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# Third Quarter 2026 Earnings Call Presentation

Thursday, March 19, 2026

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# 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](http://investor.scholastic.com).



# Peter Warwick

President and Chief Executive Officer

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# Capital Allocation Actions

- Completed sale-leaseback transactions, unlocking more than \$400 million in net proceeds
- Repurchased more than 4.4 million shares for approximately \$147 million in the open market since December
- Introduced long-term net leverage targets of 2.0 – 2.5x Adjusted EBITDA
- Announced planned \$200 Modified Dutch Auction tender offer, part of a \$300 million share repurchase authorization
  - Tender Offer price range: \$36.00 to \$40.00 per share

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# Third Quarter 2026 Highlights

- Continued execution on long-term growth and margin expansion initiatives, while advancing capital allocation actions
- Results in line with expectations in our seasonally small third quarter
- Reaffirmed fiscal 2026 adjusted EBITDA and free cash flow guidance
- Expect full-year revenue to be approximately flat to prior year, reflecting year-to-date softness in Education and strong prior-year Trade comparisons

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# Third Quarter 2026 Segment Highlights

- Children's Book Publishing & Distribution combined powerful publishing with unique school-based channels
  - Continued strength in Book Fairs driven by higher revenue per fair
  - Launched Discovery Fairs, a new STEAM-focused fair format
  - Trade Publishing supported by key franchises including *Dog Man*<sup>®</sup>, *The Hunger Games*<sup>®</sup>, and *Wings of Fire*<sup>™</sup>, though down on year-over-year comparisons
- Entertainment expanded reach of Scholastic IP across digital platforms and new audiences
  - Advanced media development and production pipeline
  - Strong viewership growth across YouTube channels and ScholasticTV<sup>™</sup>
- Education advanced transformation to position the business for growth
  - Revenue declines significantly moderated vs. prior quarters; profitability improved year-over-year
  - Benefitting from lower cost structure and refined go-to-market and product strategy
- International supported by publishing franchise strength, despite tougher prior-year publishing comps





# Haji Glover

Chief Financial Officer and Executive Vice President

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# Third Quarter Results

In \$ Millions (except per share data)	Third Quarter		Change	
	Fiscal 2026	Fiscal 2025		
Revenues	\$ 329.1	\$ 335.4	\$ (6.3)	(2)%
Operating income (loss) <sup>(2)</sup>	\$ (26.9)	\$ (23.9)	\$ (3.0)	(13)%
Earnings (loss) before taxes	\$ 91.8	\$ (28.4)	\$ 120.2	NM
Diluted earnings (loss) per share	\$ 2.55	\$ (0.13)	\$ 2.68	NM
Operating income (loss), ex. one-time items <sup>(2)</sup>	\$ (24.3)	\$ (20.9)	\$ (3.4)	(16)%
Diluted earnings (loss) per share, ex. one-time items	\$ (0.15)	\$ (0.05)	\$ (0.10)	NM
Adjusted EBITDA <sup>(1)(2)</sup>	\$ 0.0	\$ 6.0	\$ (6.0)	(100)%

NM - Not meaningful

- 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.
- Operating income and Adjusted EBITDA include a \$3.0 and \$6.7 impact related to the sale-leaseback transactions, respectively.

# Third Quarter Segment Results (excluding one-time items)

In \$ Millions	Third Quarter		Change
	Fiscal 2026	Fiscal 2025	
<b>Children's Book Publishing and Distribution</b>			
School Reading Events	\$ 127.9	\$ 125.9	2 %
Consolidated Trade	69.7	77.4	(10)%
Total Revenues	197.6	203.3	(3)%
Operating income (loss)	8.9	7.6	17 %
<b>Education Solutions</b>			
Revenues	56.1	57.2	(2)%
Operating income (loss)	(5.2)	(6.9)	25 %
<b>Entertainment</b>			
Revenues	16.0	12.8	25 %
Operating income (loss)	(2.5)	(2.4)	(4)%
<b>International</b>			
Revenues	58.7	59.3	(1)%
Operating income (loss)	(4.7)	(2.0)	(135)%
<b>Overhead</b>			
Revenues	0.7	2.8	(75)%
Operating income (loss)	(20.8)	(17.2)	(21)%
<b>Operating income (loss)</b>	<b>\$ (24.3)</b>	<b>\$ (20.9)</b>	<b>(16)%</b>

# Third Quarter Balance Sheet and Cash Flow Results

In \$ Millions	February 28, 2026	February 28, 2025
Free cash flow (use) (3 month period ending) <sup>(1)</sup>	\$ 407.0	\$ (30.7)
Accounts receivable, net	\$ 248.3	\$ 255.9
Inventories, net	282.5	270.8
Accounts payable	128.5	133.5
Deferred revenue	213.7	205.2
Accrued royalties	82.3	85.1
Film related obligations	17.4	18.8
Lines of credit and long-term debt	5.6	280.8
Cash and cash equivalents	104.6	94.7
Net cash (debt) <sup>(2)</sup>	90.6	(189.4)

- 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 \$8.4 and \$3.3 as of February 28, 2026 and February 28, 2025, 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.

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# Fiscal 2026 Outlook

- Reaffirmed adjusted EBITDA and free cash flow guidance
  - Adjusted EBITDA of \$146 to \$156 million, including the approximately \$14 million partial-year impact from sale-leasebacks
  - Free Cash flow expected to exceed \$430 million, reflecting sale-leaseback net proceeds
- Revenue expected to be approximately flat with the prior year, reflecting year-to-date softness in Education and strong prior year Trade comps



# Peter Warwick

President and Chief Executive Officer

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# Q&A

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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

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# Third Quarter Adjusted EBITDA

In \$ Millions	Third Quarter	
	Fiscal 2026	Fiscal 2025
Earnings (loss) before income taxes as reported	\$ 91.8	\$ (28.4)
One-time items before income taxes	(117.2)	3.0
Earnings (loss) before income taxes excluding one-time items	(25.4)	(25.4)
Interest (income) expense <sup>(1)</sup>	0.9	4.3
Depreciation and amortization	24.5	27.1
Adjusted EBITDA <sup>(2)</sup>	\$ 0.0	\$ 6.0

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.

# Third Quarter Earnings (before and after one-time items)

In \$ Millions (except per share data)	Third Quarter Fiscal 2026			Third 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 <sup>(1)</sup>	\$ 2.55	\$ (2.70)	\$ (0.15)	\$ (0.13)	\$ 0.08	\$ (0.05)
Net income (loss) <sup>(2)</sup>	\$ 62.5	\$ (66.0)	\$ (3.5)	\$ (3.6)	\$ 2.3	\$ (1.3)
Earnings (loss) before income taxes <sup>(3)</sup>	\$ 91.8	\$ (117.2)	\$ (25.4)	\$ (28.4)	\$ 3.0	\$ (25.4)
Children's Book Publishing and Distribution	\$ 8.9	\$ —	\$ 8.9	\$ 7.6	\$ —	\$ 7.6
Education Solutions	(5.2)	—	(5.2)	(6.9)	—	(6.9)
Entertainment <sup>(4)</sup>	(3.5)	1.0	(2.5)	(3.9)	1.5	(2.4)
International <sup>(5)</sup>	(4.7)	0.0	(4.7)	(2.1)	0.1	(2.0)
Overhead <sup>(6)</sup>	(22.4)	1.6	(20.8)	(18.6)	1.4	(17.2)
Operating income (loss)	\$ (26.9)	\$ 2.6	\$ (24.3)	\$ (23.9)	\$ 3.0	\$ (20.9)

- 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 February 28, 2026 and February 28, 2025, the Company recognized a provision of \$51.2 and a benefit of \$0.7, respectively, for income taxes in respect to one-time pretax items.
- In the three months ended February 28, 2026, the Company recognized a pretax gain on the sale and leaseback transactions for its New York City and Jefferson City, Missouri facilities of \$119.8.
- In the three months ended February 28, 2026, the Company recognized pretax severance of \$0.2 related to cost-savings initiatives and pretax other costs of \$0.8. In the three months ended February 28, 2025, the Company recognized pretax severance of \$0.7 related to cost-savings initiatives, pretax costs of \$0.5 related to the acquisition of 9 Story Media Group and pretax asset impairment of \$0.3 related to an early exit of an office lease.
- In the three months ended February 28, 2026 and February 28, 2025, the Company recognized pretax severance of less than \$0.1 and \$0.1, respectively, related to cost-savings initiatives.
- In the three months ended February 28, 2026, the Company recognized pretax severance of \$1.0 related to cost-savings initiatives and other pretax expenses of \$0.6. In the three months ended February 28, 2025, the Company recognized pretax severance of \$1.0 related to cost-savings initiatives and other pretax expenses of \$0.4.

