

Forward-Looking Statements

This presentation contains certain forward-looking statements. Such forward-looking statements are subject to various risks and uncertainties, including those arising from the continuing impact of COVID-19 related measures taken by governmental authorities, school administrators, or suppliers or customers which may curtail or otherwise adversely affect certain of the Company's business operations, and the conditions of the children's book and educational materials markets generally and acceptance of the Company's products in those markets, as well as other risks and factors identified from time to time in the Company's filings with the Securities and Exchange Commission. Actual results could differ materially from those currently anticipated.



Regulation G

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 FY 2022

- In Q1, we worked to increase access to books and reading over the summer, and shifted to back-to-school offerings to support learning acceleration and social-emotional healing.
- These efforts led to a 21% increase in revenue versus prior year and an improvement in our seasonal first quarter operating loss, which was reduced by 44% compared to the same period last year.
- Trade publishing and Education Solutions drove positive results in Q1 and we anticipate continued strength in these areas going forward.
- The reported momentum in our business from the close of fiscal year 2021 has largely continued, and we're optimistic about this fall.



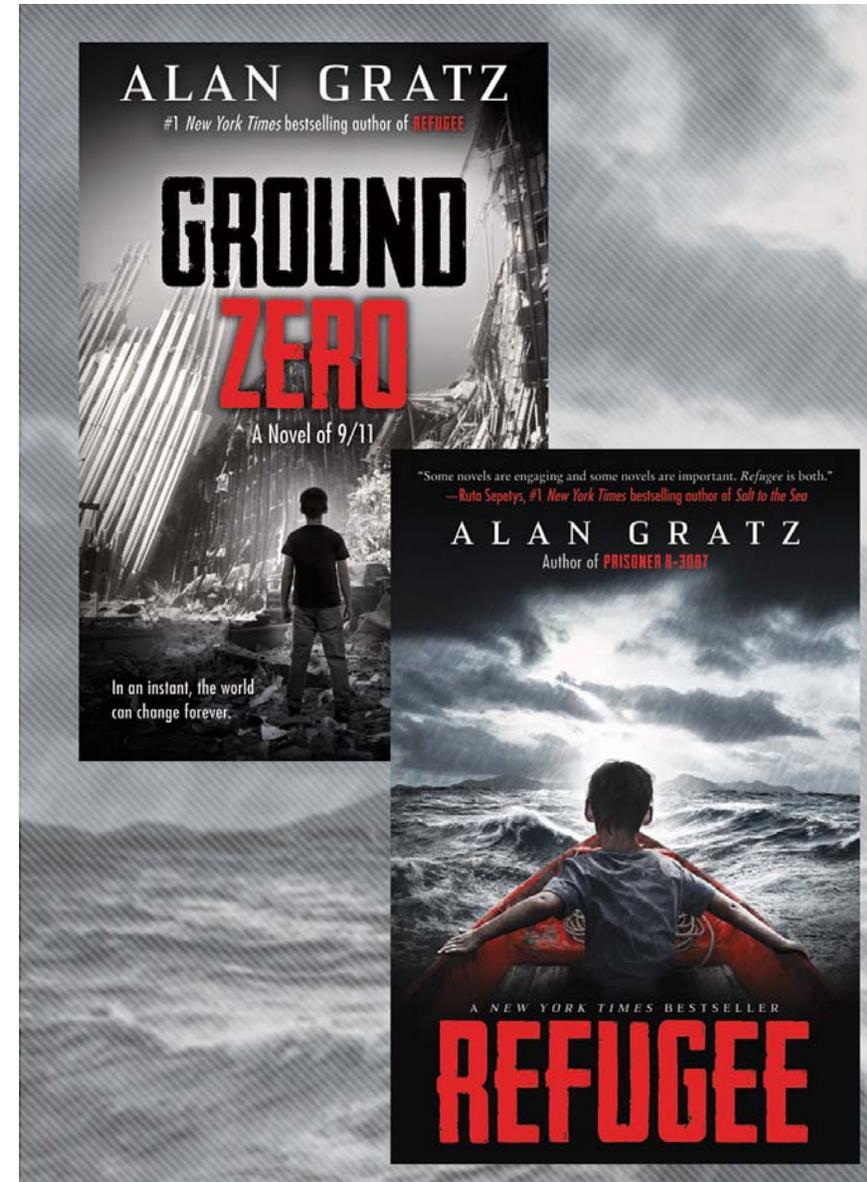
Children's Book Publishing & Distribution

- In recent weeks, we have seen higher engagement from our book clubs teacher sponsors, and in fairs, higher revenue per fair.
- There is an energy and appetite from school communities to host fairs.
- Overall we continue to expect incremental improvements in our number of case-fairs held, with fall bookings running ahead of management's expectations.



Children's Book Publishing & Distribution

- In Trade publishing, top-line growth increased 27% in Q1 versus FY21 in the same timeframe.
- *TIME* included three Scholastic titles in “The 100 Best YA Books of All Time,” Brian Selznick’s *Kaleidoscope* received a shining review in *The New York Times*, and J.K. Rowling’s *The Christmas Pig* will be available in October.
- Titles such as *Refugee* and *Ground Zero* by Alan Gratz help children navigate the world, while Dog Man® and The Baby-sitters Club® are cemented as popular draws.
- Strategic growth around leveraging our powerful IP continues to gain traction. *Puppy Place* will premiere on AppleTV+ October 15, 2021.



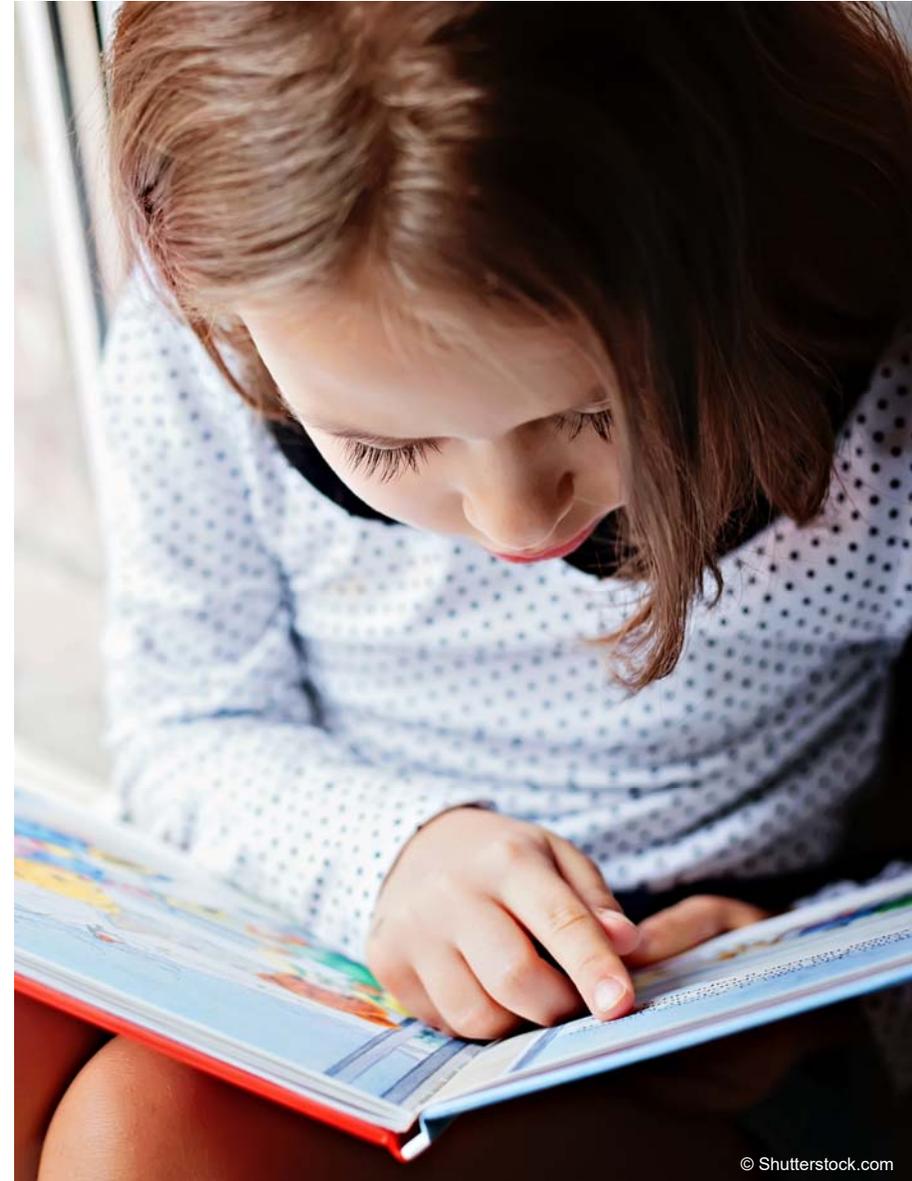
Education Solutions

- Education Solutions reported an increase in revenues of 49% versus the prior year period.
- Dr. Amanda Alexander, former Interim Chancellor of DC Public Schools, has joined Scholastic Education Solutions as Chief Academic Officer.
- Whole-school and classroom library collections pivoted exceptionally well during the pandemic, and we saw high performance from our digital product suite.
- Our classroom magazines have rebranded to Scholastic Magazines+, signaling its flexible and desirable mix of both print and digital features, as well as instructional tools to use in person or remotely.



International

- In International, a Q1 decrease in revenue is a reflection of how and where COVID-19 has caused new or continued disruptions.
- Similar to the U.S., we anticipate that as restrictions lift in these disrupted areas, our recovery will resume, and we will simultaneously continue to focus on growth opportunities in Asia.



Fiscal Year 2022

- Scholastic remains committed to our mission. We have unparalleled content, proprietary distribution, and deep relationships, which makes us unique in our ability to serve children.
- Fairs are on the rise and educators are eager to refresh their classroom libraries through our collections as well as our clubs.
- While we will need to navigate ongoing, industry-wide challenges that could potentially affect our performance, we continue to believe that our previous cost-saving actions and identification of strategic measures will significantly mitigate these effects.
- Verdell Walker, Head of Kids Audio Content at Spotify, Inc., has joined the Scholastic Board of Directors.



Kenneth Cleary
Chief Financial Officer



Q1 FY22 Earnings (before and after one-time items)

In \$ Millions (except per share)

	First Quarter 2022			First Quarter 2021		
	As Reported	One-Time Items	Excluding One-Time Items	As Reported	One-Time Items	Excluding One-Time Items
Diluted earnings (loss) per share ⁽¹⁾	(\$0.70)	(\$0.09)	(\$0.79)	(\$1.16)	\$0.26	(\$0.90)
Net income (loss) ⁽²⁾	(\$24.2)	(\$3.1)	(\$27.3)	(\$39.8)	\$8.9	(\$30.9)
Children's Book Publishing and Distribution	(\$21.7)	\$0.0	(\$21.7)	(\$29.0)	\$0.0	(\$29.0)
Education Solutions	7.3	-	7.3	(2.4)	-	(2.4)
International ⁽³⁾	(1.7)	0.4	(1.3)	4.8	1.0	5.8
Overhead ⁽⁴⁾	(15.9)	(4.6)	(20.5)	(30.4)	11.0	(19.4)
Operating income (loss)	(\$32.0)	(\$4.2)	(\$36.2)	(\$57.0)	\$12.0	(\$45.0)

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 months ended August 31, 2021 the Company recognized a provision for income taxes in respect to one-time pretax charges of \$1.1. In the three months ended August 31, 2020, the Company recognized a benefit for income taxes in respect to one-time pretax charges of \$3.1.

3. In the three months ended August 31, 2021 and August 31, 2020, the Company recognized pretax severance of \$0.4 and \$1.0, respectively.

4. In the three months ended August 31, 2021 and August 31, 2020, the Company recognized pretax severance of \$2.0 and \$11.0, respectively. In the three months ended August 31, 2021, the Company recognized \$6.6 of insurance proceeds related to an intellectual property legal settlement accrued in fiscal 2021.



Q1 FY22 Adjusted EBITDA

	<u>8/31/2021</u>	<u>8/31/2020</u>
Earnings (loss) before income taxes as reported	(\$33.3)	(\$51.8)
One-time items before income taxes	(4.2)	12.0
Earnings (loss) before income taxes excluding one-time items	<u>(37.5)</u>	<u>(39.8)</u>
Interest (income) expense	1.3	1.2
Depreciation and amortization ¹	16.4	16.4
Amortization of prepublication costs	<u>6.8</u>	<u>6.3</u>
Adjusted EBITDA ²	<u><u>(\$13.0)</u></u>	<u><u>(\$15.9)</u></u>

1. For the three months ended August 31, 2021 and August 31, 2020, amounts include depreciation of \$0.9 and \$0.8, respectively, recognized in cost of goods sold, amortization of deferred financing costs of \$0.1 and \$0.1, respectively, and amortization of capitalized cloud software of \$0.5 and \$0.0, 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.



Q1 FY22 Balance Sheet Items and Cash Flow

In \$ Millions	<u>Aug 31, 2021</u>	<u>Aug 31, 2020</u>
Free cash flow (use) (3 month period ending) ¹	\$49.1	(\$34.9)
Accounts receivable, net	\$244.3	\$219.6
Inventories, net	\$298.1	\$323.2
Accounts payable	\$185.6	\$168.3
Accrued royalties	\$65.8	\$56.2
Total debt	\$89.5	\$219.9
Cash and cash equivalents	\$308.6	\$355.5
Net debt (cash) ²	(\$219.1)	(\$135.6)

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



Q1 FY22 Revenues

In \$ Millions

	Three Months Ended			
	8/31/2021	8/31/2020	Change	
Book Clubs	\$6.8	\$5.8	\$1.0	17%
Book Fairs	16.0	13.2	2.8	21%
Consolidated Trade	93.0	73.3	19.7	27%
Total Children's Book Publishing and Distribution	115.8	92.3	23.5	25%
Education Solutions	80.1	53.6	26.5	49%
International	63.9	69.3	(5.4)	(8%)
Total Revenues	\$259.8	\$215.2	\$44.6	21%



FY22 Outlook

- Ramping up efforts to meet strong demand for products and solutions as schools return to in-person instruction.
- Trade titles and series continue to lead best seller lists with a lot of enthusiasm for the Company's new fall releases.
- Book fair bookings substantially higher than last spring, and higher parent, teacher, and student engagement leading to increased book club orders.
- Education Solutions continues to see strong demand for in-classroom materials and digital content.
- International impacted by pandemic as regions are experiencing lockdowns and school closures.



Questions

For any questions, please contact Scholastic Investor Relations:

Investor_Relations@Scholastic.com



The Scholastic logo is centered on a light gray rectangular background. It consists of a white icon of an open book on the left, followed by the word "SCHOLASTIC" in a white, serif, all-caps font on a red rectangular background.

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