



**STRATEGIC
EDUCATION
INC**

Q3 2024 Results

November 7, 2024

Forward-Looking Statements

Statements Under the Private Securities Litigation Reform Act of 1995

Statements in this presentation are “forward-looking statements” under the federal securities laws. Such statements may be identified by the use of words such as “expect,” “estimate,” “assume,” “believe,” “anticipate,” “may,” “will,” “forecast,” “outlook,” “plan,” “project,” “potential” and other similar words, and include all statements that are not historical facts, including with respect to, among other things, the future financial performance and growth opportunities of Strategic Education, Inc. (Strategic Education); Strategic Education’s plans, strategies and prospects; and future events and expectations. The statements are based on Strategic Education’s current expectations and are subject to a number of assumptions, uncertainties and risks, including but not limited to: the pace of student enrollment; Strategic Education’s continued compliance with Title IV of the Higher Education Act, and the regulations thereunder, as well as other federal laws and regulations, institutional accreditation standards and state regulatory requirements; rulemaking and other action by the Department of Education or other governmental entities, including without limitation action related to borrower defense to repayment applications, gainful employment, 90/10, increased focus by the U.S. Congress on for-profit education institutions, and including actions by governmental entities in Australia and New Zealand; competitive factors; risks associated with the opening of new campuses; risks associated with the offering of new educational programs and adapting to other changes; risks associated with the acquisition of existing educational institutions, including Strategic Education’s acquisition of Torrens University and associated assets in Australia and New Zealand; the risk that the benefits of the acquisition of Torrens University and associated assets in Australia and New Zealand may not be fully realized or may take longer to realize than expected; the risk that the acquisition of Torrens University and associated assets in Australia and New Zealand may not advance Strategic Education’s business strategy and growth strategy; risks relating to the timing of regulatory approvals; Strategic Education’s ability to implement its growth strategy; the risk that the combined company may experience difficulty integrating employees or operations; risks associated with the ability of Strategic Education’s students to finance their education in a timely manner; general economic and market conditions; and additional factors described in Strategic Education’s most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Many of these risks, uncertainties and assumptions are beyond Strategic Education’s ability to control or predict. Because of these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements. Furthermore, these forward-looking statements speak only as of the information currently available to Strategic Education on the date they are made, and Strategic Education undertakes no obligation to update or revise forward-looking statements, except as required by law. Actual results may differ materially from those projected in the forward-looking statements. All Strategic Education filings are available for viewing on our website at www.strategiceducation.com.

Segment Reporting

Segment	Description
U.S. Higher Education	Capella University and Strayer University, including the Jack Welch Management Institute, Devmountain, and Hackbright Academy
Education Technology Services	Enterprise Partnerships, Sophia Learning, and Workforce Edge
Australia/New Zealand	Torrens University, Think Education, and Media Design School

Q3 2024 Highlights – Constant Currency

Strategic Education				
Adjusted Financial Performance ¹ (YoY)	Consolidated ²	U.S. Higher Education	Education Technology Services	Australia/New Zealand ²
Adjusted Revenue	\$304.4 million +6.5%	\$207.7 million +2.9%	\$26.3 million +26.2%	\$70.4 million +11.3%
Adjusted Operating Expense	\$267.7 million +5.7%	\$196.3 million +2.5%	\$15.5 million +23.8%	\$55.9 million +13.1%
Adjusted Operating Income	\$36.8 million +12.8%	\$11.4 million +9.9%	\$10.8 million +29.8%	\$14.5 million +4.9%
Adjusted Operating Margin	12.1% of revenue +70 basis points	5.5% of revenue +30 basis points	41.0% of revenue +110 basis points	20.7% of revenue -120 basis points
Adjusted Net Income	\$27.7 million +19.2%	NA	NA	NA
Adjusted Diluted Earnings Per Share	\$1.15 +18.6%	NA	NA	NA

Financial Performance

¹ Non-GAAP financial measures; refer to the Non-GAAP Financial Measures page of this presentation for more information regarding non-GAAP financial measures

² Translates foreign currency results for the three months ended September 30, 2024 at a constant exchange rate of 0.65 Australian Dollars to U.S. Dollars, which was the average exchange rate for the same period in 2023; refer to the Non-GAAP Financial Measures page of this presentation for more information

Q3 2024 Highlights

Strategic Education

<u>Enrollment Performance (YoY)</u>	Consolidated	U.S. Higher Education	Education Technology Services	Australia/New Zealand ³
Total Enrollment	105,738 +4.9%	86,533 +4.8%	NA ¹	19,205 +5.1%
<u>Adjusted Financial Performance² (YoY)</u>				
Adjusted Revenue	\$306.0 million +7.0%	\$207.7 million +2.9%	\$26.3 million +26.2%	\$71.9 million +13.7%
Adjusted Operating Expense	\$268.9 million +6.1%	\$196.3 million +2.5%	\$15.5 million +23.8%	\$57.1 million +15.6%
Adjusted Operating Income	\$37.1 million +13.7%	\$11.4 million +9.9%	\$10.8 million +29.8%	\$14.8 million +7.0%
Adjusted Operating Margin	12.1% of revenue +70 basis points	5.5% of revenue +30 basis points	41.0% of revenue +110 basis points	20.6% of revenue -130 basis points
Adjusted Net Income	\$27.9 million +20.1%	NA	NA	NA
Adjusted Diluted Earnings Per Share	\$1.16 +19.6%	NA	NA	NA
<u>Balance Sheet/Cash Flow</u>				
Cash position as of September 30, 2024 (cash, cash equivalents, and marketable securities) ⁴	\$222.1 million	NA	NA	NA
Cash provided by operations during nine months ended September 30, 2024	\$153.4 million	NA	NA	NA
Quarterly cash dividend declared and paid during Q3 2024	\$0.60 per share	NA	NA	NA

Enrollment and Financial Performance

¹ Q3 2024 employer affiliated enrollment was 29.8% of U.S. Higher Education enrollment compared to 27.8% for the same period in 2023; Q3 2024 Sophia Learning average total subscribers increased approximately 33% from the same period in 2023

² Non-GAAP financial measures; refer to the Non-GAAP Financial Measures page of this presentation for more information regarding non-GAAP financial measures

³ Refer to the Constant Currency page of this presentation for information regarding currency impacts to operating results

⁴ During Q3 2024, the company repaid the remaining \$61.3 million of outstanding debt on its revolving credit facility

Non-GAAP Financial Measures

These materials report certain financial measures that are not required by, or presented in accordance with, accounting principles generally accepted in the United States of America ("GAAP"). We discuss management's reasons for reporting these non-GAAP measures below, and our publicly available financial information reconciles the most directly comparable GAAP measure to each non-GAAP measure that we reference. Although management evaluates and presents these non-GAAP measures for the reasons described below, please be aware that these non-GAAP measures have limitations and should not be considered in isolation or as a substitute for revenue, total costs and expenses, income from operations, operating margin, income before income taxes, net income, earnings per share or any other comparable financial measure prescribed by GAAP. In addition, we may calculate and/or present these non-GAAP financial measures differently than measures with the same or similar names that other companies report, and as a result, the non-GAAP measures we report may not be comparable to those reported by others.

Management uses certain non-GAAP measures to evaluate financial performance because those non-GAAP measures allow for period-over-period comparisons of the Company's ongoing operations before the impact of certain items described below. Management believes this information is useful to investors to compare the Company's results of operations period-over-period. These measures are Adjusted Revenue, Adjusted Total Costs and Expenses, Adjusted Income from Operations, Adjusted Operating Margin, Adjusted Income Before Income Taxes, Adjusted Net Income, Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), Adjusted EBITDA and Adjusted Diluted Earnings Per Share (EPS). We define Adjusted Revenue, Adjusted Total Costs and Expenses, Adjusted Income from Operations, Adjusted Operating Margin, Adjusted Income Before Income Taxes, Adjusted Net Income, and Adjusted Diluted EPS to exclude (1) amortization and depreciation expense related to intangible assets and software assets associated with the Company's acquisition of Torrens University and associated assets in Australia and New Zealand, (2) integration expenses associated with the Company's merger with Capella Education Company and the Company's acquisition of Torrens University and associated assets in Australia and New Zealand, (3) severance costs, asset impairment charges, gains on sale of real estate and early termination of leased facilities, and other costs associated with the Company's restructuring activities, (4) income/loss recognized from the Company's investments in partnership interests and other investments, and (5) discrete tax adjustments utilizing adjusted effective income tax rates of 30.0% and 29.5% for the three months ended September 30, 2023 and 2024, respectively. To illustrate currency impacts to operating results, Adjusted Revenue, Adjusted Total Costs and Expenses, Adjusted Income from Operations, Adjusted Operating Margin, Adjusted Income Before Income Taxes, Adjusted Net Income, and Adjusted Diluted EPS for the three months ended September 30, 2024 are also presented on a constant currency basis utilizing an exchange rate of 0.65 Australian Dollars to U.S. Dollars, which was the average exchange rate for the same period in 2023. We define EBITDA as net income before other income, the provision for income taxes, depreciation and amortization, and from this amount in arriving at Adjusted EBITDA we also exclude stock-based compensation expense, amortization expense associated with deferred implementation costs incurred in cloud computing arrangements, and the amounts in (2) and (3) above. Please see the press release filed as Exhibit 99.1 to the 8-K dated November 7, 2024 and available on our website at www.strategiceducation.com and our Form 10-Q for a reconciliation of these non-GAAP measures to the most directly comparable GAAP measures. Non-GAAP measures should not be viewed as substitutes for GAAP measures.



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