SCHOLASTIC

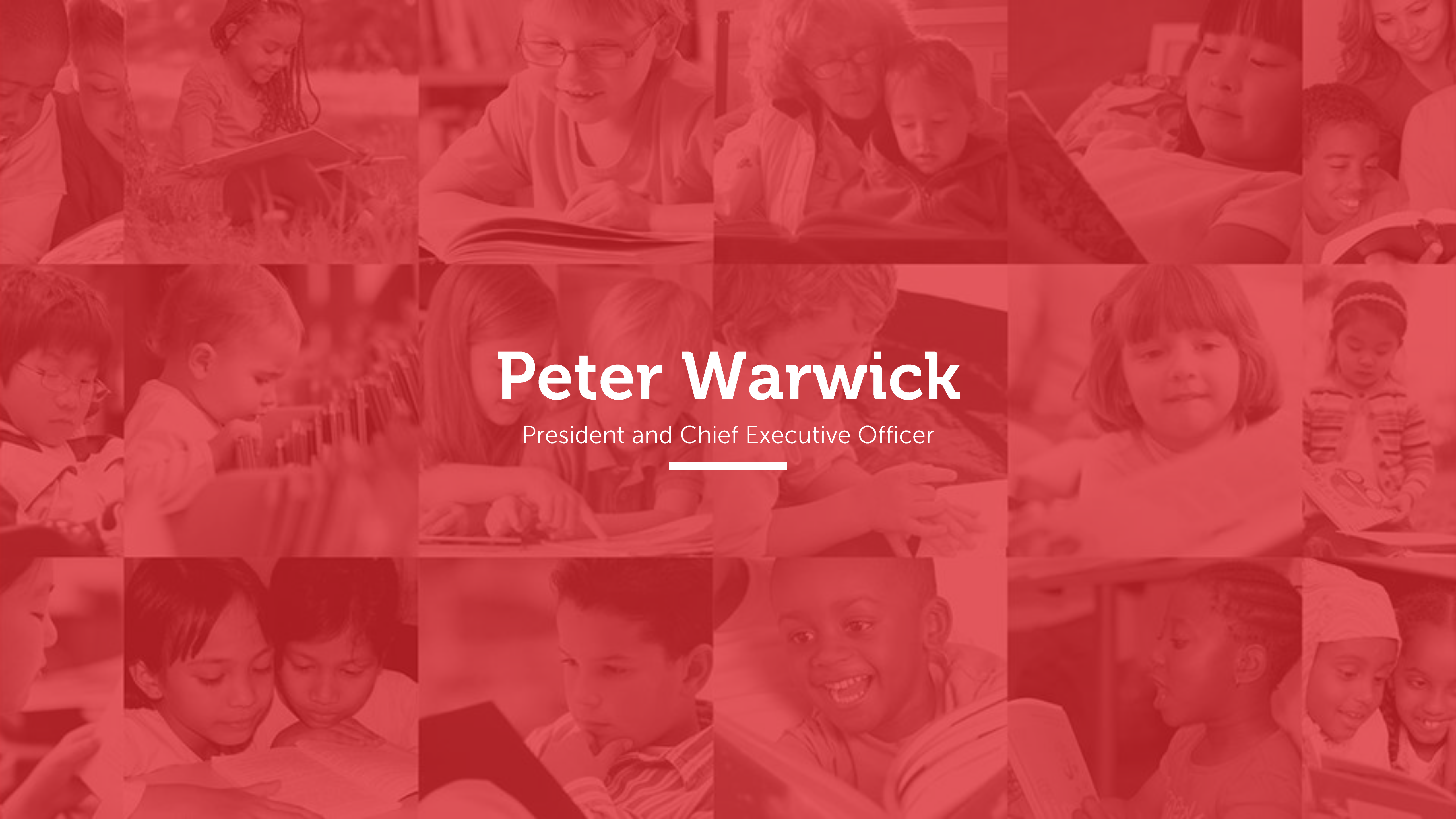
First Quarter 2024 Earnings Call Presentation

Thursday, September 21, 2023

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

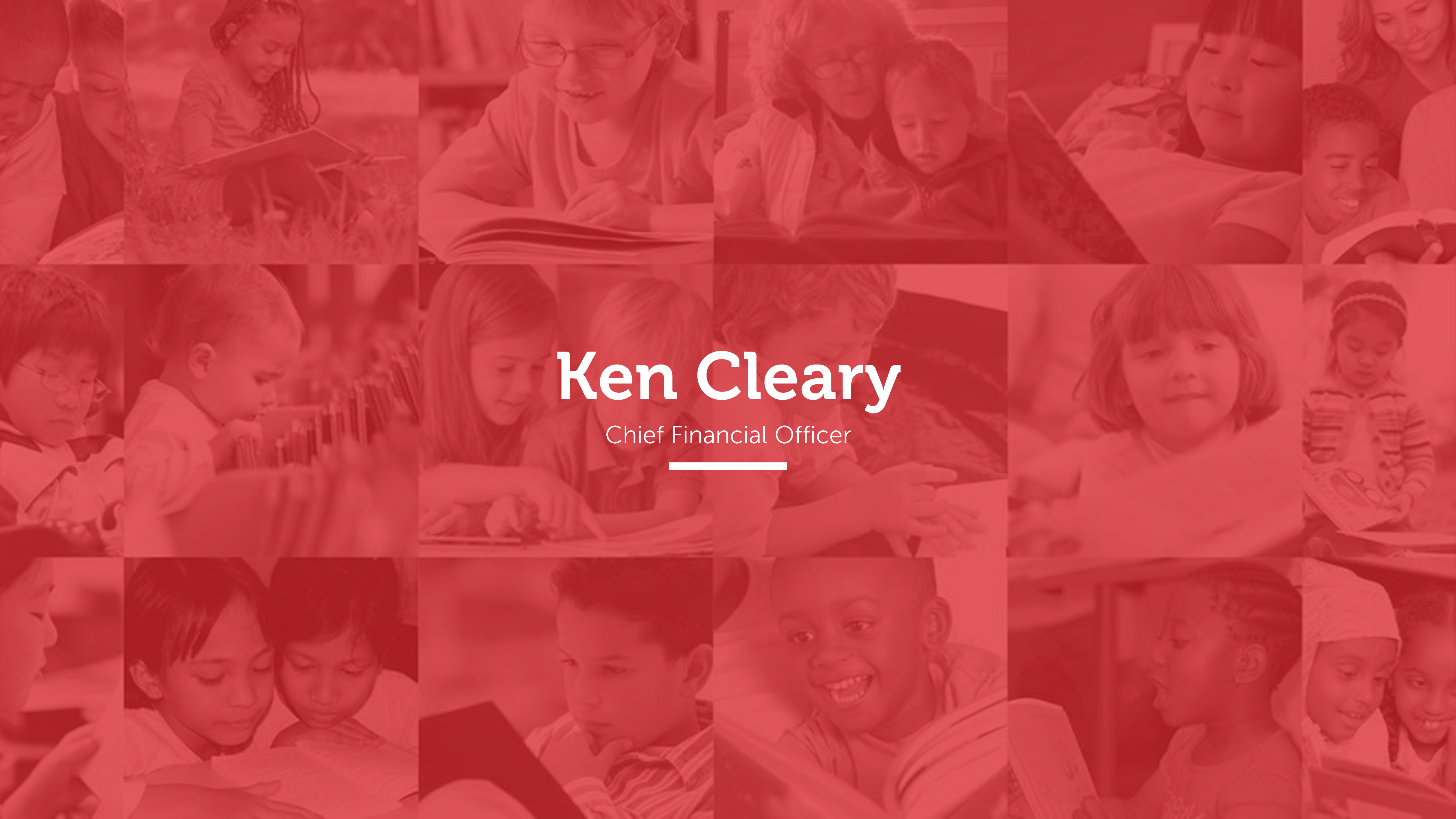
President and Chief Executive Officer

First Quarter 2024 Highlights

- Well-positioned ahead of back-to-school season, building on last quarter's momentum and strong results
- Steps taken to structure Scholastic for future growth, including reorganizations of U.S. and Canada Book Clubs and key leadership changes
- Lower results in seasonally quiet Q1 in-line with expectations, reflecting ongoing investments in growth initiatives and spending ahead of expected growth in School Reading Events, coupled with timing and shifting seasonality of Education revenues
  - Greatest contribution expected in seasonally important Q2 and Q4
- Affirming FY24 guidance based on Q1 results and positive outlook for remainder of fiscal year
- Returned over $42 million to shareholders in Q1 while continuing to invest in growth initiatives, demonstrating long-term confidence

First Quarter 2024 Segment Highlights

- Children's Books revenues decreased 18%
  - Consolidated Trade revenues declined 19%, reflecting industry-wide softness in retail book market; encouraged by exciting frontlist titles publishing and streaming series launching this year
  - Revenue and profit trends in Book Fairs and Book Clubs not meaningful, as schools largely not in session
  - Fair count on track to meet goal of ~90% of pre-pandemic levels, with participation expected to be strong
  - Strategically transitioning Book Clubs to smaller, more profitable core business this year
- Education Solutions segment revenues decreased 10%, reflecting ongoing trends in the timing and seasonality of customer buying patterns
  - Continued investing to build capabilities and to focus the organization around executing our blended learning strategy under new leadership
- International revenues declined 12%, as major markets continued to be impacted by softness in retail market
  - Completed a reorganization of Book Clubs in Canada, in-line with actions we took in the U.S. business



Ken Cleary

Chief Financial Officer

First Quarter Segment Results (excluding one-time items)

In $ Millions	Three Months Ended 08/31/2023	Three Months Ended 08/31/2022	Change
Children's Book Publishing and Distribution			
Book Clubs	$ 2.6	$ 6.3	(59)%
Book Fairs	27.3	28.3	(4)%
School Reading Events	29.9	34.6	(14)%
Consolidated Trade	72.9	90.1	(19)%
Total Revenues	102.8	124.7	(18)%
Operating income (loss)	(41.5)	(30.1)	(38)%
Education Solutions			
Revenues	66.0	73.2	(10)%
Operating income (loss)	(18.7)	(4.3)	NM
International			
Revenues	57.2	65.0	(12)%
Operating income (loss)	(7.0)	(3.5)	(100)%
Overhead			
Operating income (loss)	(25.6)	(20.2)	(27)%
Operating income (loss)	$ (92.8)	$ (58.1)	(60)%

NM - Not meaningful

First Quarter Balance Sheet and Cash Flow Results

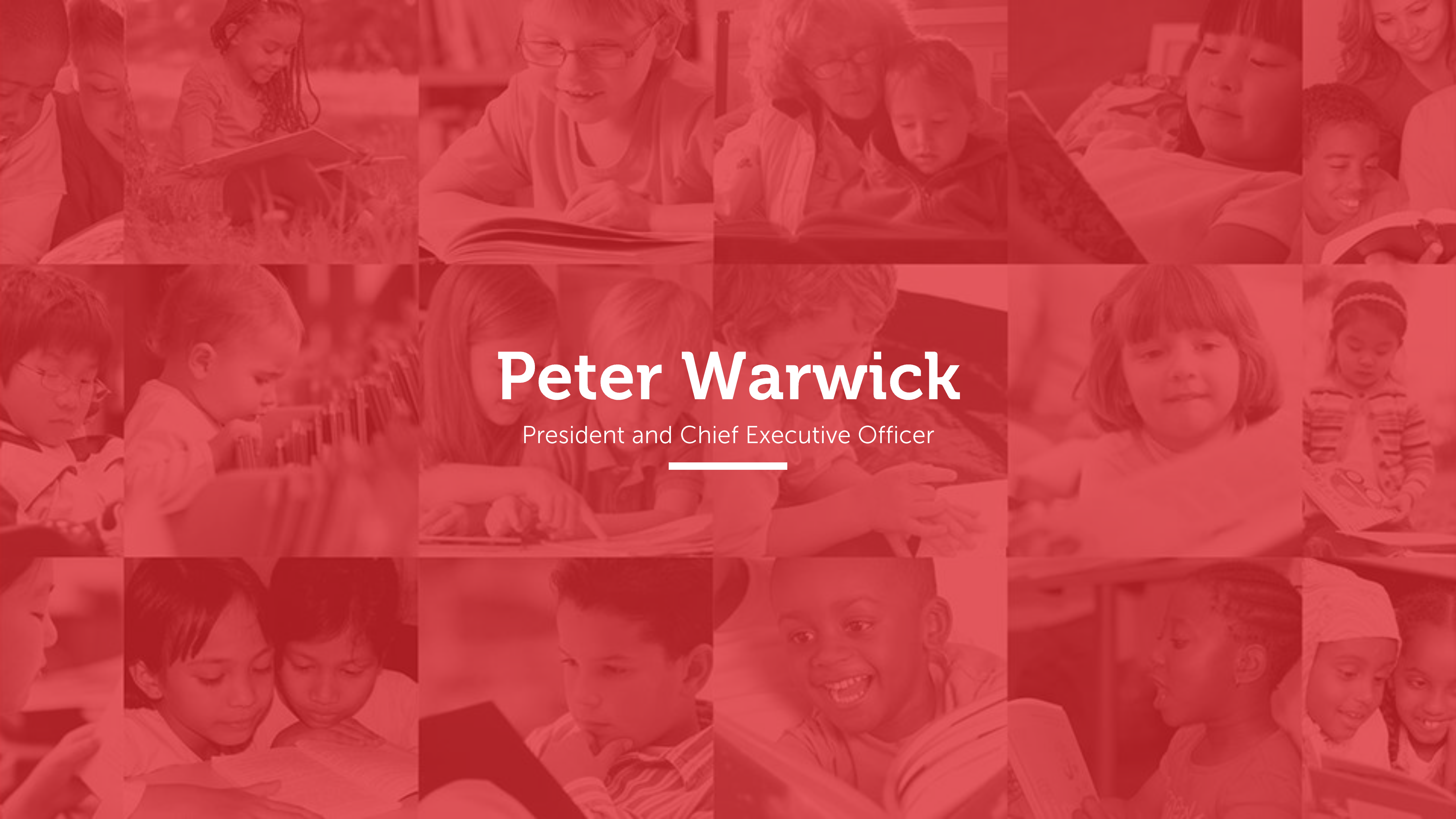
In $ Millions	August 31, 2023	August 31, 2022
Free cash flow (use) (3 month period ending) [(1)]	$ (57.8)	$ (76.5)
Accounts receivable, net	201.9	242.9
Inventories, net	353.2	379.1
Accounts payable	167.7	208.9
Deferred revenue	171.1	182.6
Accrued royalties	72.0	85.0
Total debt	5.9	6.3
Cash and cash equivalents	125.8	239.7
Net cash (debt) [(2)]	119.9	233.4

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.

Fiscal 2024 Outlook

- Affirming FY24 guidance for revenue growth of 3% to 5% and Adjusted EBITDA of $190 million to $200 million
  - Excludes impact of approximately $7 million to $10 million of one-time charges related to restructuring and cost-savings, of which $6.3 million were incurred in Q1
- Providing outlook for FY24 Free Cash Flow of $55 million to $65 million
  - Based on current outlook for FY24 capex and prepublication spending of $115 million to $125 million
- Remain committed to returning capital to shareholders through regular dividend and open market share repurchases



Peter Warwick

President and Chief Executive Officer


Q&A

Appendix

Q1 FY24 Adjusted EBITDA

In $ Millions	Three Months Ended 8/31/2023	Three Months Ended 8/31/2022
Earnings (loss) before income taxes as reported	$ (98.0)	$ (57.9)
One-time items before income taxes	6.3	—
Earnings (loss) before income taxes excluding one-time items	(91.7)	(57.9)
Interest (income) expense	(1.4)	(0.2)
Depreciation and amortization [1]	15.8	16.2
Amortization of prepublication costs	6.7	6.3
Adjusted EBITDA [2]	$ (70.6)	$ (35.6)

1. For the three months ended August 31, 2023 and August 31, 2022, amounts include depreciation of $0.6 and $0.9, 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 $1.7 and $1.5, 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 FY24 Earnings (before and after one-time items)

In $ Millions (except per share)

	First Quarter 2024			First Quarter 2023		
	As Reported	**One-Time Items**	**Excluding One-Time Items**	**As Reported**	**One-Time Items**	**Excluding One-Time Items**
Diluted earnings (loss) per share [1]	$ (2.35)	$ 0.15	$ (2.20)	$ (1.33)	$ —	$ (1.33)
Net income (loss) [2]	$ (74.2)	$ 4.7	$ (69.5)	$ (45.5)	$ —	$ (45.5)
Earnings (loss) before income taxes	$ (98.0)	$ 6.3	$ (91.7)	$ (57.9)	$ —	$ (57.9)
Children's Book Publishing and Distribution	$ (41.5)	$ —	$ (41.5)	$ (30.1)	$ —	$ (30.1)
Education Solutions	(18.7)	—	(18.7)	(4.3)	—	(4.3)
International [3]	(8.2)	1.2	(7.0)	(3.5)	—	(3.5)
Overhead [4]	(30.7)	5.1	(25.6)	(20.2)	—	(20.2)
Operating income (loss)	$ (99.1)	$ 6.3	$ (92.8)	$ (58.1)	$ —	$ (58.1)

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, 2023, the Company recognized a benefit of $1.6 for income taxes in respect to one-time pretax items.
3. In the three months ended August 31, 2023, the Company recognized pretax severance of $1.2 related to restructuring and cost-savings initiatives.
4. In the three months ended August 31, 2023, the Company recognized pretax severance of $5.1 related to restructuring and cost-savings initiatives.