



First Quarter 2026 Earnings Call Presentation

Thursday, September 18, 2025

Forward-Looking Statements / Regulation G

This presentation contains certain statements made today which will be forward-looking. These forward-looking statements, by their nature, are subject to various risks and uncertainties, and actual results may differ materially from those currently anticipated.

Today's comments include references to certain non-GAAP financial measures as defined in Regulation G. The reconciliation of these non-GAAP financial measures with the relevant GAAP financial information and other information required by Regulation G is provided in the Company's earnings release, which is posted on the Company's investor relations website at investor.scholastic.com.



Peter Warwick

President and Chief Executive Officer

First Quarter 2026 Highlights

- Operating loss in-line with prior years, as expected, reflecting the normal seasonality of our business
- Progressed on previously announced real estate monetization process, with significant interest in both SoHo headquarters and Jefferson City distribution center
- Driving greater financial discipline and operational leverage across the company, while advancing long-term strategy
- Affirming full-year guidance

First Quarter 2026 Segment Highlights

- Children's Book Publishing and Distribution saw strong continued demand for Scholastic's global franchises
 - Major upcoming releases include 25th title in *I Survived* series, collector's edition of *Sunrise on the Reaping*, and Dav Pilkey's *Dog Man: Big Jim Believes*
 - Book Fairs showed encouraging early indicators, with strong fall bookings and redemption of Scholastic Dollars®
 - Newly integrated Children's Book Group aligning editorial, merchandising, marketing and distribution
- Entertainment positioned for renewed growth with acceleration of industry greenlighting and 360° IP strategy
 - Integrated all 9 Story-branded YouTube channels under Scholastic banner
 - Paris Hilton's *Paris & Pups*™ to be released on YouTube next week
 - Just launched first-ever Scholastic-branded streaming app in partnership with Future Today
- Education sales pressured by volatile funding environment, including delays and some cancelations of federal grants
 - Continuing to take steps to strengthen business, refocusing go-to-market functions, rationalizing product portfolio, and prioritizing investment in high-impact offerings
- International results reflected continued portfolio rationalization and a focus on margin improvement
 - Growth opportunities in English as a second language programs and markets like India and the Philippines



First Quarter Results

In \$ Millions (except per share data)	First Quarter		Change	
	Fiscal 2026	Fiscal 2025		
Revenues	\$ 225.6	\$ 237.2	\$ (11.6)	(5)%
Operating income (loss)	\$ (92.2)	\$ (88.5)	\$ (3.7)	(4)%
Earnings (loss) before taxes	\$ (97.0)	\$ (91.8)	\$ (5.2)	(6)%
Diluted earnings (loss) per share	\$ (2.83)	\$ (2.21)	\$ (0.62)	(28)%
Operating income (loss), ex. one-time items	\$ (81.9)	\$ (85.6)	\$ 3.7	4 %
Diluted earnings (loss) per share, ex. one-time items	\$ (2.52)	\$ (2.13)	\$ (0.39)	(18)%
Adjusted EBITDA ⁽¹⁾	\$ (55.7)	\$ (60.5)	\$ 4.8	8 %

- Adjusted EBITDA is defined by the Company as earnings (loss), excluding one-time items, before interest, taxes, depreciation and amortization. The Company believes that Adjusted EBITDA is a meaningful measure of operating profitability and useful for measuring returns on capital investments over time as it is not distorted by unusual gains, losses, or other items.

First Quarter Segment Results (excluding one-time items)

In \$ Millions	First Quarter		Change
	Fiscal 2026	Fiscal 2025	
Children's Book Publishing and Distribution			
School Reading Events	\$ 35.9	\$ 31.5	14 %
Consolidated Trade	73.5	73.9	(1)%
Total Revenues	109.4	105.4	4 %
Operating income (loss)	(34.3)	(36.6)	6 %
Education Solutions			
Revenues	40.1	55.7	(28)%
Operating income (loss)	(21.2)	(17.0)	(25)%
Entertainment			
Revenues	13.6	16.6	(18)%
Operating income (loss)	(4.0)	1.2	NM
International			
Revenues	59.4	56.8	5 %
Operating income (loss)	(4.1)	(8.3)	51 %
Overhead			
Revenues	3.1	2.7	15 %
Operating income (loss)	(18.3)	(24.9)	27 %
Operating income (loss)	\$ (81.9)	\$ (85.6)	4 %

NM - Not meaningful

First Quarter Balance Sheet and Cash Flow Results

In \$ Millions	August 31, 2025	August 31, 2024
Free cash flow (use) (3 month period ending) ⁽¹⁾	\$ (100.2)	\$ (68.7)
Accounts receivable, net	\$ 187.0	\$ 201.1
Inventories, net	322.2	310.3
Accounts payable	175.8	184.0
Deferred revenue	181.0	173.9
Accrued royalties	86.6	77.5
Film related obligations	14.7	34.1
Lines of credit and long-term debt	331.2	231.1
Cash and cash equivalents	94.3	84.1
Net cash (debt) ⁽²⁾	(242.8)	(152.1)

- Free cash flow (use) is defined by the Company as net cash provided by or used in operating activities (which includes royalty advances) and cash acquired through acquisitions and from the sale of assets, reduced by spending on property, plant and equipment and prepublication costs and adjusted for net cash flows from film related obligations. The Company believes that this non-GAAP financial measure is useful to investors as an indicator of cash flow available for debt repayment and other investing activities, such as acquisitions. The Company utilizes free cash flow as a further indicator of operating performance and for planning investing activities.
- Net cash (debt) is defined by the Company as cash and cash equivalents less production cash of \$5.9 and \$5.1 as of August 31, 2025 and August 31, 2024, respectively, net of lines of credit and short-term and long-term-debt. Film related obligations are not included. The Company utilizes this non-GAAP financial measure, and believes it is useful to investors, as an indicator of the Company's effective leverage and financing needs.

Fiscal 2026 Outlook

- Focused on continuing to lower cost structure, especially with respect to non-revenue generating and consulting expenses
- Affirming fiscal year 2026 guidance:
 - Revenue growth of 2% to 4%
 - Adjusted EBITDA of \$160 million to \$170 million
 - Free cash flow of \$30 million to \$40 million



Peter Warwick

President and Chief Executive Officer



Q&A

A collage of various images showing children engaged in reading and learning activities. The images are overlaid with a semi-transparent red filter. The scenes include children reading books, looking at papers, and interacting with each other. The central text 'Appendix' is prominently displayed in white.

Appendix

First Quarter Adjusted EBITDA

In \$ Millions	First Quarter	
	Fiscal 2026	Fiscal 2025
Earnings (loss) before income taxes as reported	\$ (97.0)	\$ (91.8)
One-time items before income taxes	10.3	2.9
Earnings (loss) before income taxes excluding one-time items	<u>(86.7)</u>	<u>(88.9)</u>
Interest (income) expense ⁽¹⁾	4.5	3.4
Depreciation and amortization	<u>26.5</u>	<u>25.0</u>
Adjusted EBITDA ⁽²⁾	<u>\$ (55.7)</u>	<u>\$ (60.5)</u>

1. Amounts include production loan interest amortized into cost of goods sold.
2. Adjusted EBITDA is defined by the Company as earnings (loss), excluding one-time items, before interest, taxes, depreciation and amortization. The Company believes that Adjusted EBITDA is a meaningful measure of operating profitability and useful for measuring returns on capital investments over time as it is not distorted by unusual gains, losses, or other items.

First Quarter Earnings (before and after one-time items)

In \$ Millions (except per share data)	First Quarter Fiscal 2026			First Quarter Fiscal 2025		
	As Reported	One-Time Items	Excluding One-Time Items	As Reported	One-Time Items	Excluding One-Time Items
Diluted earnings (loss) per share ⁽¹⁾	\$ (2.83)	\$ 0.31	\$ (2.52)	\$ (2.21)	\$ 0.08	\$ (2.13)
Net income (loss) ⁽²⁾	\$ (71.1)	\$ 7.8	\$ (63.3)	\$ (62.5)	\$ 2.2	\$ (60.3)
Earnings (loss) before income taxes	\$ (97.0)	\$ 10.3	\$ (86.7)	\$ (91.8)	\$ 2.9	\$ (88.9)
Children's Book Publishing and Distribution ⁽³⁾	\$ (35.1)	\$ 0.8	\$ (34.3)	\$ (36.6)	\$ —	\$ (36.6)
Education Solutions	(21.2)	—	(21.2)	(17.0)	—	(17.0)
Entertainment ⁽⁴⁾	(4.0)	0.0	(4.0)	(0.5)	1.7	1.2
International ⁽⁵⁾	(4.2)	0.1	(4.1)	(8.3)	—	(8.3)
Overhead ⁽⁶⁾	(27.7)	9.4	(18.3)	(26.1)	1.2	(24.9)
Operating income (loss)	\$ (92.2)	\$ 10.3	\$ (81.9)	\$ (88.5)	\$ 2.9	\$ (85.6)

- Earnings (loss) per share are calculated on non-rounded net income (loss) and shares outstanding. Recalculating earnings per share based on rounded numbers may not yield the results as presented.
- In the three months ended August 31, 2025 and August 31, 2024, the Company recognized a benefit of \$2.5 and \$0.7, respectively, for income taxes in respect to one-time pretax items.
- In the three months ended August 31, 2025, the Company recognized pretax asset impairment of \$0.8.
- In the three months ended August 31, 2025 and August 31, 2024, the Company recognized pretax costs of less than \$0.1 and \$1.7, respectively, related to the acquisition of 9 Story Media Group.
- In the three months ended August 31, 2025, the Company recognized pretax severance of \$0.1 related to cost-savings initiatives.
- In the three months ended August 31, 2025, the Company recognized pretax severance of \$8.7 related to cost-savings initiatives and other pretax expenses of \$0.7. In the three months ended August 31, 2024, the Company recognized pretax severance of \$1.2 related to cost-savings initiatives.

