revenue related to our direct-to-consumer business results from advance payments for twelve month subscriptions to our online school. These advance payments are amortized over the life of the subscription and tend to be highest at the end of the fourth quarter and first quarter, when the majority of subscriptions are sold.

Liquidity and Capital Resources

As of June 30, 2023 June 30, 2024, we had net working capital, or current assets minus current liabilities, of \$756.1 million \$1,001.2 million. Our working capital includes cash and cash equivalents of \$410.8 million \$500.6 million and accounts receivable of \$463.7 million \$472.8 million. Our working capital provides a significant source of liquidity for our normal operating needs. Our accounts receivable balance fluctuates throughout the fiscal year based on the timing of customer billings and collections and tends to be highest in our

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first fiscal quarter as we begin billing for students. In addition, our cash and accounts receivable were significantly in excess of our accounts payable and short-term accrued liabilities at June 30, 2023 June 30, 2024.

During the first quarter of fiscal year 2021, we issued \$420.0 million aggregate principal amount of 1.125% Convertible Senior Notes due 2027 ("Notes"). The Notes are governed by an indenture (the "Indenture") between us and U.S. Bank National Association, as trustee. The net proceeds from the offering of the Notes were approximately \$408.6 million after deducting the underwriting fees and other expenses paid by the Company. The Notes bear interest at a rate of 1.125% per annum, payable semi-annually in arrears on March 1st and September 1st of each year, beginning on March 1, 2021. The Notes will mature on September 1, 2027. In connection with the Notes, we entered into privately negotiated capped call transactions (the "Capped Call Transactions") with certain counterparties. The Capped Call Transactions are expected to cover the aggregate number of shares of the Company's common stock that initially underlie the Notes, and are expected to reduce potential dilution to the Company's common stock upon any conversion of Notes and/or offset any cash payments the Company is required to make in excess of the principal amount of converted Notes. The upper strike price of the Capped Call Transactions is \$86.174 per share. The cost of the Capped Call Transactions was \$60.4 million and was recorded within additional paid-in capital.

Before June 1, 2027, noteholders will have the right to convert their Notes only upon the occurrence of certain events. After June 1, 2027, noteholders may convert their Notes at any time at their election until two days prior to the maturity date. We will settle conversions by paying cash up to the outstanding principal amount, and at our election, will settle the conversion spread by paying or delivering cash or shares of our common stock, or a combination of cash and shares of our common stock. The initial conversion rate is 18.9109 shares of common stock per \$1,000 principal amount of Notes, which represents an initial conversion price of approximately \$52.88 per share of common stock. The Notes will be redeemable at our option at any time after September 6, 2024 at a cash redemption price equal to the principal amount of the Notes, plus accrued and unpaid interest, subject to certain stock price hurdles as discussed in the Indenture.

On January 27, 2020, we entered into a \$100.0 million senior secured revolving credit facility ("Credit Facility") to be used for general corporate operating purposes with PNC Capital Markets LLC. The Credit Facility has a five-year term and incorporates customary financial and other covenants, including, but not limited to, a maximum leverage ratio

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and a minimum interest coverage ratio. The majority of our borrowings under the Credit Facility were at LIBOR plus an additional rate ranging from 0.875% - 1.50% based on our leverage ratio as defined in the agreement. The Credit Facility is secured by our assets. The Credit Facility agreement allows for an amendment to establish a new benchmark interest rate when LIBOR is discontinued during the five-year term. As of June 30, 2023 June 30, 2024, we were in compliance with the financial covenants. As part of the proceeds received from the Notes, we repaid our \$100.0 million outstanding balance and as of June 30, 2023 June 30, 2024, we had no amounts outstanding on the Credit Facility. The Credit Facility also includes a \$200.0 million accordion feature.

We are a lessee under finance lease obligations for student computers and peripherals under loan agreements with Banc of America Leasing & Capital, LLC ("BALC") and CSI Leasing, Inc. ("CSI Leasing"). As of June 30, 2023 June 30, 2024 and 2022 2023, the finance lease liability was \$56.9 million \$55.6 million and \$66.3 million \$56.9 million, respectively, with lease interest rates ranging from 2.10% to 6.57% 6.72%.

We entered into an agreement with BALC in April 2020 for \$25.0 million (increased to \$41.0 million in July 2020) to provide financing for our leases through March 2021 at varying rates. We entered into additional agreements during fiscal year 2021 to provide financing of \$54.0 million for our student computers and peripherals leases through October 2022 at varying rates. Individual leases with BALC include 36-month payment terms, fixed rates ranging from 2.10% to 6.57% 6.72%, and a \$1 purchase option at the end of each lease term. We pledged the assets financed to secure the outstanding leases.

We entered into an agreement with CSI Leasing in August 2022 to provide financing for our leases. Individual leases under the agreement with CSI Leasing include 36-month payments payment terms, but do not include a stated interest rate. We use our incremental borrowing rate as the implied interest rate and the total lease payments to calculate our lease liability.

Our cash requirements consist primarily of day-to-day operating expenses, capital expenditures and contractual obligations with respect to interest on our Notes, office facility leases, capital equipment leases and other operating leases. We expect to make future

payments on existing leases from cash generated from operations. We believe that the

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combination of funds to be generated from operations, borrowing on our Credit Facility and net working capital on hand will be adequate to finance our ongoing operations on a short-term (the next 12 months) and long-term (beyond the next 12 months) basis. In addition, we continue to explore acquisitions, strategic investments and joint ventures related to our business that we may acquire using cash, stock, debt, contribution of assets or a combination thereof.

Operating Activities

Net cash provided by operating activities for the year ended June 30, 2024 was \$278.8 million compared to \$203.2 million for the year ended June 30, 2023. The \$75.6 million increase in cash provided by operations between periods was primarily due to the increase in net income.

Net cash provided by operating activities for the year ended June 30, 2023 was \$203.2 million compared to \$206.9 million for the year ended June 30, 2022. The \$3.7 million decrease in cash provided by operations between periods was primarily due to a decrease in working capital of \$2.6 million.

Net cash provided by operating activities for the year ended June 30, 2022 was \$206.9 million compared to \$134.2 million for the year ended June 30, 2021. The \$72.7 million increase in cash provided by operations between periods was primarily due to an increase in net income and a lower increase in accounts receivable, partially offset by a decrease in accrued compensation and benefits and deferred revenue and other liabilities.

Net cash provided by operating activities for the year ended June 30, 2021 was \$134.2 million compared to \$80.4 million for the year ended June 30, 2020. The \$53.8 million increase in cash provided by operations between periods was primarily due to an increase in net income including non-cash adjustments partially offset by a decrease in working capital of \$56.8 million. The decrease in other assets and liabilities was primarily due to increases in accounts receivable, and inventory, prepaid expenses and other assets; partially offset by an increase in accounts payable and accrued compensation and benefits. The increase in accounts receivable was related to the increase in revenue with schools with payment terms that extend beyond our fiscal year, while the increase in accrued compensation and benefits was related to an increase in our corporate bonus and accrued salaries.

Investing Activities

Net cash used in investing activities for the years ended June 30, 2024, 2023 and 2022 was \$139.9 million, \$118.2 million and \$110.8 million, and \$165.4 million, respectively.

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Table Net cash used in investing activities for the year ended June 30, 2024 increased \$21.7 million from the year ended June 30, 2023. The increase was primarily due to higher net purchases of marketable securities of \$24.4 million, partially offset by a decrease in capital expenditures year over year of \$4.8 million.

Net cash used in investing activities for the year ended June 30, 2023 increased \$7.4 million from the year ended June 30, 2022. The increase was primarily due to higher net purchases of marketable securities of \$4.2 million and an increase in capital expenditures year over

year of \$1.1 million.

Net cash used in investing activities for the year ended June 30, 2022 decreased \$54.6 million from the year ended June 30, 2021. The decrease was primarily due to the acquisitions of MedCerts and Tech Elevator for \$71.1 million in fiscal year 2021, partially offset by an increase in capital expenditures year over year of \$15.3 million.

Net cash used in investing activities for the year ended June 30, 2021 decreased \$52.0 million from the year ended June 30, 2020. The decrease was primarily due to the acquisition of Galvanize during the year ended June 30, 2020 being more than the acquisitions of MedCerts and Tech Elevator during the year ended June 30, 2021 and purchases of marketable securities of \$40.5 million.

Financing Activities

Net cash used in financing activities for the years ended June 30, 2023, June 30, 2024, 2023 and 2022 was \$49.1 million, \$63.5 million and \$93.3 million, respectively.

Net cash provided by used in financing activities for the year ended June 30, 2021, June 30, 2024 decreased \$14.4 million from the year ended June 30, 2023. The decrease was primarily due to a decrease in the repurchase of restricted stock for income tax withholding of \$5.3 million, was \$204.6 million a payment of contingent consideration of \$7.0 million in fiscal year 2023, and a decrease in the repayment of finance lease obligations incurred for the acquisition of student computers of \$2.1 million.

Net cash used in financing activities for the year ended June 30, 2023 decreased \$29.8 million from the year ended June 30, 2022. The decrease was primarily due to a decrease in the repurchase of restricted stock for income tax withholding of \$24.4 million and \$22.9 million in deferred purchase consideration payments in fiscal year 2022, partially offset by a payment of contingent consideration of \$7.0 million and an increase in the repayment of finance lease obligations incurred for the acquisition of student computers of \$10.0 million.

Net cash used in financing activities for the year ended June 30, 2022 decreased \$297.9 million from the year ended June 30, 2021. The decrease was primarily due to the net proceeds from the issuance of our Notes of \$408.6 million, partially offset by capped call purchases related to the Notes of \$60.4 million, the repayment on our Credit Facility of \$100.0 million in fiscal year 2021; \$22.9 million in deferred purchase consideration payments related to MedCerts and

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Tech Elevator in fiscal year 2022; and an increase in the repurchase of restricted stock for income tax withholding of \$37.9 million.

Net cash provided by financing activities for the year ended June 30, 2021 increased \$139.0 million from the year ended June 30, 2020. The increase was primarily due to the net proceeds from the issuance of our Notes of \$408.6 million, partially offset by capped call purchases related to the Notes of \$60.4 million and the repayment of our Credit Facility of \$100.0 million. The net increase was partially offset by the net proceeds from our Credit Facility during the year ended June 30, 2020.

Recent Accounting Pronouncements

For information regarding, "Recent Accounting Pronouncements," please refer to Note 3, "Summary of Significant Accounting Policies," contained within our consolidated financial statements in Part II, Item 8, of this Annual Report on Form 10-K. Report.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Inflation Risk

Current inflation has resulted in higher personnel costs, marketing expenses and supply chain expenses. There can be no assurance that future inflation will not have an adverse or material impact on our operating results and financial condition.

Interest Rate Risk

At [June 30, 2023](#), [June 30, 2024](#) and [2022, 2023](#), we had cash and cash equivalents totaling [\\$410.8 million](#), [\\$500.6 million](#) and [\\$389.4 million](#), respectively. Our excess cash has been invested in money market funds, government securities, corporate debt securities and similar investments. At [June 30, 2023](#), [June 30, 2024](#), a 1% gross increase in interest rates for our variable-interest instruments would result in a [\\$4.1 million](#), [\\$5.0 million](#) annualized increase in interest income. Additionally, the fair value of our investment portfolio is

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subject to changes in market interest rates.

Our short-term debt obligations under our Credit Facility are subject to interest rate exposure. At [June 30, 2023](#), [June 30, 2024](#), we had no outstanding balance on our Credit Facility.

Foreign Currency Exchange Risk

We currently operate in several foreign countries, but we do not transact a material amount of business in a foreign currency. If we enter into any material transactions in a foreign currency or establish or acquire any subsidiaries that measure and record their financial condition and results of operations in a foreign currency, we will be exposed to currency transaction risk and/or currency translation risk. Exchange rates between U.S. dollars and many foreign currencies have fluctuated significantly over the last few years and may continue to do so in the future. Accordingly, we may decide in the future to undertake hedging strategies to minimize the effect of currency fluctuations on our financial condition and results of operations.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors and Stockholders

Stride, Inc.
Reston, Virginia

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Stride, Inc. (the "Company") as of **June 30, 2023** **June 30, 2024** and **2022, 2023**, the related consolidated statements of operations and comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended **June 30, 2023** **June 30, 2024**, and the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at **June 30, 2023** **June 30, 2024** and **2022, 2023**, and the results of its operations and its cash flows for each of the three years in the period ended **June 30, 2023** **June 30, 2024**, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of **June 30, 2023** **June 30, 2024**, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and our report dated **August 15, 2023** **August 6, 2024**, expressed an **adverse** **unqualified** opinion thereon.

Change in Accounting Principle

As discussed in Note 3 to the consolidated financial statements, the Company changed its method of accounting for debt as of July 1, 2021, due to the adoption of Accounting Standards Update ("ASU") No. 2020-06, *Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Equity's Own Equity (Subtopic 815-40)*.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by

communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

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Revenues from Funding-based Contracts

As described in Note 3 to the Company's consolidated financial statements, for the year ended **June 30, 2023** **June 30, 2024**, revenues from funding-based contracts approximated **\$1.6 billion** **\$1.9 billion** and contributed to both lines of revenue—General Education and Career Learning. The **computation estimate** of funding-based contract revenue from state governments **and/or** school districts is based upon the amount of **estimated funding where the public school or school district is located**. Total estimated funding from all sources represents the **maximum value of revenue expected revenues** to be **recognized from funding-based contracts and is earned during the year** adjusted, as necessary, for individual school financial deficits and surpluses.

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We identified management's judgments related to **revenues for certain funding-based contracts contract revenues** as a critical audit matter. Assumptions and **key** inputs used to determine estimated funding **includes various include** enrollment related data and defined funding rates. Changes to these inputs and assumptions could **have a material impact on significantly affect** the amount of expected annual funding, and thus revenues recognized. Auditing **the** assumptions and inputs used to **determine estimated funding estimate funding-based contract revenue** involved especially challenging auditor judgment due to the nature and extent of audit effort required to address these matters.

The primary procedures we performed to address this critical audit matter included:

- Testing the **completeness, existence, design, implementation, and accuracy** operating effectiveness of internal controls over the Company's process to estimate funding-based contract revenue, including the determination of student enrollment data by validating and funding rates.
- Evaluating the underlying student data appropriateness of the methodology and assumptions used as inputs through the inspection of relevant source documents including admission records, report cards, and third-party support to determine revenue from funding-based contracts, including:
 - **o** Testing the Company's computations of estimated funding through validation of **Agreeing** key inputs by agreeing to publicly available information, **and/or** state/district **communications evidence, correspondence and comparing inputs to auditor developed expectations.**
 - **o** Testing the mathematical accuracy of the **estimated funding calculations, calculations based on the terms of the respective state or district.**
- **Performing a retrospective review** Testing the completeness and accuracy of source data used to determine funding **on a school by school basis and investigating variances outside of predetermined thresholds** validating the enrollment data through **the** inspection of relevant source documents, documents such as admissions records and report cards or official transcripts.

/s/ BDO USA, **P.A. P.C.**

We have served as the Company's auditor since 2005.

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STRIDE, INC.

CONSOLIDATED BALANCE SHEETS

	June 30,		June 30,	
	2023	2022	2024	2023
	(In thousands except share and per share data)		(In thousands except share and per share data)	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 410,807	\$ 389,398	\$ 500,614	\$ 410,807
Accounts receivable, net of allowance of \$30,031 and \$26,993	463,722	418,558		
Accounts receivable, net of allowance of \$31,298 and \$30,031			472,754	463,722
Inventories, net	36,716	36,003	36,748	36,716
Prepaid expenses	24,817	25,974	29,164	24,817
Marketable securities			191,672	111,918
Other current assets	129,137	80,601	14,494	17,219
Total current assets	1,065,199	950,534	1,245,446	1,065,199
Operating lease right-of-use assets, net	69,508	85,457	54,503	69,508
Property and equipment, net	52,332	61,537	50,856	52,332
Capitalized software, net	83,465	71,800	81,952	83,465
Capitalized curriculum development costs, net	50,787	50,580	53,232	50,787
Intangible assets, net	74,771	88,669	60,282	74,771
Goodwill	246,676	241,022	246,676	246,676
Deferred tax asset	8,776	—	7,200	8,776
Deposits and other assets	109,152	93,946	120,318	109,152
Total assets	\$ 1,760,666	\$ 1,643,545	\$ 1,920,465	\$ 1,760,666
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Accounts payable	\$ 48,854	\$ 61,997	\$ 40,970	\$ 48,854
Accrued liabilities	76,626	63,200	60,796	76,626
Accrued compensation and benefits	57,426	73,027	64,878	57,426
Deferred revenue	76,159	53,630	35,742	76,159
Current portion of finance lease liability	35,621	37,389	29,146	35,621
Current portion of operating lease liability	14,449	12,830	12,748	14,449
Total current liabilities	309,135	302,073	244,280	309,135
Long-term finance lease liability	21,278	28,888	26,452	21,278
Long-term operating lease liability	59,425	75,127	45,192	59,425
Long-term debt	413,035	411,438	414,675	413,035
Deferred tax liability	—	3,205		
Other long-term liabilities	10,497	10,233	13,841	10,497
Total liabilities	813,370	830,964	744,440	813,370
Commitments and contingencies				

Comprehensive income attributable to common stockholders	\$ 126,689	\$ 107,747	\$70,884	\$204,176	\$126,689	\$107,747
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See accompanying notes to consolidated financial statements.

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STRIDE, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands except share data)	Stride, Inc. Stockholders' Equity							Stride, Inc. Stockholders' Equity						
	Common Stock		Additional Paid-in		Accumulated Other Comprehensive	Retained Earnings (Accumulated)	Treasury Stock	Common Stock		Additional Paid-in		Accumulated Other Comprehensive	Retained Earnings (Accumulated)	Tre
	Shares	Amount	Capital	Income (Loss)	Deficit)	Shares	Amount	Shares	Amount	Capital	Income (Loss)	Deficit)	Shares	Amount
							Total							
Balance, June 30, 2020	46,341,627	\$ 4	\$ 730,761	\$ 93	\$ 46,953	(5,334,743)	\$(102,482)	\$675,329						
Adjustment related to the adoption of new accounting guidance	—	—	—	—	(6,253)	—	—	(6,253)						
Net income	—	—	—	—	71,451	—	—	71,451						
Foreign currency translation adjustment	—	—	—	(567)	—	—	—	(567)						
Stock-based compensation expense	—	—	38,927	—	—	—	—	38,927						
Exercise of stock options	990,067	—	748	—	—	—	—	748						
Withholding of stock options for tax withholding	(655,219)	—	(10,885)	—	—	—	—	(10,885)						

Equity component of convertible senior notes, net of issuance costs and taxes	—	—	105,502	—	—	—	—	105,502	
Purchases of capped calls in connection with convertible senior notes	—	—	(60,354)	—	—	—	—	(60,354)	
Issuance of restricted stock awards	578,070	—	—	—	—	—	—	—	
Forfeiture of restricted stock awards	(82,419)	—	—	—	—	—	—	—	
Repurchase of restricted stock for tax withholding	(260,599)	—	(9,250)	—	—	—	—	(9,250)	
Balance, June 30, 2021	46,911,527	\$ 4	\$ 795,449	\$ (474)	\$ 112,151	(5,334,743)	\$(102,482)	\$804,648	46,911,527 \$ 4 \$ 795,449 \$ (474) \$ 112,151 (5,334,743) \$(102,482) \$804,648
Adjustment related to the adoption of new accounting guidance	—	—	(89,460)	—	8,181	—	—	(81,279)	— — (89,460) — 8,181
Net income	—	—	—	—	107,130	—	—	107,130	— — — — 107,130
Foreign currency translation adjustment	—	—	—	617	—	—	—	617	— — — 617 —
Stock-based compensation expense	—	—	19,021	—	—	—	—	19,021	— — 19,021 — —
Exercise of stock options	29,100	—	414	—	—	—	—	414	29,100 — 414 — —
Vesting of performance share units, net of tax withholding	1,017,380	—	—	—	—	—	—	—	1,017,380 — — — —
Issuance of restricted stock awards	582,273	—	—	—	—	—	—	—	582,273 — — — —
Forfeiture of restricted stock awards	(160,795)	—	—	—	—	—	—	—	(160,795) — — — —

Repurchase of restricted stock for tax withholding	(266,821)	—	(37,970)	—	—	—	—	(37,970)	(266,821)	—	(37,970)	—	—			
Balance, June 30, 2022	48,112,664	\$ 4	\$ 687,454	\$ 143	\$ 227,462	(5,334,743)	\$(102,482)	\$812,581	48,112,664	\$ 4	\$ 687,454	\$ 143	\$ 227,462	(5,334,743)	\$(102,482)	\$812,581
Net income	—	—	—	—	126,867	—	—	126,867	—	—	—	—	126,867	—	—	126,867
Foreign currency translation adjustment	—	—	—	(178)	—	—	—	(178)	—	—	—	(178)	—	—	—	(178)
Stock-based compensation expense	—	—	21,419	—	—	—	—	21,419	—	—	21,419	—	—	—	—	21,419
Exercise of stock options	1,350	—	20	—	—	—	—	20	1,350	—	20	—	—	—	—	20
Vesting of performance share units, net of tax withholding	80,004	—	—	—	—	—	—	—	80,004	—	—	—	—	—	—	—
Issuance of restricted stock awards	595,818	—	—	—	—	—	—	—	595,818	—	—	—	—	—	—	—
Forfeiture of restricted stock awards	(137,134)	—	—	—	—	—	—	—	(137,134)	—	—	—	—	—	—	—
Repurchase of restricted stock for tax withholding	(313,654)	—	(13,413)	—	—	—	—	(13,413)	(313,654)	—	(13,413)	—	—	—	—	(13,413)
Balance, June 30, 2023	48,339,048	\$ 4	\$ 695,480	\$ (35)	\$ 354,329	(5,334,743)	\$(102,482)	\$947,296	48,339,048	\$ 4	\$ 695,480	\$ (35)	\$ 354,329	(5,334,743)	\$(102,482)	\$947,296
Net income	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Foreign currency translation adjustment	—	—	—	(7)	—	—	—	—	—	—	—	(7)	—	—	—	—
Stock-based compensation expense	—	—	32,810	—	—	—	—	—	—	—	32,810	—	—	—	—	—
Vesting of performance share units, net of tax withholding	31,426	—	—	—	—	—	—	—	31,426	—	—	—	—	—	—	—
Issuance of restricted stock awards	507,443	—	—	—	—	—	—	—	507,443	—	—	—	—	—	—	—
Forfeiture of restricted stock awards	(153,728)	—	—	—	—	—	—	—	(153,728)	—	—	—	—	—	—	—

Deferred revenue and other liabilities	22,341	8,376	18,222	(37,071)	22,341	8,376
Net cash provided by operating activities	203,150	206,884	134,150	278,797	203,150	206,884
Cash flows from investing activities						
Purchase of property and equipment	(4,336)	(9,748)	(3,567)	(2,270)	(4,336)	(9,748)
Capitalized software development costs	(44,973)	(42,191)	(31,264)	(40,653)	(44,973)	(42,191)
Capitalized curriculum development costs	(17,239)	(15,687)	(17,432)	(18,666)	(17,239)	(15,687)
Sale of long-lived assets	—	—	223	—	—	—
Sale of other investments	60	5,261	—	—	60	5,261
Acquisition of MedCerts, LLC, net of cash acquired	—	—	(55,031)	—	—	—
Acquisition of Tech Elevator, Inc., net of cash acquired	—	—	(16,107)	—	—	—
Acquisition of assets	(1,409)	—	—	—	(1,409)	—
Other acquisitions, loans and investments, net of distributions	(1,652)	(3,899)	(1,723)	(5,196)	(1,652)	(3,899)
Proceeds from the maturity of marketable securities	91,879	40,163	—	204,487	91,879	40,163
Purchases of marketable securities	(140,570)	(84,657)	(40,542)	(277,573)	(140,570)	(84,657)
Net cash used in investing activities	(118,240)	(110,758)	(165,443)	(139,871)	(118,240)	(110,758)
Cash flows from financing activities						
Repayments on finance lease obligations	(42,956)	(33,011)	(24,315)	(40,919)	(42,956)	(33,011)
Repayments on credit facility	—	—	(100,000)	—	—	—
Issuance of convertible senior notes, net of issuance costs	—	—	408,610	—	—	—
Purchases of capped calls in connection with convertible senior notes	—	—	(60,354)	—	—	—
Payments of contingent consideration	(7,024)	—	—	—	(7,024)	—
Payments of deferred purchase consideration	—	(22,858)	—	—	—	(22,858)
Proceeds from exercise of stock options	20	414	748	—	20	414
Withholding of stock options for tax withholding	—	—	(10,885)	—	—	—
Repurchase of restricted stock for income tax withholding	(13,541)	(37,855)	(9,228)	(8,200)	(13,541)	(37,855)
Net cash provided by (used in) financing activities	(63,501)	(93,310)	204,576	(49,119)	(63,501)	(93,310)
Net cash used in financing activities				(49,119)	(63,501)	(93,310)
Net change in cash, cash equivalents and restricted cash	21,409	2,816	173,283	89,807	21,409	2,816
Cash, cash equivalents and restricted cash, beginning of period	389,398	386,582	213,299	410,807	389,398	386,582
Cash, cash equivalents and restricted cash, end of period	\$ 410,807	\$ 389,398	\$ 386,582	\$ 500,614	\$ 410,807	\$ 389,398
Reconciliation of cash, cash equivalents and restricted cash to balance sheet as of June 30, 2021:						
Cash and cash equivalents			\$ 386,080			
Other current assets (restricted cash)			502			
Total cash, cash equivalents and restricted cash			\$ 386,582			

See accompanying notes to consolidated financial statements.

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STRIDE, INC.

Notes to Consolidated Financial Statements

1. Description of the Business

Stride, Inc., together with its subsidiaries ("Stride" or the "Company") is an education services a technology company providing virtual and blended learning, an educational platform to deliver online learning to students throughout the U.S. The brand reflects the Company's continued growth into lifelong learning, regardless of a student's age or location. The Company's technology-based platform hosts products and services enable its clients to attract, enroll, educate, track progress, and support students. These products and services, spanning curriculum, systems, instruction, and support services are designed to help learners of all ages reach their full potential through inspired teaching and personalized learning. The Company's clients are primarily public and private schools, school districts, and charter boards. Additionally, it offers provides solutions to employers, government agencies and consumers. These products and services are provided through two lines of revenue:

- Products and services for the General Education market are predominantly focused on core subjects, including math, English, science and history, for kindergarten through twelfth grade students to help build a common foundation of knowledge. These programs provide an alternative to traditional school options and address a range of student needs including, safety concerns, increased academic support, scheduling flexibility, physical/health restrictions or advanced learning needs. Products and services are sold delivered as a comprehensive school-as-a-service offering for schools or à la carte, as stand-alone products and services. A student enrolled in a school that offers Stride's General Education program may elect to take career courses, but that student and the associated revenue is reported as a General Education enrollment and General Education revenue.
- Career Learning products and services are focused on developing skills to enter and succeed in careers in high-growth, in-demand industries—including information technology, healthcare and general business. The Company provides middle and high school students with Career Learning programs that complement their core general education coursework in math, English, science and history, coursework. Stride offers multiple career pathways supported by through a diverse catalog of Career Learning courses. The middle school program exposes students to a variety of career options and introduces career skill development. In high school, students may engage in industry content pathway courses, project-based learning in virtual teams, and career development services. High school students also have the opportunity to progress toward certifications, connect with industry professionals, earn college credits while in high school, and participate in job shadowing and/or work-based learning experiences that facilitate success in today's digital, tech-enabled economy. A student enrolled in a school that offers Stride's General Education program may elect to take Career Learning courses, but that student and the associated revenue is reported as a General Education enrollment and General Education revenue. A student and the associated revenue is counted as a Career Learning enrollment or and associated Career Learning revenue only if the student is enrolled in a Career Learning program or school, program. Like General Education products and services, the products and services for the Career Learning market are sold as a comprehensive school-as-a-service offering or à la carte, as stand-alone products and services. The Company also offers provides focused post-secondary career learning programs to adult learners, through Galvanize, Inc. ("Galvanize"), Tech Elevator, Inc. ("Tech Elevator"), and MedCerts, LLC ("MedCerts"). These include skills training in for the software engineering, healthcare, and medical fields, as well as providing staffing and talent development services to employers, fields. These programs are offered sold directly to consumers, as well as to employers and government agencies.

2. Basis of Presentation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

The Company operates in one operating and reportable business segment as a technology-based education technology company providing an educational platform to deliver proprietary and third-party curriculum, software systems and educational services designed to facilitate individualized learning for students and adults. The Chief Operating Decision Maker evaluates profitability based on consolidated results.

3. Summary of Significant Accounting Policies

Recent Accounting Pronouncements

Accounting Standards Adopted

On July 1, 2021, the Company early adopted Accounting Standards Update ("ASU") 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

(Subtopic 815-40) ("ASU 2020-06") which, among other things, simplifies the accounting for convertible instruments by eliminating the requirement to separate conversion features from the host contract. Consequently, a convertible debt instrument is accounted for as a single liability measured at its amortized cost and interest expense will be recognized at the coupon rate. The adoption resulted in the elimination of the debt discount (and related deferred tax liability) that had been recorded within equity. The net impact of the adjustments was recorded to the opening balance of retained earnings, as presented in the statement of stockholders' equity. The impacts of adoption were the following: (1) increase of \$110.6 million to long-term debt, (2) decrease of \$89.5 million to additional paid-in capital, (3) decrease of \$29.3 million to deferred tax liability, and (4) increase to retained earnings of \$8.2 million.

Accounting Standards Not Yet Adopted

In March 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-04, Reference Rate Reform (Topic 848) ("ASU 2020-04") which provides relief to companies that will be impacted by the cessation of reference rate reform, e.g. LIBOR, that was tentatively planned for the end of fiscal year 2023. The ASU permitted an entity to consider contract modifications due to reference rate reform to be an event that did not require contract remeasurement. This ASU was applicable from March 12, 2020 through December 31, 2022 and adoption was permitted at any time during the period on a prospective basis. In December 2022, the FASB issued ASU 2022-06, Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848, which extends the provisions of Topic 848 to December 31, 2024. The Company's senior secured revolving credit facility includes the use of alternate rates when LIBOR is not available. The Company does not expect the change from LIBOR to an alternate rate will have a material impact to the consolidated financial statements and, to the extent it enters into modifications of agreements that are impacted by the LIBOR phase-out, the Company will apply such guidance to those contract modifications.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting* (Topic 280) ("ASU 2023-07"). This update provides, among other things, enhanced segment disclosure requirements including disclosures about significant segment expenses. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. There are aspects of ASU 2023-07 that apply to entities with one reportable segment. The Company will review the extent of new disclosures necessary in the coming quarters, prior to implementation during fiscal year 2025. Other than additional disclosure, we do not expect a change to our consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes* (Topic 740): *Improvements to Income Tax Disclosures* ("ASU 2023-09"). ASU 2023-09 is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in ASU 2023-09 address investor requests for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid information. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, and for interim periods for fiscal years beginning after December 15, 2025. The Company will review the extent of new disclosures necessary in the coming quarters, prior to implementation during fiscal year 2026. Other than additional disclosure, we do not expect a change to our consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities and

contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, the Company evaluates its estimates and assumptions, including those related to the allowance for credit losses, inventory reserves, amortization periods, the allocation of purchase price to the fair value of net assets and liabilities acquired in business combinations, fair values used in asset impairment evaluations, valuation of long-lived assets, accrual for incurred but not reported ("IBNR") claims, contingencies, income taxes, fair value of contingent consideration and stock-based compensation expense. The Company bases its estimates on historical experience and various assumptions that it believes are reasonable under the circumstances. The results of the analysis form the basis for making assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

Revenue Recognition

Revenue is recognized when control of the promised goods or services is transferred to the Company's customers, in an amount that reflects the consideration it expects to be entitled to in exchange for those goods or services using the following steps:

- identify the contract, or contracts, with a customer;

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognize revenue when, or as, the Company satisfies a performance obligation.

Revenues related to the products and services that the Company provides to students in kindergarten through twelfth grade or adult learners are considered to be General Education or Career Learning based on the school or adult program in which the student is enrolled. General Education products and services are focused on core subjects, including math, English, science and history, for kindergarten through twelfth grade students to help build a common foundation of knowledge. Career Learning products and services are focused on developing skills to enter and succeed in careers in high-growth, in-demand industries—including information technology, healthcare and general business, for students in middle school through high school and adult learners.

The majority of the Company's contracts are with the following types of customers:

- a virtual or blended school whereby the amount of revenue is primarily determined by funding the school receives;
- a school or individual who licenses certain curriculum on a subscription or course-by-course basis; or
- an enterprise who contracts with the Company to provide job training.

Funding-based Contracts

The Company provides an integrated package of systems, services, products, and professional expertise that is administered together to support a virtual or blended public school. Contractual agreements generally span multiple years with performance obligations being isolated to annual periods which generally coincide with the Company's fiscal year. Customers of these programs can obtain administrative support, information technology, academic support services, online curriculum, learning systems platforms and instructional services under the terms of a negotiated service agreement. The schools receive funding on a per student basis from the state in which the public school or school district is located. Shipments of materials for schools that occur in the fourth fiscal quarter and for the upcoming school year are recorded in deferred revenue.

The Company generates revenues under contracts with virtual and blended public schools and include the following components, where required:

- providing each of a school's students with access to the Company's online school and lessons;
- offline learning kits, which include books and materials to supplement the online lessons;
- the use of a personal computer and associated reclamation services;
- internet access and technology support services;
- instruction by a state-certified teacher; and
- management and technology services necessary to support a virtual or blended school. In certain contracts, revenues are determined directly by per enrollment funding.

To determine the pro rata amount of revenue to recognize in a fiscal quarter, the Company estimates the total expected funds each school will receive in a particular school year. Total funds for a school are primarily a function of the number of students enrolled in the school and established per enrollment funding levels, which are generally published on

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

an annual basis by the state or school district. The Company reviews its estimates of funding periodically, and updates as necessary, by adjusting its year-to-date earned revenues to be proportional to the total expected revenues to be earned during the fiscal year. Actual school funding may vary from these estimates and the impact of these differences could impact the Company's results of operations. Since the end of the school year coincides with the end of the Company's fiscal year, annual revenues are generally based on actual school funding and actual costs incurred (including costs for the Company's services to the schools plus other costs the schools may incur). The Company's reported results are subject to annual school district financial audits, which incorporate enrollment counts, funding and other routine financial audit considerations. The results of these audits are incorporated into the Company's monthly funding estimates for the current

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

and prior periods. Historically, aggregate funding estimates have differed from actual reimbursements, by less than generally in the range of 2% of annual revenue or less, which may vary from quarter year to quarter year. For the years ended June 30, 2022, June 30, 2023, 2021, 2022 and 2020, 2021, the Company's aggregate funding estimates differed from actual reimbursements impacting total reported revenue by approximately 1.6%, 2.8%, 1.4%, 1.6%, and (0.1%), 1.4%, respectively.

Each state and/or school district has variations in the school funding formulas and methodologies that it uses to estimate funding for revenue recognition at its respective schools. As the Company estimates funding for each school, it takes into account the state definition for count dates on which reported enrollment numbers will be used for per pupil funding. The parameters the Company considers in estimating funding for revenue recognition purposes include school district count definitions, withdrawal rates, new registrations, average daily attendance, special needs enrollment, academic progress, historical completion, student location, funding caps and other state specified categorical program funding.

Under the contracts where the Company provides products and services to schools, the Company is responsible for substantially all of the expenses incurred by the school and has generally agreed to absorb any operating losses of the schools in a given school year. These school operating losses represent the excess of costs incurred over revenues earned by the virtual or blended public school (the school's expected funding), as reflected in its respective financial statements, including Company charges to the schools. To the extent a school does not receive sufficient funding for each student enrolled in the school, the school would still incur costs associated with serving the unfunded enrollment. If losses due to unfunded enrollments result in a net operating loss for the year that loss is reflected as a reduction in the revenues and net receivables that the Company collects from the school. A school net operating loss in one year does not necessarily mean the Company anticipates losing money on the entire contract with the school. However, a school's net operating loss may reduce the Company's ability to collect its management fees in full and recognized revenues are constrained to reflect the expected cash collections from such schools. The Company records the school's estimated net operating loss against revenues based upon the percentage of actual revenues in the period to total estimated revenues for the fiscal year. Actual school net operating losses may vary from these estimates or revisions, and the impact of these differences could have a material impact on results of operations. For the years ended June 30, 2023, June 30, 2024, 2022, 2023 and 2021, 2022, the Company's revenues included a reduction for net school operating losses at the schools of \$23.8 million, \$17.0 million, \$36.3 million, \$23.8 million, and \$63.4 million, \$36.3 million, respectively. Because the Company has agreed to absorb any operating losses of the schools, the Company records the expenses incurred by the school as both revenue and expenses in the consolidated statements of operations. Amounts recorded as revenues and expenses for the years ended June 30, 2023, June 30, 2024, 2023 and 2022, and 2021, were \$503.2 million, \$576.4 million, \$460.5 million, \$503.2 million and \$412.1 million, \$460.5 million, respectively.

Subscription-based Contracts

The Company provides certain online curriculum and services to schools and school districts under subscription agreements. Revenues from the licensing of curriculum under subscription arrangements are recognized on a ratable basis over the subscription period. Revenues from professional consulting, training and support services are deferred and recognized ratably over the service period.

In addition, the Company contracts with individual customers who have access for one to two years to company-provided online curriculum and generally prepay for services to be received. Adult learners enroll in courses that provide specialized training in a specific industry. Each of these contracts are considered to be one performance obligation. The Company recognizes these revenues pro rata over the maximum term of the customer contract based on the defined contract price.

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

Enterprise Contracts

The Company provides job training over a specified contract period to enterprises. Each of these contracts are considered to be one performance obligation. The Company recognizes these revenues based on the number of students trained during the term of the contract

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STRIDE, INC.

Disaggregated Revenues

The following table presents the Company's revenues disaggregated based on its two lines of revenue for the years ended June 30, 2023, June 30, 2024, 2022, 2023 and 2021, 2022:

Concentration of Customers

Contract Balances

The timing of revenue recognition, invoicing, and cash collection results in accounts receivable, unbilled receivables (a contract asset) and deferred revenue (a contract liability) in the consolidated balance sheets. Accounts receivable are recorded when there is an executed customer contract and the customer is billed. An allowance is recorded to reflect expected losses at the time the receivable is recorded. The collectability of outstanding receivables is evaluated regularly by the Company to determine if additional allowances are needed. Unbilled receivables are created when revenue is earned prior to the customer being billed. Deferred revenue is recorded when customers are billed or cash is collected in advance of services being provided.

The opening and closing balance of the Company's accounts receivable, unbilled receivables and deferred revenue are as follows:

	Year Ended June 30,	
	2023	2022
	(In thousands)	
Accounts receivable	\$ 463,722	\$ 418,558
Unbilled receivables (included in accounts receivable)	20,647	19,702
Deferred revenue	76,159	53,630
Deferred revenue, long-term (included in other long-term liabilities)	2,061	3,099

The difference between the opening and closing balance of the accounts receivable and unbilled receivables

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

The opening and closing balance of the Company's accounts receivable, unbilled receivables and deferred revenue are as follows:

	June 30,		
	2024	2023	2022
	(In thousands)		
Accounts receivable	\$ 472,754	\$ 463,722	\$ 418,558
Unbilled receivables (included in accounts receivable)	19,499	20,647	19,702
Deferred revenue	35,742	76,159	53,630
Deferred revenue, long-term (included in other long-term liabilities)	1,097	2,061	3,099

The difference between the opening and closing balance of the accounts receivable and unbilled receivables relates to the timing of the Company's billing in relation to month end and contractual agreements. The difference between the opening and closing balance of the deferred revenue relates to the timing difference between billings to customers and the service periods under the contract, contract, as well as changes in the estimates of variable consideration. Typically, each of these balances are at their highest during the first quarter of the fiscal year and lowest at the end of the fiscal year. The amount of revenue recognized during the years ended June 30, 2023, June 30, 2024, 2022, 2023 and 2021, 2022, that was included in the previous July 1st deferred revenue balance was \$53.1 million, \$74.4 million, \$38.9 million, \$53.1 million, and \$25.5 million, \$38.9 million, respectively. During the years ended June 30, 2023, June 30, 2024, 2022, 2023 and 2021, 2022, the Company recorded revenues of \$26.8 million, \$51.0 million, \$20.8 million, \$26.8 million and (\$1.4) million, \$20.8 million, respectively, related to performance obligations satisfied in prior periods.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, and is the unit of account. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. For the majority of its contracts, the Company's performance obligations are satisfied over time, as the Company delivers, and the customer receives the services, over the service period of the contract. The Company's payment terms are generally net 30 or net 45, but can vary depending on the customer or when the school receives its funding from the state.

The Company has elected, as a practical expedient, not to report the value of unsatisfied performance obligations for contracts with customers that have an expected duration of one year or less. The amount of unsatisfied performance obligations for contracts with customers which extend beyond one year as of **June 30, 2023** **June 30, 2024** was **\$2.1 million** **\$1.1 million**.

Significant Judgments

The Company determined that the majority of its contracts with customers contain one performance obligation. The Company markets the products and services as an integrated package building off its curriculum offerings. It does not market distinct products or services to be sold independently from the curriculum offering. The Company provides the significant service of integrating the goods and services into the operation of the school and education of its students, for which the customer has contracted.

The Company has determined that the time elapsed method is the most appropriate measure of progress towards the satisfaction of the performance obligation. Generally, the Company delivers the integrated products and services package over the course of the Company's fiscal year. This package includes enrollment, marketing, teacher training, etc. in addition to the core curriculum and instruction. All of these activities are necessary and contribute to the overall education of its students, which occurs evenly throughout the year. Accordingly, the Company recognizes revenue on a straight-line basis.

The Company determined that the expected value method is the most appropriate method to account for variable consideration and the Company's forecasting method is an estimation process that uses probability to determine expected funding. On a monthly basis, the Company estimates the total funds each school will receive in a particular school year

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

and the amount of full-year school revenues and operating expenses to determine the amount of revenue the Company will recognize. Enrollment and state funding rates are key inputs to this estimate. The estimates are adjusted monthly, and a cumulative catch-up adjustment is recorded to revenue as necessary to reflect the total revenues earned to date to be proportional to the total revenues to be earned in the fiscal year. The Company builds in known constraints (i.e., enrollment, funding, net operating losses, etc.) into the estimate of the variable consideration to record the most probable amount.

Sales Taxes

Sales tax collected from customers is excluded from revenues. Collected but unremitted sales tax is included as part of accrued liabilities in the consolidated balance sheets. Revenues do not include sales tax as the Company considers itself a pass-through conduit for collecting and remitting sales tax.

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STRIDE, INC.**Notes to Consolidated Financial Statements (Continued)****Shipping and Handling Costs**

Shipping and handling costs are expensed when incurred and are classified as instructional costs and services in the consolidated statements of operations. Shipping and handling charges invoiced to a customer are included in revenues.

Research and Development Costs

All research and development costs, including patent application costs, are expensed as incurred. Research and development costs totaled \$15.5 million \$16.7 million, \$7.5 million \$15.5 million and \$3.7 million \$7.5 million for the years ended June 30, 2023 June 30, 2024, 2022 2023 and 2021, 2022, respectively, and are included within selling, general and administrative expenses in the consolidated statements of operations.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents generally consist of cash on hand and cash held in money market and demand deposit accounts. The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. The Company periodically has cash balances which exceed federally insured limits.

Investments in Marketable Securities

The Company's marketable securities generally consist of bonds and other securities which are classified as held-to-maturity. The securities with maturities between three months and one year are classified as short-term and are included in other current assets marketable securities on the consolidated balance sheets. The securities with maturities greater than one year are classified as long-term and are included in deposits and other assets on the consolidated balance sheets. Held-to-maturity securities are recorded at their amortized cost. The Company recorded interest income dividends of \$25.6 million, \$13.6 million and net gains of \$13.6 million, \$0.4 million and zero for the years ended June 30, 2023 June 30, 2024, 2022 2023 and 2021, 2022, respectively. This activity is recorded within other income (expense) within the consolidated statements of operations.

The Company reviews the held-to-maturity debt securities for declines in fair value below the amortized cost basis under the credit loss model of Accounting Standards Codification ("ASC") Topic 326, *Financial Instruments – Credit Losses* ("ASC 326"). Any decline in fair value related to a credit loss is recognized in the consolidated statements of operations, with the amount of the loss limited to the difference between fair value and amortized cost. As of June 30, 2023 June 30, 2024 and 2022, 2023, the allowance for credit losses recognized related to held-to-maturity debt securities was zero.

As of June 30, 2024, the Company's marketable securities consisted of investments in corporate bonds, U.S. treasury notes and commercial paper. The short-term and long-term portions were \$191.7 million and \$21.9 million, respectively. The maturities of the Company's long-term marketable debt securities range from one to two years.

STRIDE, INC.**Notes to Consolidated Financial Statements (Continued)**

The following table summarizes the amortized cost, net carrying amount, and fair value disaggregated by class of instrument (in thousands).

	Amortized Cost	Allowance for Credit Losses	Net Carrying Amount	Gross Unrealized Gains (Losses)	Fair Value
Corporate Bonds	\$ 45,752	\$ -	\$ 45,752	\$ (95)	\$ 45,657
U.S. Treasury Notes	46,760	-	46,760	(71)	46,689
Commercial Paper	121,077	-	121,077	2	121,079
Total	\$ 213,589	\$ -	\$ 213,589	\$ (164)	\$ 213,425

As of June 30, 2023, the Company's marketable securities consisted of investments in corporate bonds, U.S. treasury notes, and commercial paper. The short-term and long-term portions were \$111.9 million and \$22.8 million, respectively. The maturities of the Company's long-term marketable debt securities range from one to two years. The following table summarizes the amortized cost, net carrying amount, and fair value disaggregated by class of instrument (in thousands).

	Amortized Cost	Allowance for Credit Losses	Net Carrying Amount	Gross Unrealized Gains (Losses)	Fair Value
Corporate Bonds	\$ 52,567	\$ -	\$ 52,567	\$ (460)	\$ 52,107
U.S. Treasury Notes	46,156	-	46,156	(228)	45,928
Commercial Paper	35,949	-	35,949	-	35,949
Total	\$ 134,672	\$ -	\$ 134,672	\$ (688)	\$ 133,984

As of June 30, 2022, the Company's marketable securities consisted of investments in corporate bonds, U.S. treasury notes, and commercial paper. The short-term and long-term portions were \$63.0 million and \$21.7 million, respectively. The maturities of the Company's long-term marketable debt securities range from one to two years. The following table summarizes the amortized cost, net carrying amount, and fair value disaggregated by class of instrument

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Notes to Consolidated Financial Statements (Continued)

(in thousands).

	Amortized Cost	Allowance for Credit Losses	Net Carrying Amount	Gross Unrealized Gains (Losses)	Fair Value
Corporate Bonds	\$ 50,067	\$ -	\$ 50,067	\$ (691)	\$ 49,376
U.S. Treasury Notes	16,399	-	16,399	(199)	16,200
Commercial Paper	18,186	-	18,186	-	18,186
Total	\$ 84,652	\$ -	\$ 84,652	\$ (890)	\$ 83,762

Allowance for Credit Losses

The Company maintains an allowance for credit losses primarily for estimated losses resulting from the inability or failure of individual customers to make required payments. The Company maintains an allowance under ASC 326 based on historical losses, changes in payment

history, customer-specific information, current economic conditions, and reasonable and supportable forecasts of future economic conditions. The allowance under ASC 326 is updated as additional losses are incurred or information becomes available related to the customer or economic conditions.

The Company's allowance for credit losses increased from \$30.0 million as of June 30, 2023 to \$31.3 million as of June 30, 2024. The increase of \$1.3 million is due primarily to a \$22.8 million current year provision, less \$21.6 million in amounts written off. The Company's allowance for credit losses increased from \$27.0 million as of June 30, 2022 to \$30.0 million as of June 30, 2023. The increase of \$3.0 million is comprised of an \$8.0 million provision, less \$5.0 million of amounts recovered. The Company's allowance for credit losses increased from \$21.4 million as of June 30, 2021 to \$27.0 million as of June 30, 2022. The increase of \$5.6 million is comprised of an \$8.6 million provision, less \$3.0 million of amounts recovered.

The Company writes-off accounts receivable based on the age of the receivable and the facts and circumstances surrounding the customer and reasons for non-payment. Actual write-offs might differ from the recorded allowance.

Inventories

Inventories consist primarily of textbooks and curriculum materials, a majority of which are supplied to virtual and blended public schools, and utilized directly by students. Inventories represent items that are purchased and held for sale and are recorded at the lower of cost (first-in, first-out method) or net realizable value. The Company classifies its inventory as current or long-term based on the holding period. As of June 30, 2023, June 30, 2024 and 2022, 2023, \$12.5 million and \$13.2 million and \$11.2 million, respectively, of inventory, net of reserves, was deemed long-term and included in deposits and other assets on the consolidated balance sheets. The provision for excess and obsolete inventory is established based upon the evaluation of the quantity on hand relative to demand. The excess and obsolete inventory reserve was \$5.9 million and \$4.1 million at June 30, 2024 and \$6.5 million at June 30, 2023 and 2022, 2023, respectively.

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

Other Current Assets

Other current assets primarily include short-term marketable securities. Additionally, other current assets include textbooks, curriculum materials and other supplies which are expected to be returned upon the completion of the school year. Materials not returned are expensed as part of instructional costs and services.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization expense is calculated using the straight-line method over the estimated useful life of the asset (or the lesser of the term of the lease and the estimated useful life of the asset under the finance lease). Amortization of assets capitalized under finance lease arrangements is included in depreciation expense. Leasehold improvements are amortized over the lesser of the lease term or the estimated useful life of the asset. The determination of the lease term is discussed below under "Leases."

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Notes to Consolidated Financial Statements (Continued)

Property and equipment are depreciated over the following useful lives:

	Useful Life
Student and state testing computers and printers	3 - 5 years
Computer hardware	3 - 7 years
Computer software	3 - 5 years
Web site development	3 years
Office equipment	5 years
Furniture and fixtures	7 years
Leasehold improvements	Shorter of useful life or term of the lease

The Company makes an estimate of unreturned student computers and printers based on an analysis of recent trends of returns. The Company recorded accelerated depreciation of \$5.6 \$4.0 million, \$3.8 million \$5.6 million and \$3.2 million \$3.8 million for the years ended June 30, 2023 June 30, 2024, 2022 2023 and 2021, 2022, respectively, related to unreturned student computers and printers.

The Company fully expenses computer peripheral equipment (e.g., keyboards, mice) upon purchase as recovery has been determined to be uneconomical. These expenses totaled \$3.1 million \$4.0 million, \$8.6 million \$3.1 million and \$6.3 million \$8.6 million for the years ended June 30, 2023 June 30, 2024, 2022 2023 and 2021, 2022, respectively, and are recorded as instructional costs and services.

Capitalized Software Costs

The Company develops software for internal use. Software development costs incurred during the application development stage are capitalized. The Company amortizes these costs over the estimated useful life of the software, which is generally three years. Capitalized software development costs are stated at cost less accumulated amortization.

Capitalized software additions totaled \$40.7 million, \$45.0 million \$42.2 million and \$31.3 \$42.2 million for the years ended June 30, 2023 June 30, 2024, 2022 2023 and 2021, 2022, respectively. There were no material write-downs of capitalized software projects for the years ended June 30, 2023 June 30, 2024, 2022 2023 and 2021, 2022.

Capitalized Curriculum Development Costs

The Company internally develops curriculum, which is primarily provided as online content and accessed via the Internet. The Company also creates textbooks and other materials that are complementary to online content.

The Company capitalizes curriculum development costs incurred during the application development stage, as well as the design and deployment phases of the project. As a result, a significant portion of the Company's courseware development costs qualify for capitalization due to the concentration of its development efforts on the content of the

Notes to Consolidated Financial Statements (Continued)

courseware. Capitalization ends when a course is available for general release to its customers, at which time amortization of the capitalized costs begins. The period of time over which these development costs are amortized is generally five years.

Total capitalized curriculum development additions were \$17.2 million \$18.7 million, \$15.7 million \$17.2 million and \$17.4 million \$15.7 million for the years ended June 30, 2023 June 30, 2024, 2022 2023 and 2021, 2022, respectively. These amounts are recorded on the consolidated balance sheets, net of amortization charges. There were no material write-downs of capitalized curriculum development costs for the years ended June 30, 2023 June 30, 2024, 2022 2023 and 2021, 2022.

Leases

The Company's principal leasing activities include student computers and peripherals, classified as finance leases, and facilities, classified as operating leases.

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

Leases are classified as operating leases unless they meet any of the criteria below to be classified as a finance lease:

- the lease transfers ownership of the asset at the end of the lease;
- the lease grants an option to purchase the asset which the lessee is expected to exercise;
- the lease term reflects a major part of the asset's economic life;
- the present value of the lease payments equals or exceeds the fair value of the asset; or
- the asset is specialized with no alternative use to the lessor at the end of the term.

Finance Leases

The Company enters into agreements to finance the purchase of student computers and peripherals provided to students of its schools. Individual leases typically include 3-year payment terms, at varying rates, terms. The Company pledges the assets financed to secure the outstanding leases.

Operating Leases

The Company enters into agreements for facilities that serve as offices for its headquarters and school operations. Lease terms vary between 1 and 10 9 years. Certain leases include renewal options, usually based upon current market rates, as well as termination rights. The Company performs an evaluation of each lease to determine if the lease payments included in the renewal option should be included in the initial measurement of the lease liability.

Discount Rate

The present value of the lease payments is calculated using either the rate implicit in the lease, or the lessee's incremental borrowing rate, over the lease term. For the majority of the Company's finance and operating leases, the stated rate is not defined within the lease terms; while for the Company's operating leases, the rate is not implicit. For operating leases, terms. Therefore, the Company uses its incremental borrowing rate as the discount rate; determined as the Company's borrowing rate on a collateralized basis for a similar term and amount to the term and amount of the lease. The Company's current incremental borrowing rate of 6.13% is based upon its agreements used for its finance leases, rate. The incremental borrowing rate is subsequently reassessed upon modification defined as the rate of its leasing arrangements or with interest that a lessee would have to pay to borrow on a collateralized basis over a similar term an amount equal to the execution of lease payments in a new lease agreement. similar economic environment and is calculated using comparative credit ratings.

Policy Elections

Short-term Leases

The Company has elected as an on-going accounting policy election not to record a right-of-use asset or lease liability on its short-term facility leases of 12 months or less, and will expense its lease payments on a straight-line basis

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

over the lease term. The accounting policy election is made by class of underlying asset to which the right of use relates. The Company has elected to apply the accounting policy election only to operating leases.

Goodwill and Intangible Assets

The Company records as goodwill the excess of the purchase price over the fair value of the identifiable net assets acquired. Finite-lived intangible assets acquired in business combinations subject to amortization are recorded at their fair value. Finite-lived intangible assets include trade names, acquired customers and distributors, developed technology and non-compete agreements. Such intangible assets are amortized on a straight-line basis over their estimated useful lives. Amortization expense for the years ended **June 30, 2023** **June 30, 2024**, **2023** and **2022** and **2021** was **\$12.9 million**, **\$15.2 million** **\$13.0 million** and **\$11.6** **\$13.0** million, respectively, and is included within selling, general, and administrative expenses in the consolidated statements of operations. Future amortization of intangible assets is expected to be **\$11.6** **\$9.9** million, **\$10.4** **\$8.7** million, **\$9.3** **\$7.1** million, **\$7.6** **\$5.3** million and **\$5.7 million** **\$4.5 million** in the fiscal years ending **June 30**, **2024** **June 30, 2025** through **June 30, 2028** **June 30, 2029**, respectively and **\$29.9** **\$24.6** million thereafter.

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

The Company reviews its finite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. If the total of the expected undiscounted future cash flows is less than the carrying amount of the asset, a loss is recognized for the difference between fair value and the carrying value of the asset.

The Company has one reporting unit. The process for testing goodwill and intangible assets with indefinite lives for impairment is performed annually, as well as when an event triggering impairment may have occurred. Companies are also allowed to qualitatively assess goodwill impairment through a screening process which would permit companies to forgo the quantitative impairment test as part of their annual goodwill impairment process. The Company performs its annual assessment on May 31st, which is then updated for any changes in condition as of June 30th.

During the years ended **June 30, 2023** **June 30, 2024**, **2023** and **2022**, there were no events or changes in circumstances that would indicate that the carrying amount of the goodwill was impaired. **During the year ended June 30, 2021, the Company qualitatively assessed its goodwill and intangible assets for impairment. It identified Coronavirus disease 2019 ("COVID-19") as a triggering event, however there were no indicators that the fair value of the reporting unit may be less than its carrying amount, and as a result, the Company determined that no impairment was required.**

The following table represents the balance of the Company's goodwill for the years ended June 30, 2023, June 30, 2024, 2022, 2023 and 2021, 2022:

(\$ in millions)	Amount	Amount
Goodwill		
Balance as of June 30, 2021	\$ 240.4	
Acquisition of Modern Teacher LLC	0.6	
Balance as of June 30, 2022	\$ 241.0	\$ 241.0
Acquisition of Tallo Assets	5.7	5.7
Balance as of June 30, 2023	\$ 246.7	\$ 246.7
		—
Balance as of June 30, 2024		\$ 246.7

The following table represents the balance of the Company's intangible assets as of June 30, 2023, June 30, 2024 and 2022, 2023:

(\$ in millions)	June 30, 2023						June 30, 2024						June 30, 2023		
	Gross			Net			Gross			Net			Gross		
	Carrying	Accumulated	Carrying	Carrying	Accumulated	Carrying	Carrying	Accumulated	Carrying	Carrying	Accumulated	Carrying	Carrying	Accumulated	Carrying
	Amount	Amortization	Value	Amount	Amortization	Value	Amount	Amortization	Value	Amount	Amortization	Value	Amount	Amortization	Value
Trade names	\$ 77.2	\$ (23.0)	\$ 54.2	\$ 85.1	\$ (23.1)	\$ 62.0	\$ 70.6	\$ (23.5)	\$ 47.1	\$ 77.2	\$ (23.0)	\$ 54.2			
Customer and distributor relationships	38.4	(28.0)	10.4	37.5	(23.9)	13.6	37.1	(31.1)	6.0	38.4	(28.0)	10.4			
Developed technology	22.0	(12.1)	9.9	21.7	(8.9)	12.8	21.7	(14.8)	6.9	22.0	(12.1)	9.9			
Other	1.4	(1.1)	0.3	1.4	(1.1)	0.3	1.4	(1.1)	0.3	1.4	(1.1)	0.3			
Total	\$139.0	\$ (64.2)	\$ 74.8	\$145.7	\$ (57.0)	\$ 88.7	\$130.8	\$ (70.5)	\$ 60.3	\$139.0	\$ (64.2)	\$ 74.8			

Impairment of Long-Lived Assets

Long-lived assets include property, equipment, right-of-use assets, capitalized curriculum and software developed or obtained for internal use. Management reviews the Company's recorded long-lived assets for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. The Company determines the extent to which an asset may be impaired based upon its expectation of the asset's future usability as well as on a reasonable assurance that the future cash flows associated with the asset will be in excess of its carrying amount. If the total of the expected undiscounted future cash flows is less than the carrying amount of the asset, a loss is recognized for the difference between fair value and the carrying value of the asset. During the years ended June 30, 2023, June 30, 2024, 2023 and 2022, there were no events or changes in circumstances that may indicate that the carrying amount of the long-lived assets may not be recoverable. During the year ended June 30, 2021, the Company identified COVID-19 as a triggering event, however based on its assessment, the Company determined that COVID-19 did not impact the

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STRIDE, INC.**Notes to Consolidated Financial Statements (Continued)****recoverability of its long-lived assets.****Income Taxes**

Deferred tax assets and liabilities are computed based on the difference between the financial reporting and income tax bases of assets and liabilities using the enacted marginal tax rate. The net deferred tax asset is reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some portion or all of the net deferred tax asset will not be realized.

Stock-Based Compensation

The Company estimates the fair value of share-based awards on the date of grant. The fair value of restricted stock awards is based on the closing price of the Company's common stock on the date of grant. Certain restricted stock awards with a market-based performance component are valued using a Monte Carlo simulation model that considers a variety of factors including, but not limited to, the Company's common stock price, risk-free rate, and expected stock price volatility over the expected life of awards. The Company recognizes forfeitures of share-based awards as they occur in the period of forfeiture.

Advertising and Marketing Costs

Advertising and marketing costs consist primarily of internet advertising, online marketing, direct mail, print media and television commercials and are expensed when incurred. Advertising costs totaled **\$96.8 million** **\$96.5 million**, **\$86.5 million** **\$96.8 million** and **\$60.3 million** **\$86.5 million** for the years ended **June 30, 2023** **June 30, 2024**, **2022** **2023** and **2021**, **2022**, respectively, and are included within selling, general, and administrative expenses in the consolidated statements of operations.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability, in the principal or most advantageous market for the asset or liability, in an orderly transaction between market participants at the measurement date. Measurements are described in a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The three levels of inputs used to measure fair value are:

Level 1: Inputs based on quoted market prices for identical assets or liabilities in active markets at the measurement date.

Level 2: Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Inputs reflect management's best estimate of what market participants would use in pricing the asset **or liability at the measurement date. The inputs are unobservable in the market and significant to the instrument's valuation.**

The carrying values reflected in the consolidated balance sheets for cash and cash equivalents, receivables, and short term obligations approximate their fair values, as they are largely short-term in nature. The contingent consideration and Tallo, Inc. convertible note is discussed in more detail in Note 12, "Acquisitions and Investments." As of June 30, 2023, the estimated fair value of the long-term debt was \$416.9 million. The Company estimated the fair value based on the quoted market prices in an inactive market (Level 2). The long-term debt, comprised of the Company's convertible senior notes due 2027, is recorded at face value less the unamortized debt issuance costs on its consolidated

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

or liability at the measurement date. The inputs are unobservable in the market and significant to the instrument's valuation.

The carrying values reflected in the consolidated balance sheets for cash and cash equivalents, receivables, and short-term obligations approximate their fair values, as they are largely short-term in nature. The Tallo, Inc. convertible note is discussed in more detail in Note 12, "Acquisitions and Investments." As of June 30, 2024, the estimated fair value of the long-term debt was \$585.8 million. The Company estimated the fair value based on the quoted market prices in an inactive market (Level 2). The long-term debt, comprised of the Company's convertible senior notes due 2027, is recorded at face value less the unamortized debt issuance costs on its consolidated balance sheet, and is discussed in more detail in Note 7, "Debt." As of June 30, 2023, the estimated fair value of the Company's marketable securities was \$134.0 million \$213.4 million. The Company estimated the fair value based on the quoted market prices in an inactive market (Level 2). The marketable securities are discussed in more detail in Note 3, "Summary of Significant Accounting Policies - Investments in Marketable Securities."

On November 30, 2020, the Company acquired 100% of MedCerts in exchange for \$70.0 million and estimated contingent consideration of \$10.8 million. During fiscal year 2021 and 2022, the Company recorded an aggregate expense of \$0.5 million to adjust its estimate of the fair value of the contingent consideration to \$11.3 million. During the fiscal year ended June 30, 2023, the Company paid \$7.0 million to settle the contingent consideration and recorded a gain of \$4.3 million. The gain is recorded within selling, general, and administrative expenses on the consolidated statements of operations.

There were no assets or liabilities measured at fair value on a recurring basis as of June 30, 2023, June 30, 2024 and 2023.

The following table summarizes certain There was no activity related to the Company's fair value information at June 30, 2022 for assets or liabilities measured at fair value measurements categorized as Level 3 in the valuation hierarchy, valued on a recurring basis.

Description	Fair Value	Fair Value Measurements Using:		
		Quoted Prices		
		in Active	Significant	
		Markets for	Other	Significant
		Identical	Observable	Unobservable
		Assets	Input	Inputs
		(Level 1)	(Level 2)	(Level 3)
(In thousands)				
Contingent consideration associated with acquisitions	\$ 11,290	\$ —	\$ —	\$ 11,290
Convertible note received in acquisition	\$ 889	\$ —	\$ —	\$ 889

basis, for the year ended June 30, 2024.

The following table presents activity related to the Company's fair value measurements categorized as Level 3 in the valuation hierarchy, valued on a recurring basis, for the year ended June 30, 2023.

Description	Year Ended June 30, 2023				Year Ended June 30, 2023			
	Purchases,				Purchases,			
	Fair Value	Issuances,	Realized	Fair Value	Fair Value	Issuances,	Realized	Fair Value
	June 30, 2022	and Settlements	Gain	June 30, 2023	June 30, 2022	and Settlements	Gain	June 30, 2023

Basic net income (loss) per common share is calculated by dividing net income (loss) by the weighted-average number of common shares outstanding during the reporting period. The weighted average number of shares of common stock outstanding includes vested restricted stock awards. Diluted net income (loss) per share ("EPS") reflects the potential dilution that could occur assuming conversion or exercise of all dilutive unexercised stock options and vesting of all dilutive unvested restricted stock awards. The dilutive effect of stock options and restricted stock awards was determined using the treasury stock method. Under the treasury stock method, the proceeds received from the exercise of stock options and restricted stock awards, the amount of compensation cost for future service not yet recognized by the Company and the amount of tax benefits that would be recorded as income tax expense when the stock options become deductible for income tax purposes are all assumed to be used to repurchase shares of the Company's common stock. Stock options and restricted stock awards are not included in the computation of diluted net income (loss) per share when they are antidilutive. Common stock outstanding reflected in the Company's consolidated balance sheets includes restricted stock awards outstanding. The dilutive effect of the Company's convertible debt is determined using the if-converted method when the Company's stock is trading above the conversion price. However, based on the structure of the instrument and how it is settled upon conversion, it would produce a similar result as the previously applied treasury stock method.

	Years Ended June 30,					
	2024		2023		2022	
	Year Ended June 30,					
	2023		2022		2021	
	(In thousands except share and per share data)					
(In thousands except share and per share data)	(In thousands except share and per share data)					
Basic net income per share computation:						
Net income attributable to common stockholders	\$ 126,867	\$ 107,130	\$ 71,451	\$ 204,183	\$ 126,867	\$ 107,130
Weighted average common shares — basic	42,286,392	41,451,101	40,211,016	42,626,588	42,286,392	41,451,101
Basic net income per share	\$ 3.00	\$ 2.58	\$ 1.78	\$ 4.79	\$ 3.00	\$ 2.58
Diluted net income per share computation:						
Net income attributable to common stockholders	\$ 126,867	\$ 107,130	\$ 71,451	\$ 204,183	\$ 126,867	\$ 107,130
Share computation:						
Weighted average common shares — basic	42,286,392	41,451,101	40,211,016	42,626,588	42,286,392	41,451,101
Effect of dilutive stock options and restricted stock awards	441,716	990,423	1,657,564	908,853	441,716	990,423
Weighted average common shares — diluted	42,728,108	42,441,524	41,868,580	43,535,441	42,728,108	42,441,524
Diluted net income per share	\$ 2.97	\$ 2.52	\$ 1.71	\$ 4.69	\$ 2.97	\$ 2.52

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common share calculation because the effect would have been antidilutive.

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

4. Property and Equipment and Capitalized Software and Curriculum

Property and equipment consists of the following at:

	June 30,	
	2023	2022
	(In thousands)	
Student computers	\$ 114,064	\$ 106,688
Computer software	14,908	14,655
Computer hardware	8,867	5,386
Leasehold improvements	11,590	12,612
State testing computers	4,609	7,440
Furniture and fixtures	3,547	3,910
Office equipment	213	134
	157,798	150,825
Less accumulated depreciation and amortization	(105,466)	(89,288)
	<u>\$ 52,332</u>	<u>\$ 61,537</u>

The Company recorded depreciation expense related to property and equipment reflected in selling, general, and administrative expenses of \$3.6 million, \$3.9 million and \$6.3 million during the years ended June 30, 2023, 2022 and 2021, respectively. Depreciation expense of \$42.3 million, \$37.6 million and \$31.7 million related to computers provided to students is reflected in instructional costs and services during the years ended June 30, 2023, 2022 and 2021, respectively.

The Company incurs maintenance and repair expenses, which are expensed as incurred, and are generally recorded in selling, general, and administrative expenses.

Capitalized software costs consist of the following at:

	June 30,	
	2023	2022
	(In thousands)	
Capitalized software	\$ 318,965	\$ 274,401
Less accumulated depreciation and amortization	(235,500)	(202,601)
	<u>\$ 83,465</u>	<u>\$ 71,800</u>

The Company recorded amortization expense of \$27.0 million, \$22.9 million and \$19.7 million related to capitalized software reflected in instructional costs and services and \$5.6 million, \$5.4 million and \$4.2 million reflected in selling, general, and administrative expenses during the years ended June 30, 2023, 2022 and 2021, respectively.

Capitalized curriculum development costs consist of the following at:

	June 30,	
	2023	2022
	(In thousands)	
Capitalized curriculum development costs	\$ 183,597	\$ 189,246
Less accumulated depreciation and amortization	(132,810)	(138,666)
	<u>\$ 50,787</u>	<u>\$ 50,580</u>

The Company recorded amortization expense of \$16.7 million, \$15.1 million and \$16.4 million related to capitalized curriculum development cost reflected in instructional costs and services during the years ended June 30, 2023, 2022 and 2021, respectively.

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

4. Property and Equipment and Capitalized Software and Curriculum

Property and equipment consists of the following at:

	June 30,	
	2024	2023
	(In thousands)	
Student computers	\$ 128,496	\$ 114,064
Computer software	9,923	14,908
Computer hardware	6,698	8,867
Leasehold improvements	10,369	11,590
State testing computers	4,609	4,609
Furniture and fixtures	3,190	3,547
Office equipment	122	213
	<u>163,407</u>	<u>157,798</u>
Less accumulated depreciation and amortization	(112,551)	(105,466)
	<u>\$ 50,856</u>	<u>\$ 52,332</u>

The Company recorded depreciation expense related to property and equipment reflected in selling, general, and administrative expenses of \$3.8 million, \$3.6 million and \$3.9 million during the years ended June 30, 2024, 2023 and 2022, respectively. Depreciation

expense of \$32.9 million, \$42.3 million and \$37.6 million related to computers provided to students is reflected in instructional costs and services during the years ended June 30, 2024, 2023 and 2022, respectively.

The Company incurs maintenance and repair expenses, which are expensed as incurred, and are generally recorded in selling, general, and administrative expenses.

Capitalized software costs consist of the following at:

	June 30,	
	2024	2023
	(In thousands)	
Capitalized software	\$ 330,054	\$ 318,965
Less accumulated depreciation and amortization	(248,102)	(235,500)
	<u>\$ 81,952</u>	<u>\$ 83,465</u>

The Company recorded amortization expense of \$34.4 million, \$27.0 million and \$22.9 million related to capitalized software reflected in instructional costs and services and \$7.9 million, \$5.6 million and \$5.4 million reflected in selling, general, and administrative expenses during the years ended June 30, 2024, 2023 and 2022, respectively.

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

Capitalized curriculum development costs consist of the following at:

	June 30,	
	2024	2023
	(In thousands)	
Capitalized curriculum development costs	\$ 181,353	\$ 183,597
Less accumulated depreciation and amortization	(128,121)	(132,810)
	<u>\$ 53,232</u>	<u>\$ 50,787</u>

The Company recorded amortization expense of \$17.7 million, \$16.7 million and \$15.1 million related to capitalized curriculum development cost reflected in instructional costs and services during the years ended June 30, 2024, 2023 and 2022, respectively.

5. Income Taxes

The provision for income taxes is based on earnings reported in the consolidated financial statements. A deferred income tax asset or liability is determined by applying currently enacted tax laws and rates to the expected reversal of the cumulative temporary differences between the carrying value of assets and liabilities for financial statement and income tax purposes. Deferred income tax expense or benefit is measured by the change in the deferred income tax asset or liability during the year.

Notes to Consolidated Financial Statements (Continued)

	June 30,		June 30,	
	2023	2022	2024	2023
	(In thousands)		(In thousands)	
Deferred tax assets				
Net operating loss carryforward	\$ 17,628	\$ 19,613	\$ 15,553	\$ 17,628
Reserves	7,850	8,306	9,031	7,850
Accrued expenses	10,868	11,524	13,290	10,868
Stock compensation expense	4,548	5,166	8,162	4,548
Other assets	3,212	5,218	2,180	3,212
Convertible debt	8,632	11,005	5,980	8,632
Deferred revenue	680	591	456	680
Lease liability	17,900	21,680	13,879	17,900
Total deferred tax assets	71,318	83,103	68,531	71,318
Deferred tax liabilities				
Capitalized curriculum development	(9,038)	(9,269)	(9,466)	(9,038)
Capitalized software and website development costs	(2,987)	(17,789)	(4,340)	(2,987)
Property and equipment	(8,438)	(10,547)	(9,401)	(8,438)
Right-of-use assets	(16,837)	(21,062)	(13,052)	(16,837)
Returned materials	(2,980)	(3,503)	(2,858)	(2,980)
Purchased intangibles	(15,471)	(17,461)	(14,827)	(15,471)
Total deferred tax liabilities	(55,751)	(79,631)	(53,944)	(55,751)
Net deferred tax asset (liability) before valuation allowance	15,567	3,472		
Net deferred tax asset before valuation allowance			14,587	15,567
Valuation allowance	(6,791)	(6,677)	(7,387)	(6,791)
Net deferred tax asset (liability)	\$ 8,776	\$ (3,205)		
Net deferred tax asset			\$ 7,200	\$ 8,776
Reported as:				
Long-term deferred tax assets (liabilities)	\$ 8,776	\$ (3,205)		
Long-term deferred tax assets			\$ 7,200	\$ 8,776

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At June 30, 2023 June 30, 2024, the Company had approximately \$44.3 million \$33.6 million of available federal NOL carryforwards solely related to the acquisition of Galvanize in January 2020. The available federal NOL carryforwards were generated after 2017 and have an indefinite carryforward period due to the Tax Cuts and Jobs Act (the "Tax Act"). Section 382 of the Internal Revenue Code limits the utilization of NOL carryforwards following a change of control. The Company has performed an analysis of the Section 382 ownership changes and have determined that it will be able to fully utilize its available NOLs subject to the Section 382 limitation.

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Notes to Consolidated Financial Statements (Continued)

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	(In thousands)			(In thousands)		
Current:						
Federal	\$ 41,360	\$ 27,969	\$ 12,290	\$52,678	\$ 41,360	\$27,969
State	12,032	7,550	6,643	7,660	12,032	7,550
Foreign	2,327	3,379	3,057	1,254	2,327	3,379
Total current	55,719	38,898	21,990	61,592	55,719	38,898
Deferred:						
Federal	(9,033)	1,743	2,287	(667)	(9,033)	1,743
State	(1,340)	(553)	262	3,557	(1,340)	(553)
Total deferred	(10,373)	1,190	2,549	2,890	(10,373)	1,190
Total income tax expense (benefit)	\$ 45,346	\$ 40,088	\$ 24,539			
Total income tax expense				\$64,482	\$ 45,346	\$40,088

The provision for (benefit from) income taxes can be reconciled to the income tax that would result from applying the statutory rate to the net income before income taxes as follows:

	Year Ended June 30,			Years Ended June 30,		
	2023	2022	2021	2024	2023	2022
U.S. federal tax at statutory rates	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %
Permanent items	-	0.4	(0.4)	-	-	0.4
Lobbying	0.1	0.1	0.2	0.1	0.1	0.1
Non-deductible compensation	1.6	9.3	4.9	0.8	1.6	9.3
State taxes, net of federal benefit	4.4	3.5	5.8	3.2	4.4	3.5
Research and development tax credits	(1.4)	(0.8)	(0.9)	(1.5)	(1.4)	(0.8)
Change in valuation allowance	(0.4)	0.8	(0.1)	-	(0.4)	0.8
Effects of foreign operations	0.9	0.3	0.4	0.1	0.9	0.3
Reserve for unrecognized tax benefits	0.9	0.5	0.2	0.5	0.9	0.5
Other	(0.5)	(1.2)	(0.5)	0.1	(0.5)	(1.2)
Stock-based compensation	(0.3)	(6.7)	(5.0)	(0.3)	(0.3)	(6.7)
Provision for (benefit from) income taxes	26.3 %	27.2 %	25.6 %			
Provision for income taxes				24.0 %	26.3 %	27.2 %

The decrease in the effective income tax rate for the year ended June 30, 2023, as compared to the effective tax rate for the year ended June 30, 2022, was primarily due to the decrease in the amount of non-deductible compensation which was partially offset by the decrease in excess tax benefit of stock-based compensation and state taxes.

Notes to Consolidated Financial Statements (Continued)

Tax Uncertainties

The Company follows the provisions of ASC 740, Income Taxes ("ASC 740") which applies to all tax positions related to income taxes. ASC 740 provides a comprehensive model for how a company should recognize, measure, present and disclose in its financial statements uncertain tax positions that the Company has taken or expects to take on a tax return. ASC 740 clarifies accounting for income taxes by prescribing a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. If the probability for sustaining a tax position is greater than 50%, then the tax position is warranted and recognition should be at the highest amount which would be expected to be realized upon ultimate settlement related to unrecognized tax benefits.

The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. As of **June 30, 2023**, **June 30, 2024**, **2022**, **2023** and **2021**, **2022**, the Company had **\$0.2 million**, **\$0.4 million**, **\$0.1 million**, **\$0.2 million** and \$0.1 million in accrued interest and penalties, respectively.

The unrecognized tax benefits for the years ended **June 30, 2023**, **June 30, 2024**, **2022**, **2023** and **2021**, **2022** were as follows:

	Year Ended June 30,			Years Ended June 30,		
	2023	2022	2021	2024	2023	2022
	(In thousands)			(In thousands)		
Balance at beginning of the year	\$ 1,729	\$ 1,057	\$ 850	\$3,156	\$1,729	\$1,057
Additions for prior year tax positions	568	364	196	591	568	364
Additions for current year tax positions	1,106	482	261	1,205	1,106	482
Reductions for prior year tax positions	(247)	(173)	(250)	(666)	(247)	(173)
Balance at end of the year	<u>\$ 3,156</u>	<u>\$ 1,729</u>	<u>\$ 1,057</u>	<u>\$4,286</u>	<u>\$3,156</u>	<u>\$1,729</u>

If recognized, all of the **\$3.2 million**, **\$4.3 million** balance of unrecognized tax benefits as of **June 30, 2023**, **June 30, 2024** would affect the effective tax rate. The Company does not anticipate a significant increase or decrease in unrecognized tax benefits in the next twelve months.

The Company remains subject to audit by the Internal Revenue Service for federal tax purposes for tax years after **June 30, 2019**, **June 30, 2020**. Certain state and foreign tax jurisdictions are also either currently under audit or remain open under the statute of limitations for the tax years after **June 30, 2017**, **June 30, 2018**.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security ("CARES") Act was enacted and signed into law. The Company has evaluated the business provisions in the CARES Act and adopted the deferral of the employer portion of the social security payroll tax (6.2%) outlined within. The deferral was effective from the enactment date through December 31, 2020. The deferred amount of \$14.1 million was paid in two installments, \$7.05 million of the deferred amount was paid in December 2021 and the remaining \$7.05 million was paid in December 2022.

6. Finance and Operating Leases

Finance Leases

The Company is a lessee under finance leases for student computers and peripherals under agreements with Banc of America Leasing & Capital, LLC ("BALC") and CSI Leasing, Inc. ("CSI Leasing"). As of **June 30, 2023**, **June 30, 2024** and **2022**, **2023**, the finance lease

liability was \$56.9 \$55.6 million and \$66.3 \$56.9 million, respectively, with lease interest rates ranging from 2.10% to 6.57% 6.72%. As of June 30, 2023 June 30, 2024 and 2022, 2023, the balance of the associated right-of-use assets was \$36.3 million \$39.8 million and \$42.7 million \$36.3 million, respectively. The right-of-use asset is recorded within property and equipment, net on the consolidated balance sheets. Lease amortization expense associated with the Company's finance leases is recorded within instructional costs and services on the consolidated statements of operations.

The Company entered into an agreement with BALC in April 2020 for \$25.0 million (increased to \$41.0 million in July 2020) to provide financing for its leases through March 2021 at varying rates. The Company entered into additional

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

agreements during fiscal year 2021 to provide financing of \$54.0 million for its student computers and peripherals leases through October 2022 at varying rates. Individual leases with BALC include 36-month payment terms, fixed rates ranging from 2.10% to 6.57% 6.72%, and a \$1 purchase option at the end of each lease term. The Company has pledged the assets financed to secure the outstanding leases.

The Company entered into an agreement with CSI Leasing in August 2022 to provide financing for its leases. Individual leases under the agreement with CSI Leasing include 36-month payments payment terms, but do not include a stated interest rate. The Company uses its incremental borrowing rate as the implied interest rate and the total lease payments to calculate its lease liability.

The following is a summary, as of June 30, 2023 June 30, 2024 and June 30, 2022 June 30, 2023, respectively, of the present value of the net minimum lease payments under the Company's finance leases:

	Year Ended June 30,		June 30,	
	2023	2022	2024	2023
	(in thousands)			
2023	\$ —	\$ 38,600		
			(in thousands)	
2024	37,056	24,816	\$ —	\$ 37,056
2025	16,691	4,468	31,655	16,691
2026	5,457	22	19,880	5,457
2027	60	—	7,691	60
2028			82	—
Total minimum payments	59,264	67,906	59,308	59,264
Less: imputed interest	(2,365)	(1,629)	(3,710)	(2,365)
Finance lease liability	56,899	66,277	55,598	56,899
Less: current portion of finance lease liability	(35,621)	(37,389)	(29,146)	(35,621)
Long-term finance lease liability	\$ 21,278	\$ 28,888	\$ 26,452	\$ 21,278

Operating Leases

The Company is a lessee under operating leases for various facilities to support the Company's operations. As of **June 30, 2023** **June 30, 2024** and **2022** **2023**, the operating lease liability was **\$73.9 million** **\$57.9 million** and **\$88.0 million** **\$73.9 million**, respectively. As of **June 30, 2023** **June 30, 2024** and **2022** **2023** the balance of the associated right-of-use assets was **\$69.5 million** **\$54.5 million** and **\$85.5 million** **\$69.5 million**, respectively. Lease expense associated with the Company's operating leases is recorded within both instructional costs and services and selling, general, and administrative expenses on the consolidated statements of operations.

Individual operating leases range in terms of 1 to **10** **9** years and expire on various dates through fiscal year 2034 and the minimum lease payments are discounted using the Company's incremental borrowing rate.

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

The following is a summary as of **June 30, 2023** **June 30, 2024** and **June 30, 2022** **June 30, 2023**, respectively, of the present value of the minimum lease payments under the Company's operating leases:

	Year Ended June 30,		June 30,	
	2023	2022	2024	2023
	(in thousands)			
2023	\$ —	\$ 15,120		
				(in thousands)
2024	16,341	16,638	\$ —	\$ 16,341
2025	15,668	16,168	14,263	15,668
2026	12,290	12,900	12,361	12,290
2027	8,753	8,797	8,705	8,753
2028	7,727	—	7,713	7,727
2029			7,599	—
Thereafter	19,975	27,447	12,381	19,975
Total minimum payments	80,754	97,070	63,022	80,754
Less: imputed interest	(6,880)	(9,113)	(5,082)	(6,880)
Operating lease liability	73,874	87,957	57,940	73,874
Less: current portion of operating lease liability	(14,449)	(12,830)	(12,748)	(14,449)
Long-term operating lease liability	\$ 59,425	\$ 75,127	\$ 45,192	\$ 59,425

The Company is subleasing one of its facilities **through July 2023, one** through September 2024, one through November 2024, and one through December 2025. Sublease income is recorded as an offset to the related lease expense within both instructional costs and

					June 30,					
	Year Ended June 30,				2024	2023				
	2023	2022	(in thousands)							
2023	\$ —	\$ 1,396								
2024	836	665								
2025	455	412								
2026	139	140								
2027	—	—								
Total sublease income	\$ 1,430	\$ 2,613	\$594	\$1,430						

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Notes to Consolidated Financial Statements (Continued)

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Finance lease cost:						
Amortization of right-of-use assets	\$ 39,312	\$ 34,719	\$ 28,647	\$ 31,099	\$ 39,312	\$ 34,719
Interest on lease liabilities	2,080	1,769	1,111	2,639	2,080	1,769
Instructional costs and services:						
Operating lease cost	12,028	15,718	15,877	9,605	12,028	15,718
Short-term lease cost	103	67	181	56	103	67
Sublease income	(1,081)	(955)	(920)	(328)	(1,081)	(955)
Selling, general, and administrative expenses:						
Operating lease cost	4,616	6,253	6,681	6,019	4,616	6,253
Short-term lease cost	259	125	970	150	259	125
Sublease income	(406)	(367)	(984)	(491)	(406)	(367)
Total lease cost	<u>\$ 56,911</u>	<u>\$ 57,329</u>	<u>\$ 51,563</u>	<u>\$ 48,749</u>	<u>\$ 56,911</u>	<u>\$ 57,329</u>
Other information						
Cash paid for amounts included in the measurement of lease liabilities						
Operating cash flows from operating leases	\$ (12,243)	\$ (20,742)	\$ (21,025)	\$(14,990)	\$(12,243)	\$(20,742)
Financing cash flows from finance leases	(42,956)	(33,011)	(24,315)	(40,919)	(42,956)	(33,011)
Right-of-use assets obtained in exchange for new finance lease liabilities	30,514	23,232	66,861	35,652	30,514	23,232
Right-of-use assets obtained in exchange for new operating lease liabilities	1,619	10,589	1,643	864	1,619	10,589
Weighted-average remaining lease term - finance leases	1.72 yrs.	1.85 yrs.	2.52 yrs.	2.02 yrs.	1.72 yrs.	1.85 yrs.
Weighted-average remaining lease term - operating leases	6.10 yrs.	6.54 yrs.	6.58 yrs.	5.66 yrs.	6.10 yrs.	6.54 yrs.
Weighted-average discount rate - finance leases	3.86 %	2.47 %	2.45 %	5.62 %	3.86 %	2.47 %
Weighted-average discount rate - operating leases	2.81 %	2.75 %	2.75 %	2.92 %	2.81 %	2.75 %

7. Debt

The following is a summary, as of **June 30, 2023** **June 30, 2024** and **June 30, 2022** **June 30, 2023**, respectively, of the components of the Company's outstanding long-term debt:

	Year Ended June 30,	
	2023	2022
	(in thousands)	
Convertible Senior Notes due 2027	\$ 420,000	\$ 420,000
Less: unamortized debt issuance costs	(6,965)	(8,562)
Total debt	413,035	411,438
Less: current portion of debt	—	—
Long-term debt	<u>\$ 413,035</u>	<u>\$ 411,438</u>

STRIDE, INC.
Notes to Consolidated Financial Statements (Continued)

	June 30,	
	2024	2023
	(in thousands)	
Convertible Senior Notes due 2027	\$ 420,000	\$ 420,000
Less: unamortized debt issuance costs	(5,325)	(6,965)
Total debt	414,675	413,035
Less: current portion of debt	—	—
Long-term debt	\$ 414,675	\$ 413,035

Convertible Senior Notes due 2027

In August and September 2020, the Company issued \$420.0 million aggregate principal amount of 1.125% Convertible Senior Notes due 2027 ("Notes"). The Notes are governed by an indenture (the "Indenture") between the

STRIDE, INC.
Notes to Consolidated Financial Statements (Continued)

Company and U.S. Bank National Association, as trustee. The net proceeds from the offering of the Notes were approximately \$408.6 million after deducting the underwriting fees and other expenses paid by the Company.

The Notes bear interest at a rate of 1.125% per annum, payable semi-annually in arrears on March 1st and September 1st of each year, beginning on March 1, 2021. The Notes will mature on September 1, 2027. The Company recorded coupon interest expense of \$4.7 million, \$4.7 million and **\$3.9 million** **\$4.7 million** respectively, during the years ended **June 30, 2023, 2022** **June 30, 2024** and **2021, 2023 and 2022**.

The Company incurred debt issuance costs of \$11.4 million which are amortized over the contractual term of the Notes. The Company recorded interest expense related to the amortization of the debt issuance costs of \$1.6 million, \$1.6 million and **\$0.6 million** **\$1.6 million** respectively, during the years ended **June 30, 2023, 2022** **June 30, 2024** and **2021, 2023 and 2022**.

Before June 1, 2027, noteholders will have the right to convert their Notes only upon the occurrence of certain events. After June 1, 2027, noteholders may convert their Notes at any time at their election until two days prior to the maturity date. The Company will settle conversions by paying cash up to the outstanding principal amount, and at the Company's election, will settle the conversion spread by paying or delivering cash or shares of its common stock, or a combination of cash and shares of its common stock. The initial conversion rate is 18.9109 shares of common stock per \$1,000 principal amount of Notes, which represents an initial conversion price of approximately \$52.88 per share of common stock (lower strike price). The Notes will be redeemable at the Company's option at any time after September 6, 2024 at a cash redemption price equal to the principal amount of the Notes, plus accrued and unpaid interest, subject to certain stock price hurdles as discussed in the Indenture.

In connection with the Notes, the Company entered into privately negotiated capped call transactions (the "Capped Call Transactions") with certain counterparties. The Capped Call Transactions are expected to cover the aggregate number of shares of the Company's common stock that initially underlie the Notes, and are expected to reduce potential dilution to the Company's common stock upon any conversion of Notes and/or offset any cash payments the Company is required to make in excess of the principal amount of converted Notes. The upper strike price of the Capped Call Transactions is \$86.174 per share. The cost of the Capped Call Transactions was \$60.4 million and was recorded within additional paid-in capital.

8. Credit Facility

On January 27, 2020, the Company entered into a \$100.0 million senior secured revolving credit facility ("Credit Facility") to be used for general corporate operating purposes with PNC Capital Markets LLC. The Credit Facility has a five-year term and incorporates customary financial and other covenants, including, but not limited to, a maximum leverage ratio and a minimum interest coverage ratio. The majority of the Company's borrowings under the Credit Facility were at LIBOR plus an additional rate ranging from 0.875% - 1.50% based on the Company's leverage ratio as defined in the agreement. The Credit Facility is secured by the Company's assets. The Credit Facility agreement allows for an amendment to establish a new benchmark interest rate when LIBOR is discontinued during the five-year term. As of **June 30, 2023** **June 30, 2024**, the Company was in compliance with the financial covenants. As part of the proceeds received from the Notes, the Company repaid its \$100.0 million outstanding balance and as of **June 30, 2023** **June 30, 2024**, the Company had no amounts outstanding on the Credit Facility. The Credit Facility also includes a \$200.0 million accordion feature.

9. Equity Incentive Plan

On December 9, 2022, the Company's stockholders approved an amendment and restatement of the 2016 Equity Incentive Award Plan (the "**2016 amended and restated 2016 Plan**"). The amended and restated 2016 Plan reflects an increase in the number of shares of common stock available for issuance by 1,045,000 shares, the removal of certain provisions that were otherwise required

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

for awards to qualify as performance-based compensation under an exception to Section 162(m) of the Internal Revenue Code of 1986, as amended, prior to its repeal, an extension of the term of the amended and

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

restated 2016 Plan to October 7, 2032, an increase to the limit on the number of shares that may be issued upon the exercise of incentive stock options, and a prohibition on the payment of dividends and dividend equivalents on unvested awards.

The amended and restated 2016 Plan is designed to attract, retain and motivate employees who make important contributions to the Company by providing such individuals with equity ownership opportunities. Awards granted under the **amended and restated 2016 Plan** may include stock options, stock appreciation rights, restricted stock, restricted stock units, and other stock-based awards. Under the amended and restated 2016 Plan, unissued shares related to forfeited or cancelled awards granted under the amended and restated 2016 Plan or awards granted under the Company's 2007 Equity Incentive Award Plan (the "Prior Plan") (to the extent such awards granted under the Prior Plan were outstanding as of December 15, 2016 and were forfeited or cancelled prior to September 19, 2022), will again be available for issuance

under the amended and restated 2016 Plan. Notwithstanding the foregoing, shares tendered to pay the exercise price or tax withholding with respect to a stock option, or shares that are not issued in connection with the settlement of a stock appreciation right on exercise thereof, or shares purchased on the open market with the cash proceeds from the exercise of options will not again be available for issuance under the amended and restated 2016 Plan.

At June 30, 2023 June 30, 2024, the remaining aggregate number of shares of the Company's common stock authorized for future issuance under the amended and restated 2016 Plan was 2,563,512 2,066,665. At June 30, 2023 June 30, 2024, there were 1,411,638 1,587,359 shares of the Company's common stock that remain outstanding or nonvested under the amended and restated 2016 Plan and Prior Plan.

Compensation expense for all equity-based compensation awards is based on the grant-date fair value. The Company recognizes these compensation costs on a straight-line basis over the requisite service period, which is generally the vesting period of the award. The vesting of performance-based awards is contingent on the achievement of certain performance metrics. Compensation expense is recognized retroactively, through a cumulative catch-up adjustment, when the performance conditions are satisfied or when the Company determines that it is probable that the performance conditions will be satisfied. The amount of compensation expense recognized for a performance-based award is affected by the level of achievement attained. Management has established three levels of attainment: threshold, target, and outperform. Stock-based compensation expense is recorded within selling, general, and administrative expenses on the consolidated statements of operations.

Stock Options

Each stock option is exercisable pursuant to the vesting schedule set forth in the stock option agreement granting such stock option, generally over four years. No stock option shall be exercisable after the expiration of its option term. The Company has granted stock options under the Prior Plan and the Company has also granted stock options to executive officers under stand-alone agreements outside the Prior Plan.

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

Stock option activity including stand-alone stand alone agreements during the years ended June 30, 2023 June 30, 2024, 2022 2023 and 2021 2022 was as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value	Weighted			
					Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Weighted Average Intrinsic Value	Weighted Average Intrinsic Value
Outstanding, June 30, 2020	1,021,517	\$ 19.73	1.65	\$ 8,325,869				
Granted	—	—						
Exercised	(990,067)	19.83						
Forfeited or canceled	—	—						
Outstanding, June 30, 2021	31,450	\$ 16.58	0.82	\$ 437,037	31,450	\$ 16.58	0.82	\$ 437,037
Granted	—	—			—	—		
Exercised	(29,100)	16.14			(29,100)	16.14		
Forfeited or canceled	(1,000)	31.73			(1,000)	31.73		

Outstanding, June 30, 2022	1,350	\$ 14.77	0.98	\$ 35,127	1,350	\$14.77	0.98	\$ 35,127
Granted	—	—			—	—		
Exercised	(1,350)	14.77			(1,350)	14.77		
Forfeited or canceled	—	—			—	—		
Outstanding and exercisable, June 30, 2023	—	\$ —	—	\$ —				
Outstanding, June 30, 2023					—	\$ —		
Granted					—	—		
Exercised					—	—		
Forfeited or canceled					—	—		
Outstanding and exercisable, June 30, 2024					—	\$ —	—	\$ —

The aggregate intrinsic value in the table above represents the total **pre-tax pre tax** intrinsic value (the difference between the Company's closing stock price on the last day of the period and the exercise price, multiplied by the number of **in-the-money in the money** options) that would have been received by the option holders had all option holders exercised their options at the end of each fiscal year. The total intrinsic value of options exercised during the years ended **June 30, 2023** **June 30, 2024**, **2023** and **2022** and **2021** was **zero**, \$0.0 million, **\$0.5 million**, and **\$24.6 million** **\$0.5 million**, respectively.

As of **June 30, 2023** **June 30, 2024**, there was no unrecognized compensation expense related to nonvested stock options granted. During each of the years ended **June 30, 2023** **June 30, 2024**, **2022** **2023** and **2021** **2022**, the Company recognized zero stock-based compensation expense related to stock **options** **options**.

Restricted Stock Awards

The Company has approved grants of restricted stock awards ("RSA") pursuant to the **amended and restated 2016** Plan and Prior Plan. Under the **amended and restated 2016** Plan and Prior Plan, employees, outside directors and independent contractors are able to participate in the Company's future performance through the awards of restricted stock. Each RSA vests pursuant to the vesting schedule set forth in the restricted stock agreement granting such RSAs, generally over three years. **Under the Plan and Prior Plan, there have been no awards of restricted stock to independent contractors.**

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

Restricted stock award activity during the years ended **June 30, 2023** **June 30, 2024**, **2022** **2023** and **2021** **2022** was as follows:

	Shares	Weighted Average Grant-Date Fair Value	Shares	Weighted Average Grant-Date Fair Value
Nonvested, June 30, 2020	1,618,604	\$ 23.73		
Granted	578,070	37.87		
Vested	(704,921)	21.78		
Canceled	(82,419)	27.94		
Nonvested, June 30, 2021	1,409,334	\$ 30.26	1,409,334	\$ 30.26

Granted	582,273	35.27	582,273	35.27
Vested	(699,346)	28.62	(699,346)	28.62
Canceled	(160,795)	34.33	(160,795)	34.33
Nonvested, June 30, 2022	1,131,466	\$ 33.27	1,131,466	\$ 33.27
Granted	595,818	37.90	595,818	37.90
Vested	(774,917)	32.50	(774,917)	32.50
Canceled	(137,134)	36.08	(137,134)	36.08
Nonvested, June 30, 2023	815,233	\$ 36.91	815,233	\$ 36.91
Granted			507,443	43.43
Vested			(437,724)	36.36
Canceled			(153,728)	37.37
Nonvested, June 30, 2024			731,224	\$ 40.60

Performance-Based Restricted Stock Awards (included above)

During the year ended **June 30, 2023** **June 30, 2024**, **zero** no new performance-based restricted stock awards were granted, and **in total, 27,225 remain none remained** nonvested **at June 30, 2023** as of **June 30, 2024**. During the year ended **June 30, 2023** **June 30, 2024**, **343,698** **27,234** performance-based restricted stock awards vested. Vesting of the performance-based restricted stock awards is contingent on the achievement of certain financial performance goals and service vesting conditions.

During fiscal year 2021, the Company granted 30,364 performance-based restricted stock awards to the Company's CEO with a weighted average grant-date fair value of \$24.70 per share. These awards were granted pursuant to the **amended and restated 2016** Plan and were subject to the achievement of Adjusted EBITDA metrics for the calendar year 2021. In January 2022, achievement was certified at 133% of target, which resulted in an additional 10,020 shares, and one-third of the award vested; the remaining two-thirds will vest annually over two years.

During fiscal year 2021, the Company granted 82,710 performance-based restricted stock awards to the Company's named executive officers ("**NEOs**") with a weighted average grant-date fair value of \$45.33 per share. These awards were granted pursuant to the **amended and restated 2016** Plan and were subject to the achievement of Adjusted EBITDA metrics in fiscal year 2021. In August 2021, achievement was certified at 133% of target, which resulted in an additional 27,293 shares, and one-third of the award vested; the remaining two-thirds will vest annually over two years.

During fiscal year 2020, the Company granted 358,294 performance-based restricted stock awards to the Company's then CEO with a weighted average grant-date fair value of \$27.91 per share. These awards were granted pursuant to the **amended and restated 2016** Plan and are subject to the achievement of target free cash flow metrics in each of the fiscal years 2020 through 2022. The metrics are measured at the end of each fiscal year; however if either of the first two tranches are not achieved, the awards may still vest if the free cash flow metric in aggregate is met over the three-year life of the award. In August 2021, the second tranche was achieved at target resulting in the vesting of 119,431 shares. In August 2022, the first and third tranches were achieved at target resulting in the vesting of 238,863 shares.

Service-Based Restricted Stock Awards (included above)

During the year ended **June 30, 2023**, 595,818 new service-based restricted stock awards were granted and in total, 788,009 remain nonvested at **June 30, 2023**. During the year ended **June 30, 2023**, 431,219 service-based restricted

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

Service-Based Restricted Stock Awards (included above)

During the year ended June 30, 2024, 507,443 new service-based restricted stock awards were granted and in total, 731,224 remain nonvested at June 30, 2024. During the year ended June 30, 2024, 410,491 service-based restricted stock awards vested.

Summary of All Restricted Stock Awards

As of June 30, 2023 June 30, 2024, there was \$20.6 \$21.2 million of total unrecognized compensation expense related to nonvested restricted stock awards. The cost is expected to be recognized over a weighted average period of 1.7 1.6 years. The fair value of restricted stock awards granted for the years ended June 30, 2023 June 30, 2024, 2023 and 2022, was \$22.0 million, \$22.6 million and \$20.5 million, respectively. The total fair value of shares vested for the years ended June 30, 2023 June 30, 2024, 2023 and 2022, was \$29.6 million \$23.3 million, \$29.6 million and \$23.5 million, \$23.5 million, respectively. During the years ended June 30, 2023 June 30, 2024, 2022 2023 and 2021, 2022, the Company recognized \$16.0 million, \$15.5 million \$18.4 million and \$22.6 \$18.4 million, respectively, of stock-based compensation expense related to restricted stock awards.

Performance Share Units ("PSU")

The Company has approved grants of performance share units ("PSU" PSUs) pursuant to the amended and restated 2016 Plan. Each PSU is earned through the achievement of a performance-based metric, combined with the continuation of employee service over a defined period. The level of performance determines the number of PSUs earned, and is generally measured against threshold, target and outperform achievement levels of the award. Each PSU represents the right to receive one share of the Company's common stock, or at the option of the Company, an equivalent amount of cash, and is classified as an equity or liability award. When the grant is a fixed monetary amount, and the number of shares is not determined until achievement and the value of the Company's stock on that day, the PSU is a liability-classified award. Each PSU vests pursuant to the vesting schedule found in the respective PSU agreement.

In addition to the performance conditions of the PSUs, there is a service vesting condition which is dependent upon continuing service by the grantee as an employee of the Company, unless the grantee is eligible for earlier vesting upon a change in control and qualifying termination, as defined by the PSU agreement. PSUs are generally subject to graduated vesting schedules and stock-based compensation expense is computed by tranche and recognized on a straight-line basis over the tranches' applicable vesting period based on the expected achievement level.

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

Performance share unit activity (excluding liability-classified awards) during the years ended June 30, 2023 June 30, 2024, 2022 2023 and 2021 2022 was as follows:

	Shares	Weighted Average Grant-Date Fair Value	Shares	Weighted Average Grant-Date Fair Value
Nonvested, June 30, 2020	2,464,853	\$ 10.78		
Granted	477,700	40.17		
Vested	—	—		
Canceled	(64,509)	28.33		
Nonvested, June 30, 2021	2,878,044	\$ 15.26	2,878,044	\$ 15.26
Granted	346,880	34.90	346,880	34.90
Vested	(1,810,752)	9.95	(1,810,752)	9.95
Canceled	(1,058,870)	24.95	(1,058,870)	24.95

Nonvested, June 30, 2022	355,302	\$ 32.62	355,302	\$ 32.62
Granted	366,507	33.87	366,507	33.87
Vested	(119,467)	30.48	(119,467)	30.48
Canceled	(105,473)	28.22	(105,473)	28.22
Nonvested, June 30, 2023	496,869	\$ 34.99	496,869	\$ 34.99
Granted			375,725	41.85
Vested			(22,468)	49.62
Canceled			(90,595)	36.94
Nonvested, June 30, 2024			759,531	\$ 37.73

Fiscal Year 2024 LTIP

During the year ended June 30, 2024, the Company granted 354,090 PSUs at target under a Long Term Incentive Plan ("LTIP") which are tied to operating income targets and stock price performance. These PSUs had a grant date fair value of \$14.4 million, or a weighted average grant-date fair value of \$40.84 per share. Seventy-five percent of the earned award is based on operating income performance ("Tranche #1") and twenty-five percent is based on the performance of the Company's stock price ("Tranche #2"), both of which will vest after achievement is certified during the first quarter of fiscal year 2027. For Tranche #1, the level of performance will determine the number of PSUs earned as measured against threshold, target and outperform achievement levels. For Tranche #2, the number of PSUs will be earned based on the Company's compounded annual stock price growth over a completed three-year performance period. In all cases, vesting is dependent upon continuing service by the grantee as an employee of the Company. The fair value of Tranche #2 was determined using a Monte Carlo simulation model and is amortized on a straight-line basis over the vesting period. Tranche #2 is a market-based award, and therefore is not subject to any probability assessment by the Company. The Company is currently amortizing Tranche #1 over the vesting period because it believes that it is probable that the metric will be achieved at outperform.

Fiscal Year 2023 LTIP

During the fiscal year ended June 30, 2023, 2023, the Company granted 289,640 PSUs at target under a Long Term Incentive

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

Plan ("LTIP") an LTIP which are tied to operating income targets and stock price performance. These PSUs had a grant date fair value of \$10.0 million, or a weighted average grant-date fair value of \$34.41 per share. Fifty percent of the earned award is based on operating income performance ("Tranche #1") and fifty percent is based on the performance of the Company's stock price ("Tranche #2"), both of which will vest after achievement is certified during the first quarter of fiscal year 2026. The grant date fair value of Tranche #1 was remeasured in October 2022 as a result of a modification of the terms of the award. Originally, performance was tied to gross margin. The metric was changed to operating income to better align with shareholder feedback and technology industry and peer group common practice. The modification of the performance criteria from gross margin to operating income resulted in a new fair market value as of the modification date of \$4.8 million, a decrease of \$0.8 million. For Tranche #1, the level of performance will determine the number of PSUs earned as measured against threshold, target and outperform achievement levels. For Tranche #2, the number of PSUs will be earned based on the Company's compounded annual stock price growth over a completed three-year performance period. In all cases, vesting is dependent upon

STRIDE, INC.**Notes to Consolidated Financial Statements (Continued)**

continuing service by the grantee as an employee of the Company. The fair value of Tranche #2 was determined using a Monte Carlo simulation model and is amortized on a straight-line basis over the vesting period. Tranche #2 is a market-based award, and therefore is not subject to any probability assessment by the Company. The Company is currently amortizing Tranche #1 over the vesting period because it believes that it is probable that the metric will be achieved at **target, outperform.**

Fiscal Year 2022 LTIP

During fiscal year 2022, the Company granted 250,250 PSUs at target under **a Long Term Incentive Plan ("LTIP") an LTIP** which are tied to gross margin targets and stock price performance. These PSUs had a grant date fair value of \$9.1 million, or a weighted average grant-date fair value of \$36.30 per share. Fifty percent of the earned award is based on gross margin performance ("Tranche #1) and fifty percent is based on the performance of the Company's stock price ("Tranche #2), both of which will vest after achievement is certified during the first quarter of fiscal year 2025. For Tranche #1, the level of performance will determine the number of PSUs earned as measured against threshold, target and outperform achievement levels. For Tranche #2, the number of PSUs will be earned based on the Company's compounded annual stock price growth over a completed three-year performance period. In all cases, vesting is dependent upon continuing service by the grantee as an employee of the Company. The fair value of Tranche #2 was determined using a Monte Carlo simulation model and is amortized on a straight-line basis over the vesting period. Tranche #2 is a market-based award, and therefore is not subject to any probability assessment by the Company. The Company **determined the likelihood of achievement of the performance condition for is currently amortizing** Tranche #1 **over the vesting period because it believes that it is not able to probable that the metric will be determined achieved at this time, 70% of target.**

Fiscal Year 2021 Tech Elevator MIP

During fiscal year 2021, the Company granted to the executive team of Tech Elevator a time-based award with a value of \$4.0 million and a performance-based award with a target value of \$4.0 million under a Management Incentive Plan ("MIP"). The time-based award vests equally over three years on the anniversary of the closing date of the acquisition of Tech Elevator which was November 30, 2020. During the second quarter of fiscal year 2022, one-third vested and was settled with the issuance of 38,575 PSUs. During the second quarter of fiscal year 2023, an additional one-third vested and was settled with the issuance of 37,886 PSUs. **During the second quarter of fiscal year 2024, the final third vested and was settled with the issuance of 13,066 PSUs.** The performance-based award is tied to the achievement of certain revenue and EBITDA targets of Tech Elevator. Seventy percent of the award is based on Tech Elevator's revenues for the calendar year 2023 ("Tranche #1") and thirty percent of the earned award is based on Tech Elevator's EBITDA for the calendar year 2023 ("Tranche #2"), both of which are expected to vest after achievement is certified in January 2024. The level of performance will determine the number of PSUs earned as measured against threshold and target achievement levels. In all cases, vesting is dependent upon continuing service by the grantee as an employee of the Company. The MIP is a liability-classified award. **The In January 2024, the Company has assessed achievement of determined that the performance conditions as award metrics for calendar year 2023 were not probable, met and Tranches #1 and #2 were forfeited.**

Fiscal Year 2021 LTIP

During fiscal year 2021, the Company granted 111,450 PSUs at target under **a an** LTIP which are tied to the achievement of certain individualized financial and non-financial performance targets. These PSUs had a grant date fair value of \$2.7 million, or a weighted average grant-date fair value of \$24.15 per share. In December 2022, achievement was certified related to two metrics – one at threshold and one at 123% of target. Forty percent, or 4,533 shares vested **immediately and an additional sixty percent, or 6,797 shares vested in December 2023.** **The remaining shares tied to metrics that were not achieved were forfeited. The fiscal year 2021 LTIP is an equity-classified award.**

STRIDE, INC.**Notes to Consolidated Financial Statements (Continued)**

immediately and the additional sixty percent, or 6,797 shares will vest in December 2023, subject to continuing service by the grantee as an employee of the Company. The remaining shares tied to metrics that were not achieved were forfeited. The fiscal year 2021 LTIP is an equity-classified award.

Fiscal Year 2021 Career Learning PSUs

During fiscal year 2021, the Company granted 366,250 PSUs at target which were tied to the achievement of Career Learning revenue targets for fiscal years 2021 – 2023. These PSUs had a grant date fair value of \$16.5 million, or a weighted average grant-date fair value of \$45.05 per share. The vesting is as follows:

- 77,690 PSUs relate to fiscal year 2021 revenues and if achieved, one-third one-third of the award will vest immediately, and the remaining two-thirds two-thirds will vest annually over two years;
- 122,080 PSUs relate to fiscal year 2022 revenues and if achieved, two-thirds two-thirds of the award will vest immediately, and the remaining one-third one-third will vest the following year; and
- 166,480 PSUs relate to fiscal year 2023 revenues and if achieved, the award will vest immediately.

The level of performance will determine the number of PSUs earned as measured against threshold, target and outperform achievement levels. In all cases, vesting is dependent upon continuing service by the grantee as an employee of the Company. The fiscal year 2021 Career Learning PSUs are equity-classified awards. In August 2021, the Company determined the performance condition of fiscal year 2021 revenues were not achieved resulting in a forfeiture of those shares. Additionally, in October 2021, the two remaining tranches were forfeited as the grantee of the PSUs separated from the Company.

Fiscal Year 2020 Galvanize TRIP

During fiscal year 2020, the Company granted to the executive team of Galvanize a target level of \$12.3 million under a Transaction Related Incentive Plan ("TRIP") which is tied to the achievement of certain revenue and EBITDA targets of Galvanize. Seventy percent of the earned award is based on the performance of Galvanize for the calendar year 2021 ("Tranche #1") and thirty percent of the earned award is based on the performance of Galvanize for the calendar year 2022 ("Tranche #2"), both of which are expected to vest after achievement is certified in January following each of the calendar year ends. The revenue and EBITDA targets are split sixty percent and forty percent, respectively, for both tranches. In all cases, vesting is dependent upon continuing service by the grantee as an employee of the Company. The level of performance will determine the number of PSUs earned as measured against threshold, target and outperform achievement levels. In January 2022, the Company determined that the metrics for calendar year 2021 were not met and Tranche #1 was forfeited. In January 2023, the Company determined that the metrics for calendar year 2022 were not met and Tranche #2 was also forfeited. The TRIP is was a liability-classified award.

Fiscal Year 2019 LTIP

During fiscal year 2019, the Company granted 263,936 PSUs at target under a an LTIP which are tied to certain career learning revenue targets and enrollment levels, as well as students' academic progress. These PSUs had a grant date fair value of \$7.9 million, or a weighted average grant-date fair value of \$30.05 per share. During fiscal year 2020, the Company granted an additional 34,030 PSUs at target with a grant date fair value of \$0.8 million, or \$23.51 per share. Forty-five percent of the earned award is based on students' academic progress ("Tranche #1") and twenty-five percent of the earned award is based on certain enrollment levels ("Tranche #2"). In October 2021, Tranche #2 achievement was certified at approximately 193% of target resulting in the vesting of 115,223 shares, while Tranche #1 was not achieved resulting in 107,397 forfeited shares. The remaining thirty percent of the earned award is based on certain revenue targets ("Tranche #3"). In August 2022, Tranche #3 achievement was certified at 200% of target resulting in the vesting of 77,048 shares.

Fiscal Year 2019 SPP

During fiscal year 2019, the Company adopted a new long-term shareholder performance plan ("2019 SPP") that

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STRIDE, INC.**Notes to Consolidated Financial Statements (Continued)**

provides for incentive award opportunities to its key senior executives. The awards were granted in the form of PSUs and will be earned based on the Company's market capitalization growth over a completed three-year performance period. The 2019 SPP was designed to provide the executives with a percentage of shareholder value growth. No amounts will be earned if total stock price growth over the three-year period is below 25% (7.6% annualized). An amount of 6% of total

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STRIDE, INC.**Notes to Consolidated Financial Statements (Continued)**

value growth will be earned based on achieving total stock price growth of 33% (10% annualized) and a maximum of 7.5% of total value growth will be earned if total stock price growth equals or exceeds 95% (25% annualized).

During fiscal year 2019, the Company granted 2,108,305 PSUs at a weighted average grant-date fair value of \$8.18 per share, based on the highest level of performance. During fiscal year 2020, the Company granted an additional 66,934 PSUs at a weighted average grant-date fair value of \$12.56 per share, based on the highest level of performance. The final amount of PSUs was determined (and vesting occurred) based on the 30-day average price of the Company's stock subsequent to seven days after the release of fiscal year 2021 results. The fair value was determined using a Monte Carlo simulation model and is amortized on a straight-line basis over the vesting period. The SPP is a market-based award, and therefore is not subject to any probability assessment by the Company.

In October 2021, the Company certified achievement of the 2019 SPP based upon the 30-day average price of the Company's stock during the period of August 18, 2021 – September 17, 2021 of \$34.13. The 112% market capitalization growth over the three-year performance period resulted in the vesting 1,656,594 shares to the Company's six named executive officers.

Summary of All Performance Share Units

As of ~~June 30, 2023~~ June 30, 2024, there was ~~\$9.0 million~~ \$21.8 million of total unrecognized compensation expense related to nonvested PSUs that are expected to vest based on the Company's probability assumptions discussed above. The cost is expected to be recognized over a weighted average period of ~~1.8~~ 1.4 years. During the years ended ~~June 30, 2023~~ June 30, 2024, ~~2022~~ 2023 and ~~2021~~ 2022 the Company recognized ~~\$4.9 million~~ \$15.4 million, ~~\$0.1 million~~ \$4.9 million and ~~\$16.7 million~~ \$0.1 million, respectively, of stock-based compensation expense related to PSUs. Included in the stock-based compensation expense above, for the years ended ~~June 30, 2023~~, ~~June 30, 2024~~ and ~~2023~~ and ~~2022~~ and ~~2021~~ is ~~\$0.3 million~~, \$1.0 million, ~~\$1.3 million~~, and ~~\$0.8 million~~ \$1.3 million, respectively, related to the Tech Elevator time-based portion of the MIP. ~~This~~ The time-based portion of the MIP fully vested during the second quarter of fiscal year 2024 and was settled with the issuance of PSUs. Therefore, the amount ~~was~~ recorded in accrued liabilities ~~on the consolidated balance sheets because it for future issuances is a liability-classified award.~~ zero.

Deferred Stock Units ("DSU" DSUs)

The DSUs vest on the grant-date anniversary and are settled in the form of shares of common stock issued to the holder upon separation from the Company. DSUs are specific only to board members.

Deferred stock unit activity during the years ended **June 30, 2023**, **June 30, 2024**, **2022** **2023** and **2021** **2022** was as follows:

	Shares	Weighted Average Grant-Date Fair Value	Shares	Weighted Average Grant-Date Fair Value
Nonvested, June 30, 2020	42,102	\$ 22.42		
Granted	17,252	21.01		
Vested	—	—		
Canceled	—	—		
Nonvested, June 30, 2021	59,354	\$ 22.01	59,354	\$ 22.01
Granted	14,769	33.24	14,769	33.24
Vested	(5,006)	23.97	(5,006)	23.97
Canceled	—	—	—	—
Nonvested, June 30, 2022	69,117	\$ 24.27	69,117	\$ 24.27
Granted	30,418	34.43	30,418	34.43
Vested	—	—	—	—
Canceled	—	—	—	—
Nonvested, June 30, 2023	99,535	\$ 27.38	99,535	\$ 27.38
Granted			13,171	59.43
Vested			(16,102)	22.91
Canceled			—	—
Nonvested, June 30, 2024			96,604	\$ 32.49

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

Summary of All Deferred Stock Units

As of **June 30, 2023**, **June 30, 2024**, there was **\$0.4** **\$0.3** million of total unrecognized compensation expense related to nonvested DSUs. The cost is expected to be recognized over a weighted average period of 0.4 years. During the years ended **June 30, 2023**, **June 30, 2024**, **2022** **2023** and **2021** **2022**, the Company recognized **\$0.7 million** **\$0.9 million**, **\$0.5 million** **\$0.7 million** and **\$0.4 million** **\$0.5 million**, respectively, of stock-based compensation expense related to DSUs.

10. Commitments and Contingencies

Litigation

In the ordinary conduct of the Company's business, the Company is subject to lawsuits, arbitrations and administrative proceedings from time to time. The Company vigorously defends these claims; however, no assurances can be given as to the outcome of any pending legal proceedings. The Company believes, based on currently available information, that the outcome of any existing or known threatened proceedings, even if determined adversely, should not have a material adverse effect on its business, financial condition, liquidity or results of operations.

Securities Litigation

On November 19 and December 11, 2020, respectively, two putative securities class action lawsuits captioned Yun Chau Lee v. K12 Inc., et al, Case No. 1:20-cv-01419 (the "Lee Case"), and Jennifer Baig v. K12 Inc., et al, Case No. 1:20-cv-01528 (the "Baig Case") were filed against the Company and two of its former officers in the United States District Court for the Eastern District of Virginia, purportedly on behalf of a class of persons who purchased or otherwise acquired the Company's common stock between April 27, 2020 and September 18, 2020. On February 17, 2021, the District Court consolidated the Lee Case and the Baig Case under the caption In re K12 Inc. Securities Litigation, Case No. 1:20-cv-01419 (the "Consolidated Securities Class Action"), and appointed a lead plaintiff. The lead plaintiff filed a consolidated amended complaint on April 5, 2021, alleging violations by the Company and the individual defendants of Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated under the Exchange Act, and violations by the individual defendants of Section 20(a) of the Exchange Act. The complaint alleged, among other things, that the Company and the individual defendants made false or misleading statements and/or omitted to disclose material facts concerning the Company's technological capabilities and expertise to support increased demand for virtual and blended education related to the global emergence of COVID-19, its cybersecurity protocols and protections, and its administrative support and training to teachers, students, and parents. The complaint sought unspecified monetary damages and other relief. The Company filed a motion to dismiss the complaint in its entirety on May 20, 2021, which the District Court granted, without prejudice, on September 16, 2021. The plaintiffs did not file a second amended complaint, but appealed the District Court's dismissal decision to the United States Court of Appeals for the Fourth Circuit on December 1, 2021. On November 22, 2022, the Fourth Circuit issued a published opinion affirming the District Court's decision and upholding the dismissal of the case.

On December 21, 2020 and April 30, 2021, respectively, related derivative lawsuits captioned Larry Shemen, et al v. Aida M. Alvarez, et al, Case No. 1:20-cv-01731 (the "Shemen Case"), and Wajid Ahmed v. Aida M. Alvarez, et al, Case No. 1:21-cv-00618 (the "Ahmed Case") were filed by three of the Company's shareholders in the United States District Court for the District of Delaware. The plaintiffs purported to assert claims on the Company's behalf against certain of its officers and directors for breach of fiduciary duty, unjust enrichment, and waste of corporate assets, and for violation of Sections 14(a) and 20(a) of the Exchange Act, based on substantially the same facts alleged in the Consolidated Securities Class Action. By stipulation of the parties on May 14, 2021, the Court consolidated the Shemen Case and the Ahmed Case under the caption In re Stride Inc. Derivative Litigation, Case No. 20-01731 (the "Consolidated Derivative Action"), designated as operative the complaint filed in the Ahmed Case, and stayed all proceedings pending final resolution of the Consolidated Securities Class Action. On December 29, 2022, upon stipulation of the parties, the Court approved the voluntary dismissal of the plaintiffs' claims, without prejudice, in light of the dismissal of the Consolidated Securities Class Action.

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

Employment Agreements

The Company has entered into employment agreements with certain executive officers that provide for severance payments and, in some cases other benefits, upon certain terminations of employment. All agreements provide for employment on an "at-will" basis. If the

employee resigns for “good reason” or is terminated without cause, the employee is entitled to salary continuation, and in some cases benefit continuation, for varying periods depending on the agreement.

Off-Balance Sheet Arrangements

As of ~~June 30, 2023~~ June 30, 2024, the Company provided guarantees of approximately \$0.2 million related to lease commitments on the buildings for certain of the Company’s schools.

In addition, the Company contractually guarantees that certain schools under the Company’s management will not have annual operating deficits and the Company’s management fees from these schools may be reduced accordingly to cover any school operating deficits.

Other than these lease and operating deficit guarantees, the Company did not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company’s financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

11. Severance

During the years ended ~~June 30, 2023~~ June 30, 2024, ~~2022~~ 2023 and ~~2021~~ 2022, the Company reduced its workforce, resulting in severance of ~~\$3.4 million~~ \$4.6 million, ~~\$3.7 million~~ \$3.4 million and ~~\$2.4 million~~ \$3.7 million, respectively. Included in severance expense for the years ended ~~June 30, 2023~~ June 30, 2024, ~~2022~~ 2023 and ~~2021~~ 2022 is \$0.5 million, ~~\$0.1 million~~ \$0.5 million and ~~\$0.5~~ \$0.1 million, respectively, associated with accelerated vesting of equity awards to former executives and other employees.

12. Acquisitions and Investments

Acquisition of MedCerts, LLC

On November 30, 2020, the Company acquired 100% of MedCerts in exchange for \$70.0 million and estimated contingent consideration of \$10.8 million. The purchase price was payable in two tranches; \$55.0 million was paid at closing, and \$15.0 million plus the final contingent consideration was paid on the 18-month anniversary of the closing. In addition, during the fourth quarter of fiscal year 2021, the Company paid an additional \$0.3 million related to the finalization of working capital. MedCerts students participate in online, hands-on career training courses in the healthcare and medical fields as they prepare for more than a dozen national healthcare certifications. The acquisition of MedCerts further expands the Company’s post-secondary skills training in the healthcare and medical fields. The Company also plans to use MedCerts’ curriculum to create appropriate content to offer high school students.

The acquisition has been accounted for as a business combination under the acquisition method of accounting, which results in acquired assets and assumed liabilities being measured at their fair values as of November 30, 2020, the acquisition date. As of the acquisition date, goodwill was measured as the excess of consideration transferred over the fair values of the assets acquired and liabilities assumed.

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STRIDE, INC.

Notes to Consolidated Financial Statements (Continued)

Based on management’s valuation of the fair value of tangible and intangible assets acquired and liabilities assumed, the purchase price was allocated as follows (in thousands):

Allocation of Purchase Price

Cash	\$	205
------	----	-----

Current assets, excluding cash	5,074
Property and equipment, net	1,896
Intangible assets, net	26,607
Goodwill	51,033
Current liabilities	(2,201)
Deferred revenue	(1,562)
Deferred tax asset (liability)	16
Total consideration	<u>\$ 81,068</u>

The fair value of the identified intangible assets was determined primarily using an income-based approach of either the multi-period excess earnings method or relief from royalty method, as appropriate. Intangible assets are amortized on a straight-line basis over the amortization periods noted below.

Intangible Assets

Intangible Assets	Amount	Estimated Useful Life
	(In thousands)	(In years)
Customer relationships	\$ 12,072	5.84
Developed technology	11,970	7.00
Trade names	2,565	5.00
	<u>\$ 26,607</u>	

The contingent consideration represents the fair value of additional consideration payable to the seller, estimated using a Monte Carlo simulation model. The amount of consideration to be distributed on the 18-month anniversary of the closing is based on a multiplier calculated using the annualized earnings before interest, taxes, depreciation and amortization ("EBITDA") for the period December 2021 – May 2022. This multiplier is applied to the annualized trailing EBITDA for the period March 2022 – May 2022 to calculate an enterprise value of MedCerts as of May 2022. The payment, if any, will equal 49% of the enterprise value less 49% of the original purchase price of \$70.0 million (\$34.3 million). The Company and the MedCerts sellers executed an agreement to extend the review period related to the earnout to mid-August 2022.

Subsequent to the acquisition date, the Company is required to reassess its estimate of the fair value of contingent consideration and record any changes in earnings when the estimate is based on information not known as of the acquisition date. During fiscal year 2021 and 2022, the Company recorded an aggregate expense of \$0.5 million to adjust its estimate of the fair value of the contingent consideration to \$11.3 million. Those adjustments are recorded within selling, general, and administrative expenses on the consolidated statements of operations. During the three months ended September 30, 2022, the Company paid \$7.0 million to settle the contingent consideration and recorded a gain of \$4.3 million. The gain is recorded within selling, general, and administrative expenses on the consolidated statements of operations.

Goodwill represents the excess of the purchase price of an acquired business over the fair value of the tangible and intangible assets acquired and liabilities assumed. Goodwill will not be amortized but instead will be tested for impairment at least annually (or more frequently if indicators of impairment arise). In the event that management determines that the goodwill has become impaired, the Company will incur an accounting charge for the amount of the impairment during the fiscal quarter in which the determination is made. Goodwill is deductible for tax purposes.

STRIDE, INC.**Notes to Consolidated Financial Statements (Continued)**

Included in the Company's consolidated results of operations for the year ended June 30, 2021 are revenues and a loss from operations of \$14.6 million and \$3.5 million, respectively, related to MedCerts.

Acquisition of Tech Elevator, Inc.

On November 30, 2020, the Company acquired 100% of Tech Elevator in exchange for \$23.5 million, plus working capital of \$2.2 million. Tech Elevator provides talent development for individuals and enterprises in information technology fields. The acquisition of Tech Elevator expands Galvanize's student demographic profile, geographic footprint, and hiring partner portfolio; as well as provides additional curriculum to create appropriate content to offer high school students.

The acquisition has been accounted for as a business combination under the acquisition method of accounting, which results in acquired assets and assumed liabilities being measured at their fair values as of November 30, 2020, the acquisition date. As of the acquisition date, goodwill was measured as the excess of consideration transferred over the fair values of the assets acquired and liabilities assumed.

Based on management's valuation of the fair value of tangible and intangible assets acquired and liabilities assumed, the purchase price was allocated as follows (in thousands):

Allocation of Purchase Price

Cash	\$	1,736
Current assets, excluding cash		518
Property and equipment, net		513
Operating lease right-of-use assets, net		724
Intangible assets, net		7,105
Goodwill		17,897
Other assets		377
Current liabilities		(267)
Deferred revenue		(534)
Deferred tax liability		(1,650)
Current operating lease liability		(420)
Long-term operating lease liability		(304)
Total consideration	\$	<u>25,695</u>

The fair value of the identified intangible assets was determined primarily using an income-based approach of either the multi-period excess earnings method or relief from royalty method, as appropriate. Intangible assets are amortized on a straight-line basis over the amortization periods noted below.

Intangible Assets

Intangible Assets	Amount	Estimated Useful Life
	(In thousands)	(In years)
Customer relationships	\$ 311	3.92
Developed technology	2,796	5.00
Trade names	3,998	15.00
	<u>\$ 7,105</u>	

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STRIDE, INC.**Notes to Consolidated Financial Statements (Continued)**

Goodwill represents the excess of the purchase price of an acquired business over the fair value of the tangible and intangible assets acquired and liabilities assumed. Goodwill will not be amortized but instead will be tested for impairment at least annually (or more frequently if indicators of impairment arise). In the event that management determines that the goodwill has become impaired, the Company will incur an accounting charge for the amount of the impairment during the fiscal quarter in which the determination is made. Goodwill is not deductible for tax purposes.

Included in the Company's consolidated results of operations for the year ended June 30, 2021 are revenues and income from operations of \$7.2 million and \$0.4 million, respectively, related to Tech Elevator.

Pro Forma Combined Results of Operations

The following unaudited pro forma combined results of operations give effect to the acquisition of MedCerts and Tech Elevator as if they had occurred on July 1, 2019. The unaudited pro forma combined results of operations are provided for informational purposes only and do not purport to represent the Company's actual consolidated results of operations had the acquisitions occurred on the dates assumed, nor are these financial statements necessarily indicative of the Company's future consolidated results of operations. The unaudited pro forma combined results of operations do not reflect the costs of any integration activities or any benefits that may result from operating efficiencies or revenue synergies.

(In thousands)	Year Ended	
	June 30, 2021	
Revenues	\$	1,552,173
Income from operations		111,287
Net income		72,443

Investments in Limited Partnerships

The Company invested in three early-stage funds focused on career education with a total commitment of \$15.0 million. The Company invested in Rethink Education III, LP ("Rethink") and New Markets Education Partners II, L.P. and New Markets Education Partners III, L.P. (collectively, "New Markets") to support the development of new technologies that will advance online learning, to find early opportunities to adopt those new technologies at Stride, and to simultaneously achieve a reasonable return on investment. As of June 30, 2023, the Company has contributed an aggregate \$11.3 million to these funds: \$3.3 million is an investment in New Markets and is recorded at cost and will be adjusted, as necessary, for impairment; and \$8.0 million is an investment in Rethink and is recorded under the equity method of accounting. The Company's investments in these funds are included in deposits and other assets on the consolidated balance sheets.

Investment in Tallo, Inc. and Acquisition of Assets

In August 2018, the Company made an initial investment of \$6.7 million for a 39.5% minority interest in Tallo, Inc. ("Tallo"). In August 2020, the Company invested an additional \$2.3 million, which increased its minority interest to 46.1%. These investments in preferred stock, which contain additional rights over common stock and have no readily

STRIDE, INC.**Notes to Consolidated Financial Statements (Continued)**

determinable fair value, were recorded at cost and will be adjusted, as necessary, for impairment. In the event Tallo issues equity at a materially different price than what the Company paid, the Company would also assess changing the carrying value. In conjunction with the Company's initial investment in August 2018, Tallo also issued a convertible note to the Company for \$5.0 million that is being accounted for as an available-for-sale debt security and adjusted to fair value quarterly. The note bears interest at the mid-term Applicable Federal Rate plus 25 bps per annum with a maturity of 48 months. The note is convertible at the Company's option into 3.67 million Series D Preferred Shares that, combined with the shares resulting from the conversion of the accrued interest, would give the Company an effective ownership of 55% if exercised. In October 2021, the Company agreed to loan Tallo up to \$3.0 million. This promissory note bears interest at 5% and has a maturity date of five years. The promissory note does not contain any means of conversion into additional ownership by the Company. During the second and third quarters of fiscal year 2022, the Company funded \$3.0 million

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STRIDE, INC.**Notes to Consolidated Financial Statements (Continued)**

under the promissory note.

During fiscal year 2022, the Company adjusted its investment in Tallo preferred stock to fair value and recorded an impairment charge of \$4.5 million to other income (expense), net on the consolidated statements of operations. Also, during fiscal year 2022, the Company recorded a credit loss expense of \$4.1 million to reduce the carrying amount of the convertible note and \$3.0 million to reduce the carrying amount of the promissory note. The credit loss expenses were recorded within selling, general, and administrative expenses on the consolidated statements of operations. Additionally, the Company reversed an aggregate \$0.4 million of accrued interest on both instruments and made an accounting policy election to record this within interest income (expense), net on the consolidated statements of operations. During the year ended June 30, 2022, the Company's investment in Tallo, the convertible note, and promissory note were included in deposits and other assets on the consolidated balance sheets.

On July 8, 2022, the Company purchased the assets of Tallo in exchange for \$1.0 million, plus \$0.4 million in working capital. As part of the closing of the transaction, the promissory note was cancelled and the convertible note was converted into additional equity. That additional equity and previously held equity interests were cancelled, and combined with the cash, resulted in a purchase price of \$7.3 million. The acquisition of Tallo further expands the Company's ability to match students to internships, jobs, and scholarships with colleges and companies looking for talent. The acquisition has been accounted for as a business combination under the acquisition method of accounting, which results in acquired assets and assumed liabilities being measured at their fair values as of July 8, 2022, the acquisition date. The allocation of the purchase price resulted in goodwill of \$5.7 million and intangible assets of \$1.3 million, both of which are deductible for income tax purposes. The recognized goodwill is primarily associated with future customer relationships and an acquired assembled work force. The intangible assets primarily consist of customer relationships which will be amortized over 10 years.

13. Related Party Transactions

The Company contributed to Future of School, a charity focused on access to quality education. Future of School is a related party because a former executive officer of the Company formerly served on its Board of Directors. During the years ended **June 30, 2023**, **June 30, 2024**, **2022-2023** and **2021-2022**, contributions made by the Company to Future of School were zero **\$1.2 million, zero, and \$1.3 million** **\$1.2 million**, respectively. In fiscal year 2019 and 2021, the Company accrued \$2.5 million and \$3.5 million, respectively, for contributions to be made in subsequent years. The amounts contributed for the years ended **June 30, 2023**, **June 30, 2024**, **2022-2023** and

Business combinations:							
Acquired assets	\$	1,132	\$	394	\$	11,043	\$ — \$ 1,132 \$ 394
Intangible assets		1,309		2,157		33,712	— 1,309 2,157
Goodwill		5,655		600		68,930	— 5,655 600
Assumed liabilities		(385)		(58)		(4,826)	— (385) (58)
Deferred revenue		(441)		(1,030)		(2,096)	— (441) (1,030)

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SCHEDULE II

STRIDE, INC.

VALUATION AND QUALIFYING ACCOUNTS

Years Ending **June 30, 2023** June 30, 2024, **2022** 2023 and **2021** 2022

1. ALLOWANCE FOR CREDIT LOSSES

	Additions				Additions			
	Balance at	Charged to	Deductions from	Balance at	Balance at	Charged to	Deductions from	Balance at
	Beginning of Period	Cost and Expenses	(Net Increases to) Allowance		Beginning of Period	Cost and Expenses	(Net Increases to) Allowance	
June 30, 2024					\$30,031,273	22,843,961	21,577,267	\$31,297,967
June 30, 2023	\$ 26,993,037	8,047,729	5,009,493	\$ 30,031,273	\$26,993,037	8,047,729	5,009,493	\$30,031,273
June 30, 2022	\$ 21,383,543	8,555,918	2,946,424	\$ 26,993,037	\$21,383,543	8,555,918	2,946,424	\$26,993,037
June 30, 2021	\$ 6,807,674	6,561,243	(8,014,626)	\$ 21,383,543				

2. INVENTORY RESERVES

	Balance at Beginning of Period	Charged to Cost and Expenses	Deductions, Shrinkage and Obsolescence	Balance at End of Period	Balance at Beginning of Period	Charged to Cost and Expenses	Deductions, Shrinkage and Obsolescence	Balance at End of Period
June 30, 2024					\$4,145,280	1,778,825	2,867	\$5,921,239
June 30, 2023	\$ 6,457,046	2,392,785	4,704,551	\$ 4,145,280	\$6,457,046	2,392,785	4,704,551	\$4,145,280
June 30, 2022	\$ 5,647,283	880,809	71,046	\$ 6,457,046	\$5,647,283	880,809	71,046	\$6,457,046
June 30, 2021	\$ 4,817,300	1,038,019	208,036	\$ 5,647,283				

3. COMPUTER RESERVE (1)

	Additions				Additions			
	Balance at	Charged to	Deductions,	Balance at	Balance at	Charged to	Deductions,	Balance at
	Beginning of Period	Cost and Expenses	Shrinkage and Obsolescence		Beginning of Period	Cost and Expenses	Shrinkage and Obsolescence	

	of Period	Expenses	Obsolescence	End of Period	of Period	Expenses	Obsolescence	End of Period
June 30, 2024					\$1,345,832	1,129,323	\$ 688,930	\$1,786,225
June 30, 2023	\$ 2,039,771	332,197	\$ 1,026,136	\$ 1,345,832	\$2,039,771	332,197	1,026,136	\$1,345,832
June 30, 2022	\$ 2,273,372	135,948	369,549	\$ 2,039,771	\$2,273,372	135,948	369,549	\$2,039,771
June 30, 2021	\$ 811,682	2,007,076	545,386	\$ 2,273,372				

(1) A reserve account is maintained against potential obsolescence of, and damage beyond economic repair to, computers provided to the Company's students. The reserve is calculated based upon several factors including historical percentages, the net book value and the remaining useful life. During fiscal years 2024, 2023 2022 and 2021, 2022, certain computers were written off against the reserve.

4. INCOME TAX VALUATION ALLOWANCE

	Balance at Beginning of Period	Additions to Net Deferred Tax Asset Allowance	Deductions in Net Deferred Tax Asset Allowance	Balance at End of Period	Balance at Beginning of Period	Additions to Net Deferred Tax Asset Allowance	Deductions in Net Deferred Tax Asset Allowance	Balance at End of Period
June 30, 2024					\$6,790,724	596,455	—	\$7,387,179
June 30, 2023	\$ 6,677,352	113,372	—	\$ 6,790,724	\$6,677,352	113,372	—	\$6,790,724
June 30, 2022	\$ 5,047,078	1,630,274	—	\$ 6,677,352	\$5,047,078	1,630,274	—	\$6,677,352
June 30, 2021	\$ 4,990,768	123,249	66,939	\$ 5,047,078				

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a 15(d) 13a-15(b) under the Exchange Act, management has evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Disclosure controls and procedures refer to controls and other procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding our required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily applies its judgment in evaluating and implementing possible controls and procedures. Based on management's the evaluation of our disclosure controls and procedures as of June 30, 2024, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were not effective as of June 30, 2023, because of the material weakness described below. No material misstatements were detected during the financial statement audit for the period ended June 30, 2023. at a reasonable assurance level.

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting.

Internal control over financial reporting refers to a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and members of our board of directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process, and it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Management evaluated the effectiveness of our internal control over financial reporting as of June 30, 2023, using the framework set forth in the report of the Treadway Commission's Committee of Sponsoring Organizations (COSO), "Internal Control—Integrated Framework (2013)." This evaluation identified a material weakness in our internal control

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over financial reporting. As discussed in the Company's Annual Report on Form 10-K for the year ended June 30, 2023, Management identified a material weakness is a deficiency, or a combination of deficiencies, in our internal control over financial reporting such that there is a reasonable possibility that a material misstatement of a company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

Management has determined that the Company had the following material weakness in its internal control over financial reporting: as described below:

- Management did not have effective information technology general controls related to user access, program change, and data processing over IT systems used by the Company for financial reporting. More specifically, user access to certain IT systems was granted to Company personnel resulting in segregation of duties conflicts and management did not monitor data processing between applications in a timely manner. Additionally, management did not perform periodic user access reviews in a timely manner or maintain adequate documentation of review and approvals for configuration changes to certain IT systems. This material weakness impacted multiple financial statement areas, primarily revenue, expenses, and related accounts, because certain manual controls across these business cycles are dependent upon information derived from these IT systems.

As a result of this material weakness, management has concluded that our internal control over financial reporting was not effective as of June 30, 2023. In light of the material weakness, management performed additional analyses and procedures and has concluded that the audited consolidated financial statements contained in this Annual Report fairly present, in all material respects, our financial condition, results of operations and cash flows for the fiscal years presented in conformity with generally accepted accounting principles in the United States.

The effectiveness of our internal control over financial reporting as of June 30, 2023, has been audited by BDO USA, P.A. an independent registered public accounting firm, as stated in its attestation report, which appears on page 107 of this Annual Report. In the opinion of BDO USA, P.A. which appears on page 60, the Company's consolidated financial statements present fairly, in all material respects,

the financial position of the Company at June 30, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2023, in conformity with accounting principles generally accepted in the United States of America.

Remediation of Material Weakness:

Management is committed to maintaining a strong internal control environment and will continue to take comprehensive actions to remediate During the material weakness described above. Following the identification of the material weakness, year ended June 30, 2024, management took the following remedial actions:

- conducted a review of user access privileges across certain systems and removed permissions to help support appropriate segregation of duties;
- implemented a control related to monitoring activities performed by personnel with access to primary IT systems supporting financial reporting processes; and
- provided targeted training to personnel that administer the IT systems, to promote security best practices and reinforce the importance of internal controls, controls; and

Management also plans to implement measures designed to ensure that control deficiencies contributing to the material weakness are remediated. Planned remediation actions include:

- Improving improved policies and procedures and designing designed and implementing implemented controls over the granting and review of access to IT systems impacting financial reporting to ensure access is limited to functions required for the performance of an employee's role and responsibilities to support segregation of duties.

The actions that we have taken, and will continue efforts undertaken by management to take, are subject to ongoing management review and oversight by the Audit Committee of our Board of Directors. We will not be able to conclude whether the steps we are taking will fully remediate the material weakness in that existed as of June 30, 2023 were completed as of June 30, 2024.

Management evaluated the effectiveness of our internal control over financial reporting until we have completed as of June 30, 2024, using the framework set forth in the report of the Treadway Commission's Committee of Sponsoring Organizations (COSO), "Internal Control—Integrated Framework (2013)." As a result of management's evaluation of our remediation efforts and subsequently evaluated their internal control over financial reporting, management concluded that as of June 30, 2024, our internal control over financial reporting was effective. The effectiveness for a sufficient period of time.

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Table our internal control over financial reporting as of Contents June 30, 2024, has been audited by BDO USA, P.C. an independent registered public accounting firm, as stated in its attestation report, which appears on page 100 of this Annual Report.

Changes in Internal Control over Financial Reporting:

Except for Other than the material weakness remediation efforts described above, there was no change in our internal control over financial reporting that occurred during the fourth fiscal quarter ended June 30, 2023 June 30, 2024, that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors and Stockholders

Stride, Inc.

Reston, Virginia

Opinion on Internal Control over Financial Reporting

We have audited Stride, Inc.'s (the "Company's") internal control over financial reporting as of June 30, 2023 and June 30, 2024, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, the Company did not maintain, maintained, in all material respects, effective internal control over financial reporting as of June 30, 2023 and June 30, 2024, based on the COSO criteria.

We do not express an opinion or any other form of assurance on management's statements referring to any corrective actions taken by the Company after the date of management's assessment.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of June 30, 2023 and June 30, 2024 and 2022, 2023, the related consolidated statements of operations, and comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended June 30, 2023 and June 30, 2024, and the related notes and schedule (collectively referred to as "the financial statements") statement schedule and our report dated August 15, 2023 and August 6, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Item 9A, Management's Report on Internal Control over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. Management did not design and maintain effective information technology general controls related to user access, program change, and data processing, for IT systems used in the financial reporting process. More specifically, logical access to certain IT systems was granted to Company personnel, resulting in segregation of duties conflicts. Additionally, management did not perform periodic user access reviews in a timely manner or maintain adequate documentation of review and approvals for configuration changes to IT systems. Also, management did not monitor data processing between applications in a timely manner. This material weakness impacts multiple financial statement areas, primarily including revenue, expenses, and related accounts, as certain manual controls across these business cycles are dependent upon information derived from these IT systems. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2023 financial statements, and this report does not affect our report dated August 15, 2023 on those financial statements.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes

those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ BDO USA, P.A. P.C.

Potomac, Maryland

August 15, 2023 6, 2024

ITEM 9B. OTHER INFORMATION

During On May 23, 2024, Mr. Rhyu, the Company's Chief Executive Officer and director, adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act for the sale of up to 28,870 shares of the Company's common stock until June 30, 2025, for a duration of 404 days. Other than as noted above for Mr. Rhyu, during the three months ended June 30, 2023 June 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) 408 of Regulation S-K. James J. Rhyu, the Company's Chief Executive Officer, adopted a Rule 10b5-1 trading plan on February 22, 2023.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not Applicable.

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PART III

We will file a definitive Proxy Statement for our 2023 2024 Annual Meeting of Stockholders (the 2023 2024 Proxy Statement") with the SEC, pursuant to Regulation 14A of the Exchange Act, not later than 120 days after the end of our fiscal year. Accordingly, certain information required by Part III has been omitted under General Instruction G(3) to Form 10-K. Only those sections of the 2023 2024 Proxy Statement that specifically address the items set forth herein are incorporated by reference.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 10 is hereby incorporated by reference to our 2023 Proxy Statement under the captions "Election of Directors (Proposal 1)," "Corporate Governance and Board Matters," "Insider Trading, Anti-Hedging Policy, and Anti-Pledging Prohibition" and, if applicable, "Delinquent Section 16(a) Reports."

We have adopted a Code of Business Conduct and Ethics that applies to all directors, officers and employees. The Code of Business Conduct and Ethics is available on our website at www.stridelearning.com under the Investor Relations – Governance section. We intend to satisfy the disclosure requirements under the Exchange Act regarding any amendment to, or waiver from a material provision of our Code of Business Conduct and Ethics involving our principal executive, financial or accounting officer or controller by posting such information on our website.

The Company has adopted a Policy Statement for the Prevention of Insider Trading that governs the purchase, sale, and/or other dispositions of the Company's securities by directors, officers and employees that is reasonably designed to promote compliance with insider trading laws, rules and regulations, and any listing standards applicable to the Company. A copy of the Company's Policy Statement for the Prevention of Insider Trading is filed as Exhibit 19.1 to this Annual Report.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is hereby incorporated by reference to our 2023 2024 Proxy Statement under the captions “Compensation Discussion and Analysis,” “Compensation Tables,” “Compensation Committee Report,” “Compensation Committee Interlocks and Insider Participation” and “Fiscal 2023 2024 Director Compensation Table.”

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12 is hereby incorporated by reference to our 2023 2024 Proxy Statement under the caption “Security Ownership by Certain Beneficial Owners and Management.”

Stock-based Incentive Plan Information

The following table provides certain information as of **June 30, 2023** **June 30, 2024**, with respect to our equity compensation plans under which common stock is authorized for issuance:

Equity Compensation Plan Information

As of June 30, 2023 June 30, 2024

Plan Category	Number of Securities to be		Number of Securities	Number of Securities to be		Number of Securities
	Issued Upon Exercise of Outstanding	Weighted-Average Exercise Price of Outstanding Options,	Remaining Available for	Issued Upon Exercise of Outstanding	Weighted-Average Exercise Price of Outstanding Options,	Remaining Available for
			Future Issuance under			Future Issuance under
			Equity Compensation			Equity Compensation
			Plans (Excluding Securities			Plans (Excluding Securities
Options, Warrants and Rights	Warrants and Rights	Reflected in First Column)	Options, Warrants and Rights	Warrants and Rights	Reflected in First Column)	
Equity compensation plans approved by security holders	— (1)	\$ —	2,563,512 (2)	—	\$ —	2,066,66

(1) Includes shares under the 2016 Incentive Award Plan as amended and restated ("2016 Plan") and the 2007 Equity Incentive Award Plan ("2007 Plan").

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- (2) The 2016 Plan, which was amended and restated upon its approval by the stockholders on December 9, 2022, authorizes the issuance of up to 10,813,550 shares as of the effective date.

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ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 is hereby incorporated by reference to our 2023 2024 Proxy Statement under the captions "Related Party Transactions" and Independence "Independence of Directors."

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by Item 14 is hereby incorporated by reference to our 2023 2024 Proxy Statement under the caption "Independent Registered Public Accounting Firm Fees and Services."

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PART IV

ITEM 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES

(a)(1) *Financial Statements.*

The information required by this item is incorporated herein by reference to the financial statements and notes thereto listed in Item 8 of Part II and included in this Annual Report.

(a)(2) *Financial Statement Schedules.*

Except for Schedule II, which was presented separately, all financial statement schedules are omitted because the required information is included in the financial statements and notes thereto listed in Item 8 of Part II and included in this Annual Report.

(c) *Exhibits.*

The following exhibits are incorporated by reference or filed herewith.

See Exhibit Index

ITEM 16. FORM 10-K SUMMARY

None.

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Exhibit Index

Exhibit No.	Description of Exhibit
2.1	Agreement and Plan of Merger, dated January 21, 2020, by and among K12 Management Inc. and KAcquisitionCo Inc., on the one hand, and Galvanize Inc. and Fortis Advisors LLC, as Securityholders' Representative (solely with respect to Article XIII), on the other hand (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the SEC on January 27, 2020, File No. 001-33883).
3.1	Fifth Restated Certificate of Incorporation of Stride, Inc. (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K, filed on December 16, 2020, File No. 001-33883).
3.2	Fifth Amended and Restated Bylaws of Stride, Inc (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed on August 9, 2023, File No. 001-33883).
4.1	Form of stock certificate of common stock (incorporated by reference to Exhibit 4.1 to the Registrant's Amendment No. 4 to Registration Statement on Form S-1, filed with the SEC on November 8, 2007, File No. 333-144894).
4.2*	Form of Stock Option Agreement under the 2016 Incentive Award Plan (incorporated by reference to Exhibit 4.2 to the Registrant's Annual Report on Form 10-K for the year ended June 30, 2017, filed with the SEC on August 9, 2017, File No. 001-33883).
4.3*	Form of Restricted Stock Award Agreement under the 2016 Incentive Award Plan (incorporated by reference to Exhibit 4.3 to the Registrant's Annual Report on Form 10-K for the year ended June 30, 2017, filed with the SEC on August 9, 2017, File No. 001-33883).
4.4*	K12 Inc. 2016 Incentive Award Plan (incorporated by reference to Exhibit 4.2 to the Registrant's Post-Effective Amendment to Form S-8, filed on March 22, 2017, File No. 333-213033).
4.5*	K12 Inc. 2007 Equity Incentive Award Plan, as amended (incorporated by reference to Appendix A to the Registrant's Definitive Proxy Statement on Schedule 14A, filed on October 28, 2015, File No. 001-33883).
4.6*	Form of Indemnification Agreement for Non-Management Directors and for Officers of K12 Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, filed with the SEC on November 14, 2008, File No. 001-33883).
4.7*	Form of Director's Indemnification Agreement (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on October 22, 2008, File No. 001-33883).
4.8	Form of Second Amended and Restated Stockholders Agreement (incorporated by reference to Exhibit 4.5 to the Registrant's Registration Statement on Form S-1, filed with the SEC on July 27, 2007, File No. 333-144894).
4.9	Description of Common Stock (incorporated by reference to Exhibit 4.9 to the Registrant's Annual Report on Form 10-K for the year ended June 30, 2019, filed with the SEC on August 7, 2019, File No. 001-33883).
4.10	Indenture, 1.125% Convertible Senior Notes Due 2027, dated as of August 31, 2020, between K12 Inc. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on September 1, 2020, File No. 001-33883).

- 4.11 [Form of Global Note representing the 1.125% Convertible Senior Notes due 2027 \(incorporated by reference to Exhibit A to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on September 1, 2020, File No. 001-33883\).](#)
- 10.1* [Amendment to Amended and Restated Stock Option Agreement, dated December 23, 2010 \(incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 2010, filed with the SEC on February 9, 2011, File No. 001-33883\).](#)
- 10.2* [Form of Performance Share Unit Agreement under the 2016 Incentive Award Plan \(incorporated by reference to Exhibit 10.8 to the Registrant's Annual Report on Form 10-K for the year ended June 30, 2017, filed with the SEC on August 9, 2017, File No. 001-33883\).](#)
- 10.3* [Form of Performance Share Unit Agreement under the 2007 Equity Incentive Award Plan, as amended \(incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, filed with the SEC on October 27, 2015, File No. 001-33883\).](#)
- 10.4* [Form of Executive Change in Control Severance Agreement \(incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on June 11, 2020, File No. 001-33883\).](#)

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Exhibit No.	Description of Exhibit
10.5*	Form of Stock Option Agreement under the 2007 Equity Incentive Award Plan, as amended (incorporated by reference to Exhibit 10.18 to the Registrant's Annual Report on Form 10-K for the year ended June 30, 2015, filed with the SEC on August 4, 2015, File No. 001-33883).
10.6*	Form of Restricted Stock Award Agreement under the 2007 Equity Incentive Award Plan, as amended (incorporated by reference to Exhibit 10.19 to the Registrant's Annual Report on Form 10-K for the year ended June 30, 2015, filed with the SEC on August 4, 2015, File No. 001-33883).

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Exhibit No.	Description of Exhibit
10.7	Credit Agreement, dated January 27, 2020, by and among K12 Inc., the guarantors party thereto, the lenders party thereto, PNC Bank, National Association, as administrative agent (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on January 27, 2020, File No. 001-33883).
10.8*	Employment Agreement of Timothy J. Medina, dated April 6, 2020 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on April 8, 2020, File No. 001-33883).
10.9	Form of Capped Call Transaction Confirmation (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on September 1, 2020, File No. 001-33883).
10.10	First Amendment to Credit Agreement, dated August 25, 2020, by and among K12 Inc., the guarantors party thereto, the lenders party thereto, and PNC Bank, National Association, as administrative agent (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on August 26, 2020, File No. 001-33883).
10.11*	Employment Agreement of James J. Rhyu, dated February 25, 2022 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on February 28, 2022, File No. 001-33883).

- 10.12* [Employment Transition Agreement between Stride, Inc. and Timothy Medina, dated August 5, 2022 \(incorporated by reference to Exhibit 10.20 to the Registrant's Annual Report on Form 10-K for the year ended June 30, 2022, filed with the SEC on August 10, 2022, File No. 001-33883\).](#)
- 10.13* [Stride, Inc. Amended and Restated 2016 Equity Incentive Award Plan \(incorporated by reference to Appendix B to the Company's Definitive Proxy Statement on Schedule 14A, filed with the Securities and Exchange Commission on October 26, 2022, File No. 001-33883\).](#)
- 10.14* [Form of Performance Share Unit Agreement under the 2016 Equity Incentive Award Plan \(incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 2022, filed with the SEC on January 25, 2023, File No. 001-33883\).](#)
- 10.15* [Deferred Compensation Plan for Non-Employee Directors, as amended December 10, 2021 \(incorporated by reference to Exhibit 10.15 to the Registrant's Annual Report on Form 10-K for the year ended June 30, 2023, filed with the SEC on August 16, 2023, File No. 001-33883\).](#)
- 10.16* [Form of 2023 Equity Incentive Plan for each of Stride Enrichment Programs, Inc., Stride eSports, Inc., Stride Learning Hub, Inc., Stride Learning Intelligence, Inc., Stride Online Tutoring, Inc., Stride Professional Development Platform, Inc., Road2Teach, Inc. and Road2Teach, Stride Teaching Intelligence, Inc. \(the "Form of Subsidiary Equity Incentive Plan"\), \(incorporated by reference to Exhibit 10.16 to the Registrant's Annual Report on Form 10-K for the year ended June 30, 2023, filed with the SEC on August 16, 2023, File No. 001-33883\).](#)
- 10.17* [Form of Restricted Stock Unit Agreement under the Form of Subsidiary Equity Incentive Plan. \(incorporated by reference to Exhibit 10.17 to the Registrant's Annual Report on Form 10-K for the year ended June 30, 2023, filed with the SEC on August 16, 2023, File No. 001-33883\).](#)
- 10.18* [Separation Agreement and Release of Claims with Les Ottolenghi, dated March 8, 2024. \(incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on March 18, 2024, File No. 001-33883\).](#)
- 19.1 [Policy Statement for the Prevention of Insider Trading of Stride, Inc Inc. \(incorporated by reference to Exhibit 19.1 to the Registrant's Annual Report on Form 10-K for the year ended June 30, 2023, filed with the SEC on August 16, 2023, File No. 001-33883\).](#)
- 21.1 [Subsidiaries of K12 Inc, Stride, Inc.](#)
- 23.1 [Consent of BDO USA, P.A, P.C.](#)
- 24.1 [Power of Attorney \(included in signature pages\).](#)
- 31.1**31.1 [Certification of Principal Executive Officer Required Under Rule 13a-14\(a\) of the Securities Exchange Act of 1934, as amended.](#)
- 31.2**31.2 [Certification of Principal Financial Officer Required Under Rule 13a-14\(a\) of the Securities Exchange Act of 1934, as amended.](#)
- 32.1** [Certification of Principal Executive Officer Required Under Rule 13a-14\(b\) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350.](#)
- 32.2** [Certification of Principal Financial Officer Required Under Rule 13a-14\(b\) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350.](#)
- 97.1 [Stride, Inc. Policy for Recovery of Erroneously Awarded Compensation.](#)

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Exhibit No.	Description of Exhibit
99.1†	Third Amended and Restated Educational Products and Administrative, and Technology Services Agreement between the Ohio Virtual Academy and K12 Virtual Schools L.L.C., dated July 1, 2017 (incorporated by reference to Exhibit 99.1 to the Registrant's Annual Report on Form 10-K for the year ended June 30, 2017, filed with the SEC on August 9, 2017, File No. 001-33883).
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation

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Exhibit No.	Description of Exhibit
101.LAB	Inline XBRL Taxonomy Extension Labels
101.PRE	Inline XBRL Taxonomy Extension Presentation
101.DEF	Inline XBRL Taxonomy Extension Definition
104	The cover page from this Annual Report on Form 10-K, formatted Cover Page Interactive Data File (formatted in Inline XBRL (contained and contained in Exhibit 101)

* Denotes management contract or compensation plan, contract or arrangement.

** Furnished herewith.

† Confidential treatment requested with the Securities and Exchange Commission as to certain portions. Confidential materials omitted and filed separately with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

August 16, 2023 6, 2024

STRIDE, INC.

By: /s/ JAMES J. RHYU

Name: James J. Rhyu

Title: Chief Executive Officer

POWER OF ATTORNEY

Know all persons by these presents, that each person whose signature appears below constitutes and appoints James J. Rhyu, Donna M. Blackman and Vincent W. Mathis, and each of them severally, his or her true and lawful attorney-in-fact with power of substitution and resubstitution to sign in his or her name, place and stead, in any and all capacities, to do any and all things and execute any and all instruments that such attorney may deem necessary or advisable under the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with the Annual Report on Form 10-K and any and all amendments hereto, as fully for all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms all said

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attorneys-in-fact and agents, each acting alone, and his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934 this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
-----------	-------	------

<div>/s/ JAMES J. RHYU</div> <div>James J. Rhyu</div>	Chief Executive Officer (Principal Executive Officer) and Director	August 16, 2023 6, 2024
<div>/s/ DONNA M. M. BLACKMAN</div> <div>Donna M. Blackman</div>	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	August 16, 2023 6, 2024
<div>/s/ CRAIG R. BARRETT</div> <div>Craig R. Barrett</div>	Chair of the Board	August 16, 2023 6, 2024
<div>/s/ AIDA M. ALVAREZ</div> <div>Aida M. Alvarez</div>	Director	August 16, 2023 6, 2024
<div>/s/ ROBERT L. COHEN</div> <div>Robert L. Cohen</div>	Director	August 16, 2023
<div>/s/ STEVEN B. FINK</div> <div>Steven B. Fink</div>	Director	August 16, 2023 6, 2024
<div>/s/ ROBERT E. KNOWLING, JR.</div> <div>Robert E. Knowling, Jr.</div>	Director	August 16, 2023 6, 2024
<div>/s/ ALLISON LAWRENCE</div> <div>Allison Lawrence</div>	Director	August 16, 2023 6, 2024
<div>/s/ LIZA McFADDEN</div> <div>Liza McFadden</div>	Director	August 16, 2023 6, 2024
<div>/s/ RALPH SMITH</div> <div>Ralph Smith</div>	Director	August 16, 2023 6, 2024
<div>/s/ JOSEPH A. VERBRUGGE</div> <div>Joseph A. Verbrugge A. Verbrugge</div>	Director	August 16, 2023 6, 2024

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Exhibit 10.15

STRIDE,INC.

DEFERRED COMPENSATION PLAN FOR NON-EMPLOYEE DIRECTORS,
as amended effective as of December 10, 2021

1. **Purpose and Effective Date.** The purpose of this Plan is to provide the non-employee members of the Board of Directors (the "Board") of Stride, Inc., a Delaware corporation, and its successors (the "Company") with an opportunity to defer payment of all or a portion of their annual cash compensation and annual restricted stock award. The Plan was effective as of January 1, 2019 (the "Effective Date") and was most recently amended effective as of December 10, 2021.

2. **Definitions.** The following terms shall have the meanings given in this section unless a different meaning is clearly implied by the context:

(a) **"Cash Compensation"** means compensation payable to a director in cash for serving as a member of Board, but excluding any expense reimbursements.

(b) **"Change in Control"** shall have the same meaning as defined in the Equity Plan as in effect on the Effective Date; provided, that, for purposes of the Plan, in no event will a Change in Control be deemed to have occurred if the transaction is not also a "change in control event" under Section 409A of the Code.

(c) **"Common Stock"** means the common stock of the Company.

(d) **"Compensation Committee"** means the Compensation Committee of the Board.

(e) **"Deferred Compensation Account"** means an account maintained for each director who makes a deferral election as described in Section 4.

(f) **"Deferred Stock Unit"** means a Stock Unit that is received by a participant pursuant to this Plan and provides for the deferred receipt compensation.

(g) **"Director Compensation"** means Director Cash Compensation and Restricted Stock.

(h) **"Disability"** means (i) a permanent and total disability under Section 22(e)(3) of the Internal Revenue Code of 1986, as amended, or (ii) if a non-employee director shall become physically or mentally incapacitated or disabled or otherwise unable fully to discharge his or her duties to the Company, including as a result of illness, for a period of 30 consecutive calendar days or such other period of time as determined by either the Board or the director in good faith, provided that, in the case of each of clauses (i) and (ii), such disability, incapacity or illness also qualifies as a "disability" for purposes of Section 409A.

(i) **"Equity Plan"** means the Company's 2016 Incentive Award Plan, as it may be amended or restated from time to time, or, to the extent applicable, any future or successor equity compensation plan of the Company.

(j) **"Fair Market Value"** means "Fair Market Value" as defined in the Equity Plan.

(k) **"Plan"** means the Stride, Inc. Deferred Compensation Plan for Non-Employee Directors.

(l) **"Plan Year"** means a calendar year.

(m) **"Plan Administrator"** means the Compensation Committee or its designee.

(n) **"Restricted Stock"** means "Restricted Stock" as defined in the Equity Plan and granted to a

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director for serving as a member of Board.

(o) **"Section 409A"** means Section 409A of the Internal Revenue Code of 1986, as amended.

(p) **"Separation from Service"** means a "separation from service" within the meaning of Section 409A.

(q) "Stock Unit" means an economic unit equal in value to one share (or fraction thereof) of Common Stock.

3. Eligibility. All members of the Board who are not employees of the Company or any subsidiary of the Company shall be eligible to participate in the Plan.

4. Election to Defer Director Compensation.

(a) Manner and Amount of Deferral Election. A participant may elect to defer receipt of all or a specified portion of his or her Director Compensation by giving written notice on an election form provided by the Plan Administrator specifying the amount of the deferral. A participant's election to defer is irrevocable and may not be changed, except as may be provided in the election form.

(b) Time of Election. Election to defer the Director Compensation shall be made at the following times:

(i) A director may elect to defer Director Compensation at such time or times during the calendar year as permitted by the Plan Administrator. Except as expressly permitted by the Plan Administrator and specified in a deferral election form in a manner that complies with Section 409A, such election shall be effective for Cash Compensation earned and Restricted Stock granted in the following calendar year.

(ii) A nominee for election to director (who is not at the time of nomination a sitting director and was not previously eligible to participate in this Plan) may elect to defer Director Compensation no later than 30 days after the date of the director's commencement of services as a director. Such deferral election shall be effective for Cash Compensation earned and Restricted Stock granted following the later of (A) the date of the director's commencement of services as a director, and (B) the date an irrevocable election form is filed with the Company.

(c) Duration of Deferral Election. Unless otherwise specified in a deferral election form in a manner permitted by the Plan Administrator, a deferral election will only apply to one Plan Year. A participant must make a new deferral election with respect to each Plan Year that the participant decides to defer Director Compensation.

5. Deferred Compensation Accounts. The Company shall establish on its books and records a Deferred Compensation Account for each participant, as provided below.

(a) Crediting of Cash Compensation. Deferred Cash Compensation shall be credited to the participant's Deferred Compensation Account in the form of Deferred Stock Units on the date the deferred Cash Compensation would otherwise have been paid. On such date, the Company shall credit to the Deferred Compensation Account with a number of Deferred Stock Units determined by dividing (i) the portion of the Cash Compensation that the participant elected to defer, by (ii) the Fair Market Value of a share of Common Stock on such date, rounded down to the nearest whole Deferred Stock Unit. No fractional Deferred Stock Units will be credited to a participant's account. Unused cash attributable to a fractional Deferred Stock Unit will be refunded to the participant in cash as soon as practicable following the original payment date. A participant will be fully vested in each Deferred Stock Unit that relates to deferred Cash Compensation.

(b) Crediting of Restricted Stock. Deferred Restricted Stock shall be credited to the

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participant's Deferred Compensation Account in an equal amount of Deferred Stock Units. The Deferred Stock Units related to such deferred Restricted Stock shall be subject to the same vesting or other forfeiture restrictions that would have otherwise applied to such Restricted Stock. In the event the participant forfeits Deferred Stock Units in accordance with the foregoing, the participant's Deferred Compensation Account shall be debited for the number of Deferred Stock Units forfeited.

(c) Dividend Equivalents. Each Deferred Stock Unit credited to a participant's Deferred Compensation Account shall carry with it a right to receive dividend equivalents in respect of the share of Common Stock underlying such Deferred Stock Unit. Dividend equivalents shall be paid to participants in cash on the Company's applicable dividend payment date based on the number of Deferred Stock Units, whether vested or unvested, held in the director's Deferred Compensation Account

on the applicable Company record date. The dividend equivalent right associated with a Deferred Stock Unit shall remain outstanding until the delivery to the participant of the share of Common Stock underlying such Deferred Stock Unit.

(d) Adjustment of Deferred Stock Units. If the number of outstanding shares of Common Stock is increased or decreased or the shares of Common Stock are changed into or exchanged for a different number or kind of stock or other securities of the Company on account of any recapitalization, reclassification, stock split, reverse split, combination of stock, exchange of stock, stock dividend, or other distribution payable in capital stock, or other increase or decrease in such stock effected without receipt of consideration by the Company occurring after the Effective Date, the Plan Administrator will make appropriate adjustments to (i) the number and kind of shares of Common Stock for which Deferred Stock Units are outstanding, and (ii) the number of Deferred Stock Units credited to each participant's Deferred Compensation Account.

6. Payment of Deferred Compensation.

(a) Distributions. Payment from the Deferred Stock Unit shall be made in one lump sum on the earliest to occur of:

- (i) within 90 days following the participant's Separation From Service;
- (ii) immediately prior to, or within 30 days following a Change in Control;
- (iii) within 90 days following the participant's Disability; and
- (iv) the participant's death.

Notwithstanding anything to the contrary in the Plan, if on the date of the participant's Separation from Service, the participant is a "specified employee" within the meaning of Section 409A, the payment will occur on the later to occur of (x) the scheduled distribution date and (y) the first day of the seventh month following the date of the participant's Separation from Service or, if earlier, the date of the participant's death.

(b) Medium of Payment. Payments from the Deferred Compensation Accounts shall be made in whole shares of Common Stock for each whole Deferred Stock Unit, and in cash for any fractional Deferred Stock Unit; provided, that, the Company may choose in its discretion to pay the participant cash in lieu of all or a portion of the shares of Common Stock. Deferred Stock Units issued to and shares of Common Stock paid to participants under the Plan shall be issued and paid from the Equity Plan.

7. Unfunded Promise to Pay; No Segregation of Funds or Assets. Nothing in this Plan shall require the segregation of any assets of the Company or any type of funding by the Company, it being the intention of the parties that the Plan be an unfunded arrangement for federal income tax purposes. No participant shall have any right to or interest in any specific assets or shares of Common Stock by reason of the Plan, and any participant's rights to enforce payment of the obligations of the Company hereunder shall be those of a general creditor of the Company.

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8. Nonassignability; Beneficiary Designation. The right of a participant to receive any unpaid portion of the participant's Deferred Compensation Account shall not be assigned, transferred, pledged or encumbered or subjected in any manner to alienation or anticipation. However, in the event of a participant's death, the Company will pay the unpaid portion of the participant's Deferred Compensation Account to the participant's designated beneficiaries. If the participant fails to complete a valid beneficiary designation, the participant's beneficiary will be his or her estate.

9. Administration. The Plan will be administered under the supervision of the Plan Administrator. The Plan Administrator will prescribe guidelines and forms for the implementation and administration of the Plan, interpret the terms of the Plan, and make all other substantiated decisions regarding the operation of the Plan. The Plan Administrator's decisions in its administration of the Plan are conclusive and binding on all persons.

10. Construction. The Plan is intended to comply with Section 409A and any regulations and guidance thereunder and shall be interpreted and operated in accordance with such intent. Notwithstanding anything to the contrary in the Plan, neither

the Company, its affiliates, the Board, nor the Committee will have any obligation to take any action to prevent the assessment of any excise tax or penalty on any participant under Section 409A, and neither the Company, its affiliates, the Board, nor the Committee will have any liability to any participant for such tax or penalty. The laws of the State of Delaware shall govern all questions of law arising with respect to the Plan, without regard to the choice of law principles of any jurisdiction, except where the laws governing the Plan are preempted by the laws of the United States. The Plan is intended to be construed so that participation in the Plan will be exempt from Section 16(b) of the Securities Exchange Act of 1934, as amended, pursuant to regulations and interpretations issued from time to time by the Securities and Exchange Commission. If any provision of the Plan is held to be illegal or void, such illegality or invalidity shall not affect the remaining provisions of the Plan, but shall be fully severable, and the Plan shall be construed and enforced as if the illegal or invalid provision had never been inserted. This document constitutes the entire Plan, and supersedes any prior oral or written agreements on the subject matter hereof.

11. Claw-back. All awards of Deferred Stock Units under the Plan will be subject to mandatory repayment by the participant to the Company to the extent the participant is, or in the future becomes, subject to any Company or affiliate "claw-back" or recoupment policy that is adopted to comply with the requirements of any applicable law, rule, regulation or otherwise, or any law, rule, or regulation that imposes mandatory recoupment, under circumstances set forth in such law, rule or regulation.

12. Amendment and Termination. The Board may amend, suspend, or terminate the Plan at any time and for any reason. No amendment, suspension, or termination will, without the consent of the participant, materially impair rights or obligations under any Deferred Stock Units previously awarded to the participant under the Plan, except as provided below. The Board may terminate the Plan and distribute the Deferred Compensation Accounts to participants in accordance with and subject to the rules of Treas. Reg. Section 1.409A-3(j)(4)(ix), or successor provisions, and any generally applicable guidance issued by the Internal Revenue Service permitting such termination and distribution.

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Exhibit 10.16

[STRIDE SUBCO]

2023 EQUITY INCENTIVE PLAN

1. PURPOSE.

The purpose of the Plan is to advance the interests of the Company's stockholders by enhancing the Company's ability to attract, retain and motivate persons who make (or are expected to make) important contributions to the Company, Parent or their Subsidiaries by providing such persons with equity ownership opportunities and thereby better aligning the interests of such persons with those of the Company's stockholders. Capitalized terms used in the Plan are defined in Section 11 below.

2. ELIGIBILITY.

Service Providers are eligible to be granted Awards under the Plan, subject to the limitations described herein, provided that, unless otherwise determined by the Compensation Committee of the Parent Board, no Service Provider who, as of any date, was a named executive officer (within the meaning of Item 402 of Regulation S-K promulgated under the Securities Act) in Parent's most recently filed Proxy Statement on Schedule 14A shall be eligible to be granted Awards under the Plan.

3. ADMINISTRATION AND DELEGATION.

3.1 Administration. The Plan will be administered by the Administrator. The Administrator shall have authority to determine which Service Providers will receive Awards, to grant Awards and to set all terms and conditions of Awards (including, but not limited to, vesting, exercise and forfeiture provisions). In addition, the Administrator shall have the authority to take all actions and make all determinations contemplated by the Plan and to adopt, amend and repeal such administrative rules, guidelines and practices relating to the Plan as it shall deem advisable. The Administrator may correct any defect or ambiguity, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem necessary or appropriate to carry the Plan and any Awards into effect, as determined by the Administrator. The Administrator shall make all determinations under the Plan in the

Administrator's sole discretion and all such determinations shall be final and binding on all persons having or claiming any interest in the Plan or in any Award.

3.2 Administration with Respect to Parent Executive Officers. Notwithstanding anything to the contrary in the Plan, the grant of any Award to a Parent Executive Officer, and all actions and determinations contemplated by the Plan with respect to such Awards, shall require the approval of the Compensation Committee of the Parent Board to the extent required by the charter (or other governing document) of the Compensation Committee of the Parent Board or Applicable Laws.

4. STOCK AVAILABLE FOR AWARDS.

4.1 Number of Shares. Subject to adjustment under Section 8 hereof, Awards may be made under the Plan covering up to the Overall Share Limit. If any Award expires or lapses or is terminated, surrendered or canceled without having been fully exercised or is forfeited in whole or in part (including as the result of shares of Common Stock subject to such Award being repurchased by the Company at or below the original issuance price), in any case in a manner that results in any shares of Common Stock covered by such Award not being issued or being so reacquired by the Company, the unused Common Stock covered by such Award shall again be available for the grant of Awards under the Plan. Further, shares of Common Stock delivered (either by actual delivery or attestation) to the Company by a Participant to satisfy the applicable exercise or purchase price of an Award and/or to satisfy any applicable tax withholding obligation (including shares retained by the Company from the Award being exercised or purchased and/or creating the tax obligation) shall be added to the number of shares of Common Stock available for the grant of Awards under the Plan. However, in the case of Incentive Stock Options (as hereinafter defined), the foregoing provisions shall be subject to any limitations under the Code. Shares of Common Stock issued under the

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Plan may consist in whole or in part of authorized but unissued shares, shares purchased on the open market or treasury shares.

4.2 Limits on Awards to Parent Executive Officers. Notwithstanding any provision to the contrary in the Plan, the aggregate number of shares of Common Stock underlying Awards granted to all Parent Executive Officers under the Plan shall not exceed 49.99% of the Overall Share Limit.

5. STOCK OPTIONS.

5.1 General. The Administrator may grant Options to any Service Provider, subject to the limitations on Incentive Stock Options described below, in consideration for their agreement to provide services to the Company or a subsidiary thereof. The Administrator shall determine the number of shares of Common Stock to be covered by each Option, the exercise price of each Option and the conditions and limitations applicable to the exercise of each Option, including conditions relating to Applicable Laws, as it considers necessary or advisable. Notwithstanding anything to the contrary contained in the Plan, no person who is an employee of Parent or one of its Subsidiaries shall be eligible to receive Options under the Plan unless they are providing direct services to the Company or one of its Subsidiaries on the date of grant of such Award within the meaning of Treasury Regulation Section 1.409A-1(b)(5)(iii)(E).

5.2 Incentive Stock Options. The Administrator may grant Options intended to qualify as Incentive Stock Options only to employees of the Company, any of the Company's present or future "parent corporations" or "subsidiary corporations" as defined in Sections 424(e) or (f) of the Code, respectively, and any other entities the employees of which are eligible to receive Incentive Stock Options under the Code. All Options intended to qualify as Incentive Stock Options shall be subject to and shall be construed consistently with the requirements of Section 422 of the Code. Neither the Company nor the Administrator shall have any liability to a Participant, or any other party, (i) if an Option (or any part thereof) which is intended to qualify as an Incentive Stock Option fails to qualify as an Incentive Stock Option or (ii) for any action or omission by the Administrator that causes an Option not to qualify as an Incentive Stock Option, including without limitation, the conversion of an Incentive Stock Option to a Non-Qualified Stock Option or the grant of an Option intended as an Incentive Stock Option that fails to satisfy the requirements under the Code applicable to an Incentive Stock Option. Any Option that is intended to qualify as an Incentive Stock Option, but fails to so qualify for any reason, including without limitation, the portion of any Option becoming exercisable in excess of the \$100,000 limitation described in Treasury Regulation Section 1.422-4, shall be treated as a Non-Qualified Stock Option for all purposes. Notwithstanding any provision to the contrary in the Plan, the aggregate number of shares of Common Stock that may be issued pursuant to Incentive Stock Options granted under the Plan shall not exceed 5,000,000.

5.3 **Exercise Price.** The Administrator shall establish the exercise price of each Option and specify the exercise price in the applicable Award Agreement; provided that the value of consideration to be paid in respect of any shares of Common Stock issued upon the exercise of any Options shall not be less than the par value thereof (which may be in the form of services rendered to the Company and/or a subsidiary thereof). Unless otherwise determined by the Administrator, the exercise price shall be not less than 100% of the Fair Market Value on the date the Option is granted. In the case of an Incentive Stock Option granted to an employee who, at the time of grant of the Option, owns (or is treated as owning under Section 424 of the Code) stock representing more than 10% of the voting power of all classes of stock of the Company (or a "parent corporation" or "subsidiary corporation" thereof within the meaning of Sections 424(e) or 424(f) of the Code, respectively), the per share exercise price shall be no less than 110% of the Fair Market Value on the date the Option is granted.

5.4 **Duration of Options.** Each Option shall be exercisable at such times and subject to such terms and conditions as the Administrator may specify in the applicable Award Agreement, provided that the term of any Option shall not exceed ten years. In the case of an Incentive Stock Option granted to an employee who, at the time of grant of the Option, owns (or is treated as owning under Section 424 of the Code) stock representing more than 10% of the voting power of all classes of stock of the Company (or a "parent corporation" or "subsidiary corporation" thereof within the meaning of Sections 424(e) or 424(f) of the Code, respectively), the term of the Option shall not exceed five years.

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5.5 **Exercise of Option; Notification of Disposition.** Options may be exercised by delivery to the Company of a written notice of exercise, in a form approved by the Administrator (which may be an electronic form), signed by the person authorized to exercise the Option, together with payment in full (i) as specified in Section 5.6 hereof for the number of shares for which the Option is exercised and (ii) as specified in Section 9.5 hereof for any applicable withholding taxes. Unless otherwise determined by the Administrator, an Option may not be exercised for a fraction of a share of Common Stock. If an Option is designated as an Incentive Stock Option, the Participant shall give prompt notice to the Company of any disposition or other transfer of any shares of Common Stock acquired from the Option if such disposition or transfer is made (i) within two years from the grant date with respect to such Option or (ii) within one year after the transfer of such shares to the Participant (other than any such disposition made in connection with a Change in Control). Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the Participant in such disposition or other transfer.

5.6 **Payment Upon Exercise.** Common Stock purchased upon the exercise of an Option granted under the Plan shall be paid for in cash or by check, payable to the order of the Company, or, to the extent permitted by the Administrator, by:

(a) (A) delivery of an irrevocable and unconditional undertaking by a broker acceptable to the Company to deliver promptly to the Company sufficient funds to pay the exercise price and any required tax withholding, or (B) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Company to deliver promptly to the Company cash or a check sufficient to pay the exercise price and any required tax withholding;

(b) delivery (either by actual delivery or attestation) of shares of Common Stock owned by the Participant valued at their Fair Market Value, provided (A) such method of payment is then permitted under Applicable Laws, (B) such Common Stock, if acquired directly from the Company, was owned by the Participant for such minimum period of time, if any, as may be established by the Company at any time, and (C) such Common Stock is not subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements;

(c) surrendering shares of Common Stock then issuable upon exercise of the Option valued at their Fair Market Value on the date of exercise;

(d) delivery of a promissory note of the Participant to the Company on terms determined by the Administrator;

(e) delivery of property of any other kind which constitutes good and valuable consideration as determined by the Administrator; or

(f) any combination of the above permitted forms of payment (including cash or check).

6. RESTRICTED STOCK; RESTRICTED STOCK UNITS.

6.1 General. The Administrator may grant Restricted Stock, or the right to purchase Restricted Stock, to any Service Provider, in consideration for their agreement to provide services to the Company or a subsidiary thereof subject to the right of the Company to repurchase all or part of such shares at their issue price or other stated or formula price from the Participant (or to require forfeiture of such shares if issued at no cost) in the event that conditions specified by the Administrator in the applicable Award Agreement are not satisfied prior to the end of the applicable restriction period or periods established by the Administrator for such Award. In addition, the Administrator may grant to Service Providers Restricted Stock Units, which may be subject to vesting and forfeiture conditions during applicable restriction period or periods, as set forth in an applicable Award Agreement.

6.2 Terms and Conditions for All Restricted Stock and Restricted Stock Unit Awards. The Administrator shall determine and set forth in the applicable Award Agreement the terms and conditions applicable to each Restricted Stock and Restricted Stock Unit Award, including the conditions for vesting and repurchase (or

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forfeiture) and the issue price, in each case, if any. The value of the consideration to be provided by any Participant in respect of any shares of Restricted Stock issued pursuant to any Award shall not be less than the par value thereof (which may be in the form of services rendered to the Company and/or a subsidiary thereof).

6.3 Additional Provisions Relating to Restricted Stock.

(a) Dividends. Participants holding shares of Restricted Stock will be entitled to all ordinary cash dividends paid with respect to such shares to the extent such dividends have a record date that is on or after the date on which the Participant to whom such Restricted Shares are granted becomes the record holder of such Restricted Shares, unless otherwise provided by the Administrator in the applicable Award Agreement. In addition, unless otherwise provided by the Administrator, if any dividends or distributions are paid in shares, or consist of a dividend or distribution to holders of Common Stock of property other than an ordinary cash dividend, the shares or other property will be subject to the same restrictions on transferability and forfeitability as the shares of Restricted Stock with respect to which they were paid. Each dividend payment will be made as provided in the applicable Award Agreement, but in no event later than the end of the calendar year in which the dividends are paid to stockholders of that class of stock or, if later, the 15th day of the third month following the later of (A) the date the dividends are paid to stockholders of that class of stock, and (B) the date the dividends are no longer subject to forfeiture.

(b) Stock Certificates. The Company may require that any stock certificates issued in respect of shares of Restricted Stock be deposited in escrow by the Participant, together with a stock power endorsed in blank, with the Company (or its designee).

6.4 Additional Provisions Relating to Restricted Stock Units.

(a) Settlement. Upon the vesting of a Restricted Stock Unit, the Participant shall be entitled to receive from the Company one share of Common Stock or an amount of cash or other property equal to the Fair Market Value of one share of Common Stock on the settlement date or such other amount as the Administrator shall determine and as provided in the applicable Award Agreement. The Administrator may provide that settlement of Restricted Stock Units shall occur upon or as soon as reasonably practicable after the vesting of the Restricted Stock Units or shall instead be deferred, on a mandatory basis or at the election of the Participant, in a manner that complies with Section 409A.

(b) Voting Rights. A Participant shall have no voting rights with respect to any Restricted Stock Units unless and until shares are delivered in settlement thereof.

(c) Dividend Equivalents. To the extent provided by the Administrator, a grant of Restricted Stock Units may provide a Participant with the right to receive Dividend Equivalents. Dividend Equivalents may be paid currently or credited to an account for the Participant, may be settled in cash and/or shares of Common Stock and may be subject to the same restrictions on transfer and forfeitability as the Restricted Stock Units with respect to which the Dividend Equivalents are paid, as determined by the Administrator, subject, in each case, to such terms and conditions as the Administrator shall establish and set forth in the applicable Award Agreement.

7. OTHER STOCK OR CASH-BASED AWARDS.

Other Stock or Cash-Based Awards may be granted hereunder to Participants in consideration for their agreement to provide services to the Company or a subsidiary thereof. Such Other Stock or Cash-Based Awards shall also be available as a form of payment in the settlement of other Awards granted under the Plan, as stand-alone payments and/or as payment in lieu of compensation to which a Participant is otherwise entitled. Other Stock or Cash-Based Awards may be paid in shares of Common Stock, cash or other property, as the Administrator shall determine. Subject to the provisions of the Plan, the Administrator shall determine the terms and conditions of each Other Stock or Cash-Based Award, including any purchase price (the value of which in respect of any shares of Common Stock issued upon the exercise of any Other Stock Awards shall not be less than the par value thereof (which may be in the form of services rendered to the Company and/or a subsidiary thereof)), transfer restrictions, vesting conditions and other terms and conditions applicable thereto, which shall be set forth in the applicable Award Agreement.

8. ADJUSTMENTS FOR CHANGES IN COMMON STOCK AND CERTAIN OTHER EVENTS.

8.1 In the event that the Administrator determines that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), reorganization, merger, consolidation, combination, repurchase, recapitalization, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or sale or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction or event, as determined by the Administrator, affects the Common Stock such that an adjustment is determined by the Administrator to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any Award, then the Administrator may, in such manner as it may deem equitable, adjust any or all of:

- (a) the number and kind of shares of Common Stock (or other securities or property) with respect to which Awards may be granted or awarded (including, but not limited to, adjustments of the limitations in Section 4 hereof on the maximum number and kind of shares which may be issued);
- (b) the number and kind of shares of Common Stock (or other securities or property) subject to outstanding Awards;
- (c) the grant or exercise price with respect to any Award; and
- (d) the terms and conditions of any Awards (including, without limitation, any applicable financial or other performance "targets" specified in an Award Agreement).

8.2 In the event of any transaction or event described in Section 8.1 hereof (including, without limitation, any Change in Control, Company Spin-Off or Company IPO) or any unusual or nonrecurring transaction or event affecting the Company (including, without limitation, any transaction as result of which the separate existence of the Company ceases) or the financial statements of the Company, or any change in any Applicable Laws or accounting principles, the Administrator, on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event and either automatically or upon the Participant's request, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to (x) prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any Award granted or issued under the Plan, (y) to facilitate such transaction or event or (z) give effect to such changes in Applicable Laws or accounting principles:

- (a) To provide for the cancellation of all or any portion of such Award in exchange for either an amount of cash or other property with a value equal to the amount that could have been obtained upon the exercise or settlement of the vested portion of such Award or realization of the Participant's rights under the vested portion of such Award to be cancelled, as applicable; ~~provided that~~, if the amount that could have been obtained upon the exercise or settlement of the vested portion of such Award or realization of the Participant's rights, in any case, is equal to or less than zero, then the vested portion of such Award may be terminated without payment;
- (b) To provide that such Award shall vest and, to the extent applicable, be exercisable as to all shares covered thereby, notwithstanding anything to the contrary in the Plan or the provisions of such Award;

(c) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and applicable exercise or purchase price, in all cases, as determined by the Administrator;

(d) To make adjustments in the number and type of shares of Common Stock (or other securities or property) subject to outstanding Awards, and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding Awards which may be granted in the future;

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(e) To replace such Award with other rights or property selected by the Administrator;

(f) To provide that the Award will terminate and cannot vest, be exercised or become payable after the applicable event; and/or

(g) To subject any vested Award (other than an Award that constitutes "nonqualified deferred compensation" under Section 409A) to additional vesting conditions.

8.3 In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in this Section 8, the Administrator will equitably adjust each outstanding Award, which adjustments may include adjustments to the number and type of securities subject to each outstanding Award and/or the exercise price or grant price thereof, if applicable, the grant of new Awards to Participants, and/or the making of a cash payment to Participants, as the Administrator deems appropriate to reflect such Equity Restructuring. The adjustments provided under this Section 8.3 shall be nondiscretionary and shall be final and binding on the affected Participant and the Company; provided that whether an adjustment is equitable shall be determined by the Administrator.

8.4 In the event of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of Common Stock or the share price of the Common Stock, including any Equity Restructuring, for reasons of administrative convenience the Administrator may refuse to permit the exercise of any Award during a period of up to 30 days prior to the consummation of any such transaction.

8.5 Except as expressly provided in the Plan or pursuant to action of the Administrator under the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend, any increase or decrease in the number of shares of stock of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Administrator under the Plan, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Common Stock subject to an Award or the grant or exercise price of any Award. The existence of the Plan, any Award Agreements and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any merger, consolidation dissolution or liquidation of the Company or sale of Company assets or (iii) any sale or issuance of securities, including without limitation, securities with rights superior to those of the Common Stock or which are convertible into or exchangeable for Common Stock. The Administrator may treat Participants and Awards (or portions thereof) differently under this Section 8.

9. GENERAL PROVISIONS APPLICABLE TO AWARDS.

9.1 Transferability. Except as the Administrator may otherwise determine or provide in an Award Agreement or otherwise, in any case in accordance with Applicable Laws, Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the life of the Participant, shall be exercisable only by the Participant. References to a Participant, to the extent relevant in the context, shall include references to authorized transferees.

9.2 Documentation. Each Award shall be evidenced in an Award Agreement, which may be in such form (written, electronic or otherwise) as the Administrator shall determine. Each Award may contain terms and conditions in addition to those set forth

in the Plan.

9.3 **Discretion.** Except as otherwise provided by the Plan, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award to a Participant need not be identical, and the Administrator need not treat Participants or Awards (or portions thereof) uniformly.

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9.4 **Termination of Status.** The Administrator shall determine the effect on an Award of the disability, death, retirement, authorized leave of absence or any other change or purported change in a Participant's Service Provider status and the extent to which, and the period during which, the Participant, the Participant's legal representative, conservator, guardian or Designated Beneficiary may exercise rights under the Award, if applicable.

9.5 **Withholding.** Each Participant shall pay to the Company, or make provision satisfactory to the Administrator for payment of, any taxes required by law to be withheld in connection with Awards to such Participant no later than the date of the event creating the tax liability. Except as the Administrator may otherwise determine, all such payments shall be made in cash or by certified check, including cash otherwise payable to a Participant upon settlement of an Award. Notwithstanding the foregoing, to the extent permitted by the Administrator, Participants may satisfy such tax obligations in whole or in part by delivery of shares of Common Stock, including shares retained from the Award creating the tax obligation, valued at their fair market value. The Company may, to the extent permitted by Applicable Laws, deduct any such tax obligations from any payment of any kind otherwise due to a Participant.

9.6 **Amendment of Award; Repricing.** The Administrator may amend, modify or terminate any outstanding Award, including but not limited to, substituting therefor another Award of the same or a different type, changing the date of exercise or settlement, converting an Incentive Stock Option to a Non-Qualified Stock Option, and electing to provide for cash settlement of an Award that by its terms provides for settlement solely in shares of Common Stock, in an amount of cash equal to the Fair Market Value of the total number of shares of Common Stock underlying the Award on the settlement date, which, for the avoidance of doubt will be deemed to not adversely affect the Participant. The Participant's consent to such action shall be required unless (i) the Administrator determines that the action, taking into account any related action, would not adversely affect the Participant, or (ii) the change is permitted under Section 8 and 10.6 hereof. Notwithstanding the foregoing or anything in the Plan to the contrary, the Administrator may, without the approval of the stockholders of the Company, reduce the exercise price per share of outstanding Options or cancel outstanding Options in exchange for cash, other Awards or Options with an exercise price per share that is less than the exercise price per share of the original Options.

9.7 **Conditions on Delivery of Stock.** The Company will not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove restrictions from shares previously delivered under the Plan until (i) all conditions of the Award have been met or removed to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including any applicable securities laws and any applicable stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Administrator deems necessary or appropriate to satisfy the requirements of any Applicable Laws. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is determined by the Administrator to be necessary to the lawful issuance and sale of any securities hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained.

9.8 **Acceleration.** The Administrator may at any time provide that any Award shall become immediately vested and/or exercisable in full or in part, free of some or all restrictions or conditions, or otherwise realizable in full or in part, as the case may be.

9.9 **Consolidation with Parent.** No Award shall be granted or awarded, and with respect to any Award granted under the Plan, such Award shall not vest, be exercisable or be settled if, in the discretion of the Administrator, the grant, vesting, exercise or settlement of such Award could impair the ability to include the Company in Parent's consolidated federal income tax return and/or consolidated financial statements or would otherwise have adverse financial or accounting consequences to Parent or its Affiliates.

10. MISCELLANEOUS.

10.1 **No Right To Employment or Other Status.** No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or any other relationship with the

Company. The Company expressly reserves the right at any time to

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dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan or any Award, except as expressly provided in an applicable Award Agreement.

10.2 No Rights As Stockholder: Certificates. Subject to the provisions of the applicable Award Agreement, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be distributed with respect to an Award until becoming the record holder of such shares. Notwithstanding any other provision of the Plan, unless otherwise determined by the Administrator or required by any Applicable Laws, the Company shall not be required to deliver to any Participant certificates evidencing shares of Common Stock issued in connection with any Award and instead such shares of Common Stock may be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator). The Company may place legends on any stock certificates issued under the Plan deemed necessary or appropriate by the Administrator in order to comply with Applicable Laws.

10.3 Effective Date and Term of Plan. The Plan shall become effective on the date on which it is adopted by the Board. No Awards shall be granted under the Plan after the completion of ten years from the earlier of (i) the date on which the Plan was adopted by the Board or (ii) the date the Plan was approved by the Company's stockholders, but Awards previously granted may extend beyond that date in accordance with the terms of the Plan.

10.4 Amendment of Plan. The Administrator may amend, suspend or terminate the Plan or any portion thereof at any time. Awards outstanding under the Plan at the time of any suspension or termination of the Plan shall continue to be governed in accordance with the terms of the Plan and the applicable Award Agreement, as in effect prior to such suspension or termination. The Board shall obtain stockholder approval of any Plan amendment to the extent necessary to comply with Applicable Laws.

10.5 Provisions for Foreign Participants. The Administrator may modify Awards granted to Participants who are foreign nationals or employed outside the United States or establish subplans or procedures under the Plan to address differences in laws, rules, regulations or customs of such foreign jurisdictions with respect to tax, securities, currency, employee benefit or other matters.

10.6 Section 409A.

(a) **General.** The Company intends that all Awards be structured in compliance with, or to satisfy an exemption from, Section 409A, such that no adverse tax consequences, interest, or penalties under Section 409A apply in connection with any Awards. Notwithstanding anything herein or in any Award Agreement to the contrary, the Administrator may, without a Participant's prior consent, amend this Plan and/or Awards, adopt policies and procedures, or take any other actions (including amendments, policies, procedures and actions with retroactive effect) as are necessary or appropriate to preserve the intended tax treatment of Awards under the Plan, including without limitation, any such actions intended to (A) exempt this Plan and/or any Award from the application of Section 409A, and/or (B) comply with the requirements of Section 409A, including without limitation any such regulations, guidance, compliance programs and other interpretative authority that may be issued after the date of grant of any Award. The Company makes no representations or warranties as to the tax treatment of any Award under Section 409A or otherwise. The Company shall have no obligation under this Section 10.6 or otherwise to take any action (whether or not described herein) to avoid the imposition of taxes, penalties or interest under Section 409A with respect to any Award and shall have no liability to any Participant or any other person if any Award, compensation or other benefits under the Plan are determined to constitute non-compliant, "nonqualified deferred compensation" subject to the imposition of taxes, penalties and/or interest under Section 409A.

(b) **Separation from Service.** With respect to any Award that constitutes "nonqualified deferred compensation" under Section 409A, any payment or settlement of such Award that is to be made upon a termination of a Participant's Service Provider relationship shall, to the extent necessary to avoid the imposition of taxes under Section 409A, be made only upon the Participant's "separation from service" (within the meaning of Section 409A), whether such "separation from service" occurs upon or subsequent to the termination of the Participant's Service Provider relationship. For purposes of any such provision of this Plan or any Award Agreement relating to any such payments or benefits, references to a "termination," "termination of employment" or like terms shall mean "separation from service."

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(c) **Payments to Specified Employees.** Notwithstanding any contrary provision in the Plan or any Award Agreement, any payment(s) of "nonqualified deferred compensation" that are otherwise required to be made under an Award to a "specified employee" (as defined under Section 409A and determined by the Administrator) as a result of their "separation from service" shall, to the extent necessary to avoid the imposition of taxes under Code Section 409A(a)(2)(B)(i), be delayed until the expiration of the six-month period immediately following such "separation from service" (or, if earlier, until the date of death of the specified employee) and shall instead be paid (in a manner set forth in the Award agreement) on the day that immediately follows the end of such six-month period or as soon as administratively practicable thereafter (without interest). Any payments of "nonqualified deferred compensation" under such Award that are, by their terms, payable more than six months following the Participant's "separation from service" shall be paid at the time or times such payments are otherwise scheduled to be made.

10.7 **Limitations on Liability.** Notwithstanding any other provisions of the Plan, no individual acting as a director, officer, other employee or agent of the Company will be liable to any Participant, former Participant, spouse, beneficiary, or any other person for any claim, loss, liability, or expense incurred in connection with the Plan or any Award, nor will such individual be personally liable with respect to the Plan because of any contract or other instrument they execute in their capacity as an Administrator, director, officer, other employee or agent of the Company. The Company will indemnify and hold harmless each director, officer, other employee and agent of the Company to whom any duty or power relating to the administration or interpretation of the Plan has been or will be granted or delegated, against any cost or expense (including attorneys' fees) or liability (including any sum paid in settlement of a claim with the Administrator's approval) arising out of any act or omission to act concerning this Plan unless arising out of such person's own fraud or bad faith.

10.8 **Lock-Up Period.** Participants shall not offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Common Stock (or other securities) of the Company or enter into any swap, hedging or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Common Stock (or other securities) of the Company held by Participant (other than those included in the registration) for a period specified by the representative of the underwriters of Common Stock (or other securities) of the Company not to exceed 180 days following the effective date of any registration statement of the Company filed under the Securities Act (or such other period as may be requested by the Company or the underwriters to accommodate regulatory restrictions on (i) the publication or other distribution of research reports and (ii) analyst recommendations and opinions, including, but not limited to, the restrictions contained in FINRA Rule 2241, or any successor provisions or amendments thereto). Participants shall execute and deliver such other agreements as may be reasonably requested by the Company or the underwriter which are consistent with the foregoing or which are necessary to give further effect thereto. The obligations described in this Section 10.8 shall not apply to a registration relating solely to employee benefit plans on Form S-1 or Form S-8 or similar forms that may be promulgated in the future, or a registration relating solely to a Securities and Exchange Commission Rule 145 transaction on Form S-4 or similar forms that may be promulgated in the future. The Company may impose stop-transfer instructions with respect to the shares of Common Stock (or other securities) subject to the foregoing restriction until the end of said 180 day (or other) period.

10.9 **Right of First Refusal.**

(a) Before any shares of Common Stock held by a Participant or any permitted transferee (each, a "Holder") may be sold, pledged, assigned, hypothecated, transferred, or otherwise disposed of (each, a "Transfer"), the Company or its assignee(s) shall have a right of first refusal to purchase the shares of Common Stock proposed to be Transferred on the terms and conditions set forth in this Section 10.9 (the "Right of First Refusal"). In the event that the Company's charter, bylaws and/or a stockholders' agreement applicable to the shares of Common Stock contain a right of first refusal with respect to the shares of Common Stock, such right of first refusal shall apply to the shares of Common Stock to the extent such provisions are more restrictive than the Right of First Refusal set forth in this Section 10.9 and the Right of First Refusal set forth in this Section 10.9 shall not in any way restrict the operation of the Company's charter, bylaws or the operation of any applicable stockholders' agreement.

(b) In the event any Holder desires to Transfer any shares of Common Stock, the Holder shall deliver to the Company a written notice (the "Notice") stating: (A) the Holder's bona fide intention to

sell or otherwise Transfer such shares of Common Stock; (B) the name of each proposed purchaser or other transferee ("Proposed Transferee"); (C) the number of shares of Common Stock to be Transferred to each Proposed Transferee; and (D) the price for which the Holder proposes to Transfer the shares of Common Stock (the "Offered Price"), and the Holder shall offer such shares of Common Stock at the Offered Price to the Company or its assignee(s).

(c) Within twenty-five days after receipt of the Notice, the Company and/or its assignee(s) may elect in writing to purchase all, but not less than all, of the shares of Common Stock proposed to be Transferred to any one or more of the Proposed Transferees by delivery of a written exercise notice to the Holder (a "Company Notice"). The purchase price ("Purchase Price") for the shares of Common Stock repurchased under this Section 10.9 shall be the Offered Price.

(d) Payment of the Purchase Price shall be made, at the option of the Company or its assignee(s), in cash (by check or wire transfer), by cancellation of all or a portion of any outstanding indebtedness of the Holder to the Company (or, in the case of repurchase by an assignee, to the assignee), or by any combination thereof, within five days after delivery of the Company Notice or in the manner and at the times mutually agreed to by the Company and the Holder. Should the Offered Price specified in the Notice be payable in property other than cash, the Company or its assignee shall have the right to pay the purchase price in the form of cash equal in amount to the value of such property, as determined by the Administrator.

(e) If all or a portion of the shares of Common Stock proposed in the Notice to be Transferred are not purchased by the Company and/or its assignee(s) as provided in this Section 10.9, then the Holder may sell or otherwise Transfer such shares of Common Stock to that Proposed Transferee at the Offered Price or at a higher price; provided that such sale or other Transfer is consummated within sixty days after the date of the Notice; and provided, further, that any such sale or other Transfer is effected in accordance with any Applicable Laws and the Proposed Transferee agrees in writing that the provisions of this Plan and the applicable Award Agreement and any other applicable agreements governing the shares of Common Stock to be Transferred shall continue to apply to the shares of Common Stock in the hands of such Proposed Transferee. If the shares of Common Stock described in the Notice are not Transferred to the Proposed Transferee within such sixty-day period, a new Notice shall be given to the Company, and the Company and/or its assignees shall again be offered the Right of First Refusal, as provided herein, before any shares of Common Stock held by the Holder may be sold or otherwise Transferred.

(f) Anything to the contrary contained in this Section 10.9 notwithstanding and to the extent permitted by the Administrator, the Transfer of any or all of the shares of Common Stock during a Participant's lifetime or upon a Participant's death by will or intestacy to the Participant's Immediate Family or a trust for the benefit of the Participant's Immediate Family shall be exempt from the Right of First Refusal. As used herein, "Immediate Family" shall mean spouse, lineal descendant or antecedent, father, mother, brother or sister or stepchild (whether or not adopted). In such case, the transferee or other recipient shall receive and hold the shares of Common Stock so Transferred subject to the provisions of this Plan (including the Right of First Refusal), the applicable Award Agreement and any other applicable agreements governing the shares of Common Stock to be Transferred, and there shall be no further Transfer of such shares of Common Stock except in accordance with the terms of this Section 10.9 (or otherwise as expressly provided under the Plan).

(g) The Right of First Refusal shall terminate as to all shares of Common Stock if the Company becomes a Publicly Listed Company upon such occurrence.

10.10 Right to Repurchase Common Stock.

(a) During the period beginning on the date of a Participant's Termination of Service and ending on the date that is twelve months following the later of (i) the date of such Termination of Service or (ii) as applicable, the date of the last exercise of any portion of any Options held by the Participant (the "Repurchase Period"), the Company shall have the option (the "Call Right") to repurchase the Participant's shares of Common Stock. The Call Right may be exercised more than once and for some or all of the shares of Common Stock held by the Participant.

(b) The Company shall exercise the Call Right (if so elected) by written notice to Participant (and/or, if applicable, any permitted transferees) within the Repurchase Period, specifying a date within

such period on which the Call Right shall be exercised and the number of shares of Common Stock as to which the Call Right is being exercised. Upon such notification, the Participant and any permitted transferees shall promptly surrender to the Company any certificates representing the shares of Common Stock being purchased, together with a duly executed stock power for the transfer of such shares of Common Stock to the Company, free and clear of any liens or encumbrances. Except as provided below, upon the Company's receipt of the certificates from the Participant or any permitted transferees, the Company shall deliver to them payment of the Repurchase Price (as defined below) for the shares of Common Stock being purchased.

(c) The purchase price payable by the Company upon exercise of the Call Right (the "Repurchase Price") shall be as follows:

(i) In the event of any Termination of Service other than a Termination of Service by the Company for Cause, the Fair Market Value, as of the date the Call Right is being exercised, of the shares of Common Stock with respect to which the Call Right is being exercised; and

(ii) In the event of any Termination of Service by the Company for Cause, the lesser of (x) the Fair Market Value, as of the date the Call Right is being exercised, of the shares of Common Stock with respect to which the Call Right is being exercised and (y) the aggregate purchase price paid for such shares by the Participant.

(d) In the sole discretion of the Administrator, the Company may pay the Repurchase Price in cash, by check or by issuing a promissory note (a "Repurchase Note") to Participant in the amount of the Repurchase Price. The Repurchase Note shall (i) bear simple interest at the prime rate as published in The Wall Street Journal (or such other rate as is determined by the Administrator) on the date such payment is due and owing from such date to the date such payment is made and (ii) have such other reasonable terms and conditions as may be determined by the Company. All payments of interest accrued under the promissory note shall be paid only at the date of payment by the Company of the principal amount of such promissory note.

(e) Notwithstanding anything herein to the contrary, no payment shall be made under this Section that would cause the Company to violate any Applicable Law, or any rights or preference of preferred stockholders of the Company, any banking agreement or loan or other financial covenant or cause default of any indebtedness of the Company, regardless of when such agreement, covenant or indebtedness was created, incurred or assumed. Any payment under this Section that would cause such violation or default shall result in an extension of the Repurchase Period, in the sole discretion of the Administrator, until such payment shall no longer cause any such violation or default and at which time the Call Right may be exercised.

(f) The Company's Call Right with respect to each Participant shall terminate as to all shares of Common Stock when the Company is a Publicly Listed Company or in the event of a Change in Control.

10.11 Section 280G.

(a) In the event that any payment or benefit received or to be received by a Participant pursuant to the terms of this Plan or any other plan, arrangement or agreement (including any payment or benefit received in connection with a change in ownership or control or the Participant's Termination of Service) (all such payments and benefits being hereinafter referred to as the "Total Payments") would be subject (in whole or part) to the excise tax (the "Excise Tax") imposed under Section 4999 of the Code, then the Total Payments shall be reduced to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (i) the net amount of such Total Payments, as so reduced (after subtracting the amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (ii) the net amount of such Total Payments without such reduction (after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Participant would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments). Except to the extent that an alternative reduction order would result in a greater economic benefit to the Participant on an after-tax basis, the parties intend that the Total Payments shall be reduced in the following order: (w) reduction of any cash severance payments otherwise payable to the Participant that are

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exempt from Section 409A of the Code, (x) reduction of any other cash payments or benefits otherwise payable to the Participant that are exempt from Section 409A of the Code, but excluding any payment attributable to the acceleration of vesting or payment with respect to any equity award that is exempt from Section 409A of the Code, (y) reduction of any other payments or benefits otherwise payable to the

Participant on a pro-rata basis or such other manner that complies with Section 409A of the Code, but excluding any payment attributable to the acceleration of vesting and payment with respect to any equity award that is exempt from Section 409A of the Code, and (z) reduction of any payments attributable to the acceleration of vesting or payment with respect to any equity award that is exempt from Section 409A of the Code; provided, in case of clauses (x), (y) and (z), that reduction of any payments or benefits attributable to the acceleration of vesting of equity awards shall be first applied to equity awards with later vesting dates; provided, further, that, notwithstanding the foregoing, any such reduction shall be undertaken in a manner that complies with and does not result in the imposition of additional taxes on the Participant under Section 409A of the Code.

(b) All determinations regarding the application of this Section 10.11 shall be made by an independent accounting firm or consulting group with nationally recognized standing and substantial expertise and experience in performing calculations regarding the applicability of Section 280G of the Code and the Excise Tax retained by the Company prior to the date of the applicable change in ownership or control (the "280G Firm"). All determinations related to the calculations to be performed pursuant to this Section 10.11 shall be done by the 280G Firm. The 280G Firm will be directed to submit its determination and detailed supporting calculations to both the Participant and the Company within 15 days after notification from either the Company or the Participant that the Participant may receive payments which may be "parachute payments" or such other period determined by the Company. The fees and expenses of the 280G Firm for its services in connection with the determinations and calculations contemplated by this Plan will be borne solely by the Company.

10.12 Data Privacy. As a condition of receipt of any Award, each Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this paragraph by and among, as applicable, the Company and its subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Company and its subsidiaries and affiliates may hold certain personal information about a Participant, including but not limited to, the Participant's name, home address and telephone number, date of birth, social security or insurance number or other identification number, salary, nationality, job title(s), any shares of stock held in the Company or any of its subsidiaries and affiliates, details of all Awards, in each case, for the purpose of implementing, managing and administering the Plan and Awards (the "Data"). The Company and its subsidiaries and affiliates may transfer the Data amongst themselves as necessary for the purpose of implementation, administration and management of a Participant's participation in the Plan, and the Company and its subsidiaries and affiliates may each further transfer the Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the Participant's country, or elsewhere, and the Participant's country may have different data privacy laws and protections than the recipients' country. Through acceptance of an Award, each Participant authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Company or the Participant may elect to deposit any shares of Common Stock. The Data related to a Participant will be held only as long as is necessary to implement, administer, and manage the Participant's participation in the Plan. A Participant may, at any time, view the Data held by the Company with respect to such Participant, request additional information about the storage and processing of the Data with respect to such Participant, recommend any necessary corrections to the Data with respect to the Participant or refuse or withdraw the consents herein in writing, in any case without cost, by contacting their local human resources representative. The Company may cancel Participant's ability to participate in the Plan and, in the Administrator's discretion, the Participant may forfeit any outstanding Awards if the Participant refuses or withdraws their consents as described herein. For more information on the consequences of refusal to consent or withdrawal of consent, Participants may contact their local human resources representative.

10.13 Severability. In the event any portion of the Plan or any action taken pursuant thereto shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provisions had not been included, and the illegal or invalid action shall be null and void.

10.14 Governing Documents. In the event of any contradiction between the Plan and any Award Agreement or any other written agreement between a Participant and the Company or Parent or any Subsidiary of Parent or the Company, the terms of the Plan shall govern, unless it is expressly specified in such Award Agreement or other written document that a specific provision of the Plan shall not apply.

10.15 Waiver of Jury Trial. By accepting an Award, each Participant irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any and all rights to trial by jury in connection with any litigation arising out of or relating to the Plan or any Award hereunder.

10.16 Governing Law. The provisions of the Plan and all Awards made hereunder shall be governed by and interpreted in accordance with the laws of the State of Delaware, disregarding choice-of-law principles of the law of any state that would require the application of the laws of a jurisdiction other than such state.

10.17 Restrictions on Shares; Claw-back Provisions. Shares of Common Stock acquired in respect of Awards shall be subject to such terms and conditions as the Administrator shall determine, including, without limitation, restrictions on the transferability of shares of Common Stock, the right of the Company to repurchase shares of Common Stock, the right of the Company to require that shares of Common Stock be transferred in the event of certain transactions, tag-along rights, bring-along rights, redemption and co-sale rights and voting requirements. Such terms and conditions may be additional to those contained in the Plan and may, as determined by the Administrator, be contained in the applicable Award Agreement or in an exercise notice, stockholders' agreement or in such other agreement as the Administrator shall determine, in each case in a form determined by the Administrator. The issuance of such shares of Common Stock shall be conditioned on the Participant's consent to such terms and conditions and the Participant's entering into such agreement or agreements. All Awards (including any proceeds, gains or other economic benefit actually or constructively received by Participant upon any receipt or exercise of any Award or upon the receipt or resale of any shares of Common Stock underlying the Award) shall be subject to the provisions of any claw-back policy implemented by the Company, including, without limitation, any claw-back policy adopted to comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder, to the extent set forth in such claw-back policy and/or in the applicable Award Agreement.

10.18 Titles and Headings. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

10.19 Conformity to Securities Laws. Participant acknowledges that the Plan is intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan and all Awards granted hereunder shall be administered only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by Applicable Laws, the Plan and all Award Agreements shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

11. Definitions. As used in the Plan, the following words and phrases shall have the following meanings:

11.1 "Administrator" means, subject to Section 3.2, (a) the Chief Executive Officer of Parent, or (b) the Compensation Committee of the Parent Board, with respect to any Award to a Parent Executive Officer in excess of 1% of the Overall Share Limit.

11.2 "Applicable Laws" means the requirements relating to the administration of equity incentive plans under U.S. federal and state securities, tax and other applicable laws, rules and regulations, the applicable rules of any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws and rules of any foreign country or other jurisdiction where Awards are granted or issued under the Plan.

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11.3 "Award" means, individually or collectively, a grant under the Plan of Options, Restricted Stock, Restricted Stock Units or Other Stock-Based Awards.

11.4 "Award Agreement" means a written agreement evidencing an Award, which agreements may be in electronic medium and shall contain such terms and conditions with respect to an Award as the Administrator shall determine, consistent with and subject to the terms and conditions of the Plan.

11.5 "Board" means the Board of Directors of the Company.

11.6 "Cause" with respect to a Participant, means "Cause" (or any term of similar effect) as defined in such Participant's employment agreement with the Company or any of its affiliates if such an agreement exists and contains a definition of Cause (or term of similar effect), or, if no such agreement exists or such agreement does not contain a definition of Cause (or term of

similar effect), then Cause shall include, but not be limited to: (i) the Participant's unauthorized use or disclosure of confidential information or trade secrets of the Company or any of its affiliates or any material breach of a written agreement between the Participant and the Company or any of its affiliates, including without limitation a material breach of any employment, confidentiality, non-compete, non-solicit or similar agreement; (ii) the Participant's commission of, indictment for or the entry of a plea of guilty or *nolo contendere* by the Participant to, a felony under the laws of the United States or any state thereof or any crime involving dishonesty or moral turpitude (or any similar crime in any jurisdiction outside the United States); (iii) the Participant's negligence or willful misconduct in the performance of the Participant's duties or the Participant's willful or repeated failure or refusal to substantially perform assigned duties; (iv) any act of fraud, embezzlement, material misappropriation or dishonesty committed by the Participant against the Company or any of its affiliates; or (v) any acts, omissions or statements by a Participant which the Administrator determines to be materially detrimental or damaging to the reputation, operations, prospects or business relations of the Company or any of its affiliates.

11.7 "Change in Control" means a Parent Change in Control or a Company Change in Control. Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any Award (or portion of any Award) that provides for the deferral of compensation that is subject to Section 409A, to the extent required to avoid the imposition of additional taxes under Section 409A, the transaction or event described in subsection (i) or (ii) with respect to such Award (or portion thereof) shall only constitute a Change in Control for purposes of the payment timing of such Award if such transaction also constitutes a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5). The Administrator shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto; provided that any exercise of authority in conjunction with a determination of whether a Change in Control is a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) shall be consistent with such regulation.

11.8 "Code" means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

11.9 "Common Stock" means the common stock of the Company.

11.10 "Company" means [STRIDE SubCo], a Delaware corporation, or any successor thereto. Except where the context otherwise requires, the term "Company" includes any of the Company's present or future parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Code and any other business venture (including, without limitation, joint venture or limited liability company) in which the Company has a significant interest, as determined by the Administrator.

11.11 "Company Change in Control" means and includes each of the following: (a) a transaction or series of transactions whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than Parent, any of its Subsidiaries (including the Company), an employee benefit plan maintained by the Parent or any of its Subsidiaries or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Parent or the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company's securities

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outstanding immediately after such transaction; (ii) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions (other than a sale, lease, exchange or other transaction in one transaction or a series of related transactions of all or substantially all of the Company's assets to an affiliate of the Company) or (z) the acquisition of assets or stock of another entity, in each case other than a transaction in which Parent holds, directly or indirectly, at least a majority of the voting securities in the successor corporation or its parent immediately after the merger or consolidation.

11.12 "Company IPO" means the Company's first firm commitment underwritten public offering of any of its securities (or the securities of a successor corporation) to the general public pursuant to a registration statement filed under the Securities Act.

11.13 "Company Spin-Off" means a distribution of the Company's Common Stock then owned directly or indirectly by Parent to the stockholders of Parent in furtherance of the spin-off of the Company from Parent.

11.14 "Consultant" means any person, including any advisor, engaged by the Company or Parent or a Subsidiary of Parent or the Company to render services to such entity if: (i) the consultant or adviser renders *bona fide* services to the Company;

(ii) unless otherwise determined by the Administrator, the services rendered by the consultant or advisor are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities; and (iii) the consultant or advisor is a natural person, or such other advisor or consultant as is approved by the Administrator.

11.15 "Designated Beneficiary" means the beneficiary or beneficiaries designated, in a manner determined by the Administrator, by a Participant to receive amounts due or exercise rights of the Participant in the event of the Participant's death or incapacity. In the absence of an effective designation by a Participant, "Designated Beneficiary" shall mean the Participant's estate.

11.16 "Disability" means a permanent and total disability within the meaning of Section 22(e)(3) of the Code, as it may be amended from time to time.

11.17 "Dividend Equivalents" means a right granted to a Participant pursuant to Section 6.4(c) hereof to receive the equivalent value (in cash or shares of Common Stock) of dividends paid on shares of Common Stock.

11.18 "Employee" means any person, including officers, employed by the Company (within the meaning of Section 3401(c) of the Code), Parent or any Subsidiary of Parent or the Company.

11.19 "Equity Restructuring" means, as determined by the Administrator, a non-reciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off or recapitalization through a large, nonrecurring cash dividend, that affects the shares of Common Stock (or other securities of the Company) or the share price of Common Stock (or other securities of the Company) and causes a change in the per share value of the Common Stock underlying outstanding Awards.

11.20 "Exchange Act" means the Securities Exchange Act of 1934, as amended.

11.21 "Fair Market Value" means, as of any date, the value of Stock determined as follows: (i) if the Common Stock is listed on any established stock exchange, its Fair Market Value shall be the closing sales price for such Common Stock as quoted on such exchange for such date, or if no sale occurred on such date, the first market trading day immediately prior to such date during which a sale occurred, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; (ii) if the Common Stock is not traded on a stock exchange but is quoted on a national market or other quotation system, the last sales price on such date, or if no sales occurred on such date, then on the date immediately prior to such date on which sales prices are reported, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or (iii) in the absence of an established

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market for the Common Stock, the Fair Market Value thereof shall be determined by the Administrator in its sole discretion.

11.22 "Incentive Stock Option" means an "incentive stock option" as defined in Section 422 of the Code.

11.23 "Non-Qualified Stock Option" means an Option that is not intended to be or otherwise does not qualify as an Incentive Stock Option.

11.24 "Option" means an option to purchase Common Stock.

11.25 "Other Stock or Cash-Based Awards" means cash awards, awards of shares of Common Stock, and other awards valued wholly or partially by referring to, or are otherwise based on, Shares or other property awarded to a Participant under Article VI.

11.26 "Overall Share Limit" means 19.99% of the number of fully diluted shares of Common Stock of the Company, which includes all of the outstanding shares of Common Stock, any equity incentives or other rights to receive any shares of Common Stock, and the conversion of all convertible securities into any shares of Common Stock, in each case, as of any date during the term of the Plan.

11.27 "Parent" means Stride, Inc.

11.28 "Parent Board" means the Board of Directors of Parent.

11.29 **"Parent Change in Control"** means a "Change in Control" as defined in Parent's 2016 Incentive Award Plan, as amended from time to time.

11.30 **"Parent Executive Officer"** means an executive officer of Parent within the meaning of Section 16(a) of the Exchange Act and the regulations promulgated thereunder.

11.31 **"Participant"** means a Service Provider who has been granted an Award under the Plan.

11.32 **"Plan"** means this [STRIDE SubCo] 2023 Equity Incentive Plan.

11.33 **"Publicly Listed Company"** means that the Company or its successor (i) is required to file periodic reports pursuant to Section 12 of the Exchange Act and (ii) the Common Stock is listed on one or more National Securities Exchanges (within the meaning of the Exchange Act) or is quoted on NASDAQ or a successor quotation system.

11.34 **"Restricted Stock"** means Common Stock awarded to a Participant pursuant to Section 6 hereof that is subject to certain vesting conditions and other restrictions.

11.35 **"Restricted Stock Unit"** means an unfunded, unsecured right to receive, on the applicable settlement date, one share of Common Stock or an amount in cash or other consideration determined by the Administrator equal to the value thereof as of such payment date, which right may be subject to certain vesting conditions and other restrictions.

11.36 **"Section 409A"** means Section 409A of the Code and all regulations, guidance, compliance programs and other interpretative authority thereunder.

11.37 **"Securities Act"** means the Securities Act of 1933, as amended from time to time.

11.38 **"Service Provider"** means an Employee or Consultant. It is intended that, while all Service Providers are eligible to receive Awards under the Plan, only Service Providers who are primarily engaged in the business of the Company as determined by the Administrator, will receive Awards under the Plan.

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11.39 **"Subsidiary"** means any entity, whether domestic or foreign, in an unbroken chain of entities beginning with the Company or Parent, as applicable, if each of the entities other than the last entity in the unbroken chain beneficially owns, at the time of the determination, securities or interests representing at least 50% of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

11.40 **"Termination of Service"** means the date the Participant ceases to be a Service Provider.

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[STRIDE SUBCO]

2023EQUITY INCENTIVE PLAN

CALIFORNIA SUPPLEMENT

This supplement is intended to satisfy the requirements of Section 25102(o) of the California Corporations Code and the regulations issued thereunder ("Section 25102(o)"). Notwithstanding anything to the contrary contained in the Plan and except as otherwise determined by the Administrator, the provisions set forth in this supplement shall apply to all Awards granted under the Plan to a

Participant who is a resident of the State of California on the date of grant (a "California Participant") and which are intended to be exempt from registration in California pursuant to Section 25102(o), and otherwise to the extent required to comply with applicable law (but only to such extent). Definitions in the Plan are applicable to this supplement.

1. **Limitation On Securities Issuable Under Plan.** The amount of securities issued pursuant to the Plan shall not exceed the amounts permitted under Section 260.140.45 of the California code of regulations to the extent applicable.

2. **Additional Limitations For Grants.** The terms of all Awards shall comply, to the extent applicable, with Sections 260.140.41 and 260.140.42 of the California Code of Regulations.

3. **Additional Requirement To Provide Information To California Participants.** The Company shall provide to each California Participant, not less frequently than annually, copies of annual financial statements (which need not be audited). The Company shall not be required to provide such statements to key persons whose duties in connection with the Company assure their access to equivalent information. In addition, this information requirement shall not apply to any plan or agreement that complies with all conditions of Rule 701 of the Securities Act ("Rule 701"); provided that for purposes of determining such compliance, any registered domestic partner shall be considered a "family member" as that term is defined in Rule 701.

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Exhibit 10.17

[STRIDE SUBCO]

2023 EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNIT GRANT NOTICE

Capitalized terms not specifically defined in this Restricted Stock Unit Grant Notice (the "Grant Notice") have the meanings given to them in the 2023 Equity Incentive Plan (as amended from time to time, the "Plan") of [STRIDE SubCo] (the "Company").

The Company has granted to the participant listed below ("Participant") the Restricted Stock Units described in this Grant Notice (the "RSUs"), subject to the terms and conditions of the Plan and the Restricted Stock Unit Agreement attached hereto (the "Agreement"), both of which are incorporated into this Grant Notice by reference.

Participant:

Grant Date:

Number of RSUs:

Vesting Schedule: The RSUs shall vest as specified in Section 2.2(a) of the Agreement.

By Participant's signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator of the Plan upon any questions arising under the Plan, this Grant Notice or the Agreement.

[STRIDE SUBCO]

PARTICIPANT

By:

By:

Print Name:

Print Name:

Title:

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[STRIDE SUBCO]
2023 EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT AGREEMENT

1. GENERAL

1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

1.2 Incorporation of Terms. The RSUs are subject to the terms and conditions of the Plan and the Grant Notice, each of which is incorporated herein by reference. In the event of a conflict between the terms of the Agreement or the Grant Notice and the Plan, the terms of the Plan shall control.

2. AWARD OF RESTRICTED STOCK UNITS

2.1 Grant of Restricted Stock Units. In consideration of Participant's past and/or continued employment with or service to the Company, Parent or any Subsidiary of the Company or Parent and for other good and valuable consideration, effective as of the grant date set forth in the Grant Notice (the "Grant Date"), the Company grants to the Participant the RSUs set forth in the Grant Notice, upon the terms and conditions set forth in the Plan and this Agreement. Each RSU represents the right to receive one share of Common Stock ("Share"). Participant will have no right to the distribution of any Shares until the time (if ever) the RSUs have vested.

2.2 Vesting, Forfeiture and Settlement.

(a) **Vesting.** Subject to Section 2.2(b), the RSUs will become non-forfeitable ("vest") upon the first to occur of (i) a Change in Control, (ii) a Company Spin-Off or (iii) the six month anniversary of or, if earlier, March 15 of the calendar year following, a Company IPO, in each case on or prior to the seventh anniversary of the Grant Date. In the event the RSUs have not vested on or prior to the seventh anniversary of the Grant Date, the RSUs shall be forfeited on such date.

(b) **Forfeiture.** Except as otherwise determined by the Administrator, the RSUs which have not vested pursuant to Section 2.2(a) as of the date the Participant incurs a Termination of Service shall automatically be cancelled and forfeited by the Participant on the date of such Termination of Service without any additional consideration therefore and without any further action by the Company.

(c) **Settlement.** Subject to Section 9.6 of the Plan, vested RSUs will be paid in Shares as soon as administratively practicable following the vesting of the applicable RSU, but in no event later than thirty (30) days after the RSU's vesting date; provided, however, that if the RSUs vest as a result of a Change in Control, the Company may delay settlement of the RSUs in the same manner in which payment of the consideration payable to the stockholders of the Company may be delayed in connection with the Change in Control and in all events in compliance with Section 409A of the Code. Notwithstanding the foregoing, the Company may delay any payment under this Agreement that the Company reasonably determines would violate Applicable Laws until the earliest date the Company reasonably determines the making of the payment will not cause such a violation (in accordance with Treasury Regulation Section 1.409A-2(b)(7)(ii)), provided that the Company reasonably believes the delay will not result in the imposition of excise taxes under Section 409A.

2.3 Tax Withholding; Conditions to Issuance of Certificates.

(a) **Tax Liability.** The Participant is ultimately liable and responsible for all taxes owed in connection with the RSUs, regardless of any action the Company, Parent or any Subsidiary of the Company or Parent takes with respect to any tax withholding obligations that arise in connection with the RSUs. Neither the Company, Parent or any Subsidiary of the Company or Parent makes any representation or undertaking regarding the taxation associated with the awarding, vesting or settlement of the RSUs or the subsequent sale of Shares. The Company, Parent and their

respective Subsidiaries do not commit and are under no obligation to structure the RSUs to reduce or eliminate the Participant's tax liability.

(b) **Payment of Taxes.** The Company, Parent or any Subsidiary of the Company or Parent shall have the authority and the right to deduct or withhold, or to require Participant to remit to the Company, an amount sufficient to satisfy all applicable federal, state, local, non-U.S., social or other taxes required by law to be withheld with respect to any taxable event arising in connection with the RSUs, including instructing a broker on Participant's behalf to sell Shares otherwise issuable to Participant upon vesting of the RSUs and submit the proceeds of such sale to the Company. The Company shall not be obligated to deliver any new certificate representing Shares to Participant or Participant's legal representative or enter such Shares in book entry form unless and until Participant or Participant's legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local, non-U.S., social or other taxes applicable to the taxable income of Participant resulting from the vesting of the RSUs or the issuance of Shares.

(c) Shares acquired in respect of the RSUs shall be subject to such terms and conditions as the Administrator shall determine, including, without limitation, restrictions on the transferability of Shares, the right of the Company to repurchase Shares, the right of the Company to require that Shares be transferred in the event of certain transactions, tag-along rights, bring-along rights, redemption and co-sale rights and voting requirements. Such terms and conditions may be additional to those contained in the Plan and may, as determined by the Administrator, be contained in a stockholders' agreement or in such other agreement as the Administrator shall determine, in each case in a form determined by the Administrator. The issuance of the Shares shall be conditioned on the Participant's consent to such terms and conditions and the Participant's entering into such agreement or agreements.

2.4 Rights as Stockholder. Neither the Participant nor any person claiming under or through the Participant shall have any of the rights or privileges of a stockholder with respect to the Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book entry form) have been issued and recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account). Except as otherwise provided herein, after such issuance, recordation and delivery, Participant will have all the rights of a stockholder with respect to such Shares, including the right to receive any cash or stock dividends or other distributions paid to or made with respect to the Shares.

2.5 Transferability. The RSUs and any Shares acquired upon settlement of the RSUs are subject to the restrictions on transfer in the Plan and may not be sold, assigned, transferred, pledged or otherwise encumbered by the Participant, either voluntarily or by operation of law, except by will or the laws of descent and distribution. The Participant agrees that the Participant will not transfer any Shares issued pursuant to the settlement of the RSUs unless the transferee, as a condition to such transfer, delivers to the Company a written instrument confirming that such transferee shall be bound by all of the terms and conditions of Section 2.6 of this Agreement until the completion of the applicable lock-up period. The Company shall not be required (a) to transfer on its books any of the Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or the Plan or (b) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom any such Shares shall have been so sold or transferred.

3. OTHER PROVISIONS

3.1 Stop-Transfer Orders. Participant agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

3.2 Notices. Any notice, demand or request required or permitted to be given by either the Company or Participant pursuant to the terms of this Agreement shall be in writing and shall be deemed given when delivered personally or deposited with a mail service, as certified or registered mail, with postage prepaid, to the address of Participant shown on the records of the Company, and to

the Company at its principal executive office or such other address as a party may request by notifying the other in writing or when delivered by facsimile telecommunication or electronic mail to the facsimile number or electronic mail address of Participant shown on the records of the Company.

and to the Company at the then-current facsimile number or electronic mail address of the Company's Secretary, or such other facsimile number or electronic mail address as a party may request by notifying the other in writing. Subject to the limitations set forth in Section 232(e) of the General Corporation Law of the State of Delaware (the "DGCL"), Participant consents to the delivery of any notice to Participant given by the Company under the DGCL or the Company's certificate of incorporation or bylaws by (i) facsimile telecommunication to the facsimile number for Participant in the Company's records, (ii) electronic mail to the electronic mail address for Participant in the Company's records, (iii) posting on an electronic network together with separate notice to Participant of such specific posting or (iv) any other form of electronic transmission (as defined in the DGCL) directed to Participant. This consent may be revoked by Participant by written notice to the Company and may be deemed revoked in the circumstances specified in Section 232 of the DGCL.

3.3 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.4 Waiver of Jury Trial. By accepting the RSUs, the Participant irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any and all rights to trial by jury in connection with any litigation arising out of or relating to the Plan or the RSUs.

3.5 Governing Law; Severability. This Agreement shall be administered, interpreted and enforced under the laws of the State of Delaware, without regard to the conflicts of law principles thereof. Should any provision of this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

3.6 Conformity to Securities Laws. Participant acknowledges that the Plan is intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the RSUs are granted, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by Applicable Laws, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

3.7 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement shall be binding upon the Participant and Participant's heirs, executors, administrators, successors and assigns.

3.8 Limitation on Participant's Rights. Unless and until the RSUs have vested, Participant will have no right to receive Shares, or other payment, in respect of the RSUs. Prior to the settlement of any vested RSUs under this Agreement, the RSUs will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company.

3.9 No Company Practice. Awards under this Agreement are granted on a voluntary basis. Neither this Agreement nor the grant of RSUs or Shares pursuant to this Agreement (including the recurrent grant of awards to the Participant pursuant to other agreements) shall give rise to any claim based on Company practice.

3.10 Entire Agreement. The Plan, the Grant Notice, and this Agreement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

* * * * *

**STRIDE, INC. POLICY STATEMENT FOR
THE PREVENTION OF INSIDER TRADING**

(As amended on April 5, 2023)

Preventing insider trading is necessary to comply with securities laws and to preserve the reputation and integrity of Stride, Inc. (the "Company") as well as that of all persons affiliated with it. "Insider trading" occurs when any person purchases or sells a security while in possession of material, non-public information relating to the security and in breach of a duty of trust or confidence. Insider trading is a crime, and the penalties for violating the law include imprisonment, disgorgement of profits, civil fines of up to three times the profit gained or loss avoided, and criminal fines of up to \$5,000,000 for individuals and \$25,000,000 for corporations and other entities. Insider trading is also prohibited by the Company, as set forth in this Statement, and could result in serious disciplinary action, including dismissal.

This Statement applies to all officers, directors, employees, or consultants of the Company and its subsidiaries with access to company-wide financial information (collectively, "Covered Persons") and extends to all activities within and outside an individual's duties at the Company. This Statement also applies to any entities controlled by Covered Persons, including any corporations, limited liability companies, partnerships or trusts, and transactions by these entities should be treated for the purposes of this Statement as if they were for the individual's own account. In addition, Covered Persons are responsible for ensuring that members of their household comply with this Statement. Every Covered Person must review this Statement. Questions regarding the Statement should be directed to the Office of the General Counsel of the Company (the "General Counsel") at (703) 483-7000.

STATEMENT OF POLICIES PROHIBITING INSIDER TRADING

No Covered Person (or entities controlled by a Covered Person or members of a Covered Person's household) shall purchase or sell any type of security while in possession of material, non-public information relating to the security, whether the issuer of such security is the Company or any other company. Additionally, except for the exercise of options that does not involve the sale of Company securities (note that the cashless exercise of a Company stock option does involve the sale of Company securities and therefore would not qualify under this exception), no Covered Person with access to company-wide financial information shall purchase or sell any security of the Company beginning fourteen (14) calendar days prior to the end of any fiscal quarter of the Company and ending two (2) trading days (i.e., business days on which U.S. securities exchanges are open for trading) after the public release of earnings data for such fiscal quarter.

Further, no Covered Person in a position to obtain or receive company-wide student enrollment information shall purchase or sell any security of the Company during the period commencing no later than July 30 of any given year until two (2) trading days following the public disclosure by the Company of its approximate student enrollment for that fiscal year. The General Counsel shall notify the Covered Persons at least two (2) trading days prior to the blackout from trading, which shall commence no later than July 30. Based on current practices, the Company anticipates announcing student enrollment contemporaneous with the public release of earnings data for the first quarter of the fiscal year, usually in late October each year.

No Covered Person shall directly or indirectly tip material, non-public information to anyone while in possession of such information. In addition, material, non-public information should not be communicated to anyone outside the Company under any circumstances, or to anyone within the Company, other than on a need-to-know basis.

EXPLANATION OF INSIDER TRADING

As noted above, "insider trading" refers to the purchase or sale of a security while in possession of "material," "non-public" information relating to the security and in breach of a duty of trust or confidence. "Securities" include not only stocks, bonds, notes, and debentures, but also options, warrants, and similar instruments. "Purchase" and "sale" are defined broadly under the federal securities law. "Purchase" includes not only the actual purchase of a security, but any contract to purchase or otherwise acquire a security. "Sale" includes not only the actual sale of a security, but any contract to sell or otherwise dispose of a security. These definitions extend to a broad range of transactions, including conventional cash-for-stock transactions, conversions, the grant and exercise of stock options and acquisitions and exercises of warrants or puts, calls, or other options related to a security. It is generally understood that insider trading includes the following:

- trading by insiders while in possession of material, non-public information;
- trading by persons other than insiders while in possession of material, non-public information where the information either was given in breach of an insider's fiduciary duty to keep it confidential or was misappropriated; or
- communicating or tipping material, non-public information to others, including recommending the purchase or sale of a security while in possession of such information.

A. What Facts Are Material?

The materiality of a fact depends upon the circumstances. A fact is considered "material" if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell, or hold a security or where the fact is likely to have a significant effect on the market price of the security. Material information can be positive or negative and can relate to virtually any aspect of a company's business or to any type of security, debt, or equity.

Examples of material information include (but are not limited to) facts concerning: dividends; corporate earnings or earnings forecasts; mergers or acquisitions; changes in relationships with significant customers or suppliers; major contract awards or cancellations; major litigation or regulatory actions; significant borrowings or financing developments, including offerings of debt or equity securities; and defaults on borrowings and bankruptcies.

In addition, information that comes to your attention involving a cybersecurity attack or data breach could constitute material information if the incident causes or is likely to cause significant disruption to the Company's operations or business or compromises the security and privacy of student or employee records, such as by unauthorized access or disclosure of such data. Pursuant to Section D of this Statement, such information must be brought promptly to the attention of the General Counsel.

Moreover, material information does not have to be related to a company's business. For example, the contents of a forthcoming newspaper column that is expected to affect the market price of a company's stock can be material, even though the Company is not involved in writing the article or acting as a source for information in the article.

Questions regarding material information should be directed to the Company's General Counsel. **A good rule of thumb: when in doubt, do not trade.**

B. What Is Non-public?

Information is "non-public" if it is not available to the general public. In order for information to be considered public, it must be widely disseminated in a manner making it generally available to investors through such national media outlets as Dow Jones, ReutersEconomic Services, The Wall Street Journal, Bloomberg Financial Markets, or Yahoo Finance. The circulation of rumors, even if accurate and reported in the media, does not constitute effective public dissemination.

In addition, even after a public announcement, a reasonable period of time must lapse in order for the market to react to the information. Generally, one should allow two trading days to elapse following publication as a reasonable waiting period before such information is deemed to be public.

C. Who Is an Insider?

"Insiders" include officers, directors, and employees of a company and anyone else who has material inside information about a company. Insiders have independent fiduciary duties to their company and its stockholders not to trade on material, non-public information relating to the company's securities. All officers, directors, and employees of the Company should consider themselves insiders with respect to material, non-public information about business, activities, and securities. Officers, directors, and employees may not trade the Company's securities while in possession of material, non-public information relating to the Company nor tip (or communicate except on a need-to-know basis) such information to others.

It should be noted that trading by members of a Covered Person's household can be the responsibility of such Covered Person under certain circumstances and could give rise to legal and Company-imposed sanctions.

D. Trading by Persons Other Than Insiders.

Insiders may be liable for communicating or tipping material, non-public information to a third party ("tippee"), and insider trading violations are not limited to trading or tipping by insiders. Persons other than insiders also can be liable for insider trading, including tippees who trade on material, non-public information tipped to them or individuals who trade on material, non-public information which has been misappropriated.

Tippees inherit an insider's duties and are liable for trading on material, non-public information illegally tipped to them by an insider. Similarly, just as insiders are liable for the insider trading of their tippees, so are tippees who pass the information along to others who trade. In other words, a tippee's liability for insider trading is no different from that of an insider. Tippees can obtain material, non-public information by receiving overt tips from others or through, among other things, conversations at social, business, or other gatherings.

E. Penalties for Engaging in Insider Trading.

Penalties for trading on or tipping material, non-public information can extend significantly beyond any profits made or losses avoided, both for individuals engaging in such unlawful conduct and their employers. The Securities and Exchange Commission ("SEC") and Department of Justice have made the civil and criminal prosecution of insider trading violations an important priority. Also, lawsuits are frequently brought on behalf of private parties who, as the non-insiders involved on the other side of the securities transactions, seek to recover damages for financial injury resulting from insider trading. Enforcement remedies available to the government or private plaintiffs under the federal securities laws include:

- SEC administrative sanctions;
- securities industry self-regulatory organization sanctions;
- civil injunctions;
- damage awards to private plaintiffs;
- disgorgement of all profits;
- civil fines for the violator of up to three times the amount of profit gained or loss avoided;
- civil fines for the employer or other controlling person of a violator (i.e., where the violator is an employee or other controlled person) of up to the greater of \$1,525,000 or three times the amount of profit gained or loss avoided by the violator;

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- criminal fines for individual violators of up to \$5,000,000 (\$25,000,000 for a corporation or other entity); and
 - jail sentences of up to 20 years.

In addition, insider trading could result in serious sanctions by the Company, including dismissal. Insider trading violations are not limited to violations of the federal securities laws: other federal and state civil or criminal laws, such as the laws prohibiting mail and wire fraud and the Racketeer Influenced and Corrupt Organizations Act, also may be violated upon the occurrence of insider trading.

F. Examples of Insider Trading.

Examples of insider trading cases include actions brought against: corporate officers, directors, and employees who traded a company's securities after learning of significant confidential corporate developments; friends, business associates, family members, and other tippees of such officers, directors, and employees who traded the securities after receiving such information; government employees who learned of such information in the course of their employment; and other persons who misappropriated, and took advantage of, confidential information from their employers.

The following are illustrations of insider trading violations. These illustrations are hypothetical and, consequently, not intended to reflect on the actual activities or business of the Company or any other entity.

Trading by Insider

An officer of X Corporation learns that earnings to be reported by X Corporation will increase dramatically. Prior to the public announcement of such earnings, the officer purchases X Corporation's stock. The officer, an insider, is liable for all profits as well as penalties of up to three times the amount of all profits. The officer also is subject to, among other things, criminal prosecution, including up to \$5,000,000 in additional fines and 20 years in jail. Depending upon the circumstances, X Corporation and the individual to whom the officer reports also could be liable as controlling persons.

Trading by Tippee

An officer of X Corporation tells a friend that X Corporation is about to publicly announce that it has entered into an agreement for a major acquisition. This tip causes the friend to purchase X Corporation's stock in advance of the announcement. The officer is jointly liable with his friend for all of the friend's profits, and each is liable for all penalties of up to three times the amount of the friend's profits. In addition, the officer and his friend are subject to, among other things, criminal prosecution, as described above.

STATEMENT OF PROCEDURES PREVENTING INSIDER TRADING

The following procedures have been established, and will be maintained and enforced, by the Company to prevent insider trading. Every officer, director, and employee is required to follow these procedures.

A. Identifying Material, Non-public Information.

Prior to directly or indirectly trading any security of the Company or any other company, every officer, director, and executive-level employee is required to contact the General Counsel (as part of the pre-clearance procedure discussed below) and make an initial determination whether such officer, director, or executive-level employee is in possession of material, non-public information relating to such security. In making such assessment, the explanations of "material" and "non-public" information set forth above should be of assistance. If, after consulting with the General Counsel, it is determined that such officer, director, or executive-level employee is in possession of material, non-public information, there may be no trading in such security.

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B. Information Relating to the Company.

1. Access to Information.

Access to material, non-public information about the Company, including the Company's business, earnings, or prospects, should be limited to officers, directors, and employees of the Company on a need-to-know basis. In addition, such information should not be communicated to anyone outside the Company under any circumstances or to anyone within the Company on an other than need-to-know basis.

In communicating material, non-public information to employees of the Company, all Covered Persons must take care to emphasize the need for confidential treatment of such information and adherence to the Company's policies with regard to confidential information.

2. Inquiries from Third Parties.

Inquiries from third parties, such as industry analysts or members of the media, about the Company should initially be directed to the Vice President of Investor Relations at (703) 483-7000.

C. Limitations on Access to the Company Information.

The following procedures are designed to maintain confidentiality with respect to the Company's business operations and activities.

1. All officers, directors, and employees should take all steps and precautions necessary to restrict access to, and secure, material, non-public information by, among other things:

- maintaining the confidentiality of Company-related transactions;
- conducting their business and social activities so as not to risk inadvertent disclosure of confidential information. Review of confidential documents in public places should be conducted so as to prevent access by unauthorized persons;
- restricting access to documents and files (including computer files) containing material, non-public information to individuals on a need-to-know basis (including maintaining control over the distribution of documents and drafts of documents);
- promptly removing and cleaning up all confidential documents and other materials from conference rooms following the conclusion of any meetings;
- disposing of all confidential documents and other papers, after there is no longer any business or other legally required need, through shredders when appropriate;
- restricting access to areas likely to contain confidential documents or material, non-public information; and
- avoiding the discussion of material, non-public information in places where the information could be overheard by others such as in elevators, restrooms, hallways, restaurants, airplanes, or taxicabs.

2. Personnel involved with material, non-public information, to the extent feasible, should conduct their business and activities in areas separate from other Company activities.

D. Quiet Period.

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The Company shall observe a quarterly quiet period, during which no earnings guidance or comments with respect to the current quarter's operations or expected results will be provided to analysts, investors, or other market professionals. The quiet period shall commence fourteen (14) calendar days prior to the end of any fiscal quarter and last until the release of quarterly earnings. The Company need not stop all communications with analysts or investors during the quiet period. However, communications should be limited to responding to inquiries concerning publicly available or non-material information. Further, all communications made during the quiet period with analysts or investors shall only be made by the Vice President of Investor Relations or with other senior executives in conjunction with their participation in such communications.

E. Pre-Clearance of All Trades by All Officers, Directors, and Executive-Level Employees.

To provide assistance in preventing inadvertent violations of applicable securities laws and to avoid the appearance of impropriety in connection with the purchase and sale of the Company securities, **all transactions in Company securities (including, without limitation, acquisitions and dispositions of shares of the Company's common stock, the exercise of stock options, and the sale of shares of the Company's common stock issued upon exercise of stock options) by officers, directors, and executive-level employees must be precleared by the General Counsel.** Additionally, except for the exercise of options that does not involve a market sale of Company securities (note that the cashless exercise of a Company stock option does involve a market sale of Company securities and therefore would not qualify under this exception), subject to exceptions that may be approved by the General Counsel, **neither the Company nor any of its officers, directors, or executive-level employees may trade in any securities of the Company during the**

period beginning fourteen (14) calendar days prior to the end of any fiscal quarter of the Company and ending two (2) trading days after the public release of earnings data for such fiscal quarter. Also, please consult the "Insider Trading Reminders for Employees, Officers, and Directors of Stride, Inc." attached hereto as "Attachment A."

F. Short Sales and Hedging.

Short selling is the act of borrowing securities to sell with the expectation of the price dropping and the intent of buying the securities back at a lower price to replace the borrowed securities. Covered Persons, regardless of whether they are aware of material, non-public information about the Company, may not engage in short sales of the Company's securities. In addition, Covered Persons may not purchase Company securities on margin, or engage in transactions in puts, calls or other derivative securities designed to hedge or offset any decrease in the market value of the Company's equity securities, on an exchange or in any other organized market.

G. Enrollment Blackout Period.

The Company regards approximate student enrollment in any given school year to be information that may be material to investors. Accordingly, no Covered Person with access to company-wide student enrollment information shall purchase or sell any Company security during the period commencing no later than July 30 of any given year until two (2) trading days following the public disclosure by the Company of its approximate student enrollment for that fiscal year. The General Counsel shall notify the Covered Persons at least two (2) trading days prior to the blackout from trading, which shall commence no later than July 30.

H. 10b5-1 Trading Plans.

The trading restrictions set forth in this Statement do not apply to transactions under a previously established contract, plan, or instruction to trade Company securities to be carried out by a third party, generally a broker, that satisfies the conditions of Rule 10b5-1, as in effect at such time ("Rule 10b5-1"), promulgated under the Securities Exchange Act of 1934, as amended. These 10b5-1 trading plans, if they meet the conditions of Rule 10b5-1, establish an affirmative defense against claims of insider trading. Most large securities brokerage firms offer these 10b5-1 trading plans. Trades under established 10b5-1 trading plans may also occur during blackout periods without violating the Company's insider trading policy, as long as the 10b5-1 trading plan was entered into at a time when the individual did not possess material, non-public information and was not subject to a blackout period. Officers, directors, and employees interested in establishing a 10b5-1 trading plan for their own trades should first inform the General Counsel. The General Counsel may impose such other conditions on the implementation and operation of the 10b5-1 trading plan as the General Counsel deems necessary or advisable. The blackout and pre-clearance

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requirements of this Statement will apply to both the establishment of and modifications to these plans (but not trades made under an already established plan) to the same extent as a trade in the Company's securities.

I. Interpretation, Amendment, and Implementation of the Policy.

The General Counsel shall have the authority to interpret and update the Company's insider trading policy and all related policies and procedures. In particular, such interpretations and updates of the Company's insider trading policy, as authorized by the General Counsel, may include amendments to or departures from the terms of the insider trading policy, to the extent consistent with the general purpose of the Company's insider trading policy and applicable securities laws.

Actions taken by the Company, the General Counsel, or any other Company personnel do not constitute legal advice, nor do they insulate the Covered Persons from the consequences of noncompliance with the Company's insider trading policy or with securities laws.

J. Certification of Compliance.

Annual compliance certifications shall be executed by all directors and officers, and such certifications shall be included in the annual Director and Officer Questionnaires or otherwise through the Company's intranet.

Dated: April 5, 2023

ATTACHMENT A

INSIDER TRADING REMINDERS FOR EMPLOYEES,
OFFICERS, AND DIRECTORS OF STRIDE, INC.

Before engaging in any transaction in securities of Stride, Inc. (the "Company"), please read the following:

Both the federal securities laws and the Company's policy prohibit transactions in the Company's securities at a time when you may be in possession of material information about the Company which has not been publicly disclosed. This also applies to members of your household as well as all others whose transactions may be attributable to you.

Material information, in short, is any information which could affect the price of the securities. Either positive or negative information may be material. Once a public announcement has been made, you should wait until the information has been made available to the public for at least two (2) trading days before engaging in any transaction.

Except for the exercise of options that does not involve the sale of Company securities (e.g., the cashless exercise of a Company stock option does involve a market sale of Company securities and therefore would not qualify under this exception), neither the Company nor any of its officers, directors or executive-level employees may trade in any securities of the Company during the period beginning fourteen (14) calendar days prior to the end of any fiscal quarter of the Company and ending two (2) trading days after the public release of earnings data for such fiscal quarter. Important: All transactions must be precleared with the General Counsel.

For further information and guidance, please refer to our Statement Governing the Prevention of Insider Trading and do not hesitate to contact the General Counsel.

ALL TRANSACTIONS IN STRIDE, INC. SECURITIES MUST BE PRECLEARED BY CONTACTING THE GENERAL COUNSEL AT (703) 483-7000.

Exhibit 21.1

Subsidiaries of Registrant

Name	Jurisdiction
K12 Management Inc.	Delaware
K12 Services Inc.	Delaware
LearnBop, Inc. LLC.	Delaware
Stride Learning, Inc.	Delaware
K12 International Holdings B.V.	Netherlands

Subsidiaries of K12 Management Inc.

Name	Jurisdiction
Disguise the Learning, Inc.	Tennessee
K12 Virtual Schools L.L.C.	Delaware
K12 Classroom L.L.C.	Delaware
K12 California L.L.C.	Delaware
K12 Florida L.L.C.	Delaware

K12 Washington L.L.C.	Delaware
Big Universe, Inc.	Virginia
Middlebury Interactive Languages LLC	Delaware
Onsite Technology Solutions, LLC	Delaware
Galvanize Inc.	Delaware
Fuel Education LLC	Delaware
MedCerts LLC	Delaware
Modern Teacher LLC	Delaware
Stride Enrichment Programs, Inc.	Delaware
Stride eSports, Inc.	Delaware
Stride Learning Hub, Inc.	Delaware
Stride Teaching Intelligence, Inc.	Delaware
Stride Learning Intelligence, Inc.	Delaware
Stride Online Tutoring, Inc.	Delaware
Stride Professional Development Platform, Inc.	Delaware
Road2Teach, Inc	Delaware
Tallo LLC	Delaware

Subsidiaries of K12 International Holdings B.V.

Name	Jurisdiction
K12 International GmbH	Switzerland
K12 Education (UK) Ltd.	United Kingdom

Subsidiaries of Galvanize Inc.

Name	Jurisdiction
Gather Denver, LLC	Colorado
Hack Reactor, LLC	Delaware
Makersquare, LLC	Delaware
Tech Elevator, Inc.	Delaware

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

Stride, Inc.
Reston, Virginia

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. (Nos. 333-213033, No. 333-148436, No. 333-198608, 333-206083 and No. 333-206083) 333-269399) of Stride, Inc. (the Company) of our reports dated August 15, 2023 August 6, 2024, relating to the consolidated financial statements and financial statement schedule, and the effectiveness of Stride, Inc.'s the Company's internal control over financial reporting, which appear in this Annual Report on Form 10-K. Our report on the effectiveness of internal control over financial reporting expresses an adverse opinion on the effectiveness of the Company's internal control over financial reporting as of June 30, 2023.

/s/ BDO USA, P.A. P.C.

Potomac, Maryland
August 15, 2023 6, 2024

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, James J. Rhyu, certify that:

- (1) I have reviewed this Annual Report on Form 10-K of Stride, Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 16, 2023 August 6, 2024

/s/ JAMES J. RHYU

James J. Rhyu

Chief Executive Officer

(Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Donna M. Blackman, certify that:

- (1) I have reviewed this Annual Report on Form 10-K of Stride, Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: **August 16, 2023** **August 6, 2024**

/s/ DONNA M. BLACKMAN

Donna M. Blackman

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

Exhibit 32.1

The following certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350 and in accordance with SEC Release No. 33-8238. This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Section 906 Certification

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Stride, Inc., a Delaware corporation (the "Company"), hereby certifies, to such officer's knowledge, that:

- (1) the accompanying Annual Report of the Company on Form 10-K for the fiscal year ended **June 30, 2023** **June 30, 2024** (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 16, 2023 August 6, 2024

/s/ JAMES J. RHYU

James J. Rhyu
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

The following certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350 and in accordance with SEC Release No. 33-8238. This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Section 906 Certification

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Stride, Inc., a Delaware corporation (the "Company"), hereby certifies, to such officer's knowledge, that:

- (1) the accompanying Annual Report of the Company on Form 10-K for the fiscal year ended June 30, 2023 June 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 16, 2023 August 6, 2024

/s/ DONNA M. BLACKMAN

Donna M. Blackman
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 97.1

STRIDE, INC. POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

Stride, Inc. (the "**Company**") has adopted this Policy for Recovery of Erroneously Awarded Compensation (the "**Policy**"), effective as of October 2, 2023 (the "**Effective Date**"), which policy is an amendment and restatement of the Company's Clawback Policy, effective December 16, 2020 (the "**Prior Policy**"). Capitalized terms used in this Policy but not otherwise defined herein are defined in Section 11.

1. **Persons Subject to Policy**

This Policy shall apply to current and former Officers.

2. **Compensation Subject to Policy**

This Policy shall apply to Incentive-Based Compensation received on or after the Effective Date. For purposes of this Policy, the date on which Incentive-Based Compensation is "received" shall be determined under the Applicable Rules, which generally provide that Incentive-Based Compensation is "received" in the Company's fiscal period during which the relevant Financial Reporting Measure is

attained or satisfied, without regard to whether the grant, vesting or payment of the Incentive-Based Compensation occurs after the end of that period.

3. Recovery of Compensation

In the event that the Company is required to prepare a Restatement, the Company shall recover, reasonably promptly and in accordance with Section 4 below, the portion of any Incentive-Based Compensation that is Erroneously Awarded Compensation, unless the Committee has determined that recovery from the relevant current or former Officer would be Impracticable. Recovery shall be required in accordance with the preceding sentence regardless of whether the applicable Officer engaged in misconduct or otherwise caused or contributed to the requirement for the Restatement and regardless of whether or when restated financial statements are filed by the Company. For clarity, the recovery of Erroneously Awarded Compensation under this Policy will not give rise to any Officer's right to voluntarily terminate employment for "good reason" or due to a "constructive termination" (or any similar term of like effect) under any plan, program or policy of or agreement with the Company or any of its affiliates.

4. Manner of Recovery; Limitation on Duplicative Recovery

The Committee shall, in its sole discretion, determine the manner of recovery of any Erroneously Awarded Compensation, which may include, without limitation, reduction or cancellation by the Company or an affiliate of the Company of Incentive-Based Compensation or Erroneously Awarded Compensation, reimbursement or repayment by any person subject to this Policy of the Erroneously Awarded Compensation, and, to the extent permitted by law, an offset of the Erroneously Awarded Compensation against other compensation payable by the Company or an affiliate of the Company to such person. Notwithstanding the foregoing, unless otherwise prohibited by the Applicable Rules, to the extent this Policy provides for recovery of Erroneously Awarded Compensation already recovered by the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 or Other Recovery Arrangements, the amount of Erroneously Awarded Compensation already recovered by the Company from the recipient of such Erroneously Awarded Compensation may be credited to the amount of Erroneously Awarded Compensation required to be recovered pursuant to this Policy from such person.

5. Administration

This Policy shall be administered, interpreted and construed by the Committee, which is authorized to make

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all determinations necessary, appropriate or advisable for such purpose. The Board may re-vest in itself the authority to administer, interpret and construe this Policy in accordance with applicable law, and in such event references herein to the "Committee" shall be deemed to be references to the Board. Subject to any permitted review by the applicable national securities exchange or association pursuant to the Applicable Rules, all determinations and decisions made by the Committee pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company and its affiliates, stockholders and employees. The Committee may delegate administrative duties with respect to this Policy to one or more directors or employees of the Company, as permitted under applicable law, including any Applicable Rules.

6. Interpretation

This Policy shall be interpreted and applied in a manner that is consistent with the requirements of the Applicable Rules, and to the extent this Policy is inconsistent with such Applicable Rules, it shall be deemed amended to the minimum extent necessary to ensure compliance therewith.

7. No Indemnification; No Liability

The Company shall not indemnify or insure any person against the loss of any Erroneously Awarded Compensation pursuant to this Policy, nor shall the Company directly or indirectly pay or reimburse any person for any premiums for third-party insurance policies that such person may elect to purchase to fund such person's potential obligations under this Policy. None of the Company, an affiliate of the Company or any member of the Committee or the Board shall have any liability to any person as a result of actions taken under this Policy.

8. **Application; Enforceability**

Effective as of the Effective Date, this Policy will supersede the Prior Policy in all respects. Except as otherwise determined by the Committee or the Board, the adoption of this Policy does not limit, and is intended to apply in addition to, any Other Recovery Arrangements.

Subject to Section 4, the remedy specified in this Policy shall not be exclusive and shall be in addition to every other right or remedy at law or in equity that may be available to the Company or an affiliate of the Company or is otherwise required by applicable law and regulations.

9. **Severability**

The provisions in this Policy are intended to be applied to the fullest extent of the law; provided, however, to the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

10. **Amendment and Termination**

The Board or the Committee may amend, modify or terminate this Policy in whole or in part at any time and from time to time in its sole discretion. This Policy will terminate automatically when the Company does not have a class of securities listed on a national securities exchange or association.

11. **Definitions**

"Applicable Rules" means Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder, the listing rules of the national securities exchange or association on which the Company's securities are listed, and any applicable rules, standards or other guidance adopted by the Securities and Exchange Commission or any national securities exchange or association on which the Company's securities are listed.

"Board" means the Board of Directors of the Company.

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"Committee" means the Compensation Committee of the Board or, in the absence of such a committee, a majority of the independent directors serving on the Board.

"Erroneously Awarded Compensation" means the amount of Incentive-Based Compensation received by a current or former Officer that exceeds the amount of Incentive-Based Compensation that would have been received by such current or former Officer based on a restated Financial Reporting Measure, as determined on a pre-tax basis in accordance with the Applicable Rules.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Financial Reporting Measure" means any measure determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures derived wholly or in part from such measures, including GAAP and non-GAAP financial measures, as well as stock price and total stockholder return.

"GAAP" means United States generally accepted accounting principles.

"Impracticable" means (a) the direct expense paid to third parties to assist in enforcing recovery would exceed the Erroneously Awarded Compensation; provided that the Company has (i) made reasonable attempt(s) to recover the Erroneously Awarded Compensation, (ii) documented such reasonable attempt(s), and (iii) provided such documentation to the relevant listing exchange or association, (b) the recovery would violate the Company's home country laws adopted prior to November 28, 2022 pursuant to an opinion of home country counsel; provided that the Company has (i) obtained an opinion of home country counsel, acceptable to the relevant listing exchange or association, that recovery would result in such a violation, and (ii) provided such opinion to the relevant listing exchange or association, or (c) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder.

"Incentive-Based Compensation" means, with respect to a Restatement, any compensation that is granted, earned, or vested based wholly or in part upon the attainment of one or more Financial Reporting Measures and received by a person: (a) after such person began service as an Officer; (b) who served as an Officer at any time during the performance period for that compensation; (c) while the Company has a class of securities listed on a national securities exchange or association; and (d) during the applicable Three-Year Period.

"Officer" means each person who serves as an executive officer of the Company, as defined in Rule 10D-1(d) under the Exchange Act.

"Other Recovery Arrangements" means any clawback, recoupment, forfeiture or similar policies or provisions of the Company or its affiliates, including any such policies or provisions of such effect contained in any employment agreement, bonus plan, incentive plan, equity-based plan or award agreement thereunder or similar plan, program or agreement of the Company or an affiliate or required under applicable law.

"Restatement" means an accounting restatement to correct the Company's material noncompliance with any financial reporting requirement under securities laws, including restatements that correct an error in previously issued financial statements (a) that is material to the previously issued financial statements or (b) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

"Three-Year Period" means, with respect to a Restatement, the three completed fiscal years immediately preceding the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare such Restatement, or, if earlier, the date on which a court, regulator or other legally authorized body directs the Company to prepare such Restatement. The "Three-Year Period" also includes any transition period (that results from a change in the Company's fiscal year) within or immediately following the three completed fiscal

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years identified in the preceding sentence. However, a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months shall be deemed a completed fiscal year.

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ACKNOWLEDGMENT AND CONSENT TO POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

The undersigned has received a copy of the Policy for Recovery of Erroneously Awarded Compensation (the "Policy") adopted by Stride, Inc. (the "Company"), and has read and understands the Policy. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Policy.

As a condition of receiving Incentive-Based Compensation from the Company, the undersigned agrees that any Incentive-Based Compensation received on or after the Effective Date is subject to recovery pursuant to the terms of the Policy. To the extent the Company's recovery right conflicts with any other contractual rights the undersigned may have with the Company, the undersigned understands that the terms of the Policy shall supersede any such contractual rights. The terms of the Policy shall apply in addition to any right of recoupment against the undersigned under applicable law and regulations.

Date

Signature

Name

Title

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