SCHOLASTIC

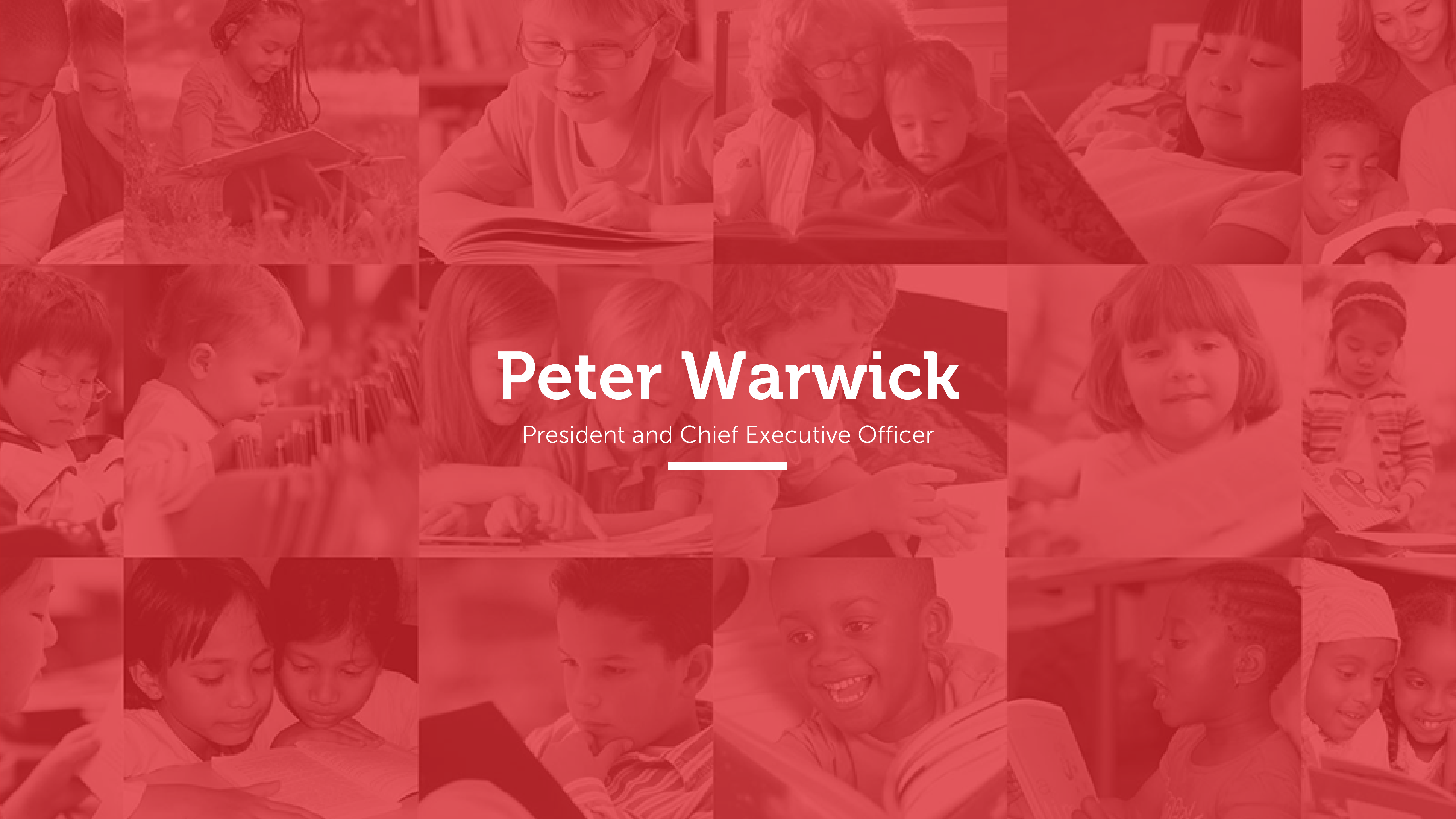
Fourth Quarter 2024 Earnings Call Presentation

Thursday, July 18, 2024

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

Fourth Quarter & Fiscal 2024 Results

- Q4 adjusted operating income* of $66.8 million, excluding one-time items of $19.6 million, compared to prior year record of $92.0 million
  - Revenue down 10%, driven by Education Solutions and Children's Books segments, versus expectations of modest growth
  - SG&A and Overhead spending, excluding one-time items, lower compared to prior year
- FY24 Adjusted EBITDA* of $136.9 million, versus $196.3 million in FY23
  - Below revised guidance of $165 to $175 million, reflecting slow-down in seasonally important Q4
- Strong Free cash flow* of $73.4 million, up from $60.0 in prior year, driven by working capital management
  - Exceeds revised outlook of $55 to $65 million
- Returned over $181 million to shareholders through dividend and share repurchases and announced $182 million strategic investment in 9 Story Media Group (closed June 21) during FY24

*See appendix for definitions and reconciliations of non-GAAP financial metrics.

Fourth Quarter 2024 Operating Highlights

- Advanced 360-degree content creation strategy, expanding Scholastic's growth opportunity as global children's media company
  - Closed investment to acquire 100% economic interest in 9 Story Media Group
  - Trade Publishing sales up 3%, excluding Scholastic Entertainment, driven by worldwide success of latest Dog Man® and Bad Guys® titles
- Children's Books revenues declined 9%, reflecting resizing of Book Clubs and increased pressure on consumer spending and participation in School Book Fairs
  - School Book Clubs down 45%, as new offers tested for coming school year
  - School Book Fairs decreased 6%, reflecting lower revenue per fair, driven by fair mix and transactions
- Education Solutions revenues declined 17% in seasonally important quarter, as schools adopting core curricula and transitioning to new literacy programs paused spending on supplemental curriculum products
  - Primarily impacted sales of classroom libraries and book collections, with sales to community and state partners up overall
- International revenues down 4%, driven by headwinds in Asia

Scholastic's Growth Strategy & Vectors

Strategic Pillars	Growth Vectors
Build on Unique Competitive Advantages	Driving Value from Scholastic's Trusted Brand and Children's Content & Franchises
Protect Profitability and Cash Flow	Expanding Our Reach to Kids Where They Are, on Screens and the Page
Leverage Balance Sheet & Free Cash Flow	Developing New Sources of Funding to Support Literacy Programs Outside Schools
	Building New Channels to Reach and Support Families Directly

Fiscal 2025 and Long-Term Growth Outlook

Targeting modest growth in revenue and Adjusted EBITDA in FY25, with continued headwinds and investment in compelling growth opportunities

1. New integrated Entertainment segment to benefit from acquisition of 9 Story, with expanded development and production slate positioned for growth and executing plans to drive synergies with Scholastic content
2. Children's Books segment to modestly grow, driven by strength of key global publishing franchises and continued dominance in graphic novels, as school-based channels execute on long-term growth initiatives
3. Education Solutions to continue benefiting from growing sales to state and community literacy partners, helping offset declines in district supplemental curriculum sales, reflecting funding and adoption cycle
4. International to modestly grow in Major Markets, driven by Trade sales, as we invest to build operating scale and expand offering in Asia


Haji Glover
Chief Financial Officer and Executive Vice President

Fourth Quarter Results

In $ Millions	Fourth Quarter 05/31/2024	Fourth Quarter 05/31/2023	Change	
Revenues	$ 474.9	$ 528.3	$ (53.4)	(10)%
Operating income (loss)	$ 47.2	$ 92.0	$ (44.8)	(49)%
Earnings (loss) before taxes	$ 47.3	$ 95.6	$ (48.3)	(51)%
Diluted earnings (loss) per share	$ 1.23	$ 2.26	$ (1.03)	(46)%
Operating income (loss), ex. one-time items	$ 66.8	$ 92.0	$ (25.2)	(27)%
Diluted earnings (loss) per share, ex. one-time items	$ 1.73	$ 2.26	$ (0.53)	(23)%
Adjusted EBITDA [1]	$ 90.7	$ 115.0	$ (24.3)	(21)%

1. 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.

Fourth Quarter Segment Results (excluding one-time items)

In $ Millions	Three Months Ended 05/31/2024	05/31/2023	Change
Children's Book Publishing and Distribution			
Revenues			
Book Clubs	$ 14.4	$ 26.2	(45)%
Book Fairs	169.5	180.5	(6)%
School Reading Events	183.9	206.7	(11)%
Consolidated Trade	82.1	84.3	(3)%
Total Revenues	266.0	291.0	(9)%
Operating income (loss)	49.9	58.4	(15)%
Education Solutions			
Revenues	135.7	163.4	(17)%
Operating income (loss)	35.6	55.0	(35)%
International			
Revenues	70.8	73.9	(4)%
Operating income (loss)	1.8	2.2	(18)%
Overhead			
Operating income (loss)	(20.5)	(23.6)	13 %
Operating income (loss)	$ 66.8	$ 92.0	(27)%

Fourth Quarter Balance Sheet and Cash Flow Results

In $ Millions	May 31, 2024		May 31, 2023	
Free cash flow (use) (3 month period ending) [1]	$	49.7	$	85.7
Free cash flow (use) (12 month period ending) [1]	$	73.4	$	60.0
Accounts receivable, net	$	235.0	$	278.0
Inventories, net	$	264.2	$	334.5
Accounts payable	$	138.5	$	170.9
Deferred revenue	$	161.1	$	169.1
Accrued royalties	$	48.5	$	52.8
Total debt	$	6.0	$	6.0
Cash and cash equivalents	$	113.7	$	224.5
Net cash (debt) [2]	$	107.7	$	218.5

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 sale of assets, reduced by spending on property, plant and equipment and prepublication costs. 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.

2. Net cash (debt) is defined by the Company as cash and cash equivalents, net of lines of credit and short-term debt plus long-term-debt. 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.

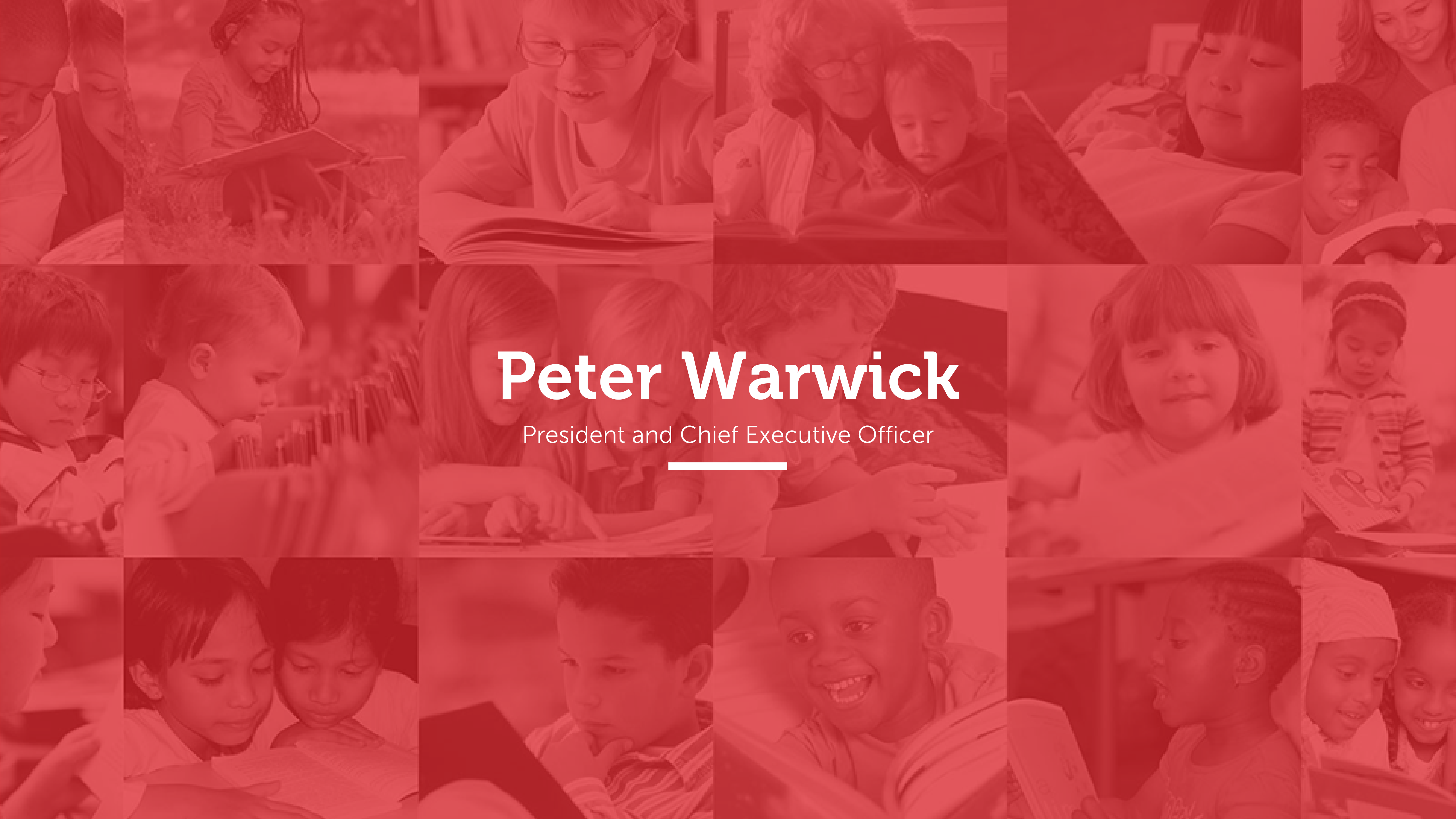
Adjusted EBITDA for Scholastic Entertainment Inc. and 9 Story

In $ Millions	Twelve Months Ended 5/31/2024		Twelve Months Ended 5/31/2023	
	SEI [1]	9 Story [2]	SEI [1]	9 Story [2]
Revenues	$ 1.9	$ 81.7	$ 19.0	$ 114.6
Earnings (loss) before income taxes as reported	$ (11.2)	$ (15.9)	$ 1.2	$ (4.1)
One-time items before income taxes	9.3	8.7	—	10.0
Earnings (loss) before income taxes excluding one-time items	(1.9)	(7.2)	1.2	5.9
Interest (income) expense	—	2.7	—	1.9
Depreciation and amortization	0.3	16.5	0.3	17.4
Adjusted EBITDA [3]	$ (1.6)	$ 12.0	$ 1.5	$ 25.2

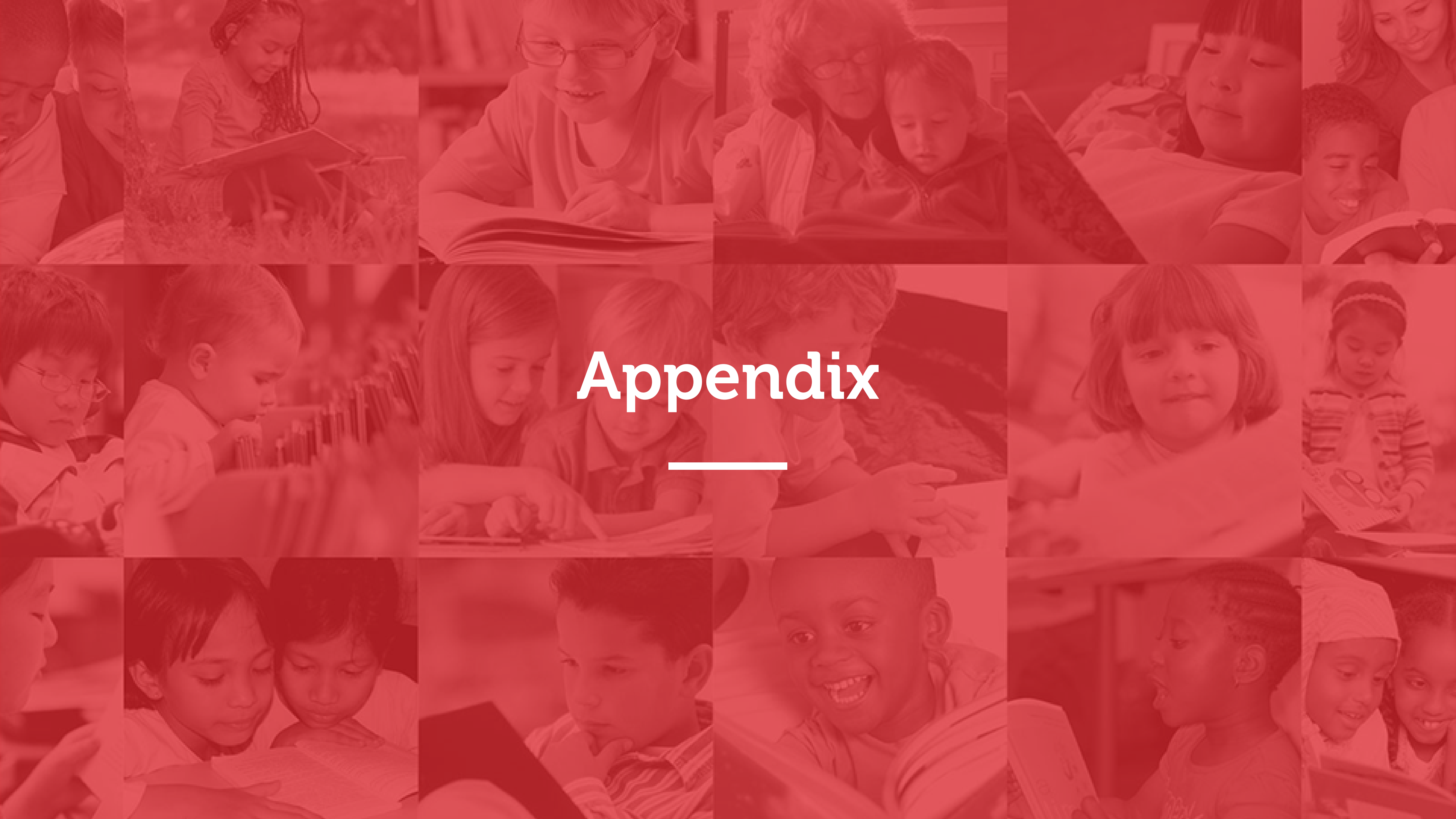
1. Represents Scholastic Entertainment Inc. (SEI) which is included within the Children's Book Publishing and Distribution segment. SEI will be recategorized into the new Entertainment segment beginning in fiscal 2025.
2. Represents historical financial data for 9 Story Media Group, adjusted for differences between IFRS and US GAAP and conformed to the Scholastic fiscal year period. This does not include pro forma adjustments as the purchase accounting is not yet complete. One-time items before income taxes represent severance expenses related to restructuring events as well as lease and library content impairments. Interest (income) expense includes production loan interest amortized into Cost of sales. 9 Story Media Group results will be consolidated with SEI in a new Entertainment segment.
3. 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.

Fiscal 2025 Outlook

- Revenue growth of 4% to 6% and Adjusted EBITDA of $140 million to $150 million, including partial year contribution of 9 Story
- Free cash flow of $20 to $30 million, reflecting growth investments, anticipated working capital needs and lower expected earnings
- Continued commitment to capital allocation priorities
  - Investing in growth opportunities
  - Maintaining a strong, efficient balance sheet
  - Returning excess cash to shareholders through regular dividend and share repurchases


Peter Warwick
President and Chief Executive Officer


Q&A



Appendix

Fourth Quarter Adjusted EBITDA

In $ Millions	Three Months Ended 05/31/2024	Three Months Ended 05/31/2023	Twelve Months Ended 05/31/2024	Twelve Months Ended 05/31/2023
Earnings (loss) before income taxes as reported	$ 47.3	$ 95.6	$ 16.2	$ 112.4
One-time items before income taxes	19.6	—	30.2	—
Earnings (loss) before income taxes excluding one-time items	66.9	95.6	46.4	112.4
Interest (income) expense	(0.3)	(3.5)	(2.7)	(5.8)
Depreciation and amortization (1)	17.8	16.3	67.0	64.6
Amortization of prepublication costs	6.3	6.6	26.2	25.1
Adjusted EBITDA (2)	$ 90.7	$ 115.0	$ 136.9	$ 196.3

1. For the three and twelve months ended May 31, 2024, amounts include depreciation of $0.6 and $2.3, respectively, recognized in cost of goods sold, amortization of deferred financing costs of $0.0 and $0.2, respectively, and amortization of capitalized cloud software of $2.2 and $7.4, respectively, recognized in selling, general and administrative expenses. For the three and twelve months ended May 31, 2023, amounts include depreciation of $0.8 and $3.3, respectively, recognized in cost of goods sold, amortization of deferred financing costs of $0.1 and $0.3, respectively, and amortization of capitalized cloud software of $1.7 and $6.3, respectively, recognized in selling, general and administrative expenses.

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.

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

In $ Millions (except per share)

	Fourth Quarter 2024			Fourth Quarter 2023			Full Year Fiscal 2024			Full Year Fiscal 2023		
	As Reported	One-Time Items	Excluding One-Time Items	As Reported	One-Time Items	Excluding One-Time Items	As Reported	One-Time Items	Excluding One-Time Items	As Reported	One-Time Items	Excluding One-Time Items
Revenues	$ 474.9	$ —	$ 474.9	$ 528.3	$ —	$ 528.3	$ 1,589.7	$ —	$ 1,589.7	$ 1,704.0	$ —	$ 1,704.0
Diluted earnings (loss) per share (1)	$ 1.23	$ 0.51	$ 1.73	$ 2.26	$ —	$ 2.26	$ 0.40	$ 0.76	$ 1.14	$ 2.49	$ —	$ 2.49
Net income (loss) (2)	$ 35.9	$ 14.6	$ 50.5	$ 75.7	$ —	$ 75.7	$ 12.1	$ 22.5	$ 34.6	$ 86.3	$ —	$ 86.3
Earnings (loss) before income taxes	$ 47.3	$ 19.6	$ 66.9	$ 95.6	$ —	$ 95.6	$ 16.2	$ 30.2	$ 46.4	$ 112.4	$ —	$ 112.4
Children's Book Publishing and Distribution(3)	$ 43.6	$ 6.3	$ 49.9	$ 58.4	$ —	$ 58.4	$ 112.1	$ 9.8	$ 121.9	$ 143.4	$ —	$ 143.4
Education Solutions(4)	29.5	6.1	35.6	55.0	—	55.0	15.8	6.1	21.9	58.4	—	58.4
International (5)	(0.8)	2.6	1.8	2.2	—	2.2	(6.9)	3.8	(3.1)	(3.6)	—	(3.6)
Overhead (6)	(25.1)	4.6	(20.5)	(23.6)	—	(23.6)	(106.5)	10.5	(96.0)	(91.9)	—	(91.9)
Operating income (loss)	$ 47.2	$ 19.6	$ 66.8	$ 92.0	$ —	$ 92.0	$ 14.5	$ 30.2	$ 44.7	$ 106.3	$ —	$ 106.3

1. 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.
2. In the three and twelve months ended May 31, 2024, the Company recognized a benefit of $5.0 and $7.7, respectively, for income taxes in respect to one-time pretax items.
3. In the three and twelve months ended May 31, 2024, the Company recognized pretax costs related to its planned investment in 9 Story Media Group of $6.3 and $9.3, respectively, and pretax asset impairment of $0.0 and $0.5, respectively, related to an early exit of a sales office lease.
4. In the three and twelve months ended May 31, 2024, the Company recognized pretax impairment of $6.1, related to certain education products.
5. In the three and twelve months ended May 31, 2024, the Company recognized pretax costs, primarily severance, of $1.5 and $2.7, respectively, related to restructuring and cost-savings initiatives and pretax impairment of $1.1 primarily related to the early exit of an office lease in Canada.
6. In the three and twelve months ended May 31, 2024, the Company recognized pretax severance of $2.3 and $8.2, respectively, related to restructuring and cost-savings initiatives and pretax impairment of $2.3 related to the early exit of an office lease.