SIGNALCORE RESEARCH

Stride (LRN): Durable Growth at 6.5x EV/EBITDA and 9.3x EV/FCF

LRN | Stride, Inc. | Consumer Defensive | Education & Training Services | FY 2025 | 2026-06-16T19:26:19.123Z

> *At 6.5x EV/EBITDA and 9.3x EV/FCF, Stride combines 17.9% revenue growth, 39.7% EPS growth, and 71.6% free cash flow growth with ROE of 19.9% and net cash, while the current multiple implies skepticism that this growth and cash generation are durable.*

SIGNALCORE VIEW	SIGNAL SCORE	FUNDAMENTAL QUALITY	EXPANSION POTENTIAL	THESIS RISK
Mixed but researchable candidate Value / Quality Candidate	**65 / 100**	**71 / 100**	**80 / 100** Derived from growth, expectations and execution evidence	**0 / 100**

PRIMARY DEBATE — The investable debate is whether Stride's 17.9% revenue growth and 39.7% EPS growth represent a durable growth trajectory or a cyclical peak that justifies an EV/EBITDA multiple of 6.5x. Evidence: 5Y average revenue growth is 19.1% and 5Y average EPS growth is 69.5%. Interpretation: growth has been sustained over a multi-year period rather than a single-year spike. Implication: the burden of proof rests on whether growth reverts below the 3Y average revenue growth of 12.6%.

INVESTMENT NARRATIVE

Archetype	**Durable growth at value multiple**
Company Type	**Capital-light EdTech platform spanning K-12 virtual/blended schooling and adult career training; net cash; high-growth, cash-generative**
Key Monitoring Metric	**Year-over-year revenue growth**

Core Tension: Can Stride sustain double-digit revenue, outsized EPS/FCF growth, and high returns while investing in product/AI, or will growth/margins mean-revert, justifying a low multiple?

Market Assumption: Growth and cash generation are not durable; guidance and ongoing product/AI investments introduce execution risk, so a discounted multiple is appropriate.

Trajectory: Profitable growth with accelerating EPS/FCF, consistent beats, and a net-cash balance sheet; product/AI initiatives in focus per recent coverage.

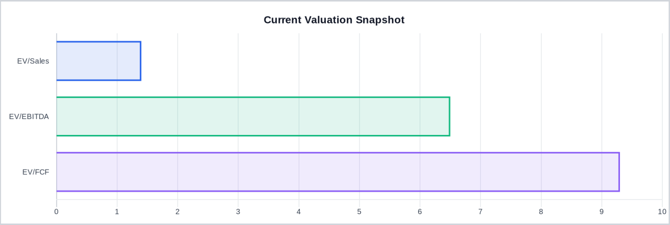
Mispricing Hypothesis: The market over-discounts mean reversion and execution risk; if revenue/EPS/FCF growth and beat rates persist, a valuation reassessment from ~6.5x EBITDA and ~9.3x FCF is plausible given high ROE/ROIC and net cash.

EVIDENCE MAP

SUPPORTING EVIDENCE	CONTRADICTING EVIDENCE
Low valuation vs. growth: EV/EBITDA 6.52 and EV/FCF 9.32 despite supported recent and 5Y growth	Sustained top-line expansion: Latest revenue growth 17.9% and 5Y revenue growth 19.1%
High FCF yield (10.53%) and earnings yield (8.57%) imply the market is pricing in risk/normalization	outsized bottom-line compounding: Latest EPS growth 39.7% and 5Y EPS growth 69.5%
Coverage clusters emphasize earnings_guidance, suggesting guidance uncertainty is central to the narrative	Rapid cash growth: FCF growth 71.6%
Coverage around product_strategy and ai_technology implies continued investment needs and monetization risk	Quality returns: ROE 19.9% and ROIC 13.9%
	Balance sheet strength: Net Debt/EBITDA -0.124 (net cash)
	Execution track record: EPS beat rate 87.5% and revenue beat rate 87.5%

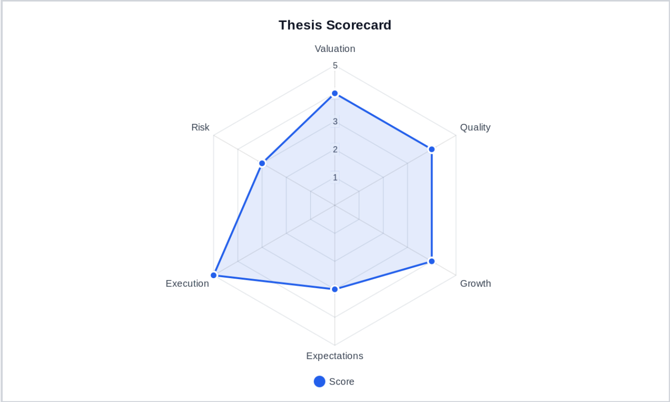
SCORECARD

VALUATION	QUALITY	GROWTH	EXPECTATIONS	EXECUTION	RISK	OVERALL
4	4	4	3	5	3	4
SUPPORTED	SUPPORTED	SUPPORTED	MIXED	SUPPORTED	MODERATE	SUPPORTED



CURRENT VALUATION SNAPSHOT

Current multiples are shown separately from historical fiscal-year trend metrics.



THESIS SCORECARD RADAR

Evidence scores summarise valuation, quality, growth, expectations, execution, and risk.

KEY METRICS

CURRENT EV/EBITDA	CURRENT EV/FCF	FCF YIELD	ROIC	REVENUE GROWTH	EPS GROWTH	FCF GROWTH	EPS BEAT RATE
6.5x	**9.3x**	**10.5%**	**13.9%**	**17.9%**	**39.7%**	**71.6%**	**87.5%**

EXECUTIVE SUMMARY

Core Tension	Can Stride sustain double-digit revenue, outsized EPS/FCF growth, and high returns while investing in product/AI, or will growth/margins mean-revert, justifying a low multiple?
Market Assumption	Growth and cash generation are not durable; guidance and ongoing product/AI investments introduce execution risk, so a discounted multiple is appropriate.
Current Pricing	At a price of $83.68 and EV/FCF of 9.3x, the market embeds a free cash flow yield of 10.5% and earnings yield of 8.6%.
Valuation	Current valuation stands at EV/Sales of 1.4x, EV/EBITDA of 6.5x, and EV/FCF of 9.3x with enterprise value of $3.5B.
Quality	Stride generates ROE of 19.9%, ROIC of 13.9%, and incomeQuality of 1.4.
Growth	Latest revenue growth is 17.9% versus a 3Y average of 12.6% and a 5Y average of 19.1%.
Cash Flow	Operating cash flow growth is 55.2% and free cash flow growth is 71.6%, compared with 3Y average free cash flow growth of 42.9% and 5Y average of 66.0%.
Execution	Over 8 quarters, EPS beat rate is 87.5% and revenue beat rate is 87.5%, with average EPS surprise of 53.8%.
Primary Monitor	Can revenue growth remain at or above 17.9% given 5Y average revenue growth of 19.1%?

THESIS DRIVERS

SUPPORTING DRIVERS

1	FCF Growth	**71.6%**
2	EPS Beat Rate	**87.5%**
3	EPS Growth	**39.7%**
4	ROIC	**13.9%**
5	Revenue Growth	**17.9%**
6	FCF Yield	**10.5%**

CONSTRAINTS / MONITORS

COMPANY & BUSINESS MODEL

Stride, Inc. is an ed-tech company that specializes in providing a variety of online learning tools and services. The firm delivers personalized educational experiences to students, primarily from kindergarten through twelfth grade (K-12), across the United States and internationally, leveraging both its proprietary content and third-party resources, including curriculum, software platforms, and support services. The company's digital solutions empower its clients to efficiently attract, enroll, instruct, monitor the academic progress of, and provide comprehensive assistance to their student populations. For the K-12 segment, Stride offers all-encompassing integrated packages—including systems, services, and expert guidance—to facilitate the operation of virtual or blended public schools. It also provides individual online courses, supplementary educational materials, and general education resources covering core subjects like mathematics, English language arts, science, and history for K-12 students. Beyond K-12, Stride expands into career-focused education, helping individuals develop essential skills for industries such as information technology, healthcare, and business. This includes specialized post-secondary career development programs for adult learners, offered under brands like Galvanize, Tech Elevator, and MedCerts, which provide skills training in fields like software engineering, healthcare, and various medical professions. Additionally, Stride offers staffing and talent development services to businesses. Stride, Inc. caters to a broad spectrum of clients, including public and private schools, school districts, charter boards, individual consumers, corporations, and government entities. Originally established in 2000 as K12 Inc., the company changed its name to Stride, Inc. in December 2020 and maintains its headquarters in Reston, Virginia.

INVESTMENT THESIS

Stride, Inc., a capital-light edtech platform spanning K-12 virtual/blended schooling and adult career training, trades at an enterprise value of $3.5B and EV/EBITDA of 6.5x despite 17.9% revenue growth and 39.7% EPS growth in the latest fiscal year. Evidence: free cash flow to firm is $421.0M and free cash flow yield is 10.5%. Interpretation: the current multiple and yield profile imply the market is discounting durability of growth and margins. Implication: if revenue growth and free cash flow growth of 71.6% persist while ROE remains 19.9%, the valuation case would be supported by operating durability rather than mean reversion. The core tension centers on whether double-digit revenue growth of 17.9% and outsized free cash flow growth of 71.6% can be sustained while investing in product and AI initiatives referenced in recent headlines. Evidence: netDebtToEbitda is -0.1x and currentRatio is 6.2. Interpretation: a net cash balance sheet and liquidity buffer suggest investment capacity without financial strain. Implication: execution risk exists, but balance sheet metrics do not indicate capital constraints. The mispricing hypothesis rests on valuation relative to quality. Evidence: ROIC is 13.9% versus a 3Y average ROIC of 10.8%, and current EV/EBITDA is 6.5x versus a 3Y average EV/EBITDA of 8.5x. Interpretation: capital efficiency has improved relative to history while the current multiple is below its recent average. Implication: the current price appears behind the supplied improvement in returns on invested capital.

INVESTABLE DEBATE

The investable debate is whether Stride's 17.9% revenue growth and 39.7% EPS growth represent a durable growth trajectory or a cyclical peak that justifies an EV/EBITDA multiple of 6.5x. Evidence: 5Y average revenue growth is 19.1% and 5Y average EPS growth is 69.5%. Interpretation: growth has been sustained over a multi-year period rather than a single-year spike. Implication: the burden of proof rests on whether growth reverts below the 3Y average revenue growth of 12.6%.

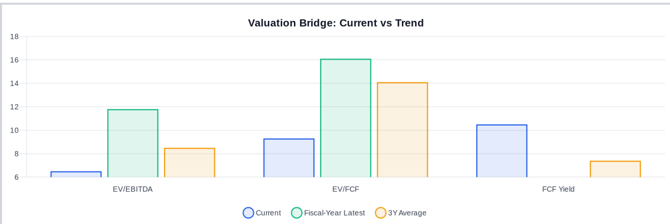
MARKET EXPECTATIONS

At a price of $83.68 and EV/FCF of 9.3x, the market embeds a free cash flow yield of 10.5% and earnings yield of 8.6%. Evidence: latest EV/EBITDA in fiscal-year trend data was 11.8x versus a 3Y average of 8.5x, while the current multiple is 6.5x. Interpretation: the current valuation is below recent fiscal-year valuation levels despite ROE of 19.9%. Implication: the market assumption appears to be that current growth and return levels will normalize toward lower levels.

CURRENT VALUATION VS HISTORICAL TREND

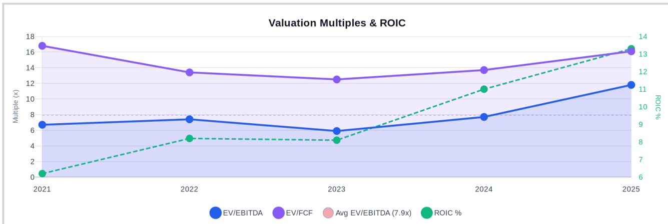
METRIC	CURRENT	FISCAL-YEAR LATEST	3Y AVG	5Y AVG
EV/EBITDA	6.5x	11.8x	8.5x	7.9x
EV/FCF	9.3x	16.1x	14.1x	14.5x
FCF Yield	10.5%	6.0%	7.4%	7.3%

Current EV/EBITDA is 6.5x, while fiscal-year trend data shows latest EV/EBITDA of 11.8x versus a 3Y average of 8.5x. Current EV/FCF is 9.3x, while fiscal-year trend data shows latest EV/FCF of 16.1x versus a 3Y average of 14.1x.



VALUATION BRIDGE: CURRENT VS HISTORICAL TREND

Current EV/EBITDA is 6.5x, while fiscal-year trend data shows latest EV/EBITDA of 11.8x versus a 3Y average of 8.5x.



VALUATION MULTIPLES & ROIC OVERLAY

Current valuation stands at EV/Sales of 1.4x, EV/EBITDA of 6.5x, and EV/FCF of 9.3x with enterprise value of $3.5B.

VALUATION ANALYSIS

Current valuation stands at EV/Sales of 1.4x, EV/EBITDA of 6.5x, and EV/FCF of 9.3x with enterprise value of $3.5B. Evidence: freeCashFlowToFirm is $421.0M and freeCashFlowYield is 10.5%. Interpretation: the enterprise value implies a high cash yield relative to growth of 71.6% in free cash flow. Implication: the valuation case is supported by cash generation if growth remains above the 3Y average FCF growth of 42.9%.

QUALITY & CAPITAL EFFICIENCY

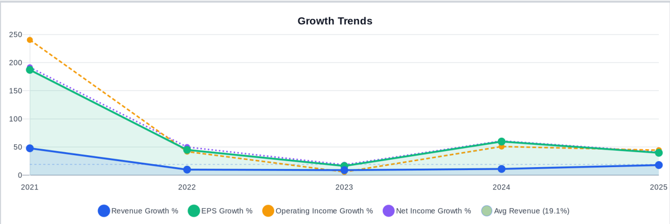
Stride generates ROE of 19.9%, ROIC of 13.9%, and incomeQuality of 1.4. Evidence: netDebtToEbitda is -0.1x and workingCapital is $1.5B. Interpretation: returns exceed the 3Y average ROE of 16.8% and ROIC of 10.8%, while the balance sheet carries net cash. Implication: the current valuation of 6.5x EV/EBITDA is not aligned with a deterioration in capital efficiency based on supplied metrics.

QUALITY & RETURN PROFILE

Stride generates ROE of 19.9%, ROIC of 13.9%, and incomeQuality of 1.4.

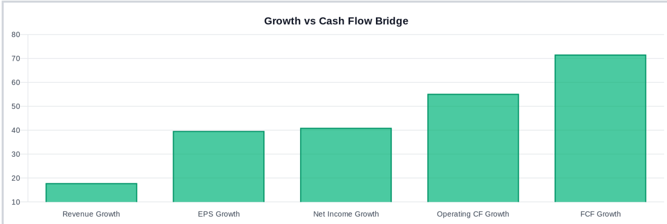
GROWTH TRAJECTORY

Latest revenue growth is 17.9% versus a 3Y average of 12.6% and a 5Y average of 19.1%. Evidence: EPS growth is 39.7% versus a 3Y average of 38.6%. Interpretation: revenue growth has accelerated relative to the 3Y average while EPS growth remains consistent with recent averages. Implication: growth appears stable to accelerating rather than decelerating versus medium-term history.



HISTORICAL GROWTH TRENDS

Latest revenue growth is 17.9% versus a 3Y average of 12.6% and a 5Y average of 19.1%.



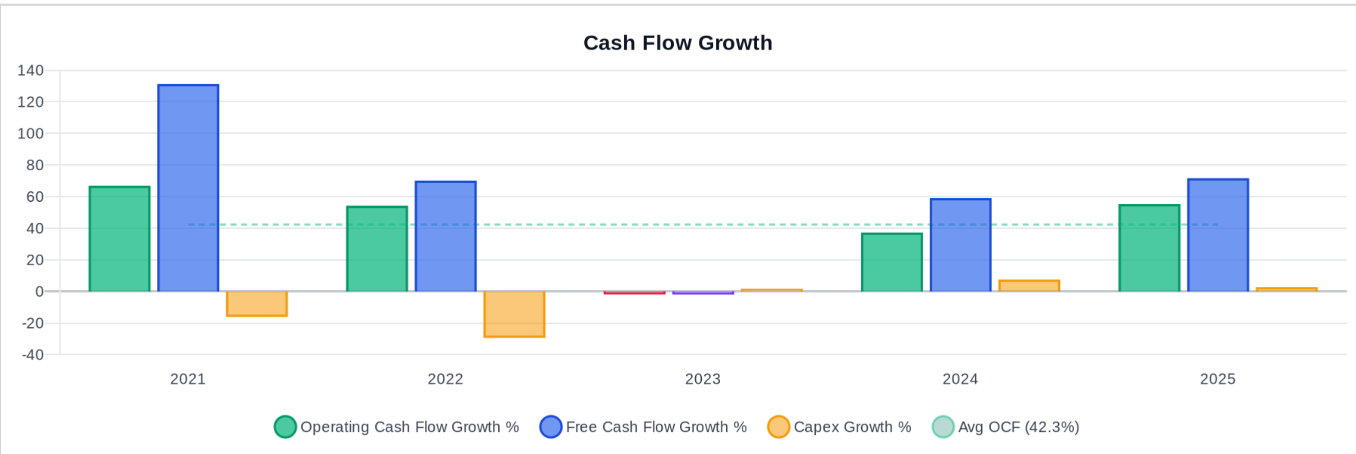
GROWTH VS CASH FLOW BRIDGE

Latest revenue growth is 17.9% versus a 3Y average of 12.6% and a 5Y average of 19.1%.

CASH FLOW GROWTH & CONVERSION

Operating cash flow growth is 55.2% and free cash flow growth is 71.6%, compared with 3Y average free cash flow growth of 42.9% and 5Y average of 66.0%. Evidence: capex growth is 2.6%. Interpretation: free cash flow growth exceeds operating cash flow growth and historical averages while capex growth remains low. Implication: cash-flow trend is improving rather than contracting.

IncomeQuality of 1.4 and free cash flow growth of 71.6% alongside net income growth of 41.0% indicate conversion above accounting earnings. Evidence: capexToRevenue is 2.5% versus a 3Y average of 3.0%. Interpretation: limited capital intensity supports conversion of operating gains into free cash flow. Implication: the capital-light model underpins the 10.5% free cash flow yield.



CASH FLOW GROWTH — OCF, FCF & CAPEX

Operating cash flow growth is 55.2% and free cash flow growth is 71.6%, compared with 3Y average free cash flow growth of 42.9% and 5Y average of 66.0%.

ANALYST EXPECTATIONS

Next Revenue Estimate	**$3.1B**

Revenue Bull Case	$3.2B
Revenue Bear Case	$3.1B
Next EPS Estimate	9.66
EPS Bull Case	9.79
EPS Bear Case	9.6
Revenue Dispersion	1.56%
EPS Dispersion	2.03%
Revenue Coverage	1
EPS Coverage	1

Next revenue estimate is $3.1B and next EPS estimate is $9.66, with revenue dispersion of 1.6% and EPS dispersion of 2.0%. Evidence: analystCoverageRevenue is 1 and analystCoverageEps is 1. Interpretation: dispersion is contained but coverage is limited, which constrains the breadth of consensus validation. Implication: expectations appear Reasonable relative to 17.9% revenue growth and 39.7% EPS growth, but estimate reliability is limited by coverage depth.

ANALYST EXPECTATIONS RANGE

Next revenue estimate is $3.1B and next EPS estimate is $9.66, with revenue dispersion of 1.6% and EPS dispersion of 2.0%.

EXECUTION HISTORY

Over 8 quarters, EPS beat rate is 87.5% and revenue beat rate is 87.5%, with average EPS surprise of 53.8%.

EXECUTION QUALITY

Quarters Analysed	8
EPS Beat Rate	87.5%
Revenue Beat Rate	87.5%
Avg EPS Surprise	53.8%
Avg Revenue Surprise	2.3%
EPS Beats / Misses	7 / 1
Revenue Beats / Misses	7 / 1

Over 8 quarters, EPS beat rate is 87.5% and revenue beat rate is 87.5%, with average EPS surprise of 53.8%. Evidence: the most recent quarter on 2026-04-28 delivered EPS of 2.30 versus 1.93 estimated. Interpretation: execution has exceeded expectations consistently across both revenue and earnings lines. Implication: historical performance supports the credibility of the $9.66 EPS estimate.

Given EPS beat rate of 87.5% and revenue beat rate of 87.5% across 8 quarters, combined with average revenue surprise of 2.3%, the company has demonstrated consistent delivery relative to estimates. Evidence: revenueDispersionPct is 1.6%. Interpretation: low dispersion and frequent beats indicate stable expectation setting. Implication: forward estimates appear grounded in recent execution patterns.

BULL / BASE / BEAR SCENARIOS

BULL CASE

If revenue growth remains at 17.9% or above the 3Y average of 12.6%, EPS growth remains near 39.7%, and the multiple remains at 6.5x EV/EBITDA, then the valuation case would be supported by sustained ROE of 19.9% and free cash flow growth of 71.6%.

Revenue Growth 17.9% **EPS Growth 39.7%** **EV/EBITDA 6.5x**

BASE CASE

If revenue tracks near the $3.1B estimate and EPS approximates $9.66 while EV/FCF remains around 9.3x, then the current 10.5% free cash flow yield would reflect stable but not expanding returns on capital of 13.9% ROIC.

Revenue Estimate $3.1B **EPS Estimate $9.66** **EV/FCF 9.3x**

BEAR CASE

If revenue growth falls below the 3Y average of 12.6% and free cash flow growth declines below the 3Y average of 42.9% while the multiple contracts below 6.5x EV/EBITDA, then the 10.5% free cash flow yield would reflect normalization toward lower ROIC than 13.9%.

Avg Revenue Growth 3Y 12.6% **Avg FCF Growth 3Y 42.9%** **ROIC 13.9%**

SCENARIO PROBABILITY MATRIX

BULL SCENARIO	BASE SCENARIO	BEAR SCENARIO	WEIGHTED THESIS SCORE
37%	**50%**	**13%**	**70 / 100**

12–24 MONTH CONDITIONAL OUTLOOK

If revenue approaches the $3.1B estimate with dispersion of 1.6%, then growth would remain aligned with the recent 17.9% trajectory.

If EPS approximates $9.66 and net income growth remains near 41.0%, then earnings durability would be consistent with the 39.7% EPS growth trend.

If EV/EBITDA remains near 6.5x while ROE stays at 19.9%, then valuation would continue to reflect skepticism relative to return metrics.

If EPS beat rate remains near 87.5% over additional quarters, then estimate credibility would remain supported by historical delivery.

If revenue growth remains above the 3Y average of 12.6% and free cash flow growth remains above 42.9%, then the narrative would center on durability rather than normalization.

THESIS MONITOR

TRACK QUARTERLY	THESIS CHANGES IF	THESIS WEAKENS IF
Can revenue growth remain at or above 17.9% given 5Y average revenue growth of 19.1%?	If revenue growth accelerates above 17.9% while EV/EBITDA remains at 6.5x, then the durability case strengthens relative to the current multiple.	If revenue growth falls below the 3Y average of 12.6%, then the durable growth premise challengedens.
Will free cash flow growth sustain above the 3Y average of 42.9%?	If ROIC rises above 13.9% and exceeds the 3Y average of 10.8% by a wider margin, then capital efficiency would further support the valuation case.	If free cash flow growth falls below the 5Y average of 66.0%, then the cash-flow acceleration argument challengedens.
Can ROIC remain above 13.9% while maintaining capex to revenue near 2.5%?	If free cash flow growth exceeds 71.6% while capex growth remains at 2.6%, then cash conversion would further reinforce the capital-light model.	If ROE declines below the 3Y average of 16.8%, then return durability would no longer exceed recent history.

RISK & THESIS MONITOR

Can revenue growth remain at or above 17.9% given 5Y average revenue growth of 19.1%?

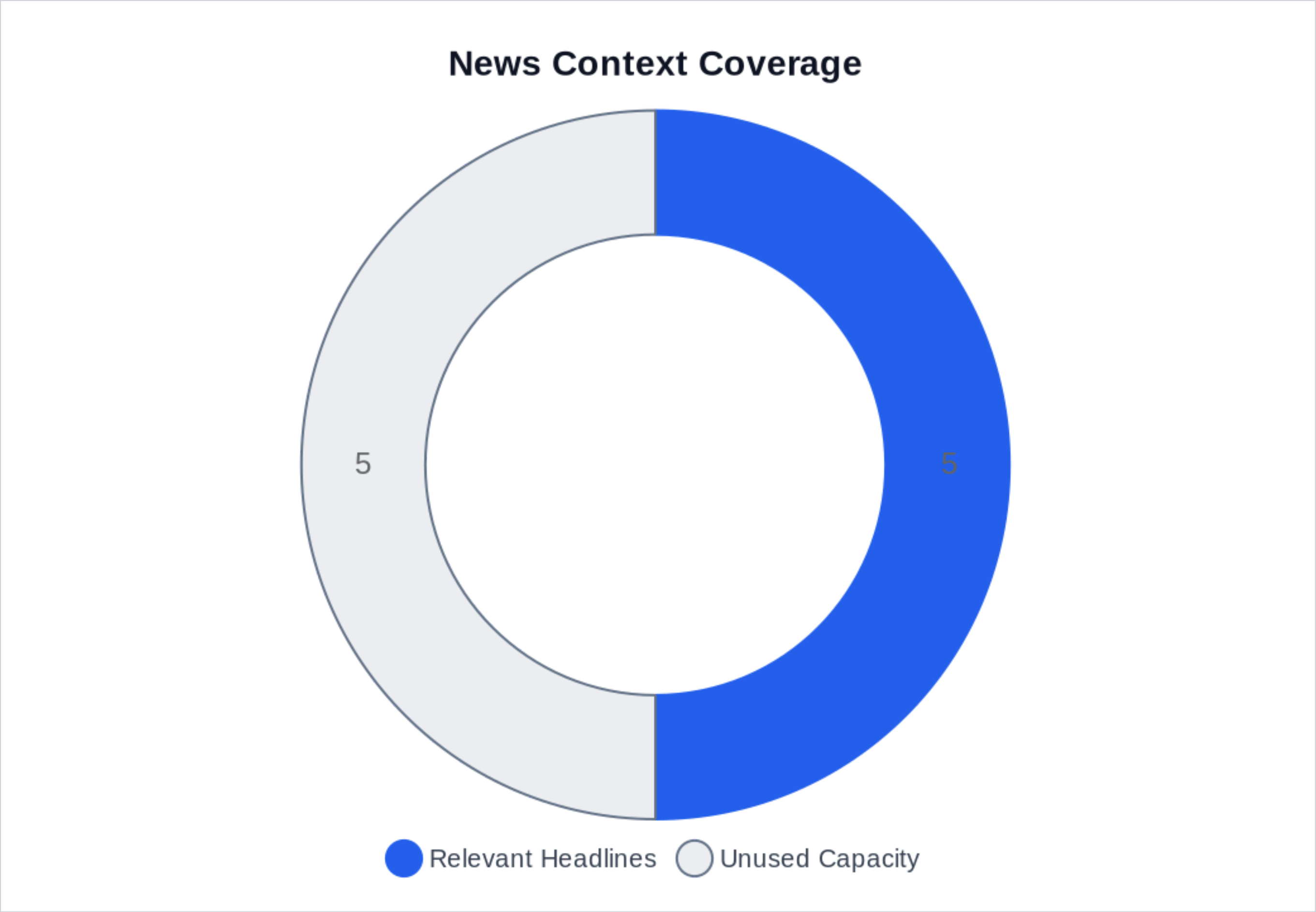
RISK ASSESSMENT

DIMENSION	SCORE	LEVEL
Valuation Risk	2 / 5	Low
Growth Risk	2 / 5	Low
Execution Risk	1 / 5	Low
Forecast Risk	3 / 5	Moderate
Quality Risk	2 / 5	Low
Overall Risk	3 / 5	Moderate
Composite Risk Score	**2.2 / 5**	

- NetDebtToEbitda -0.1x
- Current Ratio 6.2
- Cash Conversion Cycle 117.5 days

NEWS NARRATIVE

The headline "MedCerts and Pace AI Announce Strategic Partnership to Expand Access to Healthcare Careers Through AI-Powered Training" is relevant to monitoring revenue growth of 17.9%, but additional evidence is required to determine financial impact. The headline "Stride reports third quarter 2026 financial results" is relevant to assessing EPS growth of 39.7%, but additional evidence is required to determine durability.



NEWS CONTEXT COVERAGE

Recent relevant coverage clusters around: earnings_guidance, product_strategy, ai_technology.

INVESTMENT VIEW

EVIDENCE BALANCE	CONVICTION	RISK LEVEL	CLASSIFICATION
Positive evidence balance	**High**	**Moderate**	**Value / Quality Candidate**

Core Thesis: *At 6.5x EV/EBITDA and 9.3x EV/FCF, Stride combines 17.9% revenue growth, 39.7% EPS growth, and 71.6% free cash flow growth with ROE of 19.9% and net cash, while the current multiple implies skepticism that this growth and cash generation are durable.*

Primary Risk: Revenue growth declines below 12.6% relative to the 3Y average.

Monitor: Can revenue growth remain at or above 17.9% given 5Y average revenue growth of 19.1%?