

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

Quarterly Report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended August 31, 2024

Commission File No. 000-19860

**SCHOLASTIC CORPORATION**  
(Exact name of Registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**557 Broadway,**

**New York, New York**

(Address of principal executive offices)

**13-3385513**

(IRS Employer Identification  
No.)

**10012**

(Zip Code)

Registrant's telephone number, including area code (212) 343-6100

Title of Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, \$0.01 par value	SCHL	The NASDAQ Stock Market LLC

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 (229.405 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, 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  Accelerated filer  Non-accelerated filer  Smaller reporting company  Emerging growth company

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date:

Title of each class	Number of shares outstanding as of August 31, 2024
Common Stock, \$0.01 par value	27,309,294
Class A Stock, \$0.01 par value	828,100



**SCHOLASTIC CORPORATION**

**FORM 10-Q FOR THE QUARTERLY PERIOD ENDED August 31, 2024**

**INDEX**

---

**Part I - Financial Information**

**Page**

<u>Item 1.</u>	<u>Financial Statements</u>	
	<u>Condensed Consolidated Statements of Operations (Unaudited)</u>	<u>3</u>
	<u>Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)</u>	<u>4</u>
	<u>Condensed Consolidated Balance Sheets (Unaudited)</u>	<u>5</u>
	<u>Condensed Consolidated Statements of Changes in Stockholders' Equity (Unaudited)</u>	<u>6</u>
	<u>Condensed Consolidated Statements of Cash Flows (Unaudited)</u>	<u>7</u>
	<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	<u>8</u>
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>23</u>
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>30</u>
<u>Item 4.</u>	<u>Controls and Procedures</u>	<u>31</u>

**Part II - Other Information**

<u>Item 1.</u>	<u>Business</u>	<u>32</u>
<u>Item 1a.</u>	<u>Risk Factors</u>	<u>32</u>
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>34</u>
<u>Item 5.</u>	<u>Other Information</u>	<u>35</u>
<u>Item 6.</u>	<u>Exhibits</u>	<u>37</u>

<b><u>Signatures</u></b>		<b><u>38</u></b>
--------------------------	--	------------------

**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**SCHOLASTIC CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS - UNAUDITED**  
(Dollar amounts in millions, except per share data)

	Three months ended August 31,	
	2024	2023
<b>Revenues</b>	<b>\$ 237.2</b>	<b>\$ 228.5</b>
Operating costs and expenses:		
Cost of goods sold	128.3	130.0
Selling, general and administrative expenses	182.1	184.2
Depreciation and amortization	15.3	13.4
Total operating costs and expenses	325.7	327.6
<b>Operating income (loss)</b>	<b>(88.5)</b>	<b>(99.1)</b>
Interest income (expense), net	(3.0)	1.4
Other components of net periodic benefit (cost)	(0.3)	(0.3)
<b>Earnings (loss) before income taxes</b>	<b>(91.8)</b>	<b>(98.0)</b>
Provision (benefit) for income taxes	(29.3)	(23.8)
<b>Net income (loss)</b>	<b>\$ (62.5)</b>	<b>\$ (74.2)</b>
<b>Basic and diluted earnings (loss) per share of Class A and Common Stock</b>		
Basic	\$ (2.21)	\$ (2.35)
Diluted	\$ (2.21)	\$ (2.35)

See accompanying notes

---

**SCHOLASTIC CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) - UNAUDITED**  
**(Dollar amounts in millions)**

---

	Three months ended August 31,	
	2024	2023
<b>Net income (loss)</b>	<b>\$ (62.5)</b>	<b>\$ (74.2)</b>
Other comprehensive income (loss), net:		
Foreign currency translation adjustments	8.2	1.8
Pension and postretirement adjustments (net of tax)	0.2	0.2
<b>Total other comprehensive income (loss), net</b>	<b>\$ 8.4</b>	<b>\$ 2.0</b>
<b>Comprehensive income (loss)</b>	<b>\$ (54.1)</b>	<b>\$ (72.2)</b>

See accompanying notes

**SCHOLASTIC CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS - UNAUDITED**  
(Dollar amounts in millions, except per share data)

	August 31, 2024 (unaudited)	May 31, 2024 (audited)	August 31, 2023 (unaudited)
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 84.1	\$ 113.7	\$ 125.8
Accounts receivable, net	201.1	235.0	201.9
Inventories, net	310.3	264.2	353.2
Income tax receivable	46.1	15.2	33.4
Prepaid expenses and other current assets	73.5	48.8	70.4
<b>Total current assets</b>	<b>715.1</b>	<b>676.9</b>	<b>784.7</b>
<b>Noncurrent Assets:</b>			
Property, plant and equipment, net	525.4	511.9	523.3
Prepublication costs, net	48.4	49.5	55.0
Investment in film and television programs, net	40.4	—	—
Operating lease right-of-use assets, net	105.0	99.1	96.4
Royalty advances, net	65.1	57.8	58.6
Goodwill	204.4	132.8	132.8
Other intangible assets, net	94.7	10.3	9.4
Noncurrent deferred income taxes	22.6	23.1	20.5
Other assets and deferred charges	138.9	109.8	91.6
<b>Total noncurrent assets</b>	<b>1,244.9</b>	<b>994.3</b>	<b>987.6</b>
<b>Total assets</b>	<b>\$ 1,960.0</b>	<b>\$ 1,671.2</b>	<b>\$ 1,772.3</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current Liabilities:</b>			
Lines of credit and current portion of long-term debt	\$ 6.1	\$ 6.0	\$ 5.9
Film related obligations	20.5	—	—
Accounts payable	184.0	138.5	167.7
Accrued royalties	77.5	48.5	72.0
Deferred revenue	173.9	161.1	171.1
Other accrued expenses	139.1	156.3	145.9
Accrued income taxes	2.1	1.9	13.2
Operating lease liabilities	25.2	22.4	22.9
<b>Total current liabilities</b>	<b>628.4</b>	<b>534.7</b>	<b>598.7</b>
<b>Noncurrent Liabilities:</b>			
Long-term debt	225.0	—	—
Operating lease liabilities	90.6	89.2	83.1
Film related obligations	13.6	—	—
Other noncurrent liabilities	45.1	29.2	35.9
<b>Total noncurrent liabilities</b>	<b>374.3</b>	<b>118.4</b>	<b>119.0</b>
<b>Commitments and Contingencies (see Note 5)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Stockholders' Equity:</b>			
Preferred Stock, \$1.00 par value: Authorized, 2.0 shares; Issued and Outstanding, none	\$ —	\$ —	\$ —
Class A Stock, \$0.01 par value: Authorized, 3.2, 3.2, and 4.0 shares, respectively; Issued and Outstanding, 0.8, 0.8, and 1.7 shares, respectively	0.0	0.0	0.0
Common Stock, \$0.01 par value: Authorized, 70.0 shares; Issued, 42.9 shares; Outstanding, 27.3, 27.4, and 29.3 shares, respectively	0.4	0.4	0.4
Additional paid-in capital	606.3	604.6	632.7
Accumulated other comprehensive income (loss)	(44.1)	(52.5)	(53.8)
Retained earnings	955.6	1,023.7	955.1
Treasury stock, at cost: 15.6, 15.5 and 13.6 shares, respectively	(560.9)	(558.1)	(479.8)
<b>Total stockholders' equity</b>	<b>957.3</b>	<b>1,018.1</b>	<b>1,054.6</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,960.0</b>	<b>\$ 1,671.2</b>	<b>\$ 1,772.3</b>

See accompanying notes

**SCHOLASTIC CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY - UNAUDITED**  
(Dollar amounts in millions, except per share data)

	Class A Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock At Cost	Total Stockholders' Equity of Scholastic Corporation	Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount	Shares	Amount							
<b>Balance at June 1, 2023</b>	<b>1.7</b>	<b>\$ 0.0</b>	<b>30.0</b>	<b>\$ 0.4</b>	<b>\$ 632.2</b>	<b>\$ (55.8)</b>	<b>\$ 1,035.6</b>	<b>\$ (449.5)</b>	<b>\$ 1,162.9</b>	<b>\$ 1.6</b>	<b>\$ 1,164.5</b>
Net Income (loss)	—	—	—	—	—	—	(74.2)	—	(74.2)	—	(74.2)
Foreign currency translation adjustment	—	—	—	—	—	1.8	—	—	1.8	—	1.8
Pension and post-retirement adjustments (net of tax of \$0.1)	—	—	—	—	—	0.2	—	—	0.2	—	0.2
Stock-based compensation	—	—	—	—	2.3	—	—	—	2.3	—	2.3
Proceeds pursuant to stock-based compensation plans	—	—	—	—	3.0	—	—	—	3.0	—	3.0
Purchases of treasury stock at cost	—	—	(0.8)	—	—	—	—	(36.2)	(36.2)	—	(36.2)
Treasury stock issued pursuant to equity-based plans	—	—	0.1	—	(4.3)	—	—	5.9	1.6	—	1.6
Dividends (\$0.20 per share)	—	—	—	—	—	—	(6.3)	—	(6.3)	—	(6.3)
Other (noncontrolling interest)	—	—	—	—	(0.5)	—	—	—	(0.5)	(1.6)	(2.1)
<b>Balance at August 31, 2023</b>	<b>1.7</b>	<b>\$ 0.0</b>	<b>29.3</b>	<b>\$ 0.4</b>	<b>\$ 632.7</b>	<b>\$ (53.8)</b>	<b>\$ 955.1</b>	<b>\$ (479.8)</b>	<b>\$ 1,054.6</b>	<b>\$ —</b>	<b>\$ 1,054.6</b>

	Class A Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock At Cost	Total Stockholders' Equity of Scholastic Corporation	Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount	Shares	Amount							
<b>Balance at June 1, 2024</b>	<b>0.8</b>	<b>\$ 0.0</b>	<b>27.4</b>	<b>\$ 0.4</b>	<b>\$ 604.6</b>	<b>\$ (52.5)</b>	<b>\$ 1,023.7</b>	<b>\$ (558.1)</b>	<b>\$ 1,018.1</b>	<b>\$ —</b>	<b>\$ 1,018.1</b>
Net Income (loss)	—	—	—	—	—	—	(62.5)	—	(62.5)	—	(62.5)
Foreign currency translation adjustment	—	—	—	—	—	8.2	—	—	8.2	—	8.2
Pension and post-retirement adjustments (net of tax of \$0.1)	—	—	—	—	—	0.2	—	—	0.2	—	0.2
Stock-based compensation	—	—	—	—	2.2	—	—	—	2.2	—	2.2
Proceeds pursuant to stock-based compensation plans	—	—	—	—	0.1	—	—	—	0.1	—	0.1
Purchases of treasury stock at cost	—	—	(0.2)	—	—	—	—	(5.0)	(5.0)	—	(5.0)
Treasury stock issued pursuant to equity-based plans	—	—	0.1	—	(0.6)	—	—	2.2	1.6	—	1.6
Dividends (\$0.20 per share)	—	—	—	—	—	—	(5.6)	—	(5.6)	—	(5.6)
<b>Balance at August 31, 2024</b>	<b>0.8</b>	<b>\$ 0.0</b>	<b>27.3</b>	<b>\$ 0.4</b>	<b>\$ 606.3</b>	<b>\$ (44.1)</b>	<b>\$ 955.6</b>	<b>\$ (560.9)</b>	<b>\$ 957.3</b>	<b>\$ —</b>	<b>\$ 957.3</b>

See accompanying notes

**SCHOLASTIC CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS – UNAUDITED**  
(Dollar amounts in millions)

	Three months ended	
	August 31, 2024	August 31, 2023
<b>Cash flows - operating activities:</b>		
<b>Net income (loss)</b>	<b>\$ (62.5)</b>	<b>\$ (74.2)</b>
Adjustments to reconcile Net income (loss) to net cash provided by (used in) operating activities:		
Provision for losses on accounts receivable	0.9	0.6
Provision for losses on inventory	4.8	6.2
Provision for losses on royalty advances	0.7	0.9
Amortization of prepublication costs	5.5	6.7
Amortization of production costs	1.2	—
Depreciation and amortization	18.3	15.8
Amortization of pension and postretirement plans	0.1	0.1
Deferred income taxes	0.8	0.5
Stock-based compensation	2.2	2.3
Income from equity-method investments	(0.2)	(0.2)
Changes in assets and liabilities, net of amounts acquired:		
Accounts receivable	50.6	75.8
Inventories	(49.3)	(24.5)
Prepaid expenses and other current assets	(17.2)	(23.4)
Investment in film and television programs	2.0	—
Income tax receivable	(30.3)	(24.5)
Royalty advances	(7.8)	(2.6)
Accounts payable	42.4	(3.4)
Accrued income taxes	0.1	(0.1)
Accrued royalties	21.7	19.2
Deferred revenue	1.5	2.0
Other accrued expenses	(24.7)	(21.4)
Other, net	(2.7)	6.1
<b>Net cash provided by (used in) operating activities</b>	<b>(41.9)</b>	<b>(38.1)</b>
<b>Cash flows - investing activities:</b>		
Prepublication expenditures	(4.4)	(5.4)
Additions to property, plant and equipment	(20.0)	(14.3)
Acquisitions, net of cash acquired	(176.4)	—
Purchase of noncontrolling interest	—	(2.1)
<b>Net cash provided by (used in) investing activities</b>	<b>(200.8)</b>	<b>(21.8)</b>
<b>Cash flows - financing activities:</b>		
Borrowings under lines of credit, credit agreement and revolving loan	225.6	0.7
Repayments of lines of credit, credit agreement and revolving loan	(0.7)	(0.9)
Borrowings under film related obligations	2.6	—
Repayments of film related obligations	(5.0)	—
Repayment of capital lease obligations	(0.6)	(0.6)
Reacquisition of common stock	(5.0)	(35.9)
Proceeds pursuant to stock-based compensation plans	0.5	3.8
Payment of dividends	(5.7)	(6.5)
Other	0.2	0.1
<b>Net cash provided by (used in) financing activities</b>	<b>211.9</b>	<b>(39.3)</b>
Effect of exchange rate changes on cash and cash equivalents	1.2	0.5
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(29.6)</b>	<b>(98.7)</b>
Cash and cash equivalents at beginning of period	113.7	224.5
<b>Cash and cash equivalents at end of period</b>	<b>\$ 84.1</b>	<b>\$ 125.8</b>

See accompanying notes

## **1. BASIS OF PRESENTATION**

### **Principles of consolidation**

The accompanying condensed consolidated interim financial statements (referred to as the “Financial Statements” herein) include the accounts of Scholastic Corporation (the “Corporation”) and all wholly-owned and majority-owned subsidiaries (collectively, “Scholastic” or the “Company”). The Company reviews its relationships with other entities to identify whether it is the primary beneficiary of a variable interest entity (“VIE”). If the determination is made that the Company is the primary beneficiary, then the entity is consolidated. Intercompany transactions are eliminated in consolidation.

The Company’s fiscal year is not a calendar year. Accordingly, references in this document to fiscal 2025 relate to the twelve-month period ending May 31, 2025.

### **Noncontrolling Interest**

On June 1, 2023, the Company acquired the remaining shares of Make Believe Ideas Limited (“MBI”), a UK-based children’s book publishing company, which represented a 5.0% noncontrolling interest, increasing the Company’s total ownership from 95.0% to 100%.

Prior to June 1, 2023, the founder and chief executive officer of MBI retained a 5.0% noncontrolling ownership interest in MBI. The Company fully consolidated MBI as of the acquisition date and the 5.0% noncontrolling interest was classified within stockholder’s equity.

### **Interim Financial Statements**

The accompanying Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) and Article 10 of Regulation S-X of the U.S. Securities and Exchange Commission (“SEC”) for interim financial information, and should be read in conjunction with the Company’s Annual Report on Form 10-K for the fiscal year ended May 31, 2024. The Financial Statements presented in this Quarterly Report on Form 10-Q are unaudited; however, in the opinion of management, the Financial Statements reflect all adjustments, consisting solely of normal, recurring adjustments, necessary for the fair presentation of the Financial Statements for the periods presented.

### **Seasonality**

The Company’s *Children’s Book Publishing and Distribution* school-based book club and book fair channels and most of its *Education Solutions* businesses operate on a school-year basis; therefore, the Company’s business is highly seasonal. As a result, the Company’s revenues in the first and third quarters of the fiscal year generally are lower than its revenues in the other two fiscal quarters. Typically, school-based channels and magazine revenues are minimal in the first quarter of the fiscal year as schools are not in session. Education channel revenues are generally higher in the fourth quarter. Trade channel and *Entertainment* segment revenues can vary throughout the year due to the timing of published titles’ release dates and program production deliveries and distribution license period start dates.

### **Use of estimates**

The preparation of these Financial Statements involves the use of estimates and assumptions by management, which affects the amounts reported in the Financial Statements and accompanying notes. The Company bases its estimates on historical experience, current business factors, and various other assumptions believed to be reasonable under the circumstances, all of which are necessary, in order to form a basis for determining the carrying values of certain assets and liabilities. Actual results may differ from those estimates and assumptions. On an on-going basis, the Company evaluates the adequacy of its reserves and the estimates used in these calculations, including, but not limited to:

- Accounts receivable allowance for credit losses
- Pension and postretirement benefit plans
- Uncertain tax positions
- The timing and amount of future income taxes and related deductions

- Inventory reserves
- Cost of goods sold from book fair operations during interim periods based on estimated gross profit rates
- Sales tax contingencies
- Royalty advance reserves and royalty expense accruals
- Expected economic useful life of film and television program assets
- Impairment testing for goodwill, other intangible and other long-lived assets and investments
- Assets and liabilities acquired in business combinations
- Variable consideration related to anticipated returns
- Allocation of transaction price to contractual performance obligations

### **Summary of Significant Accounting Policies**

In Notes to Consolidated Financial Statements of the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2024 the Company included a description of its significant accounting policies. Except as set forth below, as of the date of this Quarterly Report on Form 10-Q there have been no material changes to the significant accounting policies described in the Company's Annual Report for the fiscal year ended May 31, 2024

The below significant accounting policies relate to the Company's entertainment business, which includes the operations of 9 Story Media Group Inc. ("9 Story") and Scholastic Entertainment Inc. ("SEI"). Refer to Note 7, "Acquisitions" for further details regarding the acquisition of 9 Story.

#### **Revenue recognition**

The Company's revenue recognition policies for its entertainment business include the following:

**Film and TV production** - Revenue is deferred during production and recognized when the film or episodes have been delivered and are available for showing or exploitation.

**Production services** - Revenue is recognized using the percentage-of-completion method based on the proportion of costs incurred in the current period to total expected costs.

**Licensing** - Revenue from the sale or granting of broadcast license rights to third parties is recognized when the licensed content is available to the customer and the customer has the contractual right to broadcast or stream the content.

**Royalty income** - Revenue from sales and usage-based royalties related to licenses is generally recognized when the subsequent sale or usage occurs.

#### **Investment in film and television programs**

Investments in film and television programs are stated at the lower of cost or net realizable value. Investment in film and television programs includes all direct production and financing costs incurred during production and minimum guarantee payments made to acquire distribution rights. Interest costs are capitalized to the cost of the film or television program until substantially all of the activities required for delivery are complete. Investments in film and television programs are amortized using the declining-balance method with rates ranging from 50% to 90% at the time of initial episodic delivery and at rates ranging from 10% to 25% annually thereafter. The determination of the rates is based on the expected economic useful life of the film or television program and includes factors such as rights retained by the Company, the availability of rights to renew licenses for episodic television programs in various territories, and the availability of secondary market revenue. The Company regularly reviews the recoverability of these capitalized costs based on expected future cash flows.

#### **Government financing and assistance**

The Company has access to government programs and tax credits that are designed to assist film, television and digital media production and distribution. Amounts received and amounts receivable which relate to the Company's film and television program assets are recorded as a reduction in the production costs of the related asset.

### **New Accounting Pronouncements**

There were no new accounting pronouncements issued in the first quarter of fiscal 2025 which would impact the Company. Refer to the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2024 for more information on current applicable authoritative guidance and its impact on the Company's financial statements.

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, "Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures." This ASU improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This ASU is effective for the Company's fiscal year 2025, and interim periods starting in fiscal year 2026. Early adoption is permitted. The amendments in this ASU are to be applied retrospectively to all prior periods presented in the financial statements. The Company is currently assessing the impact of the disclosure requirements on its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740)." The amendments in this update enhance the transparency and decision usefulness of income tax disclosures to provide information to better assess how an entity's operations and related tax risks and tax planning and operational opportunities affect its tax rate and prospects for future cash flows. The amendments in this ASU require more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This ASU will be effective for the Company's fiscal year 2026. Early adoption is permitted. The amendments are to be applied prospectively, but may be applied retrospectively to all prior periods presented in the financial statements. The Company is currently assessing the impact of the disclosure requirements on its consolidated financial statements.

## 2. REVENUES

### Disaggregated Revenue Data

The following table presents the Company's segment revenues disaggregated by region and domestic channel:

	Three months ended August 31,	
	2024	2023
Book Clubs - U.S.	\$ 2.7	\$ 2.6
Book Fairs - U.S.	28.8	27.3
Trade - U.S. <sup>(1)</sup>	58.2	62.1
Trade - International <sup>(2)</sup>	15.7	10.4
<b>Total Children's Book Publishing and Distribution</b>	<b>\$ 105.4</b>	<b>\$ 102.4</b>
Education Solutions - U.S.	\$ 55.7	\$ 66.0
<b>Total Education Solutions</b>	<b>\$ 55.7</b>	<b>\$ 66.0</b>
Entertainment - U.S.	\$ 1.6	\$ 0.4
Entertainment - International <sup>(3)</sup>	15.0	—
<b>Total Entertainment <sup>(1)</sup></b>	<b>\$ 16.6</b>	<b>\$ 0.4</b>
International - Major Markets <sup>(4)</sup>	\$ 48.1	\$ 47.8
International - Other Markets <sup>(5)</sup>	8.7	9.4
<b>Total International</b>	<b>\$ 56.8</b>	<b>\$ 57.2</b>
Overhead <sup>(6)</sup>	\$ 2.7	\$ 2.5
<b>Total Overhead</b>	<b>\$ 2.7</b>	<b>\$ 2.5</b>
<b>Total</b>	<b>\$ 237.2</b>	<b>\$ 228.5</b>

(1) The newly formed *Entertainment* segment includes the operations of SEI, which were included in the Children's Book Publishing and Distribution segment in prior periods, and 9 Story. The financial results for SEI for the three months ended August 31, 2023 have been reclassified to *Entertainment* to reflect this change.

(2) Primarily includes foreign rights and certain product sales in the UK.

(3) Primarily includes production, distribution and licensing revenues in Canada, Ireland and Indonesia.

(4) Includes Canada, UK, Australia and New Zealand.

(5) Primarily includes markets in Asia.

(6) Overhead includes rental income related to leased space in the Company's headquarters.

### Estimated Returns

A liability for expected returns of \$30.7, \$33.1, and \$33.1 is recorded within Other accrued expenses as of August 31, 2024, May 31, 2024, and August 31, 2023, respectively. In addition, a return asset of \$3.9, \$4.2, and \$5.4 is recorded within Prepaid expenses and other current assets as of August 31, 2024, May 31, 2024, and August 31, 2023, respectively, for the recoverable cost of product estimated to be returned by customers.

### Contract Liabilities

The following table presents further detail regarding the Company's contract liabilities as of the dates indicated:

	August 31, 2024	May 31, 2024	August 31, 2023
Book fairs incentive credits	\$ 99.4	\$ 114.2	\$ 96.1
Magazines+ subscriptions	22.2	4.6	24.2
U.S. digital subscriptions	19.2	15.6	26.8
U.S. education-related <sup>(1)</sup>	10.3	10.1	12.1
Media-related	6.8	0.0	0.0
Stored value cards	17.3	16.7	13.1
Other <sup>(2)</sup>	5.0	6.4	9.4
<b>Total contract liabilities</b>	<b>\$ 180.2</b>	<b>\$ 167.6</b>	<b>\$ 181.7</b>

(1) Primarily includes contract liabilities related to contracts with school districts and professional services.

(2) Primarily includes contract liabilities related to various international products and services.

The Company's contract liabilities consist of advance billings and payments received from customers in excess of revenue recognized and revenue allocated to outstanding book fairs incentive credits. Contract liabilities of \$173.9, \$161.1 and \$171.1 as of August 31, 2024, May 31, 2024 and August 31, 2023, respectively, are recorded within Deferred revenue on the Company's Condensed Consolidated Balance Sheets and are classified as short term, as substantially all of the associated performance obligations are expected to be satisfied, and related revenue recognized, within one year. The remaining \$6.3, \$6.5 and \$10.6 of contract liabilities as of August 31, 2024, May 31, 2024 and August 31, 2023, respectively, are recorded within Other noncurrent liabilities on the Company's Condensed Consolidated Balance Sheet as the associated performance obligations are expected to be satisfied, and related revenue recognized, in excess of one year. The Company recognized revenue which was included in the opening Deferred revenue balance in the amount of \$29.2 and \$32.3 for the three months ended August 31, 2024, and August 31, 2023, respectively.

### Allowance for Credit Losses

The Company recognizes an allowance for credit losses on customer receivables that are expected to be incurred over the lifetime of the receivable. Reserves for estimated credit losses are established at the time of sale and are based on relevant information about past events, current conditions, and supportable forecasts impacting its ultimate collectability, including specific reserves on a customer-by-customer basis, creditworthiness of the Company's customers and prior collection experience. The Company reviews new information as it becomes available and makes adjustments to the reserves accordingly. At the time the Company determines that a receivable balance, or any portion thereof, is deemed to be permanently uncollectible, the balance is then written off.

The following table presents the change in the allowance for credit losses, which is included in Accounts Receivable, net on the Condensed Consolidated Balance Sheets:

	Allowance for Credit Losses	
<b>Balance as of June 1, 2024</b>	<b>\$</b>	<b>14.9</b>
Provision (benefit)		0.9
Write-offs and other		(0.4)
<b>Balance as of August 31, 2024</b>	<b>\$</b>	<b>15.4</b>

### 3. SEGMENT INFORMATION

The Company categorizes its businesses into four reportable segments: *Children's Book Publishing and Distribution*, *Education Solutions*, *Entertainment* and *International*.

- **Children's Book Publishing and Distribution** operates as an integrated business which includes the publication and distribution of children's books, ebooks, media and interactive products primarily in the

**SCHOLASTIC CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED**  
(Dollar amounts in millions, except per share data)

United States through its school reading events business, which includes the book clubs and book fairs channels, and through the trade channel. This segment is comprised of two operating segments.

- **Education Solutions** includes the publication and distribution to schools and libraries of children’s books, classroom magazines, print and digital supplemental and core classroom materials and related support services, and print and online reference and non-fiction products for grades pre-kindergarten to 12 in the United States. This segment is comprised of one operating segment.
- **Entertainment** includes the development, production, distribution and licensing of children and family film and television content. This segment is comprised of one operating segment.
- **International** includes the publication and distribution of products and services outside the United States by the Company’s international operations and its export businesses. This segment is comprised of three operating segments.

The following table sets forth the Company’s revenue and operating income (loss) by segment for the periods indicated:

	Three months ended August 31,	
	2024	2023
<b>Revenues</b>		
Children’s Book Publishing and Distribution <sup>(1)</sup>	\$ 105.4	\$ 102.4
Education Solutions	55.7	66.0
Entertainment <sup>(1)</sup>	16.6	0.4
International	56.8	57.2
Overhead <sup>(2)</sup>	2.7	2.5
<b>Total</b>	<b>\$ 237.2</b>	<b>\$ 228.5</b>
<b>Operating income (loss)</b>		
Children’s Book Publishing and Distribution <sup>(1)</sup>	\$ (36.6)	\$ (41.0)
Education Solutions	(17.0)	(18.7)
Entertainment <sup>(1)</sup>	(0.5)	(0.5)
International	(8.3)	(8.2)
Overhead <sup>(2)</sup>	(26.1)	(30.7)
<b>Total</b>	<b>\$ (88.5)</b>	<b>\$ (99.1)</b>

(1) The newly formed *Entertainment* segment includes the operations of SEI, which were included in the Children’s Book Publishing and Distribution segment in prior periods, and 9 Story. The financial results for SEI for the three months ended August 31, 2023 have been reclassified to *Entertainment* to reflect this change.

(2) Overhead includes all domestic corporate amounts not allocated to segments, including expenses and costs related to the management of corporate assets and rental income related to leased space in the Company’s headquarters.

#### 4. DEBT

The following table summarizes the carrying value of the Company’s debt, excluding film related obligations, as of the dates indicated:

	August 31, 2024	May 31, 2024	August 31, 2023
US Revolving Credit Agreement	\$ 225.0	\$ —	\$ —
Unsecured lines of credit	6.1	6.0	5.9
<b>Total debt</b>	<b>\$ 231.1</b>	<b>\$ 6.0</b>	<b>\$ 5.9</b>
Less lines of credit, short-term debt and current portion of long-term debt	(6.1)	(6.0)	(5.9)
<b>Total long-term debt</b>	<b>\$ 225.0</b>	<b>\$ —</b>	<b>\$ —</b>

The following table sets forth the maturities of the carrying values of the Company’s debt obligations, excluding film related obligations, as of August 31, 2024 for the twelve month periods ended August 31:

2025	\$ 6.1
2026	—
2027	225.0
2028	—
2029	—
Thereafter	—
<b>Total Debt</b>	<b>\$ 231.1</b>

#### *US Revolving Credit Agreement*

On October 27, 2021, Scholastic Corporation and its principal operating subsidiary, Scholastic Inc., entered into an amended and restated 5-year credit agreement with a syndicate of banks and Bank of America, N.A., as administrative agent and Truist Bank and Wells Fargo Bank, National Association, as co-syndication agents (the “Credit Agreement”). The Credit Agreement provides for a \$300.0 unsecured revolving credit facility and allows the Company to borrow, repay or prepay and reborrow at any time prior to the October 27, 2026 maturity date. The

Credit Agreement also provides an unlimited basket for permitted payments of dividends and other distributions in respect of capital stock so long as the Corporation's pro forma Consolidated Net Leverage Ratio, as defined, is not in excess of 2.75:1.

On February 28, 2023, the Company entered into the First and Second Amendments to the Credit Agreement (collectively the "Amendments"). The Amendments, among other things, (i) adjusted the credit spread adjustment for SOFR (the secured overnight financing rate as administered by the Federal Reserve Bank of New York) to 0.10% (10 basis points) and (ii) transitioned the reference rate under the Credit Agreement for borrowings from LIBOR (the London interbank offered rate) to SOFR, together with various other conforming changes to accommodate such replacement.

Under the Credit Agreement, interest on amounts borrowed thereunder is due and payable in arrears on the last day of the interest period (defined as the period commencing on the date of the advance and ending on the last day of the period selected by the Borrower at the time each advance is made). The interest pricing under the Credit Agreement is dependent upon the Borrower's election of a rate that is either:

- a Base Rate equal to the higher of (i) the prime rate, (ii) the prevailing Federal Funds rate plus 0.50% or (iii) the Term SOFR Rate plus 1.00% plus, in each case, an applicable margin ranging from 0.35% to 0.75%, as determined by the Company's prevailing Consolidated Leverage Ratio (as defined in the Credit Agreement);
- or -
- a SOFR (Daily Simple or Term), plus a SOFR adjustment of 0.10% per annum and an applicable margin ranging from 1.35% to 1.75%, as determined by the Company's prevailing Consolidated Leverage Ratio.

As of August 31, 2024, the applicable margin on Base Rate Advances was 0.35% and the applicable margin on SOFR Advances was 1.35%, both based on the Company's prevailing Consolidated Leverage Ratio.

The Credit Agreement provides for payment of a commitment fee in respect of the aggregate unused amount of revolving credit commitments ranging from 0.20% per annum to 0.30% per annum based upon the Corporation's then prevailing Consolidated Leverage Ratio. As of August 31, 2024, the commitment fee rate was 0.20%.

A portion of the revolving credit facility, up to a maximum of \$50.0, is available for the issuance of letters of credit. In addition, a portion of the revolving credit facility, up to a maximum of \$15.0, is available for swingline loans. The Credit Agreement has an accordion feature which permits the Company, provided certain conditions are satisfied, to increase the facility by up to an additional \$150.0.

As of August 31, 2024, the Company had outstanding borrowings of \$225.0 under the Credit Agreement at a weighted average interest rate of 6.8%. While this obligation is not due until the October 27, 2026 maturity date, the Company may, from time to time, make payments to reduce this obligation when cash from operations becomes available for this purpose. No borrowings were outstanding under the Credit Agreement as of August 31, 2023.

The Credit Agreement contains certain financial covenants related to leverage and interest coverage ratios (as defined in the Credit Agreement), limitations on the amount of dividends and other distributions, and other limitations on fundamental changes to the Company or its business. The Company was in compliance with required covenants for all periods presented.

At August 31, 2024, the Company had open standby letters of credit totaling \$4.0 issued under certain credit lines, including \$0.4 under the Credit Agreement and \$3.6 under the domestic credit lines discussed below.

### ***Unsecured Lines of Credit***

As of August 31, 2024, the Company's domestic credit lines available under unsecured money market bid rate credit lines totaled \$10.0. There were no outstanding borrowings under these credit lines as of August 31, 2024, May 31, 2024 and August 31, 2023. As of August 31, 2024, availability under these unsecured money market bid rate credit lines totaled \$6.4, excluding commitments of \$3.6. All loans made under these credit lines are at the sole discretion of the lender and at an interest rate and term agreed to at the time each loan is made, but not to exceed 365 days. These credit lines may be renewed, if requested by the Company, at the option of the lender.

As of August 31, 2024, the Company had various local currency international credit lines totaling \$14.0 underwritten by banks primarily in the United States and the United Kingdom. Outstanding borrowings under these facilities were \$6.1 at August 31, 2024 at a weighted average interest rate of 4.3%, compared to outstanding borrowings of \$6.0 at May 31, 2024 at a weighted average interest rate of 4.5%, and \$5.9 at August 31, 2023 at a weighted average interest rate of 4.4%. As of August 31, 2024, the amounts available under these facilities totaled \$7.9. These credit lines are typically available for overdraft borrowings or loans up to 364 days and may be renewed, if requested by the Company, at the sole option of the lender.

### ***Film Related Obligations***

The Company's entertainment business enters into credit facilities to obtain interim financing for certain productions. The interim production credit facilities are secured by an assignment and direction of specific production financing including tax credits and license contract receivables and have varying maturity dates between September 9, 2024 and July 31, 2026. Interest is charged at rates ranging from the bank prime rate plus 0.75% for Canadian dollar loans, SOFR plus 3.0% or U.S. base rate plus 0.75% for U.S. dollar loans and Euribor plus 2.0% for Euro loans.

As of August 31, 2024, outstanding borrowings under these facilities were \$34.1 at a weighted average interest rate of 7.8%, of which \$20.5 were classified as current obligations.

## 5. COMMITMENTS AND CONTINGENCIES

### *Legal Matters*

Various claims and lawsuits arising in the normal course of business are pending against the Company. The Company accrues a liability for such matters when it is probable that a liability has occurred and the amount of such liability can be reasonably estimated. When only a range can be estimated, the most probable amount in the range is accrued unless no amount within the range is a better estimate than any other amount, in which case the minimum amount in the range is accrued. Legal costs associated with litigation are expensed in the period in which they are incurred. The Company does not expect, in the case of those various claims and lawsuits arising in the normal course of business where a loss is considered probable or reasonably possible, that the reasonably possible losses from such claims and lawsuits (either individually or in the aggregate) would have a material adverse effect on the Company's consolidated financial position or results of operations.

The Company expects to receive additional recoveries from its insurance programs related to an intellectual property legal settlement accrued during fiscal 2021, however, it is premature to determine with any level of probability or accuracy the amount of those recoveries at this time.

## 6. EARNINGS (LOSS) PER SHARE

The following table summarizes the reconciliation of the numerators and denominators for the basic and diluted earnings (loss) per share computation for the periods indicated:

	Three months ended August 31,	
	2024	2023
<b>Net income (loss) attributable to Class A and Common Stockholders</b>	<b>\$ (62.5)</b>	<b>\$ (74.2)</b>
Weighted average Shares of Class A Stock and Common Stock outstanding for basic earnings (loss) per share (in millions)	28.3	31.6
Dilutive effect of Common Stock potentially issuable pursuant to stock-based compensation plans (in millions)*	—	—
Adjusted weighted average Shares of Class A Stock and Common Stock outstanding for diluted earnings (loss) per share (in millions)	28.3	31.6
<b>Earnings (loss) per share of Class A Stock and Common Stock:</b>		
<b>Basic</b>	<b>\$ (2.21)</b>	<b>\$ (2.35)</b>
<b>Diluted</b>	<b>\$ (2.21)</b>	<b>\$ (2.35)</b>
Anti-dilutive shares pursuant to stock-based compensation plans	1.7	0.7

\* The Company experienced a net loss for all periods presented and therefore did not report any dilutive share impact

The following table sets forth options outstanding pursuant to stock-based compensation plans as of the dates indicated:

	August 31, 2024	August 31, 2023
Options outstanding pursuant to stock-based compensation plans (in millions)	2.9	3.0

As of August 31, 2024, \$81.6 remained available for future purchases of common shares under the repurchase authorization of the Board of Directors (the "Board") in effect on that date. See Note 12, "Treasury Stock", for a more complete description of the Company's share buy-back program.

## 7. ACQUISITIONS

### *9 Story Acquisition*

On June 20, 2024, the Company completed the acquisition of 100% of the economic interests in the form of non-voting shares and 25% of the voting shares of 9 Story Media Group Inc. ("9 Story"), a leading independent creator, producer and distributor of premium children's content based in Toronto, Canada, with studios or

**SCHOLASTIC CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED**  
(Dollar amounts in millions, except per share data)

offices in New York, United States, Dublin, Ireland and Bali, Indonesia. The aggregate purchase price was \$193.9, subject to further adjustment based on the final determination of purchase price adjustments, and was funded through borrowings under the U.S. credit agreement incurred during the first quarter of fiscal 2025. The acquisition of 9 Story further enhances the Company's development, production and licensing interests, expanding opportunities to leverage its brand and best-selling publishing and global children's franchises across print, screen and merchandising.

Pursuant to ASC Topic 810, *Consolidation*, 9 Story was determined to be a variable interest entity (VIE) and the Company was determined to be its primary beneficiary and therefore obtained control over 9 Story. Accordingly, 9 Story has been consolidated into the Company's financial results.

9 Story met the definition of a business pursuant to ASC 805, *Business Combinations*, and the acquisition was accounted for as a business combination under the acquisition method of accounting. The Company estimated the preliminary fair value of acquired assets and liabilities as of the date of acquisition based on currently available information. As the Company finalizes the fair value of assets acquired and liabilities assumed, additional purchase price adjustments may be recorded during the measurement period. The following table summarizes the preliminary purchase price allocation of fair values of the assets acquired and liabilities assumed at the date of acquisition:

Cash and cash equivalents	\$ 17.5
Accounts receivable	15.9
Investment in film and television programs	42.9
Property, plant and equipment <sup>(1)</sup>	6.0
Operating lease right-of-use assets	5.8
Other Intangible assets:	
Existing content/IP	16.0
Customer contracts/relationships	51.5
Tradenames	16.5
Internally developed software	1.3
Other assets <sup>(2)</sup>	35.9
<b>Total assets acquired</b>	<b>209.3</b>
Accounts payable	2.3
Other accrued expenses	16.4
Deferred revenue	10.9
Film related obligations	34.9
Operating lease liabilities	7.8
Other liabilities	13.2
<b>Total liabilities assumed</b>	<b>85.5</b>
<b>Preliminary fair value of net assets acquired</b>	<b>123.8</b>
Goodwill	70.1
<b>Preliminary purchase price consideration</b>	<b>\$ 193.9</b>

<sup>(1)</sup> Includes a preliminary step-up adjustment of \$1.8.

<sup>(2)</sup> Includes \$31.9 of receivables related to government tax incentives.

The intangible assets acquired include intellectual property related to 9 Story's existing and recognized program titles, customer contracts/relationships related to licensing, distribution and service arrangements, the trade names associated with 9 Story and Brown Bag Films, its animation studio, and internally developed software. The intellectual property and customer contracts/relationships were valued using the multi-period excess earnings valuation method and are being amortized over 10 years, with the exception of contracts/relationships for service arrangements which are being amortized over 5 years. The trade names were valued using the relief-from-royalty valuation method and are being amortized over 10 years. The internally developed software was valued using the replacement cost method and is being amortized over 3 years. The Company classified these fair value measurements as Level 3 due to the significant unobservable inputs used in the analyses, such as internally-developed discounted cash flow forecasts. The difference between the purchase price over the net identifiable tangible and intangible assets acquired was allocated to goodwill, which is not deductible for tax purposes. The goodwill balance is primarily attributable to the expected synergies from the business.

combination and acquired workforce. The goodwill and intangible assets acquired were allocated to the *Entertainment* segment.

The financial results of 9 Story, since the date of acquisition, were included in the Company's Condensed Consolidated Financial Statements as of August 31, 2024. 9 Story contributed total revenue of \$16.0 and net income of \$0.1 from the date of acquisition on June 20, 2024 through August 31, 2024. The operations of 9 Story are reported in the *Entertainment* segment.

The following table summarizes the unaudited pro-forma consolidated results of operations for the three months ended August 31, 2024 and 2023 as if the acquisition had occurred on June 1, 2023, the beginning of fiscal 2024:

	Three months ended August 31,	
	2024	2023
Revenues	\$ 242.9	\$ 248.3
Net income (loss)	(64.3)	(78.9)

The unaudited pro-forma consolidated results above are based on the historical financial statements of the Company and 9 Story and are not necessarily indicative of the results of operations that would have been achieved if the acquisition was completed at the beginning of fiscal 2024 and are not indicative of the future operating results of the combined entities. The financial information for 9 Story prior to the acquisition includes certain adjustments to 9 Story's historical consolidated financial statements to align with U.S. GAAP and the Company's accounting policies. The pro-forma consolidated results of operations also include the effects of purchase accounting adjustments, including amortization charges related to the finite-lived intangible assets acquired, fair value adjustments relating to leases and fixed assets, and the related tax effects assuming that the business combination occurred on June 1, 2023.

The Company incurred acquisition-related costs of \$1.7 which were included in Selling, general and administrative costs in the Condensed Consolidated Statement of Operations for the three months ended August 31, 2024.

#### ***Purchase of Noncontrolling Interest***

On June 1, 2023, the Company acquired the remaining shares of Make Believe Ideas Limited, a UK-based children's book publishing company for \$2.1, increasing the Company's total ownership from 95.0% to 100%. The acquisition was accounted for as an equity transaction as there was no change in control. The carrying value of the noncontrolling interest at the acquisition date was \$1.6. The difference between the fair value of consideration paid and the carrying value was recognized as an adjustment to Additional paid-in capital of \$0.5.

#### **8. GOODWILL AND OTHER INTANGIBLES**

The Company assesses goodwill and other intangible assets with indefinite lives for impairment annually or more frequently if indicators arise. The Company monitors impairment indicators in light of changes in market conditions, near and long-term demand for the Company's products and other relevant factors.

The following table summarizes the activity in Goodwill for the periods indicated:

	August 31, 2024	May 31, 2024	August 31, 2023
Gross beginning balance	\$ 172.4	\$ 172.3	\$ 172.3
Accumulated impairment	(39.6)	(39.6)	(39.6)
<b>Beginning balance</b>	<b>\$ 132.8</b>	<b>\$ 132.7</b>	<b>\$ 132.7</b>
Additions	70.1	—	—
Foreign currency translation	1.5	0.1	0.1
<b>Ending balance</b>	<b>\$ 204.4</b>	<b>\$ 132.8</b>	<b>\$ 132.8</b>

**SCHOLASTIC CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED**  
(Dollar amounts in millions, except per share data)

In fiscal 2025, the Company completed the 9 Story acquisition which resulted in the recognition of \$70.1 of Goodwill included in the *Entertainment* segment. Refer to Note 7, "Acquisitions", for further details regarding the acquisition.

There were no impairment charges related to Goodwill in any of the periods presented.

The following table summarizes the activity in Other intangible assets for the periods indicated:

	August 31, 2024	May 31, 2024	August 31, 2023
Beginning balance - Other intangibles subject to amortization	\$ 8.2	\$ 7.8	\$ 7.8
Additions	85.3	6.0	—
Amortization expense	(2.4)	(2.6)	(0.5)
Foreign currency translation	1.5	0.1	0.0
Impairments	—	(3.1)	—
Total other intangibles subject to amortization, net of accumulated amortization of \$41.5, \$39.1 and \$37.0, respectively	\$ 92.6	\$ 8.2	\$ 7.3
Total other intangibles not subject to amortization	\$ 2.1	\$ 2.1	\$ 2.1
<b>Total other intangible assets, net</b>	<b>\$ 94.7</b>	<b>\$ 10.3</b>	<b>\$ 9.4</b>

In fiscal 2025, the Company completed the 9 Story acquisition which resulted in the recognition of \$85.3 of amortizable intangible assets. Refer to Note 7, "Acquisitions", for further details regarding the acquisition.

In fiscal 2024, the Company acquired certain amortizable intangible assets related to educational programs for \$5.8 and certain amortizable intangible assets of a U.S.- based children's book publishing business for \$0.2. These intangible assets are amortized over the estimated useful life of 8 years and 5 years, respectively.

In fiscal 2023, the Company acquired Learning Ovations, Inc., a U.S.-based education technology business, which resulted in the recognition of \$4.1 of amortizable intangible assets. During fiscal 2024, the Company assessed the recoverability of these assets as impacted by the shift to the science of reading based approach to literacy instruction within the education market. An asset impairment of \$3.1 was recognized in fiscal 2024.

Other intangible assets with indefinite lives consist principally of trademark and tradename rights. Other intangible assets with definite lives consist principally of customer lists, customer contracts/relationships, intellectual property, tradenames and internally developed software. Intangible assets with definite lives are amortized over their estimated useful lives. The weighted-average remaining useful lives of all amortizable intangible assets is approximately 9.0 years.

There were no impairment charges related to Other intangible assets in the three months ended August 31, 2024 and August 31, 2023.

## 9. INVESTMENTS

Investments are included in Other assets and deferred charges on the Condensed Consolidated Balance Sheets. The following table summarizes the Company's investments as of the dates indicated:

	August 31, 2024	May 31, 2024	August 31, 2023	Segment
Equity method investments	\$ 32.5	\$ 31.5	\$ 32.3	International
Other equity investments	7.0	6.0	6.0	Entertainment
<b>Total Investments</b>	<b>\$ 39.5</b>	<b>\$ 37.5</b>	<b>\$ 38.3</b>	

The Company's 26.2% equity interest in a children's book publishing business located in the UK is accounted for using the equity method of accounting. Equity method income from this investment is reported in the *International* segment.

The Company has a 4.6% ownership interest in a financing and production company that makes film, television, and digital programming designed for the youth market. This equity investment does not have a readily determinable fair value and the Company has elected to apply the measurement alternative and report the investment at cost, less impairment on the Company's Condensed Consolidated Balance Sheets. There have been no impairments or adjustments to the carrying value of the investment. This investment is included in the *Entertainment* segment.

The Company acquired investments of \$1.0 as part of the 9 Story acquisition which are included in the *Entertainment* segment. Included in these acquired investments, the Company acquired a 50% ownership interest in certain animated television production companies. These joint venture investments are accounted for using the equity method of accounting. The Company also acquired a 12% ownership interest in a children's book publishing business located in the UK. This investment is accounted for at cost, less impairment on the Company's Condensed Consolidated Balance Sheets. There have been no impairments or adjustment to the carrying value of the investment.

Income from equity investments is reported in Selling, general and administrative expenses in the Condensed Consolidated Statements of Operations and totaled \$0.2 and \$0.2 for the three months ended August 31, 2024 and August 31, 2023, respectively.

## 10. EMPLOYEE BENEFIT PLANS

The following table sets forth the components of net periodic benefit cost for the periods indicated under the Company's defined benefit pension plan of Scholastic Ltd., an indirect subsidiary of Scholastic Corporation located in the United Kingdom (the "UK Pension Plan"), and the postretirement benefits plan, consisting of certain healthcare and life insurance benefits provided by the Company to its eligible retired United States-based employees (the "US Postretirement Benefits"), for the periods indicated:

	UK Pension Plan Three months ended August 31,		US Postretirement Benefits Three months ended August 31,	
	2024	2023	2024	2023
<b>Components of net periodic benefit cost:</b>				
Interest cost	\$ 0.4	\$ 0.4	\$ 0.1	\$ 0.1
Expected return on assets	(0.3)	(0.3)	—	—
Amortization of prior service (credit) loss	0.0	0.0	(0.2)	(0.2)
Amortization of net actuarial (gain) loss	0.3	0.3	0.0	—
<b>Total</b>	<b>\$ 0.4</b>	<b>\$ 0.4</b>	<b>\$ (0.1)</b>	<b>\$ (0.1)</b>

Actuarial gains and losses are amortized using a corridor approach. The gain or loss corridor is equal to 10% of the greater of the projected benefit obligation and the market-related value of assets. Gains and losses in excess of the corridor are amortized over the future working lifetime.

The Company's funding practice with respect to the UK Pension Plan is to contribute on an annual basis at least the minimum amounts required by applicable law. For the three months ended August 31, 2024, the Company contributed \$0.3 to the UK Pension Plan. The Company expects, based on actuarial calculations, to contribute cash of approximately \$1.3 to the UK Pension Plan for the fiscal year ending May 31, 2025.

## 11. STOCK-BASED COMPENSATION

The following table summarizes stock-based compensation expense included in Selling, general and administrative expenses for the periods indicated:

	Three months ended August 31,	
	2024	2023
Stock option expense	\$ 0.6	\$ 0.6
Restricted stock unit expense	1.5	1.5
Management stock purchase plan	0.0	0.0
Employee stock purchase plan	0.1	0.2
<b>Total stock-based compensation expense</b>	<b>\$ 2.2</b>	<b>\$ 2.3</b>

The following table sets forth Common Stock issued pursuant to stock-based compensation plans for the periods indicated:

	Three months ended August 31,	
	2024	2023
Common Stock issued pursuant to stock-based compensation plans (in millions)	0.1	0.1

## 12. TREASURY STOCK

The Board has authorized the Company to repurchase Common Stock, from time to time as conditions allow, on the open market or through privately negotiated transactions.

The table below represents the Board authorization at the dates indicated:

Authorization	Amount
December 2023	66.2
March 2024	54.6
<b>Total current Board authorizations</b>	<b>\$ 120.8</b>
Less repurchases made under these authorizations	(39.2)
<b>Remaining Board authorization at August 31, 2024</b>	<b>\$ 81.6</b>

Remaining Board authorization at August 31, 2024 represents the amount remaining under the Board authorization for Common share repurchases announced on December 13, 2023 and the additional \$54.6 Board authorization for Common share repurchases announced on March 20, 2024, which is available for further repurchases, from time to time as conditions allow, on the open market or through privately negotiated transactions.

Repurchases of the Company's Common Stock were \$5.0 during the three months ended August 31, 2024. The Company's repurchase program may be suspended at any time without prior notice.

**13. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)**

The following tables summarize the activity in Accumulated other comprehensive income (loss), net of tax, by component, for the periods indicated:

	Three months ended August 31, 2024		
	Foreign currency translation adjustments	Retirement benefit plans	Total
<b>Beginning balance at June 1, 2024</b>	\$ (46.9)	\$ (5.6)	\$ (52.5)
Other comprehensive income (loss) before reclassifications	8.2	—	8.2
Less amount reclassified from Accumulated other comprehensive income (loss):			
Amortization of net actuarial loss (net of tax of \$0.0)	—	0.3	0.3
Amortization of prior service (credit) cost (net of tax of \$0.1)	—	(0.1)	(0.1)
Other comprehensive income (loss)	8.2	0.2	8.4
<b>Ending balance at August 31, 2024</b>	<b>\$ (38.7)</b>	<b>\$ (5.4)</b>	<b>\$ (44.1)</b>

	Three months ended August 31, 2023		
	Foreign currency translation adjustments	Retirement benefit plans	Total
<b>Beginning balance at June 1, 2023</b>	\$ (50.0)	\$ (5.8)	\$ (55.8)
Other comprehensive income (loss) before reclassifications	1.8	—	1.8
Less amount reclassified from Accumulated other comprehensive income (loss):			
Amortization of net actuarial loss (net of tax of \$0.0)	—	0.3	0.3
Amortization of prior service (credit) cost (net of tax of \$0.1)	—	(0.1)	(0.1)
Other comprehensive income (loss)	1.8	0.2	2.0
<b>Ending balance at August 31, 2023</b>	<b>\$ (48.2)</b>	<b>\$ (5.6)</b>	<b>\$ (53.8)</b>

The following table presents the impact on earnings of reclassifications out of Accumulated other comprehensive income (loss) for the periods indicated:

	Three months ended		Condensed Consolidated Statements of Operations line item
	August 31, 2024	August 31, 2023	
<b>Employee benefit plans:</b>			
Amortization of net actuarial loss	\$ 0.3	\$ 0.3	Other components of net periodic benefit (cost)
Amortization of prior service (credit) loss	(0.2)	(0.2)	Other components of net periodic benefit (cost)
Less: Tax effect	0.1	0.1	Provision (benefit) for income taxes
<b>Total cost, net of tax</b>	<b>\$ 0.2</b>	<b>\$ 0.2</b>	

**14. FAIR VALUE MEASUREMENTS**

The Company determines the appropriate level in the fair value hierarchy for each fair value measurement of assets and liabilities carried at fair value on a recurring basis in the Company's financial statements. The fair value hierarchy prioritizes the inputs, which refer to assumptions that market participants would use in pricing an asset or liability, based upon the highest and best use, into three levels as follows:

- **Level 1** Unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- **Level 2** Observable inputs other than quoted prices included in Level 1, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs derived principally from or corroborated by observable market data.
- **Level 3** Unobservable inputs in which there is little or no market data available, which are significant to the fair value measurement and require the Company to develop its own assumptions.

The Company's financial assets and liabilities measured at fair value consisted of cash and cash equivalents, debt and foreign currency forward contracts. Cash and cash equivalents are comprised of bank deposits and short-term investments, such as money market funds, the fair value of which is based on quoted market prices, a Level 1 fair value measure. The Company employs Level 2 fair value measurements for the disclosure of the fair value of its various lines of credit and long term debt. The fair value of the Company's debt, including film related obligations, approximates the carrying value for all periods presented. The fair values of foreign currency forward contracts, used by the Company to manage the impact of foreign exchange rate changes, are based on quotations from financial institutions, a Level 2 fair value measure.

Non-financial assets for which the Company employs fair value measures on a non-recurring basis include:

- Long-lived assets, including held for sale
- Operating lease right-of-use (ROU) assets
- Investments
- Assets and liabilities acquired in a business combination
- Impairment assessment of goodwill and other intangible assets

Level 2 and Level 3 inputs are employed by the Company in the fair value measurement of these assets. For the fair value measurements employed by the Company for certain property, plant and equipment, investments, prepublication assets and investment in film and television programs, the Company assessed future expected cash flows attributable to these assets. See Note 9, "Investments", for a more detailed description of the fair value measurements employed. See Note 7, "Acquisitions", for a more detailed description of the assets acquired and fair value measurements employed related to the 9 Story acquisition.

## **15. INCOME TAXES AND OTHER TAXES**

### **Income Taxes**

In calculating the provision for income taxes on an interim basis, the Company uses an estimate of the annual effective tax rate based upon currently known facts and circumstances and applies that rate to its year-to-date earnings or losses. The Company's effective tax rate is based on expected income and statutory tax rates and takes into consideration permanent differences between financial statement and tax return income applicable to the Company in the various jurisdictions in which the Company operates. The effect of discrete items, such as changes in estimates, changes in rates or tax status, and unusual or infrequently occurring events, is recognized in the interim period in which the discrete item occurs. The accounting estimates used to compute the provision for income taxes may change as new events occur, additional information is obtained or as the result of new judicial interpretations or regulatory or tax law changes.

The Company's interim effective tax rate, inclusive of discrete items, for the three month period ended August 31, 2024 was 31.9%, compared to 24.3%, for the prior fiscal year period. The interim effective tax rate for the three months ended August 31, 2024 varies from the statutory rate primarily due to expected state and local income tax and non-deductible compensation for covered executive employees.

The Company, including its domestic subsidiaries, files a consolidated U.S. income tax return, and also files tax returns in various states and other local jurisdictions. Also, certain subsidiaries of the Company file income tax returns in foreign jurisdictions. The Company is routinely audited by various tax authorities. The fiscal 2021 through 2024 tax years remain subject to audit.

The Organization for Economic Cooperation and Development ("OECD") has implemented the global minimum tax rate of at least 15% for large multinational companies as of 2024 ("Pillar Two"). Under Pillar Two, a top-up tax will be required for any jurisdiction who has enacted Pillar Two and whose effective tax rate falls below the 15% global minimum rate. Additionally, the OECD issued administrative guidance providing transition and safe harbor rules around the implementation of the Pillar Two global minimum tax. Under the safe harbor, companies would be excluded from Pillar Two requirements provided certain criteria are met. The enactment of Pillar Two legislation does not have a material effect on the Company's financial position. The Company will continue to monitor and reflect the impact of such legislative changes in future periods, as appropriate.

**Non-income Taxes**

The Company is subject to tax examinations for sales-based taxes. A number of these examinations are ongoing and, in certain cases, have resulted in assessments from taxing authorities. The Company assesses sales tax contingencies for each jurisdiction in which it operates, considering all relevant facts including statutes, regulations, case law and experience. Where a sales tax liability with respect to a jurisdiction is probable and can be reliably estimated for such jurisdiction, the Company has made accruals for these matters which are reflected in the Company's Condensed Consolidated Financial Statements. These amounts are included in Selling, general and administrative expenses. Future developments relating to the foregoing could result in adjustments being made to these accruals.

**16. DERIVATIVES AND HEDGING**

The Company enters into foreign currency derivative contracts to economically hedge the exposure to foreign currency fluctuations associated with the forecasted purchase of inventory, the foreign exchange risk associated with certain receivables denominated in foreign currencies and certain future commitments for foreign expenditures. These derivative contracts are economic hedges and are not designated as cash flow hedges.

The Company marks-to-market these instruments and records the changes in the fair value of these items in Selling, general and administrative expenses and recognizes the unrealized gain or loss in Other current assets or Other current liabilities. The notional values of the contracts were \$22.8 as of August 31, 2024 and August 31, 2023. A net unrealized loss of \$0.3 and a net unrealized gain of \$0.4 was recognized for the three months ended August 31, 2024 and August 31, 2023, respectively.

**17. OTHER ACCRUED EXPENSES**

Other accrued expenses consisted of the following as of the dates indicated:

	August 31, 2024	May 31, 2024	August 31, 2023
Accrued payroll, payroll taxes and benefits	\$ 30.5	\$ 32.9	\$ 34.5
Accrued bonus and commissions	13.0	21.6	13.0
Returns liability	30.7	33.1	33.1
Accrued other taxes	13.6	23.0	16.0
Accrued advertising and promotions	7.3	5.7	8.5
Other accrued expenses	44.0	40.0	40.8
<b>Total accrued expenses</b>	<b>\$ 139.1</b>	<b>\$ 156.3</b>	<b>\$ 145.9</b>

**18. SUBSEQUENT EVENTS**

On September 18, 2024, the Board declared a quarterly cash dividend of \$0.20 per share on the Company's Class A and Common Stock for the second quarter of fiscal 2025. The dividend is payable on December 16, 2024 to shareholders of record as of the close of business on October 31, 2024.

## Overview and Outlook

Revenues for the first quarter ended August 31, 2024 were \$237.2 million, compared to \$228.5 million in the prior fiscal year quarter, an increase of \$8.7 million or 4%. The Company reported net loss per diluted share of Class A and Common Stock of \$2.21 in the first quarter of fiscal 2024, compared to a net loss per diluted share of \$2.35 in the prior fiscal year quarter.

First quarter results reflect the addition of 9 Story to the newly formed *Entertainment* segment, driving an overall increase in revenues. Within the *Children's Book Publishing and Distribution* segment, revenues increased on higher foreign rights sales, partly offset by lower frontlist sales compared to the prior year period when the Company released the paperback edition of the fourth book in the *Hunger Games* series, *The Ballad of Songbirds and Snakes*. Fiscal 2025 revenues are expected to benefit from new releases in the second half of the fiscal year, including the newest book in *Dav Pilkey's Dog Man*<sup>®</sup> series and the fifth book in Suzanne Collins' *Hunger Games* series, *Sunrise on the Reaping*. Within *Education Solutions*, school districts continued to focus on adopting and implementing new core programs, driving lower sales of supplemental curriculum products, partly offset by increased sales to state-sponsored partners driven by the growing number of kids participating in these programs. Internationally, revenues were comparable to the prior year period as increased backlist sales in the U.K., were offset by revenue declines in Canada and the export channel.

In fiscal 2025, the Company remains focused on expanding the reach and impact of its book fairs and book clubs, while innovating how it serves its school partners. Within *Education Solutions*, the Company continues to develop new structured literacy programs and supplemental products for schools, which are expected to launch next summer. The Company also continues to focus on advancing its strategy as a global children's media and content company with the integration of 9 Story and growing its slate of media properties in development and production.

## Results of Operations

### Consolidated

Revenues for the quarter ended August 31, 2024 increased by \$8.7 million to \$237.2 million, compared to \$228.5 million in the prior fiscal year quarter. The increase in consolidated revenues was driven by the newly formed *Entertainment* segment, with revenues of \$16.6 million, primarily reflecting the acquisition of 9 Story, which closed in June. The *Children's Book Publishing and Distribution* segment revenues increased by \$3.0 million, primarily driven by increased foreign rights sales within the trade channel. In the *Education Solutions* segment, revenues decreased by \$10.3 million primarily due to the continued decline in spending on supplemental materials, partially offset by increased revenues from sponsored programs. In local currency, the *International* segment revenues decreased by \$0.2 million, primarily reflecting lower sales in Canada and export which offset higher revenues from the UK trade channel. *International* segment revenues were also impacted by unfavorable foreign exchange of \$0.2 million in the quarter ended August 31, 2024.

Components of Cost of goods sold for the three months ended August 31, 2024 and August 31, 2023 are as follows:

(\$ amounts in millions)	Three months ended			
	August 31, 2024		August 31, 2023	
		% of Revenue		% of Revenue
Product, service and production costs and inventory reserves	\$ 74.2	31.3 %	\$ 72.8	31.8 %
Royalty costs	22.0	9.3 %	23.5	10.3 %
Prepublication and production amortization	6.7	2.8 %	7.0	3.1 %
Postage, freight, shipping, fulfillment and other	25.4	10.7 %	26.7	11.7 %
<b>Total</b>	<b>\$ 128.3</b>	<b>54.1 %</b>	<b>\$ 130.0</b>	<b>56.9 %</b>

Cost of goods sold for the quarter ended August 31, 2024 was \$128.3 million, or 54.1% of revenues, compared to \$130.0 million, or 56.9% of revenues, in the prior fiscal year quarter. Cost of goods sold benefited from favorable product mix in the U.S. trade channel which resulted in lower product costs, in addition to lower outbound freight and fulfillment costs, primarily in the U.S. book fairs channel, and lower royalty costs within *Education Solutions*. This was partially offset by higher product costs associated with the mix of products sold in *Education Solutions* relating to community facing programs and summer reading products, coupled with the addition of production costs as a result of the 9 Story acquisition.

Selling, general and administrative expenses for the quarter ended August 31, 2024 decreased to \$182.1 million, compared to \$184.2 million in the prior fiscal year quarter. The \$2.1 million decrease was primarily attributable to lower commission, external labor and marketing expenses in *Education Solutions*, coupled with lower severance expense from the Company's cost-saving initiatives. This was partially offset by higher operating expenses from the addition of 9 Story and higher labor costs in the U.S. book fairs channel due to inflationary pressures, as well as to support the expected volume of fairs for the fall season.

Depreciation and amortization expenses for the quarter ended August 31, 2024 were \$15.3 million compared to \$13.4 million in the prior fiscal year quarter. The increase in Depreciation and amortization was primarily due to amortization expense on the intangible assets acquired as a result of the 9 Story acquisition. The Company continues to shift spending to cloud computing arrangements in which the amortization expense is included in Selling, general and administrative expenses rather than Depreciation and amortization. Amortization related to cloud computing arrangements for the quarter ended August 31, 2024 increased by \$0.6 million compared to the prior fiscal year quarter as a result of assets placed into service during fiscal 2024.

Interest expense for the quarter ended August 31, 2024 was \$3.8 million compared to \$0.3 million in the prior fiscal year quarter. The \$3.5 million increase in interest expense was due to borrowings under the U.S. credit agreement incurred during the first quarter of fiscal 2025 to fund the 9 Story acquisition. Interest expense is expected to increase by a similar amount each quarter for the remainder of the fiscal year. Interest income for the quarter ended August 31, 2024 was \$0.8 million compared to \$1.7 million in the prior fiscal year quarter. The \$0.9 million decrease was attributable to lower average short term investment balances in the quarter ended August 31, 2024. The Company invests excess cash in short term investments which earn competitive interest rates that change directionally in relation to the Federal Funds rate.

The Company's interim effective tax rate, inclusive of discrete items, for the quarter ended August 31, 2024 was 31.9%, compared to 24.3% for the prior fiscal year period. The interim effective tax rate for the three months ended August 31, 2024 varies from the statutory rate primarily due to expected state and local income tax and non-deductible compensation for covered executive employees.

Net loss attributable to Scholastic Corporation for the quarter ended August 31, 2024 improved by \$11.7 million to a loss of \$62.5 million, compared to a loss of \$74.2 million in the prior fiscal year quarter. Loss per basic and diluted share of Class A and Common Stock was \$2.21 for the fiscal quarter ended August 31, 2024, compared to \$2.35 in the prior fiscal year quarter.

**Children’s Book Publishing and Distribution**

(\$ amounts in millions)	Three months ended August 31,			
	2024	2023	\$ Change	% Change
Revenues	\$ 105.4	\$ 102.4	\$ 3.0	2.9 %
Cost of goods sold	58.9	63.3	(4.4)	(7.0)%
Other operating expenses <sup>(1)</sup>	83.1	80.1	3.0	3.7 %
Operating income (loss)	\$ (36.6)	\$ (41.0)	\$ 4.4	10.7 %
<b>Operating margin</b>	<b>NM</b>	<b>NM</b>		

(1) Other operating expenses include selling, general and administrative expenses, bad debt expenses and depreciation and amortization.  
 NM Not meaningful

Revenues for the quarter ended August 31, 2024 increased by \$3.0 million to \$105.4 million, compared to \$102.4 million in the prior fiscal year quarter. Revenues from school reading events increased \$1.6 million, primarily within the book fairs channel. Revenues from school reading events are generally not significant in the first fiscal

quarter as most schools are not in session. Trade channel revenues increased \$1.4 million reflecting increased foreign rights sales, offset by lower sales of frontlist titles as the retail bookselling market for juvenile titles was down slightly year-over-year and the prior year period benefited from the release of the paperback edition of *The Ballad of Songbirds and Snakes* ahead of the title's movie release last fall. New releases in the quarter ended August 31, 2024 included the paperback release of J.K. Rowling's *The Christmas Pig*, *The Baby-Sitter's Club #16: Kristy and the Walking Disaster*, *The Bad Guys #19: The Bad Guys in the Serpent and the Beast*, *Unico: Awakening (Volume 1): An Original Manga*, and *When We Flew Away* by NYT bestselling author Alice Hoffman.

Cost of goods sold for the quarter ended August 31, 2024 was \$58.9 million, or 55.9% of revenues, compared to \$63.3 million, or 61.8% of revenues, in the prior fiscal year quarter. Cost of goods sold benefited from the mix of product sold in the trade channel in the quarter ended August 31, 2024, which included higher foreign rights sales, as compared to the prior fiscal year quarter, resulting in lower product costs. In addition, the segment benefited from lower outbound freight and fulfillment costs, primarily in the book fairs channel, coupled with lower print costs.

Other operating expenses for the quarter ended August 31, 2024 were \$83.1 million, compared to \$80.1 million in the prior fiscal year quarter. Other operating expenses increased \$3.0 million primarily driven by higher labor costs in the U.S. book fairs channel due to inflationary pressures and to support the expected volume of fairs for the fall season.

Segment operating loss for the quarter ended August 31, 2024 was \$36.6 million, compared to \$41.0 million in the prior fiscal year quarter. The \$4.4 million improvement was primarily attributable to the increased foreign rights sales, which have a higher profit margin than traditional trade sales.

### Education Solutions

(\$ amounts in millions)	Three months ended August 31,			
	2024	2023	\$ Change	% Change
Revenues	\$ 55.7	\$ 66.0	\$ (10.3)	(15.6)%
Cost of goods sold	27.4	32.6	(5.2)	(16.0)%
Other operating expenses <sup>(1)</sup>	45.3	52.1	(6.8)	(13.1)%
Operating income (loss)	\$ (17.0)	\$ (18.7)	\$ 1.7	9.1 %
<b>Operating margin</b>	<b>NM</b>	<b>NM</b>		

(1) Other operating expenses include selling, general and administrative expenses, bad debt expenses and depreciation and amortization.

NM Not meaningful

Revenues for the quarter ended August 31, 2024 decreased by \$10.3 million to \$55.7 million, compared to \$66.0 million in the prior fiscal year quarter. The decrease in segment revenues was primarily driven by the continued impact of market conditions as school districts focus on adopting and implementing new core programs and spending on materials not aligned with Science of Reading based approaches to literacy continued to decline, in addition to the timing of sales from literacy initiatives. Partially offsetting the decline, the segment benefited from increased revenues from state-sponsored partners, driven by the growing number of kids participating in these programs, and increased sales from the Company's Rising Voices Library<sup>®</sup> offering.

Cost of goods sold for the quarter ended August 31, 2024 was \$27.4 million, or 49.2% of revenues, compared to \$32.6 million, or 49.4% of revenues, in the prior fiscal year quarter. Cost of goods sold benefited from lower prepublication amortization as a result of the impairment of certain education products in fiscal 2024 and lower royalty costs driven by product mix. This was partially offset by higher product costs associated with the mix of products sold during the period ended August 31, 2024, primarily related to community facing programs and summer reading products.

Other operating expenses for the quarter ended August 31, 2024 were \$45.3 million, compared to \$52.1 million in the prior fiscal year quarter, resulting in a decrease of \$6.8 million. The decrease in Other operating expenses was primarily attributable to lower commission expense driven by the lower revenues, lower external labor costs as a result of the timing of work on new product launches and lower marketing expenses due to the timing of mailings for the magazines business.

Segment operating loss for the quarter ended August 31, 2024 was \$17.0 million, compared to \$18.7 million in the prior fiscal year quarter. The \$1.7 million improvement was primarily driven by the increased sales from sponsored programs as increases in participation have a significant impact on profitability, as well as lower expenses driven by lower prepublication amortization, lower external labor costs and the timing of marketing mailings for the magazine business.

## Entertainment

(\$ amounts in millions)	Three months ended August 31,			
	2024	2023	\$ Change	% Change
Revenues	\$ 16.6	\$ 0.4	\$ 16.2	NM
Cost of goods sold	8.3	0.0	8.3	NM
Other operating expenses <sup>(1)</sup>	8.8	0.9	7.9	NM
Operating income (loss)	\$ (0.5)	\$ (0.5)	\$ —	— %
<b>Operating margin</b>	<b>NM</b>	<b>NM</b>		

(1) Other operating expenses include selling, general and administrative expenses, bad debt expenses, severance and depreciation and amortization.  
NM Not meaningful

The *Entertainment* segment includes the operations of 9 Story Media Group Inc. ("9 Story") and Scholastic Entertainment Inc. ("SEI"). SEI was reported in the *Children's Book Publishing and Distribution* segment in prior periods. The financial results for SEI for the three months ended August 31, 2023 have been reclassified to *Entertainment* to reflect this change. Refer to Note 7 of Notes to Condensed Consolidated Financial Statements - unaudited in Item 1, "Financial Statements" for further details regarding the acquisition of 9 Story.

Revenues for the quarter ended August 31, 2024 were \$16.6 million, compared to \$0.4 million in the prior fiscal year quarter. The \$16.2 million increase reflected the addition of 9 Story from the date of acquisition on June 20, 2024 through August 31, 2024 in which a majority of the revenues were driven by production revenue related to episodic deliveries, production services provided to third parties and, to a lesser extent, revenues from royalties and distribution.

Cost of goods sold for the quarter ended August 31, 2024 was \$8.3 million, or 50.0% of revenues. Cost of goods sold primarily consists of production costs and amortization, participation expenses and interest on film related obligations.

Other operating expenses for the quarter ended August 31, 2024 were \$8.8 million, which included \$1.7 million of transaction costs related to the 9 Story acquisition.

Segment operating loss for the quarter ended August 31, 2024 was \$0.5 million.

## International

(\$ amounts in millions)	Three months ended August 31,			
	2024	2023	\$ Change	% Change
Revenues	\$ 56.8	\$ 57.2	\$ (0.4)	(0.7)%
Cost of goods sold	35.3	35.9	(0.6)	(1.7)%
Other operating expenses <sup>(1)</sup>	29.8	29.5	0.3	1.0 %
Operating income (loss)	\$ (8.3)	\$ (8.2)	\$ (0.1)	(1.2)%
<b>Operating margin</b>	<b>NM</b>	<b>NM</b>		

(1) Other operating expenses include selling, general and administrative expenses, bad debt expenses, severance and depreciation and amortization.  
NM Not meaningful

Revenues for the quarter ended August 31, 2024 decreased by \$0.4 million to \$56.8 million, compared to \$57.2 million in the prior fiscal year quarter. Local currency revenues across the Company's ongoing foreign operations decreased by \$0.2 million, excluding unfavorable foreign exchange impact of \$0.2 million. In the U.K., local currency revenues increased \$1.1 million, primarily driven by the trade channel which benefited from

higher sales from backlist titles within the *Dog Man* and *Hunger Games* series. In Canada, local currency revenues decreased \$0.5 million primarily driven by lower education channel sales due, in part, to lower school funding, coupled with lower sales from the book fairs channel. In Australia and New Zealand, local currency revenues decreased \$0.2 million, driven by lower sales in New Zealand, primarily in the book clubs channel due to lower revenue per order and the timing of certain education orders, partially offset by higher revenues in Australia, primarily driven by increased sales from the book fairs and trade channels. Local currency revenues in Asia decreased \$0.2 million primarily due to lower sales from the trade and education channels, partially offset by growth in India within the trade channel. Export channel sales also decreased \$0.4 million as compared to the prior fiscal year quarter due to the timing of orders.

Cost of goods sold for the quarter ended August 31, 2024 was \$35.3 million, or 62.1% of revenues, which was comparable to \$35.9 million, or 62.8% of revenues, in the prior fiscal year quarter.

Other operating expenses for the quarter ended August 31, 2024 were \$29.8 million, compared to \$29.5 million in the prior fiscal year quarter. The Company benefited from lower employee related expenses as the prior fiscal year quarter included \$1.2 million of severance expense related to reorganization efforts within the book clubs channel in Canada, which was offset by higher general overhead costs in the quarter ended August 31, 2024.

Segment operating loss for the quarter ended August 31, 2024 was \$8.3 million, which was comparable to \$8.2 million in the prior fiscal year quarter.

### **Overhead**

Unallocated overhead expense for the quarter ended August 31, 2024 decreased by \$4.6 million to \$26.1 million, from \$30.7 million in the prior year quarter. The decrease was primarily attributable to lower severance expense from the Company's cost-saving initiatives in respect to which the Company incurred \$1.2 million in the quarter ended August 31, 2024 compared to \$5.1 million in the prior fiscal year quarter. In addition, revenue from rental income increased \$0.2 million to \$2.7 million for the quarter ended August 31, 2024, compared to \$2.5 million in the prior fiscal year quarter, driven by a new tenant leasing space in the Company's headquarters.

### **Seasonality**

The Company's *Children's Book Publishing and Distribution* school-based book club and book fair channels and most of its *Education Solutions* businesses operate on a school-year basis; therefore, the Company's business is highly seasonal. As a result, the Company's revenues in the first and third quarters of the fiscal year generally are lower than its revenues in the other two fiscal quarters. Typically, school-based channels and magazine revenues are minimal in the first quarter of the fiscal year as schools are not in session. Education channel revenues are generally higher in the fourth quarter. Trade channel and *Entertainment* segment revenues can vary throughout the year due to the timing of published titles' release dates and program production deliveries and distribution license period start dates.

### Liquidity and Capital Resources

Cash used by operating activities was \$41.9 million for the three months ended August 31, 2024, compared to cash used by operating activities of \$38.1 million for the prior fiscal year period, representing an increase in cash used by operating activities of \$3.8 million. The increase in cash used was primarily driven by lower customer remittances on receivable balances in the quarter ended August 31, 2024, substantially offset by lower severance payments and lower spending in *Education Solutions* related to commissions and external labor costs.

Cash used in investing activities was \$200.8 million for the three months ended August 31, 2024, compared to cash used in investing activities of \$21.8 million in the prior fiscal year period, representing an increase in cash used in investing activities of \$179.0 million. The increase in cash used was primarily due to the 9 Story acquisition for \$176.4 million, net of cash acquired, during the three months ended August 31, 2024. In addition, the Company incurred higher capital expenditures of \$5.7 million primarily related to spending on a new literacy platform within *Education Solutions* and expanding the available rental space in its headquarters.

Cash provided by financing activities was \$211.9 million for the three months ended August 31, 2024, compared to cash used in financing activities of \$39.3 million for the prior fiscal year period, representing an increase in cash provided by financing activities of \$251.2 million. The increase in cash provided was primarily attributable to borrowings of \$225 million under the U.S. credit agreement incurred during the three months ended August 31, 2024 to fund the 9 Story acquisition. In addition, the Company repurchased common stock of \$5.0 million, compared to repurchases of \$35.9 million in the prior fiscal year quarter, and paid lower dividends of \$0.8 million, partially offset by \$2.4 million of net repayments of film related obligations in the three months ended August 31, 2024.

### Cash Position

The Company's cash and cash equivalents totaled \$84.1 million at August 31, 2024, \$113.7 million at May 31, 2024 and \$125.8 million at August 31, 2023. Cash and cash equivalents held by the Company's U.S. operations totaled \$30.4 million at August 31, 2024, \$54.9 million at May 31, 2024 and \$90.1 million at August 31, 2023. Due to the seasonal nature of its business as discussed under "Seasonality", the Company usually experiences negative cash flows in the June through September time period.

The Company's operating philosophy is to use cash provided by operating activities to create value by paying down debt, reinvesting in existing businesses and, from time to time, making acquisitions that will complement its portfolio of businesses or acquiring other strategic assets, as well as engaging in shareholder enhancement initiatives, such as share repurchases or dividend declarations. Under the Company's open-market buy-back program, \$81.6 million remained available for future purchases of common shares as of August 31, 2024.

The Company has maintained, and expects to maintain for the foreseeable future, sufficient liquidity to fund ongoing operations, including working capital requirements, pension contributions, postretirement benefits, debt service, planned capital expenditures and other investments, as well as dividends and share repurchases. As of August 31, 2024, the Company's primary sources of liquidity consisted of cash and cash equivalents of \$84.1 million, cash from operations and the Company's U.S. credit agreement. The Company is currently in the process of amending its U.S. credit agreement, increasing the borrowing capacity from \$300 million to \$400 million and extending the term an additional 5 years. The Company expects the U.S. credit agreement to provide it with an appropriate level of flexibility to strategically manage its business operations. The Company's U.S. credit agreement, less commitments of \$0.4 million, has \$74.6 million of availability. Additionally, the Company has short-term credit facilities of \$24.0 million, less current borrowings of \$6.1 million and commitments of \$3.6 million, resulting in \$14.3 million of current availability under these facilities at August 31, 2024. Accordingly, the Company believes these sources of liquidity are sufficient to finance its currently anticipated ongoing operating needs, as well as its financing and investing activities.

**Financing**

The Company is party to the U.S. credit agreement and certain credit lines with various banks, including those related to film related obligations, as described in Note 4 of Notes to Condensed Consolidated Financial Statements - unaudited in Item 1, "Financial Statements." The Company had \$225.0 million in outstanding borrowings under the U.S. credit agreement as of August 31, 2024.

**New Accounting Pronouncements**

Reference is made to Note 1 of Notes to Financial Statements - unaudited in Item 1, "Financial Statements," for information concerning recent accounting pronouncements since the filing of the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2024.

**Forward-Looking Statements**

This Quarterly Report on Form 10-Q contains forward-looking statements. Additional written and oral forward-looking statements may be made by the Company from time to time in Securities and Exchange Commission ("SEC") filings and otherwise. The Company cautions readers that results or expectations expressed by forward-looking statements, including, without limitation, those relating to the Company's future business prospects and strategic plans, ecommerce and digital initiatives, new product introductions, strategies, new education standards, goals, revenues, improved efficiencies, general operating costs, including transportation and labor costs and the extent such costs are impacted by inflationary pressures, manufacturing costs, medical costs, potential cost savings, tax incentives, merit pay, operating margins, working capital, liquidity, capital needs, the cost and timing of capital projects, interest costs, cash flows and income, are subject to risks and uncertainties, which may have an impact on the Company's operations and could cause actual results to differ materially from those indicated in the forward-looking statements, due to factors including those noted in the Annual Report and this Quarterly Report and other risks and factors identified from time to time in the Company's filings with the SEC. The Company disclaims any intention or obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

The Company conducts its business in various foreign countries, and as such, its cash flows and earnings are subject to fluctuations from changes in foreign currency exchange rates. The Company sells products from its domestic operations to its foreign subsidiaries, creating additional currency risk. The Company manages its exposures to this market risk through internally established procedures and, when deemed appropriate, through the use of short-term forward exchange contracts, which were not significant as of August 31, 2024. The Company does not enter into derivative transactions or use other financial instruments for trading or speculative purposes.

Market risks relating to the Company's operations result primarily from changes in interest rates in its variable-rate borrowings. The Company is subject to the risk that market interest rates and its cost of borrowing will increase and thereby increase the interest charged under its variable-rate debt.

Additional information relating to the Company's outstanding financial instruments is included in Note 4 of Notes to Condensed Consolidated Financial Statements - unaudited in Item 1, "Financial Statements."

The following table sets forth information about the Company's debt instruments as of August 31, 2024:

(\$ amounts in millions)	Fiscal Year Maturity						Total	Fair Value at 08/31/2024
	2025 <sup>(1)</sup>	2026	2027	2028	2029	Thereafter		
<b>Debt Obligations</b>								
Lines of credit and current portion of long-term debt	\$ 6.1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 6.1	\$ 6.1
Average interest rate	4.3 %	—	—	—	—	—		
Long-term debt	\$ —	\$ —	\$ 225.0	\$ —	\$ —	\$ —	\$ 225.0	\$ 225.0
Average interest rate	—	—	6.8 %	—	—	—		
Film related obligations	\$ 7.9	\$ 18.4	\$ 7.8	\$ —	\$ —	\$ —	\$ 34.1	\$ 34.1
Average interest rate	6.9 %	8.3 %	7.5 %	—	—	—		

(1) Fiscal 2025 includes the remaining nine months of the current fiscal year ending May 31, 2025.

The Chief Executive Officer and the Chief Financial Officer of the Corporation, after conducting an evaluation, together with other members of the Company's management, of the effectiveness of the design and operation of the Corporation's disclosure controls and procedures as of August 31, 2024, have concluded that the Corporation's disclosure controls and procedures were effective to ensure that information required to be disclosed by the Corporation in its reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC and accumulated and communicated to members of the Company's management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. There was no change in the Corporation's internal control over financial reporting that occurred during the quarter ended August 31, 2024 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

---

## PART II – OTHER INFORMATION

---

### SCHOLASTIC CORPORATION

#### Item 1. Business

---

In Item 1 (Business) in Part I of the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2024, the Company included a description of its business activities. Except as set forth below, as of the date of this Quarterly Report on Form 10-Q there have been no material changes to the business described in the Company's Annual Report for the fiscal year ended May 31, 2024.

The Company categorizes its businesses into four reportable segments: *Children's Book Publishing and Distribution*, *Education Solutions, International* and the newly formed *Entertainment* segment. The *Entertainment* segment includes the operations of 9 Story Media Group Inc. ("9 Story"), and Scholastic Entertainment Inc. ("SEI"). SEI was reported in the *Children's Book Publishing and Distribution* segment in prior periods. Refer to Note 7 of Notes to Condensed Consolidated Financial Statements - unaudited in Item 1, "Financial Statements" for further details regarding the acquisition of 9 Story. There have been no other changes to the Company's segments. A description of the *Entertainment* segment is below.

#### ENTERTAINMENT

The *Entertainment* segment includes the development, production, distribution and licensing of kids and family film and television content. This segment creates, develops, and produces award-winning branded properties using licensed IP through its creative affairs group. The Company has an in-house animation studio, Brown Bag Films, which is recognized for producing high-quality and popular programs such as "Doc McStuffins<sup>®</sup>," "Daniel Tiger's Neighborhood<sup>®</sup>," "Octonauts<sup>®</sup>," "Wild Kratts<sup>®</sup>," "Blue's Clue's & You!<sup>®</sup>," and "The Magic School Bus Rides Again".

This segment is also responsible for exploiting the Company's film and television assets, which include a large television programming library based on the Company's intellectual property (IP) as well as third party programs. The Company distributes its animated and, to a lesser extent, live-action programming through various domestic and international channels, including subscription video on demand (SVOD), linear TV (traditional broadcast) and advertising-based video on demand (AVOD) including YouTube.

The Company has a consumer products division which builds global entertainment brands for kids, with expertise across creative, brand marketing, licensing and merchandising, working closely with television and digital distribution teams, as well as third party IP owners, licensees and retailers to ensure coordinated and strategic brand management.

---

**SCHOLASTIC CORPORATION****Item 1a. Risk Factors**

---

In Item 1A (Risk Factors) in Part I of the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2024, the Company described material risk factors which could affect its business. Except as set forth below, as of the date of this Quarterly Report on Form 10-Q there have been no material changes to the risk factors described in the Company's Annual Report for the fiscal year ended May 31, 2024. Any of the risks identified in such Annual Report, in this Quarterly Report on Form 10-Q or in other reports the Company files with the SEC, and other risks the Company has not anticipated or discussed, could have a material adverse impact on the Company's business, financial condition or results of operations.

**Changes in tax laws or a change in tax status may result in a loss of government tax credits in the Company's entertainment business.**

The Company, through its economic control of 9 Story Media Group. ("9 Story"), presently benefits from significant Canadian government tax credits at both the federal and provincial level. The Company's entertainment business finances a significant portion of its production budgets from such government tax credits and certain anticipated government tax credits are used as collateral for the production loans. Pursuant to an opinion issued by the Minister of Canadian Heritage with respect to the Company's investment in 9 Story, the Company anticipates that 9 Story will continue to be eligible for such tax credits. The Company could lose its Canadian government tax credits and incentives if the Canadian regulated business into which the Company has invested (9 Story) ceases to be controlled by Canadian nationals. In order to preserve the benefits, the Company's voting equity ownership of 9 Story is limited to 25% of the total voting equity shares outstanding. Further, 9 Story's business is managed by a board of directors, a majority of whose members are Canadian nationals who are not otherwise affiliated with the Company, consistent with the Company's representations to the Canadian Ministry of Heritage. There can be no assurance that the individual tax incentive programs currently available to the Company will not be reduced, amended, or eliminated or that the Company or any specific production will continue to qualify for them, any of which may have an adverse effect on the Company's entertainment business, results of operations, or financial condition.

**The Company's entertainment business depends on key relationships with buyers of film and television content and uncertainty with buyers or changes in demand for film and television content may impact the financial performance of the entertainment business.**

The media and content industry in which the Company's entertainment business operates is rapidly evolving, including the market and demand for film and television content, with the entrance of new major streaming platforms and consolidation of traditional platforms, as well as the changing viewing habits of children and youth. While the Company believes that the demand for high-quality content will continue, industry trends may continue to change and the Company's entertainment business may be adversely affected by such changing industry trends, including potential impacts of mergers and acquisitions in the industry. There can be no certainty that demand for content will be sustained over the long term, that consumers will have an appetite for the programming produced by the Company's entertainment business or that the Company will be able to identify and be responsive to new content trends.

**The Company may not be able to sustain, manage or effectively execute on its strategy with respect to its acquisition of 9 Story, which may impact the Company's financial performance.**

The expected financial benefits of the Company's acquisition of 9 Story depend, among other things, on its ability to realize synergies with 9 Story and develop new programming utilizing Scholastic's current and future IP that achieves market and audience acceptance. If the Company is unable to do this, the Company's business, financial condition, and performance could be materially and adversely affected.

---

**SCHOLASTIC CORPORATION****Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

---

The following table provides information with respect to repurchases of shares of Common Stock by the Corporation during the three months ended August 31, 2024:

<b>Period</b>	<b>Issuer Purchases of Equity Securities</b> <b>(Dollars in millions, except per share amounts)</b>			<b>Maximum number of shares (or approximate dollar value) that may yet be purchased under the plans or programs <sup>(i)</sup></b>
	<b>Total number of shares purchased</b>	<b>Average price paid per share</b>	<b>Total number of shares purchased as part of publicly announced plans or programs</b>	
June 1 through June 30, 2024	—	—	—	\$86.6
July 1 through July 31, 2024	63,835	31.31	63,835	84.6
August 1 through August 31, 2024	99,359	30.48	99,359	81.6
<b>Total</b>	<b>163,194</b>		<b>163,194</b>	<b>\$81.6</b>

*(i) Represents the amount remaining at August 31, 2024 under the Board authorization for Common share repurchases announced on December 13, 2023 and the additional \$54.6 Board authorization for Common share repurchases announced on March 20, 2024, which is available for further repurchases, from time to time as conditions allow, on the open market or through privately negotiated transactions. See Note 12 of Notes to Condensed Consolidated Financial Statements - unaudited in Item 1, "Financial Statements," for a description of the Company's share buy-back program and share repurchase authorizations.*

---

**SCHOLASTIC CORPORATION**  
**Item 5. Other Information**

---

During the three months ended August 31, 2024, none of our directors or officers informed us of the adoption or termination of a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as each term is defined in Item 408(a) of Regulation S-K).

---

**SCHOLASTIC CORPORATION****Item 6. Exhibits**

---

**Exhibits:**

- 21 [Subsidiaries of the Corporation, as of August 31, 2024.](#)
- 31.1 [Certification of the Chief Executive Officer of Scholastic Corporation filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2 [Certification of the Chief Financial Officer of Scholastic Corporation filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32 [Certifications of the Chief Executive Officer and Chief Financial Officer of Scholastic Corporation furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101 Financial Statements from the Quarterly Report on Form 10-Q of the Company for the quarter ended August 31, 2024 formatted in Inline Extensible Business Reporting Language: (i) Condensed Consolidated Statements of Operations; (ii) Condensed Consolidated Statements of Comprehensive Income (Loss), (iii) Condensed Consolidated Balance Sheets; (iv) Condensed Consolidated Statements of Changes in Stockholders' Equity; (v) Condensed Consolidated Statements of Cash Flows; and (vi) Notes to Condensed Consolidated Financial Statements.
- 104 Cover Page, formatted in Inline Extensible Business Reporting Language and contained in Exhibit 101.

---

**SCHOLASTIC CORPORATION**  
**QUARTERLY REPORT ON FORM 10-Q, DATED August 31, 2024**

**Exhibits Index**

<b>Exhibit Number</b>	<b>Description of Document</b>
21	Subsidiaries of the Corporation, as of August 31, 2024.
31.1	Certification of the Chief Executive Officer of Scholastic Corporation filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer of Scholastic Corporation filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certifications of the Chief Executive Officer and Chief Financial Officer of Scholastic Corporation furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Financial Statements from the Quarterly Report on Form 10-Q of the Company for the quarter ended August 31, 2024 formatted in Inline Extensible Business Reporting Language: (i) Condensed Consolidated Statements of Operations; (ii) Condensed Consolidated Statements of Comprehensive Income (Loss); (iii) Condensed Consolidated Balance Sheets; (iv) Condensed Consolidated Statements of Changes in Stockholders' Equity; (v) Condensed Consolidated Statements of Cash Flows; and (vi) Notes to Condensed Consolidated Financial Statements.
104	Cover Page, formatted in Inline Extensible Business Reporting Language and contained in Exhibit 101.

---

**SCHOLASTIC CORPORATION**  
**SIGNATURES**

---

Pursuant to the requirements 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.

Date: September 27, 2024

**SCHOLASTIC CORPORATION**  
(Registrant)

By: /s/ Peter Warwick

---

Peter Warwick

*President and Chief Executive Officer*  
*(Principal Executive Officer)*

Date: September 27, 2024

By: /s/ Haji L. Glover

---

Haji L. Glover  
*Executive Vice President and Chief*  
*Financial Officer*  
*(Principal Financial Officer)*

**Exhibit 21**  
**SCHOLASTIC CORPORATION – incorporated in Delaware, USA.**  
**SUBSIDIARY LIST – as of August 31, 2024**  
**(Subsidiaries are indented under its direct parent)**

Scholastic Inc.	New York
Scholastic Entertainment Inc.	New York
524 Films L.L.C.	Delaware
Listen Inn LLC (formerly Retroranch L.L.C.)	Delaware
Yellow Bus, LLC	Delaware
9 Story Media US, Corp.	Delaware
Out of the Blue Enterprises LLC dba 9 Story USA	New York
Out of the Blue Digital LLC	New York
Out of the Blue Worldwide LLC	New York
Out of the Blue Studios LLC	New York
OOTB Productions Inc.	New York
Colorforms Brand LLC	New York
PT Bali Animasi Solusi Ekakarsa <sup>1</sup>	Indonesia
PT Bali Animation Studio <sup>2</sup>	Indonesia
9 Story Media Group Inc. <sup>3</sup>	Ontario
9 Story Production Holdings Inc.	Ontario
9 Story Production Holdings 2 Inc.	Ontario
9 Story Development Inc.	Ontario
9 Story Interactive Inc.	Ontario
BTH Inc.	Ontario
Carl Squared Productions, Inc.	Ontario
CITH Productions Inc.	Ontario
Groundling Marsh Productions Inc.	Ontario
Homeschooled Production Inc.	Ontario
Oliver Fits Productions Inc.	Ontario
Portfolio Completed Projects Inc.	Ontario
Roboroach Productions III Inc.	Ontario
SFN Productions Inc.	Ontario
9 Story Digital Inc.	Ontario
Banana Productions Inc.	Ontario
BC 3 Productions Inc.	Ontario
BC 4 Productions Inc.	Ontario
BC 5 Productions Inc.	Ontario
Bot Productions Inc.	Ontario
BRB 1 Productions Inc.	Ontario
Camp Wild Productions Inc.	Ontario
D6 Canada Inc.	Ontario
D7 Canada Inc.	Ontario
D8 Canada Inc.	Ontario
DD 1 Productions Inc.	Ontario
DNH 6 Productions Inc.	Ontario
DNH 7 Productions Inc.	Ontario
DNH 8 Productions Inc.	Ontario
ER 1 Productions Inc.	Ontario
FTT 1 Productions Inc.	Ontario
LATW 2 Productions Inc.	Ontario
LBL Productions Inc.	Ontario
RS 1 Productions Inc.	Ontario
Ruby Productions Inc. (formerly Alexaland Productions Inc.)	Ontario
Ruby 2 Productions Inc.	Ontario
SG 1 Productions Inc. (formerly RR 1 Productions Inc.)	Ontario

<sup>1</sup> 0.5% owned by Scholastic Entertainment Inc.

<sup>2</sup> 0.5% owned by Scholastic Entertainment Inc.

<sup>3</sup> 25% voting shares and 100% common shares owned by Scholastic Inc. and accounted for as a variable interest entity whose financial results are consolidated into the financial statements of Scholastic Corporation.

**Exhibit 21**  
**SCHOLASTIC CORPORATION – incorporated in Delaware, USA.**  
**SUBSIDIARY LIST – as of August 31, 2024**  
**(Subsidiaries are indented under its direct parent)**

SG 2 Productions Inc	Ontario
The Monster Factory Corporation	Ontario
Why Productions Inc.	Ontario
WK 5 Productions Inc.	Ontario
WK 6 Productions Inc.	Ontario
WK 7 Productions Inc.	Ontario
WK Amalco Inc.	Ontario
XR 1 Productions Inc.	Ontario
XR 2 Productions Inc	Ontario
Niagara Films Ireland Limited	Ireland
9 Story Distribution International Limited	Ireland
Brown Bag Films Unlimited Company	Ireland
ACBB Productions Limited	Ireland
ADAT Productions DAC	Ireland
ADAT 2 Productions DAC	Ireland
B5 Elk Productions DAC	Ireland
Bhean Productions Limited	Ireland
BOGO Productions DAC	Ireland
Bolgmor Productions DAC	Ireland
BOZ Productions Limited	Ireland
Brown Bag Films UK Ltd.	England
NK2 Productions Limited	England
PRS Productions Limited	England
The Knight Productions Limited	England
Kind of Productions Limited	England
Cone Productions DAC	Ireland
ERK Film Productions DAC	Ireland
IMNI Productions DAC	Ireland
KOSA Productions DAC	Ireland
KWBB Productions Limited	Ireland
KWD Productions DAC	Ireland
Lubird Productions DAC	Ireland
OG Productions DAC	Ireland
RYD Productions DAC	Ireland
RYD 2 Productions DAC	Ireland
Silver Slipper Productions DAC	Ireland
VMP3 Productions DAC	Ireland
Scholastic UK Ltd.	England
Scholastic Book Clubs Limited	England
Make Believe Ideas Ltd.	England
Chicken House Publishing Limited	England
Scholastic Limited	England
Scholastic Ireland Ltd.	Ireland
Weston Woods Studios, Inc.	Delaware
Georgetown Studios, Inc.	Connecticut
Children’s Music Library, Inc.	New York
The Scholastic Store, Inc.	New York
Scholastic Distribution Services L.L.C.	Delaware
Klutz	California
Scholastic Export Inc.	Delaware
Scholastic Book Fairs, Inc.	Delaware
Scholastic 557 Broadway, LLC	Delaware
Learning Ovations, Inc.	Delaware

**Exhibit 21**  
**SCHOLASTIC CORPORATION – incorporated in Delaware, USA.**  
**SUBSIDIARY LIST – as of August 31, 2024**  
**(Subsidiaries are indented under its direct parent)**

Scholastic Australia Pty. Ltd.	Australia
Scholastic Canada Ltd.	Canada
Ooka Island Inc.	Canada
Scholastic Hong Kong Ltd.	Hong Kong
Scholastic India Private Limited <sup>4</sup>	India
Scholastic Mexico S. de R. L. de C.V.	Mexico
Scholastic New Zealand Ltd.	New Zealand
Scholastic Argentina S.R.L.	Argentina
Scholastic Education Information Consulting (Shanghai) Co., Ltd.	China
Scholastic International IT Support Centre Private Limited	India
Scholastic Education International (Singapore) Private Limited	Singapore
Scholastic Reading (Beijing) Culture Development Co. Ltd.	China
Scholastic (Asia) SDN. BHD	Malaysia
Grolier Incorporated	Delaware
Scholastic Library Publishing, Inc.	Delaware
Grolier International, Inc.	Delaware
Grolier International Finance Inc. (Philippines)	Philippines
Grolier International Private Limited (India)	India
Grolier Overseas Incorporated	Delaware
Caribe Grolier, Inc.	Puerto Rico

<sup>4</sup> 1% owned by Scholastic Export Inc.

I, Peter Warwick, the principal executive officer of Scholastic Corporation, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Scholastic Corporation;
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 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 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 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.

Date: September 27, 2024

/s/ Peter Warwick

\_\_\_\_\_  
Peter Warwick

President and Chief Executive Officer

I, Haji L. Glover, the principal financial officer of Scholastic Corporation, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Scholastic Corporation;
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 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 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 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.

Date: September 27, 2024

/s/ Haji L. Glover

---

Haji L. Glover

Executive Vice President and Chief Financial Officer

**Certification**  
**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**  
**with Respect to the Quarterly Report on Form 10-Q**  
**for the Quarter ended August 31, 2024**  
**of Scholastic Corporation**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Scholastic Corporation, a Delaware corporation (the "Company"), does hereby certify, to the best of such officer's knowledge, that:

1. The Company's Quarterly Report on Form 10-Q for the quarter ended August 31, 2024 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. Information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 27, 2024

/s/ Peter Warwick  
\_\_\_\_\_  
Peter Warwick  
Chief Executive Officer

Date: September 27, 2024

/s/ Haji L. Glover  
\_\_\_\_\_  
Haji L. Glover  
Chief Financial Officer

The certification set forth above is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and is not being filed as part of the Form 10-Q or as a separate disclosure document of the Company or the certifying officers.