UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended November 30, 2023 Commission File No. 000-19860

SCHOLASTIC CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware	**13-3385513**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
557 Broadway,	
New York, New York	**10012**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (212) 343-6100

Title of Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, $0.01 par value	SCHL	The NASDAQ Stock Market LLC

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date:

Title of each class	Number of shares outstanding as of November 30, 2023
Common Stock, $0.01 par value	28,222,041
Class A Stock, $0.01 par value	1,656,200

SCHOLASTIC

SCHOLASTIC CORPORATION

FORM 10-Q FOR THE QUARTERLY PERIOD ENDED November 30, 2023

INDEX

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

SCHOLASTIC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS - UNAUDITED
(Dollar amounts in millions, except per share data)

	Three months ended November 30,		Six months ended November 30,	
	2023	2022	2023	2022
Revenues	**$ 562.6**	**$ 587.9**	**$ 791.1**	**$ 850.8**
Operating costs and expenses:				
Cost of goods sold	234.1	260.4	364.1	404.9
Selling, general and administrative expenses	213.1	213.6	397.3	376.4
Depreciation and amortization	14.1	13.8	27.5	27.5
Total operating costs and expenses	461.3	487.8	788.9	808.8
Operating income (loss)	**101.3**	**100.1**	**2.2**	**42.0**
Interest income (expense), net	0.4	0.7	1.8	0.9
Other components of net periodic benefit (cost)	(0.2)	0.1	(0.5)	0.1
Earnings (loss) before income taxes	**101.5**	**100.9**	**3.5**	**43.0**
Provision (benefit) for income taxes	24.6	25.5	0.8	13.0
Net income (loss)	**76.9**	**75.4**	**2.7**	**30.0**
Less: Net income (loss) attributable to noncontrolling interest	—	0.1	—	0.2
Net income (loss) attributable to Scholastic Corporation	**$ 76.9**	**$ 75.3**	**$ 2.7**	**$ 29.8**
Basic and diluted earnings (loss) per share of Class A and Common Stock				
Basic	$ 2.51	$ 2.17	$ 0.09	$ 0.86
Diluted	$ 2.45	$ 2.12	$ 0.09	$ 0.84

See accompanying notes

SCHOLASTIC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) - UNAUDITED
(Dollar amounts in millions)

	Three months ended November 30,		Six months ended November 30,	
	2023	**2022**	**2023**	**2022**
Net income (loss)	**$ 76.9**	**$ 75.4**	**$ 2.7**	**$ 30.0**
Other comprehensive income (loss), net:				
Foreign currency translation adjustments	0.2	3.0	2.0	(6.6)
Pension and postretirement adjustments (net of tax)	0.1	(0.1)	0.3	(0.1)
Total other comprehensive income (loss), net	**$ 0.3**	**$ 2.9**	**$ 2.3**	**$ (6.7)**
Comprehensive income (loss)	**$ 77.2**	**$ 78.3**	**$ 5.0**	**$ 23.3**
Less: Net income (loss) attributable to noncontrolling interest	—	0.1	—	0.2
Comprehensive income (loss) attributable to Scholastic Corporation	**$ 77.2**	**$ 78.2**	**$ 5.0**	**$ 23.1**

See accompanying notes

SCHOLASTIC CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS - UNAUDITED
(Dollar amounts in millions, except per share data)

	November 30, 2023 (unaudited)	May 31, 2023 (audited)	November 30, 2022 (unaudited)
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 149.5	$ 224.5	$ 261.1
Accounts receivable, net	311.8	278.0	345.9
Inventories, net	302.3	334.5	380.4
Income tax receivable	11.6	8.9	17.4
Prepaid expenses and other current assets	65.4	47.0	77.5
Total current assets	**840.6**	**892.9**	**1,082.3**
Noncurrent Assets:			
Property, plant and equipment, net	523.6	521.4	511.7
Prepublication costs, net	55.2	56.4	53.4
Operating lease right-of-use assets, net	97.3	85.7	75.1
Royalty advances, net	55.4	56.8	57.9
Goodwill	132.8	132.7	132.0
Noncurrent deferred income taxes	20.9	21.0	21.5
Other assets and deferred charges	107.7	99.8	100.1
Total noncurrent assets	**992.9**	**973.8**	**951.7**
Total assets	**$ 1,833.5**	**$ 1,866.7**	**$ 2,034.0**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities:			
Lines of credit and current portion of long-term debt	$ 6.3	$ 6.0	$ 4.8
Accounts payable	159.5	170.9	212.4
Accrued royalties	57.5	52.8	69.4
Deferred revenue	225.0	169.1	232.7
Other accrued expenses	162.5	168.9	180.4
Accrued income taxes	2.5	13.4	2.1
Operating lease liabilities	23.4	21.2	22.9
Total current liabilities	**636.7**	**602.3**	**724.7**
Noncurrent Liabilities:			
Long-term debt	—	—	—
Operating lease liabilities	84.1	73.8	61.9
Other noncurrent liabilities	33.6	26.1	29.3
Total noncurrent liabilities	**117.7**	**99.9**	**91.2**
Commitments and Contingencies (see Note 5)	**—**	**—**	**—**
Stockholders' Equity:			
Preferred Stock, $1.00 par value: Authorized, 2.0 shares; Issued and Outstanding, none	$ —	$ —	$ —
Class A Stock, $0.01 par value: Authorized, 4.0 shares; Issued and Outstanding, 1.7 shares	0.0	0.0	0.0
Common Stock, $0.01 par value: Authorized, 70.0 shares; Issued, 42.9 shares; Outstanding, 28.2, 30.0, and 32.4 shares, respectively	0.4	0.4	0.4
Additional paid-in capital	630.8	632.2	629.0
Accumulated other comprehensive income (loss)	(53.5)	(55.8)	(52.1)
Retained earnings	1,026.0	1,035.6	992.4
Treasury stock, at cost: 14.7, 12.9 and 10.6 shares, respectively	(524.6)	(449.5)	(353.2)
Total stockholders' equity of Scholastic Corporation	**1,079.1**	**1,162.9**	**1,216.5**
Noncontrolling interest	—	1.6	1.6
Total stockholders' equity	**1,079.1**	**1,164.5**	**1,218.1**
Total liabilities and stockholders' equity	**$ 1,833.5**	**$ 1,866.7**	**$ 2,034.0**

See accompanying notes

SCHOLASTIC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY - UNAUDITED
(Dollar amounts in millions, except per share data)

	Class A Stock		Common Stock								
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock At Cost	Total Stockholders' Equity of Scholastic Corporation	Noncontrolling Interest	Total Stockholders' Equity
Balance at June 1, 2022	**1.7**	**$ 0.0**	**32.5**	**$ 0.4**	**$ 627.0**	**$ (45.4)**	**$ 976.5**	**$ (341.5)**	**$ 1,217.0**	**$ 1.4**	**$ 1,218.4**
Net Income (loss)	—	—	—	—	—	—	(45.5)	—	(45.5)	0.1	(45.4)
Foreign currency translation adjustment	—	—	—	—	—	(9.6)	—	—	(9.6)	—	(9.6)
Pension and post-retirement adjustments (net of tax of $0.1)	—	—	—	—	—	0.0	—	—	0.0	—	0.0
Stock-based compensation	—	—	—	—	1.7	—	—	—	1.7	—	1.7
Proceeds pursuant to stock-based compensation plans	—	—	—	—	11.6	—	—	—	11.6	—	11.6
Purchases of treasury stock at cost	—	—	(0.1)	—	—	—	—	(5.1)	(5.1)	—	(5.1)
Treasury stock issued pursuant to equity-based plans	—	—	0.3	—	(10.8)	—	—	12.4	1.6	—	1.6
Dividends ($0.20 per share)	—	—	—	—	—	—	(6.9)	—	(6.9)	—	(6.9)
Balance at August 31, 2022	**1.7**	**$ 0.0**	**32.7**	**$ 0.4**	**$ 629.5**	**$ (55.0)**	**$ 924.1**	**$ (334.2)**	**$ 1,164.8**	**$ 1.5**	**$ 1,166.3**
Net Income (loss)	—	—	—	—	—	—	75.3	—	75.3	0.1	75.4
Foreign currency translation adjustment	—	—	—	—	—	3.0	—	—	3.0	—	3.0
Pension and post-retirement adjustments (net of tax of $0.0)	—	—	—	—	—	(0.1)	—	—	(0.1)	—	(0.1)
Stock-based compensation	—	—	—	—	4.2	—	—	—	4.2	—	4.2
Proceeds pursuant to stock-based compensation plans	—	—	—	—	1.5	—	—	—	1.5	—	1.5
Purchases of treasury stock at cost	—	—	(0.6)	—	—	—	—	(26.0)	(26.0)	—	(26.0)
Treasury stock issued pursuant to equity-based plans	—	—	0.3	—	(6.2)	—	—	7.0	0.8	—	0.8
Dividends ($0.20 per share)	—	—	—	—	—	—	(7.0)	—	(7.0)	—	(7.0)
Balance at November 30, 2022	**1.7**	**$ 0.0**	**32.4**	**$ 0.4**	**$ 629.0**	**$ (52.1)**	**$ 992.4**	**$ (353.2)**	**$ 1,216.5**	**$ 1.6**	**$ 1,218.1**

	Class A Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock At Cost	Total Stockholders' Equity of Scholastic Corporation	Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount	Shares	Amount							
Balance at June 1, 2023	**1.7**	**$ 0.0**	**30.0**	**$ 0.4**	**$ 632.2**	**$ (55.8)**	**$ 1,035.6**	**$ (449.5)**	**$ 1,162.9**	**$ 1.6**	**$ 1,164.5**
Net Income (loss)	—	—	—	—	—	—	(74.2)	—	(74.2)	—	(74.2)
Foreign currency translation adjustment	—	—	—	—	—	1.8	—	—	1.8	—	1.8
Pension and post-retirement adjustments (net of tax of $0.1)	—	—	—	—	—	0.2	—	—	0.2	—	0.2
Stock-based compensation	—	—	—	—	2.3	—	—	—	2.3	—	2.3
Proceeds pursuant to stock-based compensation plans	—	—	—	—	3.0	—	—	—	3.0	—	3.0
Purchases of treasury stock at cost	—	—	(0.8)	—	—	—	—	(36.2)	(36.2)	—	(36.2)
Treasury stock issued pursuant to equity-based plans	—	—	0.1	—	(4.3)	—	—	5.9	1.6	—	1.6
Dividends ($0.20 per share)	—	—	—	—	—	—	(6.3)	—	(6.3)	—	(6.3)
Other (noncontrolling interest)	—	—	—	—	(0.5)	—	—	—	(0.5)	(1.6)	(2.1)
Balance at August 31, 2023	**1.7**	**$ 0.0**	**29.3**	**$ 0.4**	**$ 632.7**	**$ (53.8)**	**$ 955.1**	**$ (479.8)**	**$ 1,054.6**	**$ —**	**$ 1,054.6**
Net Income (loss)	—	—	—	—	—	—	76.9	—	76.9	—	76.9
Foreign currency translation adjustment	—	—	—	—	—	0.2	—	—	0.2	—	0.2
Pension and post-retirement adjustments (net of tax of $0.0)	—	—	—	—	—	0.1	—	—	0.1	—	0.1
Stock-based compensation	—	—	—	—	4.1	—	—	—	4.1	—	4.1
Proceeds pursuant to stock-based compensation plans	—	—	—	—	0.6	—	—	—	0.6	—	0.6
Purchases of treasury stock at cost	—	—	(1.4)	—	—	—	—	(52.3)	(52.3)	—	(52.3)
Treasury stock issued pursuant to equity-based plans	—	—	0.3	—	(6.6)	—	—	7.5	0.9	—	0.9
Dividends ($0.20 per share)	—	—	—	—	—	—	(6.0)	—	(6.0)	—	(6.0)
Balance at November 30, 2023	**1.7**	**$ 0.0**	**28.2**	**$ 0.4**	**$ 630.8**	**$ (53.5)**	**$ 1,026.0**	**$ (524.6)**	**$ 1,079.1**	**$ —**	**$ 1,079.1**

See accompanying notes

SCHOLASTIC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS – UNAUDITED
(Dollar amounts in millions)

	Six months ended	
	November 30, 2023	November 30, 2022
Cash flows - operating activities:		
Net income (loss) attributable to Scholastic Corporation	**$ 2.7**	**$ 29.8**
Adjustments to reconcile Net income (loss) to net cash provided by (used in) operating activities:		
Provision for losses on accounts receivable	3.1	1.3
Provision for losses on inventory	11.8	9.6
Provision for losses on royalty advances	1.5	1.8
Amortization of prepublication costs	13.3	12.4
Depreciation and amortization	32.1	32.2
Amortization of pension and postretirement plans	0.2	(0.2)
Deferred income taxes	0.3	(0.4)
Stock-based compensation	6.4	5.9
Income from equity-method investments	(0.3)	(1.3)
Changes in assets and liabilities, net of amounts acquired:		
Accounts receivable	(36.3)	(50.4)
Inventories	21.2	(112.0)
Prepaid expenses and other current assets	(18.3)	(8.9)
Income tax receivable	(2.7)	9.3
Royalty advances	0.0	(10.8)
Accounts payable	(11.3)	51.0
Accrued income taxes	(10.8)	(0.4)
Accrued royalties	4.6	8.9
Deferred revenue	55.8	60.6
Other accrued expenses	(9.3)	(13.3)
Other, net	7.6	(3.8)
Net cash provided by (used in) operating activities	71.6	21.3
Cash flows - investing activities:		
Prepublication expenditures	(11.7)	(11.0)
Additions to property, plant and equipment	(29.1)	(24.1)
Other investment and acquisition-related payments	(8.3)	(10.7)
Net cash provided by (used in) investing activities	(49.1)	(45.8)
Cash flows - financing activities:		
Borrowings under lines of credit, credit agreement and revolving loan	27.1	2.0
Repayments of lines of credit, credit agreement and revolving loan	(26.8)	(3.5)
Repayment of capital lease obligations	(1.2)	(1.1)
Reacquisition of common stock	(90.2)	(29.7)
Proceeds pursuant to stock-based compensation plans	6.1	15.3
Payment of dividends	(12.8)	(12.0)
Net cash provided by (used in) financing activities	(97.8)	(29.0)
Effect of exchange rate changes on cash and cash equivalents	0.3	(2.0)
Net increase (decrease) in cash and cash equivalents	(75.0)	(55.5)
Cash and cash equivalents at beginning of period	224.5	316.6
Cash and cash equivalents at end of period	**$ 149.5**	**$ 261.1**

See accompanying notes

1. BASIS OF PRESENTATION

Principles of consolidation

The accompanying condensed consolidated interim financial statements (referred to as the “Financial Statements” herein) include the accounts of Scholastic Corporation (the “Corporation”) and all wholly-owned and majority-owned subsidiaries (collectively, “Scholastic” or the “Company”). Intercompany transactions are eliminated in consolidation.

The Company’s fiscal year is not a calendar year. Accordingly, references in this document to fiscal 2024 relate to the twelve-month period ending May 31, 2024.

Noncontrolling Interest

On June 1, 2023, the Company acquired the remaining shares of Make Believe Ideas Limited ("MBI"), a UK-based children's book publishing company, which represented a 5.0% noncontrolling interest, increasing the Company's total ownership from 95.0% to 100%.

Prior to June 1, 2023, the founder and chief executive officer of MBI retained a 5.0% noncontrolling ownership interest in MBI. The Company fully consolidated MBI as of the acquisition date and the 5.0% noncontrolling interest was classified within stockholder's equity.

Interim Financial Statements

The accompanying Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) and Article 10 of Regulation S-X of the U.S. Securities and Exchange Commission (“SEC”) for interim financial information, and should be read in conjunction with the Company’s Annual Report on Form 10-K for the fiscal year ended May 31, 2023. The Financial Statements presented in this Quarterly Report on Form 10-Q are unaudited; however, in the opinion of management, the Financial Statements reflect all adjustments, consisting solely of normal, recurring adjustments, necessary for the fair presentation of the Financial Statements for the periods presented.

Seasonality

The Company’s *Children’s Book Publishing and Distribution* school-based book club and book fair channels and most of its *Education Solutions* businesses operate on a school-year basis; therefore, the Company’s business is highly seasonal. As a result, the Company’s revenues in the first and third quarters of the fiscal year generally are lower than its revenues in the other two fiscal quarters. Typically, school-based channels and magazine revenues are minimal in the first quarter of the fiscal year as schools are not in session. Education channel revenues are generally higher in the fourth quarter. Trade sales can vary throughout the year due to varying release dates of published titles.

Use of estimates

The preparation of these Financial Statements involves the use of estimates and assumptions by management, which affects the amounts reported in the Financial Statements and accompanying notes. The Company bases its estimates on historical experience, current business factors, and various other assumptions believed to be reasonable under the circumstances, all of which are necessary, in order to form a basis for determining the carrying values of certain assets and liabilities. Actual results may differ from those estimates and assumptions. On an on-going basis, the Company evaluates the adequacy of its reserves and the estimates used in these calculations, including, but not limited to:

- Accounts receivable allowance for credit losses
- Pension and postretirement benefit plans
- Uncertain tax positions
- The timing and amount of future income taxes and related deductions
- Inventory reserves
- Cost of goods sold from book fair operations during interim periods based on estimated gross profit rates
- Sales tax contingencies

(Dollar amounts in millions, except per share data)

- Royalty advance reserves and royalty expense accruals
- Impairment testing for goodwill, intangible and other long-lived assets and investments
- Assets and liabilities acquired in business combinations
- Variable consideration related to anticipated returns
- Allocation of transaction price to contractual performance obligations

New Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, "Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures." This ASU improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This ASU will be effective for the Company's fiscal year 2025, and interim periods starting in fiscal year 2026. Early adoption is permitted. The amendments in this ASU are to be applied retrospectively to all prior periods presented in the financial statements. The Company is currently assessing the impact of the disclosure requirements on its consolidated financial statements. Refer to the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2023 for more information on current applicable authoritative guidance and its impact on the Company's financial statements.

2. REVENUES

Disaggregated Revenue Data

The following table presents the Company's segment revenues disaggregated by region and domestic channel:

	Three months ended November 30,		Six months ended November 30,	
	2023	**2022**	**2023**	**2022**
Book Clubs - U.S.	$ 32.4	$ 57.6	$ 35.0	$ 63.9
Book Fairs - U.S.	242.1	240.8	269.4	269.1
Trade - U.S.	101.0	107.9	163.5	184.1
Trade - International (1)	17.3	12.0	27.7	25.9
Total Children's Book Publishing and Distribution	**$ 392.8**	**$ 418.3**	**$ 495.6**	**$ 543.0**
Education Solutions - U.S.	$ 81.0	$ 80.0	$ 147.0	$ 153.2
Total Education Solutions	**$ 81.0**	**$ 80.0**	**$ 147.0**	**$ 153.2**
International - Major Markets (2)	$ 75.4	$ 77.1	$ 123.2	$ 130.5
International - Other Markets (3)	11.1	12.5	20.5	24.1
Total International	**$ 86.5**	**$ 89.6**	**$ 143.7**	**$ 154.6**
Total (4)	**$ 560.3**	**$ 587.9**	**$ 786.3**	**$ 850.8**

(1) Primarily includes foreign rights and certain product sales in the UK.
(2) Includes Canada, UK, Australia and New Zealand.
(3) Primarily includes markets in Asia.
(4) Total revenues of $562.6 and $791.1 for the three and six months ended November 30, 2023, respectively, included rental income of $2.3 and $4.8, respectively, related to leased space in the Company's headquarters which was not allocated to a segment. Rental income of $1.6 and $3.1 for the three and six months ended November 30, 2022, respectively, was recognized as a reduction to Selling, general and administrative expenses.

Estimated Returns

A liability for expected returns of $37.7, $34.9, and $43.9 is recorded within Other accrued expenses as of November 30, 2023, May 31, 2023, and November 30, 2022, respectively. In addition, a return asset of $5.4, $4.7, and $6.1 is recorded within Prepaid expenses and other current assets as of November 30, 2023, May 31, 2023, and November 30, 2022, respectively, for the recoverable cost of product estimated to be returned by customers.

(Dollar amounts in millions, except per share data)

Contract Liabilities

The following table presents further detail regarding the Company's contract liabilities as of the dates indicated:

	November 30, 2023	May 31, 2023	November 30, 2022
Book fairs incentive credits	$ 114.1	$ 110.8	$ 107.6
Magazines+ subscriptions	53.3	5.0	55.5
U.S. digital subscriptions	24.6	22.8	22.3
U.S. education-related (1)	10.6	9.8	13.4
Media-related	0.2	0.0	10.6
Stored value programs	24.1	12.4	13.8
Other (2)	7.6	8.3	9.5
Total contract liabilities	**$ 234.5**	**$ 169.1**	**$ 232.7**

(1) Primarily includes contract liabilities related to contracts with school districts and professional services.
(2) Primarily includes contract liabilities related to various international products and services.

The Company's contract liabilities consist of advance billings and payments received from customers in excess of revenue recognized and revenue allocated to outstanding book fairs incentive credits. As of November 30, 2023, contract liabilities of $225.0 are recorded within Deferred revenue on the Company's Condensed Consolidated Balance Sheet and are classified as short term, as substantially all of the associated performance obligations are expected to be satisfied, and related revenue recognized, within one year. The remaining $9.5 of contract liabilities as of November 30, 2023 are recorded within Other noncurrent liabilities on the Company's Condensed Consolidated Balance Sheet as the associated performance obligations are expected to be satisfied, and related revenue recognized, in excess of one year. Contract liabilities of $169.1 and $232.7 as of May 31, 2023 and November 30, 2022, respectively, are recorded within Deferred revenue on the Company's Condensed Consolidated Balance Sheets. The Company recognized revenue which was included in the opening Deferred revenue balance in the amount of $48.4 and $80.7 for the three and six months ended November 30, 2023, respectively, and $49.5 and $80.3 for the three and six months ended November 30, 2022, respectively.

Allowance for Credit Losses

The Company recognizes an allowance for credit losses on customer receivables that are expected to be incurred over the lifetime of the receivable. Reserves for estimated credit losses are established at the time of sale and are based on relevant information about past events, current conditions, and supportable forecasts impacting its ultimate collectability, including specific reserves on a customer-by-customer basis, creditworthiness of the Company's customers and prior collection experience. The Company reviews new information as it becomes available and makes adjustments to the reserves accordingly. At the time the Company determines that a receivable balance, or any portion thereof, is deemed to be permanently uncollectible, the balance is then written off.

The following table presents the change in the allowance for credit losses, which is included in Accounts Receivable, net on the Condensed Consolidated Balance Sheets:

	Allowance for Credit Losses
Balance as of June 1, 2023	**$ 16.7**
Provision (benefit)	0.6
Write-offs and other	(0.2)
Balance as of August 31, 2023	**$ 17.1**
Provision (benefit)	2.5
Write-offs and other	(3.4)
Balance as of November 30, 2023	**$ 16.2**

(Dollar amounts in millions, except per share data)

3. SEGMENT INFORMATION

The Company categorizes its businesses into three reportable segments: *Children's Book Publishing and Distribution, Education Solutions* and *International*.

- **Children's Book Publishing and Distribution** operates as an integrated business which includes the publication and distribution of children's books, ebooks, media and interactive products primarily in the United States through its school reading events business, which includes the book clubs and book fairs channels, and through the trade channel. This segment is comprised of two operating segments.

- **Education Solutions** includes the publication and distribution to schools and libraries of children's books, classroom magazines, print and digital supplemental and core classroom materials and related support services, and print and online reference and non-fiction products for grades pre-kindergarten to 12 in the United States. This segment is comprised of one operating segment.

- **International** includes the publication and distribution of products and services outside the United States by the Company's international operations and its export businesses. This segment is comprised of three operating segments.

The following table sets forth the Company's revenue and operating income (loss) by segment for the periods indicated:

	Three months ended November 30,		Six months ended November 30,	
	2023	2022	2023	2022
Revenues				
Children's Book Publishing and Distribution	$ 392.8	$ 418.3	$ 495.6	$ 543.0
Education Solutions	81.0	80.0	147.0	153.2
International	86.5	89.6	143.7	154.6
Total (1)	**$ 560.3**	**$ 587.9**	**$ 786.3**	**$ 850.8**
Operating income (loss)				
Children's Book Publishing and Distribution	$ 110.8	$ 113.2	$ 69.3	$ 83.1
Education Solutions	5.8	7.0	(12.9)	2.7
International	8.0	6.7	(0.2)	3.2
Overhead (2)	(23.3)	(26.8)	(54.0)	(47.0)
Total	**$ 101.3**	**$ 100.1**	**$ 2.2**	**$ 42.0**

(1) Total revenues of $562.6 and $791.1 for the three and six months ended November 30, 2023, respectively, included rental income of $2.3 and $4.8, respectively, related to leased space in the Company's headquarters which was not allocated to a segment. Rental income of $1.6 and $3.1 for the three and six months ended November 30, 2022, respectively, was recognized as a reduction to Selling, general and administrative expenses.
(2) Overhead includes all domestic corporate amounts not allocated to segments, including expenses and costs related to the management of corporate assets.

4. DEBT

The following table summarizes the carrying value of the Company's debt as of the dates indicated:

	November 30, 2023	May 31, 2023	November 30, 2022
US Revolving Credit Agreement	$ —	$ —	$ —
Unsecured lines of credit	6.3	6.0	4.8
Total debt	**$ 6.3**	**$ 6.0**	**$ 4.8**
Less lines of credit, short-term debt and current portion of long-term debt	(6.3)	(6.0)	(4.8)
Total long-term debt	**$ —**	**$ —**	**$ —**

The Company's debt obligations as of November 30, 2023 have maturities of one year or less.

US Credit Agreement

On October 27, 2021, Scholastic Corporation and its principal operating subsidiary, Scholastic Inc., entered into an amended and restated 5-year credit agreement with a syndicate of banks and Bank of America, N.A., as administrative agent (the “Credit Agreement”). The Credit Agreement provides for a $300.0 unsecured revolving credit facility and allows the Company to borrow, repay or prepay and reborrow at any time prior to the October 27, 2026 maturity date. The Credit Agreement also provides an unlimited basket for permitted payments of dividends and other distributions in respect of capital stock so long as the Corporation’s pro forma Consolidated Net Leverage Ratio, as defined, is not in excess of 2.75:1.

On February 28, 2023, the Company entered into the First and Second Amendments to the Credit Agreement with the lenders from time to time party thereto, Truist Bank and Wells Fargo Bank, National Association, as co-syndication agents and Bank of America, N.A., as administrative agent (collectively the "Amendments"). The Amendments, among other things, (i) adjusted the credit spread adjustment for SOFR (the secured overnight financing rate as administered by the Federal Reserve Bank of New York) to 0.10% (10 basis points) and (ii) transitioned the reference rate under the Credit Agreement for borrowings from LIBOR (the London interbank offered rate) to SOFR, together with various other conforming changes to accommodate such replacement.

Under the Credit Agreement, interest on amounts borrowed thereunder is due and payable in arrears on the last day of the interest period (defined as the period commencing on the date of the advance and ending on the last day of the period selected by the Borrower at the time each advance is made). The interest pricing under the Credit Agreement is dependent upon the Borrower’s election of a rate that is either:

- a Base Rate equal to the higher of (i) the prime rate, (ii) the prevailing Federal Funds rate plus 0.50% or (iii) the Eurodollar Rate plus 1.00% plus, in each case, an applicable margin ranging from 0.35% to 0.75%, as determined by the Company’s prevailing Consolidated Leverage Ratio (as defined in the Credit Agreement);

- or -

- a Eurodollar Rate equal to SOFR (Daily Simple or Term), plus a SOFR adjustment of 0.10% per annum and an applicable margin ranging from 1.35% to 1.75%, as determined by the Company’s prevailing Consolidated Leverage Ratio.

As of November 30, 2023, the applicable margin on Base Rate Advances was 0.35% and the applicable margin on Eurodollar Advances was 1.35%, both based on the Company’s prevailing Consolidated Leverage Ratio.

The Credit Agreement provides for payment of a commitment fee in respect of the aggregate unused amount of revolving credit commitments ranging from 0.20% per annum to 0.30% per annum based upon the Corporation’s then prevailing Consolidated Leverage Ratio. As of November 30, 2023, the commitment fee rate was 0.20%.

A portion of the revolving credit facility, up to a maximum of $50.0, is available for the issuance of letters of credit. In addition, a portion of the revolving credit facility, up to a maximum of $15.0, is available for swingline loans. The Credit Agreement has an accordion feature which permits the Company, provided certain conditions are satisfied, to increase the facility by up to an additional $150.0.

As of November 30, 2023, the Company had no outstanding borrowings under the Credit Agreement.

The Credit Agreement contains certain financial covenants related to leverage and interest coverage ratios (as defined in the Credit Agreement), limitations on the amount of dividends and other distributions, and other limitations on fundamental changes to the Company or its business. The Company was in compliance with required covenants for all periods presented.

At November 30, 2023, the Company had open standby letters of credit totaling $3.8 issued under certain credit lines, including $0.4 under the Credit Agreement and $3.4 under the domestic credit lines discussed below.

Lines of Credit

As of November 30, 2023, the Company's domestic credit lines available under unsecured money market bid rate credit lines totaled $10.0. There were no outstanding borrowings under these credit lines as of November 30, 2023, May 31, 2023 and November 30, 2022. As of November 30, 2023, availability under these unsecured money market bid rate credit lines totaled $6.6, excluding commitments of $3.4. All loans made under these credit lines are at the sole discretion of the lender and at an interest rate and term agreed to at the time each loan is made, but not to exceed 365 days. These credit lines may be renewed, if requested by the Company, at the option of the lender.

As of November 30, 2023, the Company had various local currency international credit lines totaling $30.9 underwritten by banks primarily in the United States, Canada and the United Kingdom. Outstanding borrowings under these facilities were $6.3 at November 30, 2023 at a weighted average interest rate of 3.9%, compared to outstanding borrowings of $6.0 at May 31, 2023 at a weighted average interest rate of 4.9%, and $4.8 at November 30, 2022 at a weighted average interest rate of 5.8%. As of November 30, 2023, the amounts available under these facilities totaled $24.6. These credit lines are typically available for overdraft borrowings or loans up to 364 days and may be renewed, if requested by the Company, at the sole option of the lender.

5. COMMITMENTS AND CONTINGENCIES

Legal Matters

Various claims and lawsuits arising in the normal course of business are pending against the Company. The Company accrues a liability for such matters when it is probable that a liability has occurred and the amount of such liability can be reasonably estimated. When only a range can be estimated, the most probable amount in the range is accrued unless no amount within the range is a better estimate than any other amount, in which case the minimum amount in the range is accrued. Legal costs associated with litigation are expensed in the period in which they are incurred. The Company does not expect, in the case of those various claims and lawsuits arising in the normal course of business where a loss is considered probable or reasonably possible, that the reasonably possible losses from such claims and lawsuits (either individually or in the aggregate) would have a material adverse effect on the Company's consolidated financial position or results of operations.

The Company expects to receive additional recoveries from its insurance programs related to an intellectual property legal settlement accrued during fiscal 2021, however, it is premature to determine with any level of probability or accuracy the amount of those recoveries at this time.

6. EARNINGS (LOSS) PER SHARE

The following table summarizes the reconciliation of the numerators and denominators for the basic and diluted earnings (loss) per share computation for the periods indicated:

	Three months ended November 30,		Six months ended November 30,	
	2023	**2022**	**2023**	**2022**
Net income (loss) attributable to Class A and Common Stockholders	**$ 76.9**	**$ 74.8**	**$ 2.7**	**$ 29.6**
Weighted average Shares of Class A Stock and Common Stock outstanding for basic earnings (loss) per share (in millions)	30.7	34.5	31.2	34.4
Dilutive effect of Class A Stock and Common Stock potentially issuable pursuant to stock-based compensation plans (in millions)	0.7	0.9	0.8	1.0
Adjusted weighted average Shares of Class A Stock and Common Stock outstanding for diluted earnings (loss) per share (in millions)	31.4	35.4	32.0	35.4
Earnings (loss) per share of Class A Stock and Common Stock:				
Basic	**$ 2.51**	**$ 2.17**	**$ 0.09**	**$ 0.86**
Diluted	**$ 2.45**	**$ 2.12**	**$ 0.09**	**$ 0.84**
Anti-dilutive shares pursuant to stock-based compensation plans	1.1	1.3	0.7	0.8

The following table sets forth options outstanding pursuant to stock-based compensation plans as of the dates indicated:

	November 30, 2023	November 30, 2022
Options outstanding pursuant to stock-based compensation plans (in millions)	3.1	3.4

As of November 30, 2023, $33.8 remained available for future purchases of common shares under the repurchase authorization of the Board of Directors (the "Board") in effect on that date. See Note 12, Treasury Stock, for a more complete description of the Company's share buy-back program and Note 18, "Subsequent Events", for additional Board authorization for Common share repurchases.

7. ACQUISITIONS

On June 1, 2023, the Company acquired the remaining shares of Make Believe Ideas Limited, a UK-based children's book publishing company for $2.1, increasing the Company's total ownership from 95.0% to 100%. The acquisition was accounted for as an equity transaction as there was no change in control. The carrying value of the noncontrolling interest at the acquisition date was $1.6. The difference between the fair value of consideration paid and the carrying value was recognized as an adjustment to Additional paid-in capital of $0.5.

On September 1, 2022, the Company acquired 100% of the share capital of Learning Ovations, Inc., a U.S.-based education technology business and developer of a literacy assessment and instructional system, for $11.1, net of cash acquired. The Company accounted for the acquisition as a business combination under the acquisition method of accounting. Fair values were assigned to the assets and liabilities acquired, including cash, receivables, and technology/know-how. The receivables acquired had a fair value of $0.1 and have been collected as of November 30, 2023. The Company utilized internally-developed discounted cash flow forecasts to determine the fair value of the technology/know-how using a discount rate of 17.5% to account for the relative risks of the estimated future cash flows. The Company classified this as a Level 3 fair value measurement due to the use of these significant unobservable inputs. The fair values of the net assets were $3.6, which included $4.1 of amortizable intangible assets attributable to the technology/know-how and a $0.6 deferred tax liability. This acquisition resulted in $7.6 of goodwill that was assigned to the Company's Education Solutions segment and was not deductible for tax purposes. The results of operations of this business subsequent to the acquisition are included in the Education Solutions segment. The transaction was not determined to be material to the Company's results and therefore pro forma financial information has not been presented.

8. GOODWILL AND OTHER INTANGIBLES

The Company assesses goodwill and other intangible assets with indefinite lives for impairment annually or more frequently if indicators arise. The Company monitors impairment indicators in light of changes in market conditions, near and long-term demand for the Company's products and other relevant factors.

The following table summarizes the activity in Goodwill for the periods indicated:

	November 30, 2023	May 31, 2023	November 30, 2022
Gross beginning balance	$ 172.3	$ 164.9	$ 164.9
Accumulated impairment	(39.6)	(39.6)	(39.6)
Beginning balance	**$ 132.7**	**$ 125.3**	**$ 125.3**
Additions	—	7.6	7.0
Foreign currency translation	0.1	(0.2)	(0.3)
Ending balance	**$ 132.8**	**$ 132.7**	**$ 132.0**

In fiscal 2023, the Company acquired Learning Ovations, Inc, a U.S.-based education technology business, which resulted in the recognition of $7.6 of Goodwill included in the *Education Solutions* segment. Refer to Note 7, Acquisitions, for further details regarding the acquisition.

(Dollar amounts in millions, except per share data)

There were no impairment charges related to Goodwill in any of the periods presented.

The following table summarizes the activity in other intangibles included in Other assets and deferred charges on the Company's Financial Statements for the periods indicated:

	November 30, 2023	May 31, 2023	November 30, 2022
Beginning balance - Other intangibles subject to amortization	$ 7.8	$ 6.0	$ 6.0
Additions	5.8	4.1	4.1
Amortization expense	(1.2)	(2.2)	(1.1)
Foreign currency translation	0.0	(0.1)	(0.1)
Total other intangibles subject to amortization, net of accumulated amortization of $37.7, $36.5 and $35.4, respectively	$ 12.4	$ 7.8	$ 8.9
Total other intangibles not subject to amortization	$ **2.1**	$ **2.1**	$ **2.1**
Total other intangibles	**$ 14.5**	**$ 9.9**	**$ 11.0**

During the second quarter of fiscal 2024, the Company acquired certain amortizable intangible assets related to educational programs for $5.8. These intangible assets are amortized over the estimated useful life of 8 years.

In fiscal 2023, the Company acquired Learning Ovations, Inc., a U.S.-based education technology business, which resulted in the recognition of $4.1 of amortizable intangible assets. These intangible assets are amortized over the estimated useful life of 7 years.

Intangible assets with indefinite lives consist principally of trademark and trade name rights. Intangible assets with definite lives consist principally of customer lists, intellectual property, trade names and other agreements. Intangible assets with definite lives are amortized over their estimated useful lives. The weighted-average remaining useful lives of all amortizable intangible assets is approximately 6.1 years.

There were no impairment charges related to Intangible assets in any of the periods presented.

9. INVESTMENTS

Investments are included in Other assets and deferred charges on the Condensed Consolidated Balance Sheets. The following table summarizes the Company's investments as of the dates indicated:

	November 30, 2023	May 31, 2023	November 30, 2022	Segment
Equity method investments	$ 32.4	$ 31.6	$ 31.0	International
Other equity investments	6.0	6.0	6.0	Children's Book Publishing & Distribution
Total Investments	**$ 38.4**	**$ 37.6**	**$ 37.0**	

The Company's 26.2% equity interest in a children's book publishing business located in the UK is accounted for using the equity method of accounting. Equity method income from this investment is reported in the *International* segment.

The Company has a 4.6% ownership interest in a financing and production company that makes film, television, and digital programming designed for the youth market. This equity investment does not have a readily determinable fair value and the Company has elected to apply the measurement alternative and report this investment at cost, less impairment on the Company's Condensed Consolidated Balance Sheets. There have been no impairments or adjustments to the carrying value of this investment.

Income from equity investments is reported in Selling, general and administrative expenses in the Condensed Consolidated Statements of Operations and totaled $0.1 and $0.3 for the three and six months ended November 30, 2023, respectively, and $1.2 and $1.3 for the three and six months ended November 30, 2022, respectively.

(Dollar amounts in millions, except per share data)

10. EMPLOYEE BENEFIT PLANS

The following table sets forth the components of net periodic benefit cost for the periods indicated under the Company's defined benefit pension plan of Scholastic Ltd., an indirect subsidiary of Scholastic Corporation located in the United Kingdom (the "UK Pension Plan"), and the postretirement benefits plan, consisting of certain healthcare and life insurance benefits provided by the Company to its eligible retired United States-based employees (the "US Postretirement Benefits"), for the periods indicated:

	UK Pension Plan Three months ended November 30,		US Postretirement Benefits Three months ended November 30,	
	2023	2022	2023	2022
Components of net periodic benefit cost:				
Interest cost	$ 0.3	$ 0.2	$ 0.1	$ 0.1
Expected return on assets	(0.3)	(0.3)	—	—
Amortization of prior service (credit) loss	0.0	0.0	(0.2)	(0.2)
Amortization of net actuarial (gain) loss	0.3	0.1	0.0	—
Total	**$ 0.3**	**$ 0.0**	**$ (0.1)**	**$ (0.1)**

	UK Pension Plan Six months ended November 30,		US Postretirement Benefits Six months ended November 30,	
	2023	2022	2023	2022
Components of net periodic benefit cost:				
Interest cost	$ 0.7	$ 0.5	$ 0.2	$ 0.2
Expected return on assets	(0.6)	(0.6)	—	—
Amortization of prior service (credit) loss	0.0	0.0	(0.4)	(0.4)
Amortization of net actuarial (gain) loss	0.6	0.2	0.0	—
Total	**$ 0.7**	**$ 0.1**	**$ (0.2)**	**$ (0.2)**

Actuarial gains and losses are amortized using a corridor approach. The gain or loss corridor is equal to 10% of the greater of the projected benefit obligation and the market-related value of assets. Gains and losses in excess of the corridor are amortized over the future working lifetime.

The Company's funding practice with respect to the UK Pension Plan is to contribute on an annual basis at least the minimum amounts required by applicable law. For the six months ended November 30, 2023, the Company contributed $0.6 to the UK Pension Plan. The Company expects, based on actuarial calculations, to contribute cash of approximately $1.2 to the UK Pension Plan for the fiscal year ending May 31, 2024.

11. STOCK-BASED COMPENSATION

The following table summarizes stock-based compensation expense included in Selling, general and administrative expenses for the periods indicated:

	Three months ended November 30,		Six months ended November 30,	
	2023	2022	2023	2022
Stock option expense	$ 2.4	$ 2.4	$ 3.0	$ 3.0
Restricted stock unit expense	1.4	1.3	2.9	2.3
Management stock purchase plan	0.3	0.4	0.3	0.4
Employee stock purchase plan	0.0	0.1	0.2	0.2
Total stock-based compensation expense	**$ 4.1**	**$ 4.2**	**$ 6.4**	**$ 5.9**

The following table sets forth Common Stock issued pursuant to stock-based compensation plans for the periods indicated:

	Three months ended November 30,		Six months ended November 30,	
	2023	**2022**	**2023**	**2022**
Common Stock issued pursuant to stock-based compensation plans (in millions)	0.3	0.3	0.4	0.6

12. TREASURY STOCK

The Board has authorized the Company to repurchase Common Stock, from time to time as conditions allow, on the open market or through privately negotiated transactions.

The table below represents the Board authorization at the dates indicated:

Authorization		**Amount**
March 2023	$	50.0
July 2023		100.0
Total current Board authorizations	**$**	**150.0**
Less repurchases made under these authorizations	$	(116.2)
Remaining Board authorization at November 30, 2023	**$**	**33.8**

Remaining Board authorization at November 30, 2023 represents the amount remaining under the current $100.0 Board authorization for Common share repurchases announced on July 19, 2023, which is available for further repurchases, from time to time as conditions allow, on the open market or through privately negotiated transactions. See Note 18, "Subsequent Events", for additional Board authorization for Common share repurchases.

Repurchases of the Company's Common Stock were $52.3 and $88.5, including excise tax on share repurchases of $0.4 and $0.7, during the three and six months ended November 30, 2023, respectively. The Company's repurchase program may be suspended at any time without prior notice.

(Dollar amounts in millions, except per share data)

13. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following tables summarize the activity in Accumulated other comprehensive income (loss), net of tax, by component, for the periods indicated:

	Three months ended November 30, 2023		
	Foreign currency translation adjustments	Retirement benefit plans	Total
Beginning balance at September 1, 2023	**$ (48.2)**	**$ (5.6)**	**$ (53.8)**
Other comprehensive income (loss) before reclassifications	0.2	—	0.2
Less amount reclassified from Accumulated other comprehensive income (loss):			
Amortization of net actuarial loss (net of tax of $0.0)	—	0.3	0.3
Amortization of prior service (credit) cost (net of tax of $0.0)	—	(0.2)	(0.2)
Other comprehensive income (loss)	0.2	0.1	0.3
Ending balance at November 30, 2023	**$ (48.0)**	**$ (5.5)**	**$ (53.5)**

	Three months ended November 30, 2022		
	Foreign currency translation adjustments	Retirement benefit plans	Total
Beginning balance at September 1, 2022	**$ (54.2)**	**$ (0.8)**	**$ (55.0)**
Other comprehensive income (loss) before reclassifications	3.0	—	3.0
Less amount reclassified from Accumulated other comprehensive income (loss):			
Amortization of net actuarial loss (net of tax of $0.0)	—	0.1	0.1
Amortization of prior service (credit) cost (net of tax of $0.0)	—	(0.2)	(0.2)
Other comprehensive income (loss)	3.0	(0.1)	2.9
Ending balance at November 30, 2022	**$ (51.2)**	**$ (0.9)**	**$ (52.1)**

	Six months ended November 30, 2023		
	Foreign currency translation adjustments	Retirement benefit plans	Total
Beginning balance at June 1, 2023	**$ (50.0)**	**$ (5.8)**	**$ (55.8)**
Other comprehensive income (loss) before reclassifications	2.0	—	2.0
Less amount reclassified from Accumulated other comprehensive income (loss):			
Amortization of net actuarial (gain) loss (net of tax of $0.0)	—	0.6	0.6
Amortization of prior service (credit) cost (net of tax of $0.1)	—	(0.3)	(0.3)
Other comprehensive income (loss)	2.0	0.3	2.3
Ending balance at November 30, 2023	**$ (48.0)**	**$ (5.5)**	**$ (53.5)**

	Six months ended November 30, 2022		
	Foreign currency translation adjustments	Retirement benefit plans	Total
Beginning balance at June 1, 2022	**$ (44.6)**	**$ (0.8)**	**$ (45.4)**
Other comprehensive income (loss) before reclassifications	(6.6)	—	(6.6)
Less amount reclassified from Accumulated other comprehensive income (loss):			
Amortization of net actuarial (gain) loss (net of tax of $0.0)	—	0.2	0.2
Amortization of prior service (credit) cost (net of tax of $0.1)	—	(0.3)	(0.3)
Other comprehensive income (loss)	(6.6)	(0.1)	(6.7)
Ending balance at November 30, 2022	**$ (51.2)**	**$ (0.9)**	**$ (52.1)**

(Dollar amounts in millions, except per share data)

The following table presents the impact on earnings of reclassifications out of Accumulated other comprehensive income (loss) for the periods indicated:

	Three months ended		Six months ended		
	November 30, 2023	**November 30, 2022**	**November 30, 2023**	**November 30, 2022**	**Condensed Consolidated Statements of Operations line item**
Employee benefit plans:					
Amortization of net actuarial loss	$ 0.3	$ 0.1	$ 0.6	$ 0.2	Other components of net periodic benefit (cost)
Amortization of prior service (credit) loss	(0.2)	(0.2)	(0.4)	(0.4)	Other components of net periodic benefit (cost)
Less: Tax effect	0.0	0.0	0.1	0.1	Provision (benefit) for income taxes
Total cost, net of tax	**$ 0.1**	**$ (0.1)**	**$ 0.3**	**$ (0.1)**	

14. FAIR VALUE MEASUREMENTS

The Company determines the appropriate level in the fair value hierarchy for each fair value measurement of assets and liabilities carried at fair value on a recurring basis in the Company’s financial statements. The fair value hierarchy prioritizes the inputs, which refer to assumptions that market participants would use in pricing an asset or liability, based upon the highest and best use, into three levels as follows:

- **Level 1** Unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- **Level 2** Observable inputs other than quoted prices included in Level 1, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs derived principally from or corroborated by observable market data.
- **Level 3** Unobservable inputs in which there is little or no market data available, which are significant to the fair value measurement and require the Company to develop its own assumptions.

The Company’s financial assets and liabilities measured at fair value consisted of cash and cash equivalents, debt and foreign currency forward contracts. Cash and cash equivalents are comprised of bank deposits and short-term investments, such as money market funds, the fair value of which is based on quoted market prices, a Level 1 fair value measure. The Company employs Level 2 fair value measurements for the disclosure of the fair value of its various lines of credit and long term debt. The fair value of the Company's debt approximates the carrying value for all periods presented. The fair values of foreign currency forward contracts, used by the Company to manage the impact of foreign exchange rate changes, are based on quotations from financial institutions, a Level 2 fair value measure.

Non-financial assets for which the Company employs fair value measures on a non-recurring basis include:
- Long-lived assets, including held for sale
- Operating lease right-of-use (ROU) assets
- Investments
- Assets acquired in a business combination
- Impairment assessment of goodwill and intangible assets

Level 2 and Level 3 inputs are employed by the Company in the fair value measurement of these assets. For the fair value measurements employed by the Company for certain property, plant and equipment, investments and prepublication assets, the Company assessed future expected cash flows attributable to these assets. See Note 9, Investments, for a more complete description of the fair value measurements employed. For the fair value measurements employed by the Company for certain acquired intangible assets, the Company utilized internally-developed discounted cash flow forecasts. See Note 7, Acquisitions, for further details regarding the acquired assets and fair value measurements employed.

15. INCOME TAXES AND OTHER TAXES

Income Taxes

In calculating the provision for income taxes on an interim basis, the Company uses an estimate of the annual effective tax rate based upon currently known facts and circumstances and applies that rate to its year-to-date earnings or losses. The Company's effective tax rate is based on expected income and statutory tax rates and takes into consideration permanent differences between financial statement and tax return income applicable to the Company in the various jurisdictions in which the Company operates. The effect of discrete items, such as changes in estimates, changes in rates or tax status, and unusual or infrequently occurring events, is recognized in the interim period in which the discrete item occurs. The accounting estimates used to compute the provision for income taxes may change as new events occur, additional information is obtained or as the result of new judicial interpretations or regulatory or tax law changes.

The Company's interim effective tax rate, inclusive of discrete items, for the three and six month periods ended November 30, 2023 was 24.2% and 22.9%, respectively, compared to 25.3% and 30.2%, respectively, for the prior fiscal year period. The interim effective tax rate for the six months ended November 30, 2023 varies from the statutory rate primarily due to the GILTI inclusion and state and local income taxes.

The Company, including its domestic subsidiaries, files a consolidated U.S. income tax return, and also files tax returns in various states and other local jurisdictions. Also, certain subsidiaries of the Company file income tax returns in foreign jurisdictions. The Company is routinely audited by various tax authorities. The Company was previously under audit for the fiscal 2015 through fiscal 2020 tax years and the examination was completed in fiscal 2023 with no impact to the financial results. The fiscal 2021 and fiscal 2022 tax years remain subject to audit.

Non-income Taxes

The Company is subject to tax examinations for sales-based taxes. A number of these examinations are ongoing and, in certain cases, have resulted in assessments from taxing authorities. The Company assesses sales tax contingencies for each jurisdiction in which it operates, considering all relevant facts including statutes, regulations, case law and experience. Where a sales tax liability with respect to a jurisdiction is probable and can be reliably estimated for such jurisdiction, the Company has made accruals for these matters which are reflected in the Company's Condensed Consolidated Financial Statements. These amounts are included in Selling, general and administrative expenses. Future developments relating to the foregoing could result in adjustments being made to these accruals.

16. DERIVATIVES AND HEDGING

The Company enters into foreign currency derivative contracts to economically hedge the exposure to foreign currency fluctuations associated with the forecasted purchase of inventory, the foreign exchange risk associated with certain receivables denominated in foreign currencies and certain future commitments for foreign expenditures. These derivative contracts are economic hedges and are not designated as cash flow hedges.

The Company marks-to-market these instruments and records the changes in the fair value of these items in Selling, general and administrative expenses and recognizes the unrealized gain or loss in Other current assets or Other current liabilities. The notional values of the contracts as of November 30, 2023 and November 30, 2022 were $22.8. A net unrealized gain of $0.3 and $0.8 was recognized for the six months ended November 30, 2023 and November 30, 2022, respectively.

(Dollar amounts in millions, except per share data)

17. OTHER ACCRUED EXPENSES

Other accrued expenses consisted of the following as of the dates indicated:

	November 30, 2023	May 31, 2023	November 30, 2022
Accrued payroll, payroll taxes and benefits	$ 32.8	$ 29.2	$ 34.7
Accrued bonus and commissions	13.7	31.2	16.5
Returns liability	37.7	34.9	43.9
Accrued other taxes	28.4	24.8	33.7
Accrued advertising and promotions	9.7	7.3	10.8
Other accrued expenses	40.2	41.5	40.8
Total accrued expenses	**$ 162.5**	**$ 168.9**	**$ 180.4**

18. SUBSEQUENT EVENTS

On December 13, 2023, the Board declared a quarterly cash dividend of $0.20 per share on the Company’s Class A and Common Stock for the third quarter of fiscal 2024. The dividend is payable on March 15, 2024 to shareholders of record as of the close of business on January 31, 2024.

On December 13, 2023, the Board also authorized an increase of $66.2 for Common share repurchases under the Company's share buy-back program, resulting in a current Board authorization of $100.0, which includes $33.8 remaining from the previous Board authorization.

Overview and Outlook

Revenues for the second quarter ended November 30, 2023 were $562.6 million, compared to $587.9 million in the prior fiscal year quarter, a decrease of $25.3 million or 4%. The Company reported net income per diluted share of Class A and Common Stock of $2.45 in the second quarter of fiscal 2024, compared to net income per diluted share of $2.12 in the prior fiscal year quarter.

During the second fiscal quarter, the *Children's Book Publishing and Distribution* segment achieved increased sales through the book fairs channel despite facing a complex environment in U.S. schools, with fair count on track to reach nearly 90% of pre-pandemic levels. The Company also began the process of repositioning its book clubs business by reducing unprofitable offers and promotional spending and implementing new customer-centric strategies. The trade channel benefited from multiple frontlist titles, including *Cat Kid Comic Club®: Influencers* by Dav Pilkey, the new paperback edition of *The Ballad of Songbirds and Snakes*, Suzanne Collins' prequel to the *Hunger Games®* series, the interactive edition of *Harry Potter and the Prisoner of Azkaban®* and *The Harry Potter Wizarding Almanac*. In *Education Solutions*, revenues were consistent year over year, reflecting the Company's unique ability to support literacy by providing children access to engaging book collections through state and district partnerships. Internationally, the trade channels in Australia and New Zealand continued to be impacted by the softness in the overall retail market; however, these revenue declines were partly offset by the book fairs and trade channels in the UK, which outperformed the prior year period.

Second quarter results came in below the Company's expectations for profit growth, reflecting lower participation and spending in its school reading events business, a trend that is expected to continue for the remainder of this school year. The trade channel is expected to continue to benefit from new releases, including new titles from the *Dog Man®* and *Heartstopper™* series. The Company remains committed to continue deploying capital to invest in growth and enhance shareholder returns.

Results of Operations

Consolidated

Revenues for the quarter ended November 30, 2023 decreased by $25.3 million to $562.6 million, compared to $587.9 million in the prior fiscal year quarter. The *Children's Book Publishing and Distribution* segment revenues decreased by $25.5 million, primarily driven by lower book clubs channel sales, reflecting a planned reduction in unprofitable offers, as the business implements new customer-centric strategies and is integrated into the school reading events business, as well as lower media revenues compared to the the prior year which benefited from the release of the *Eva the Owlet*™ TV series, based on the *Owl Diaries*™ book series. In the *Education Solutions* segment, revenues increased by $1.0 million primarily due to increased revenues from state-sponsored programs, partly offset by sales declines in supplemental instructional materials, largely related to shifting approaches to literacy instruction. In local currency, *International* segment revenues decreased by $3.8 million, reflecting lower sales in Australia and New Zealand which were impacted by the continued softness in the overall retail market, partly offset by higher book fairs and trade channel revenues in the UK. *International* segment revenues were impacted by favorable foreign exchange of $0.7 million in the quarter ended November 30, 2023.

Revenues for the six months ended November 30, 2023 decreased by $59.7 million to $791.1 million, compared to $850.8 million in the prior fiscal year period. The *Children's Book Publishing and Distribution* segment revenues decreased by $47.4 million, primarily driven by lower book clubs channel revenues reflecting a planned reduction in unprofitable offers, coupled with lower trade channel revenues resulting from the continued softness in the retail book market and lower media revenues compared to the the prior year which benefited from the release of the Eva the Owlet™ TV series, based on the *Owl Diaries*™ book series. In the *Education Solutions* segment, revenues decreased by $6.2 million primarily due to the timing of revenues from summer learning product offerings as the Company continues to experience a shift in sales from the first fiscal quarter into the fourth fiscal quarter, coupled with sales declines in supplemental instructional materials, largely related to shifting approaches to literacy instruction. In local currency, the *International* segment revenues decreased by $10.2 million, primarily due to lower sales in Canada and Australia, primarily from the trade channels which continued to be impacted by the softness in the retail markets, partially offset by higher book fairs and trade channel revenues in the UK. *International* segment revenues were also impacted by unfavorable foreign exchange of $0.7 million in the period ended November 30, 2023.

Components of Cost of goods sold for the three and six months ended November 30, 2023 and November 30, 2022 are as follows:

	Three months ended				Six months ended			
	November 30, 2023		November 30, 2022		November 30, 2023		November 30, 2022	
($ amounts in millions)	**$**	**% of Revenue**	**$**	**% of Revenue**	**$**	**% of Revenue**	**$**	**% of Revenue**
Product, service and production costs and inventory reserves	$ 143.0	25.5 %	$ 158.6	27.0 %	$ 215.8	27.3 %	$ 241.0	28.3 %
Royalty costs	40.1	7.1 %	45.4	7.7 %	63.6	8.0 %	72.8	8.6 %
Prepublication amortization	6.9	1.2 %	6.4	1.1 %	13.9	1.8 %	12.8	1.5 %
Postage, freight, shipping, fulfillment and other	44.1	7.8 %	50.0	8.5 %	70.8	8.9 %	78.3	9.2 %
Total	**$ 234.1**	**41.6 %**	**$ 260.4**	**44.3 %**	**$ 364.1**	**46.0 %**	**$ 404.9**	**47.6 %**

Cost of goods sold for the quarter ended November 30, 2023 was $234.1 million, or 41.6% of revenues, compared to $260.4 million, or 44.3% of revenues, in the prior fiscal year quarter. Cost of goods sold for the six months ended November 30, 2023 was $364.1 million, or 46.0% of revenues, compared to $404.9 million, or 47.6% of revenues, in the prior fiscal year period. The improvement in Cost of goods sold as a percentage of revenues was primarily attributable to favorable product costs due to lower printing and inbound freight costs, in addition to lower production costs and lower royalty costs related to a higher mix of lower-royalty bearing titles sold in the domestic trade channel in the period ended November 30, 2023. This was partially offset by higher prepublication amortization as a result of the release of *Ready4Reading™* at the end of fiscal 2023.

Selling, general and administrative expenses for the quarter ended November 30, 2023 decreased to $213.1 million, compared to $213.6 million in the prior fiscal year quarter. The $0.5 million decrease was primarily attributable to lower promotional spending, largely offset by increased spending related to facilities and labor ahead of expected growth in the book fairs channel and investments in growth opportunities in *Education Solutions.*

Selling, general and administrative expenses for the six months ended November 30, 2023 increased to $397.3 million, compared to $376.4 million in the prior fiscal year period. The $20.9 million increase was primarily attributable to increased spending related to facilities and labor ahead of expected growth in the book fairs channel and investments in growth opportunities in *Education Solutions.* In addition, the Company incurred higher severance expense from the Company's restructuring programs of $6.3 million related to reorganization efforts and cost-saving initiatives in the school reading events business, *Education Solutions* and in Canada. This was partially offset by lower promotional spending.

Depreciation and amortization expenses in the three and six months ended November 30, 2023 of $14.1 million and $27.5 million, respectively, was relatively consistent compared to $13.8 million and $27.5 million, respectively, in the prior fiscal year periods. The Company continues to shift spending to cloud computing arrangements in which the amortization expense is included in Selling, general and administrative expenses rather than Depreciation and amortization. Amortization related to cloud computing arrangements for the period ended November 30, 2023 was consistent with the prior year period. There were no significant assets placed into service during the period ended November 30, 2023.

Interest income for the three months ended November 30, 2023 was $0.9 million, compared to $1.1 million in the prior fiscal year quarter. The decrease in interest income was due to lower investment balances as compared to the prior fiscal year quarter. Interest income for the six months ended November 30, 2023 was $2.6 million, compared to $1.7 million in the prior fiscal year period. The increase was attributable to higher interest rates earned in the period ended November 30, 2023. The Company invests excess cash in short term investments which earn competitive interest rates that change directionally in relation to the Federal Funds rate.

Interest expense for the three and six months ended November 30, 2023 was $0.5 million and $0.8 million, respectively, compared to $0.4 million and $0.8 million, respectively, in the prior fiscal year periods. There were no significant changes in average debt borrowings compared to the prior fiscal year periods.

The Company's interim effective tax rate, inclusive of discrete items, for the three and six months ended November 30, 2023 was 24.2% and 22.9%, respectively, compared to 25.3% and 30.2%, respectively, for the prior fiscal year periods.

Net income attributable to Scholastic Corporation for the quarter ended November 30, 2023 increased by $1.6 million to $76.9 million, compared to $75.3 million in the prior fiscal year quarter. Earnings per basic and diluted share of Class A and Common Stock was $2.51 and $2.45, respectively, for the fiscal quarter ended November 30, 2023, compared to $2.17 and $2.12, respectively, in the prior fiscal year quarter.

Net income attributable to Scholastic Corporation for the six months ended November 30, 2023 decreased by $27.1 million to $2.7 million, compared to $29.8 million in the prior fiscal year period. Earnings per basic and diluted share of Class A and Common Stock was $0.09 and $0.09, respectively, for the six months ended November 30, 2023, compared to $0.86 and $0.84, respectively, in the prior fiscal year period.

Net income attributable to noncontrolling interest for the three and six months ended November 30, 2022 was $0.1 million and $0.2 million, respectively.

Children's Book Publishing and Distribution

	Three months ended November 30,				Six months ended November 30,			
($ amounts in millions)	**2023**	**2022**	**$ Change**	**% Change**	**2023**	**2022**	**$ Change**	**% Change**
Revenues	$ 392.8	$ 418.3	$ (25.5)	(6.1)%	$ 495.6	$ 543.0	$ (47.4)	(8.7)%
Cost of goods sold	156.1	180.6	(24.5)	(13.6)%	219.4	257.7	(38.3)	(14.9)%
Other operating expenses (1)	125.9	124.5	1.4	1.1 %	206.9	202.2	4.7	2.3 %
Operating income (loss)	$ 110.8	$ 113.2	$ (2.4)	(2.1)%	$ 69.3	$ 83.1	$ (13.8)	(16.6)%
Operating margin	**28.2 %**	**27.1 %**			**14.0 %**	**15.3 %**		

(1) Other operating expenses include selling, general and administrative expenses, bad debt expenses and depreciation and amortization.

Revenues for the quarter ended November 30, 2023 decreased by $25.5 million to $392.8 million, compared to $418.3 million in the prior fiscal year quarter. Revenues from school reading events decreased $23.9 million due to lower revenues from the book clubs channel as efforts to reposition the business resulted in a lower number of sponsors and fewer events, partially offset by higher book fairs channel revenues of $1.3 million on increased fair count. Also within the book fairs channel, increased redemptions of incentive program credits were partly offset by modestly lower average revenue per fair, reflecting the addition of mostly smaller fairs as the Company increased fair count. Trade channel revenues decreased $1.6 million, largely driven by lower media revenues compared to the prior year when the Company completed the delivery of episodes of the animated TV show "*Eva the Owlet*"™ based on the *Owl Diaries*™ book series. Excluding media channel sales, trade channel revenues increased 3%, driven by the success of multiple frontlist and backlist titles and higher foreign rights sales. New releases in the quarter ended November 30, 2023 included *Cat Kid Comic Club: Influencers*, the interactive edition of *Harry Potter and the Prisoner of Azkaban*, *Wings of Fire™: A Guide to the Dragon World*, *The Official Five Nights at Freddy's Cookbook*, *The Bad Guys in Look Who's Talking* (*The Bad Guys® #18)* and *All We Need is Love and A Really Soft Pillow*. The trade channel also benefited from increased sales of the new paperback edition of *The Ballad of Songbirds and Snakes* in connection with Lionsgate's theatrical release in November 2023, and a similar boost in sales of titles from the original *Hunger Games* trilogy.

Revenues for the six months ended November 30, 2023 decreased by $47.4 million to $495.6 million, compared to $543.0 in the prior fiscal year period. Revenues from school reading events decreased $28.6 million due to lower revenues from the book clubs channel as efforts to reposition the business resulted in a lower number of sponsors and fewer events. Revenues from the book fairs channel remained consistent year over year. Trade channel revenues decreased $18.8 million reflecting modest declines in the retail book market, the prior year release of *Harry Potter and the Order of the Phoenix: The Illustrated Edition* and lower media revenues associated with the prior year release of the animated series "*Eva the Owlet*"™. Despite modest declines in the retail book market, the trade channel benefited from sales of the new paperback edition of *The Ballad of Songbirds and Snakes* in connection with Lionsgate's theatrical release in November 2023 and increased sales of titles from the original *Hunger Games* trilogy as well as several new releases including *Cat Kid Comic Club:*

Influencers, the interactive edition of *Harry Potter and the Prisoner of Azkaban*, *Wings of Fire: A Guide to the Dragon World* and *The Harry Potter Wizarding Almanac.*

Cost of goods sold for the quarter ended November 30, 2023 was $156.1 million, or 39.7% of revenues, compared to $180.6 million, or 43.2% of revenues, in the prior fiscal year quarter. Cost of goods sold for the six months ended November 30, 2023 was $219.4 million, or 44.3% of revenues, compared to $257.7 million, or 47.5% of revenues, in the prior fiscal year period. Cost of goods sold benefited from favorable product costs due to lower inbound freight and printing costs, in addition to lower production costs. Royalty costs were also favorable as a result of a higher mix of lower-royalty bearing titles sold in the trade channel in the period ended November 30, 2023. Favorable Cost of goods sold is expected to continue into the second half of the fiscal year.

Other operating expenses for the quarter ended November 30, 2023 increased by $1.4 million to $125.9 million, compared to $124.5 million in the prior fiscal year quarter. Other operating expenses for the six months ended November 30, 2023 increased by $4.7 million to $206.9 million, compared to $202.2 million in the prior fiscal year period. The increase in Other operating expenses was primarily driven by higher labor and equipment costs in the book fairs channel ahead of expected growth for fiscal 2024, coupled with increased rent for warehouse space. This was partially offset by lower promotional spending related to book clubs kits as a result of a change in the frequency of the distribution of kits to schools.

Segment operating income for the quarter ended November 30, 2023 was $110.8 million, compared to $113.2 million in the prior fiscal year quarter. The $2.4 million decrease in operating income was primarily attributable to lower book clubs channel revenues reflecting efforts to reposition the business. In addition, the book fairs channel incurred higher planned spending related to facilities and labor ahead of expected growth, partially offset by lower promotional spending related to book clubs kits.

Segment operating income for the six months ended November 30, 2023 was $69.3 million, compared to $83.1 million in the prior fiscal year period. The $13.8 million decrease in operating income was primarily attributable to lower book clubs channel revenues as a result of efforts to reposition the business. In addition, the segment incurred higher planned spending related to facilities and labor ahead of expected growth in the book fairs channel, which was partially offset by lower promotional spending related to book clubs kits.

Education Solutions

	Three months ended November 30,				Six months ended November 30,			
($ amounts in millions)	**2023**	**2022**	**$ Change**	**% Change**	**2023**	**2022**	**$ Change**	**% Change**
Revenues	$ 81.0	$ 80.0	$ 1.0	1.3 %	$ 147.0	$ 153.2	$ (6.2)	(4.0)%
Cost of goods sold	30.7	28.6	2.1	7.3 %	63.3	59.0	4.3	7.3 %
Other operating expenses [(1)]	44.5	44.4	0.1	0.2 %	96.6	91.5	5.1	5.6 %
Operating income (loss)	$ 5.8	$ 7.0	$ (1.2)	(17.1)%	$ (12.9)	$ 2.7	$ (15.6)	NM
Operating margin	**7.2 %**	**8.8 %**			**NM**	**1.8 %**		

(1) Other operating expenses include selling, general and administrative expenses, bad debt expenses and depreciation and amortization.
NM Not meaningful

Revenues for the quarter ended November 30, 2023 increased by $1.0 million to $81.0 million, compared to $80.0 million in the prior fiscal year quarter. The segment benefited from increased revenues from state-sponsored programs, partly offset by sales declines in supplemental instructional materials, primarily related to the shift in prevailing approaches to literacy instruction. The segment continues to prepare for the seasonally important fourth fiscal quarter.

Revenues for the six months ended November 30, 2023 decreased by $6.2 million to $147.0 million, compared to $153.2 million in the prior fiscal year period. The decrease in segment revenues was primarily driven by timing of revenues from summer learning product offerings as the Company continues to experience a shift in sales from the first fiscal quarter into the fourth fiscal quarter, coupled with declines in supplemental instructional materials. Partially offsetting the lower revenues, the segment benefited from increased revenues from its Literacy Initiatives, such as the *Scholastic Family and Community Engagement (FACE)™* initiative, as a result of continued growth in the funding for community and extended learning programs to support childhood literacy.

Cost of goods sold for the quarter ended November 30, 2023 was $30.7 million, or 37.9% of revenues, compared to $28.6 million, or 35.8% of revenues, in the prior fiscal year quarter. Cost of goods sold for the six months ended November 30, 2023 was $63.3 million, or 43.1% of revenues, compared to $59.0 million, or 38.5% of revenues, in the prior fiscal year period. The increase in Cost of goods sold as a percentage of revenues was primarily attributable to higher costs associated with the mix of product sold during the period ended November 30, 2023, coupled with increased fulfillment costs. In addition, the segment incurred higher prepublication amortization as result of the release of *Ready4Reading*™ at the end of fiscal 2023.

Other operating expenses for the quarter ended November 30, 2023 were $44.5 million, compared to $44.4 million in the prior fiscal year quarter, resulting in an increase of $0.1 million. Other operating expenses for the six months ended November 30, 2023 were $96.6 million, compared to $91.5 million in the prior fiscal year period, resulting in an increase of $5.1 million. The increase in Other operating expenses was primarily attributable to higher labor and outside service costs as a result of increased spending on investments in long-term growth opportunities, partially offset by lower spending on promotional materials.

Segment operating income for the quarter ended November 30, 2023 was $5.8 million, compared to $7.0 million in the prior fiscal year quarter. The $1.2 million decrease in operating income was primarily driven by unfavorable cost of product due to product mix and higher prepublication amortization, coupled with increased spending on investments in growth opportunities.

Segment operating loss for the six months ended November 30, 2023 was $12.9 million, compared to operating income of $2.7 million in the prior fiscal year period. The $15.6 million decrease in operating income was primarily driven by lower revenues, coupled with unfavorable cost of product due to product mix and higher prepublication amortization and increased spending on investments in growth opportunities. Higher operating cost levels are expected to continue in the second half of fiscal 2024 as the Company continues to invest in growth initiatives.

International

	Three months ended November 30,				Six months ended November 30,			
($ amounts in millions)	**2023**	**2022**	**$ Change**	**% Change**	**2023**	**2022**	**$ Change**	**% Change**
Revenues	$ 86.5	$ 89.6	$ (3.1)	(3.5)%	$ 143.7	$ 154.6	$ (10.9)	(7.1)%
Cost of goods sold	48.9	53.8	(4.9)	(9.1)%	84.8	93.3	(8.5)	(9.1)%
Other operating expenses [(1)]	29.6	29.1	0.5	1.7 %	59.1	58.1	1.0	1.7 %
Operating income (loss)	$ 8.0	$ 6.7	$ 1.3	19.4 %	$ (0.2)	$ 3.2	$ (3.4)	(106.3)%
Operating margin	**9.2 %**	**7.5 %**			**NM**	**2.1 %**		

(1) Other operating expenses include selling, general and administrative expenses, bad debt expenses, severance and depreciation and amortization.
NM Not meaningful

Revenues for the quarter ended November 30, 2023 decreased by $3.1 million to $86.5 million, compared to $89.6 million in the prior fiscal year quarter. Local currency revenues across the Company's foreign operations decreased by $3.8 million, excluding favorable foreign exchange impact of $0.7 million. In Australia and New Zealand, local currency revenues decreased $3.8 million, primarily driven by lower sales in the trade channel due to the continued softness in the retail market, coupled with lower sales from the book clubs channel. Local currency revenues in Asia decreased $0.5 million primarily due to lower sales from the trade and education channels in Asia, partially offset by increased revenues from the education channel in the Philippines. Export channel sales also decreased $0.9 million as compared to the prior fiscal year quarter. Partially offsetting the revenue decline, UK local currency revenues increased $1.4 million, primarily driven by higher revenues from the trade and book fairs channels, partially offset by lower sales from the book clubs channel. In Canada, local currency revenues were consistent with the prior year as higher volumes in the book fairs channel were offset by lower revenues from the book clubs channel.

Revenues for the six months ended November 30, 2023 decreased by $10.9 million to $143.7 million, compared to $154.6 million in the prior fiscal year period. Local currency revenues across the Company's ongoing foreign operations decreased by $8.5 million, excluding $1.7 million in lower revenues from the disposition of the direct sales business in Asia and unfavorable foreign exchange impact of $0.7 million. In Australia and New Zealand, local currency revenues decreased $5.7 million, primarily driven by lower sales in the trade channel due to the continued softness in the retail market, coupled with lower sales from the book clubs channel. In Canada, local currency revenues decreased $2.7 million primarily due to lower trade channel sales reflecting the softness in the retail book market and lower revenues from the book clubs channel, partially offset by higher revenue per fair in the book fairs channel. Local currency revenues in Asia decreased $1.0 million primarily due to lower sales from the trade and education channels in Asia, partially offset by increased revenues from the education channel in the Philippines. Export channel sales also decreased $0.7 million as compared to the prior fiscal year period. Partially offsetting the revenue decline, local currency revenues in the UK increased $1.6 million, primarily driven by higher revenues from the trade and book fairs channels, partially offset by lower sales from the book clubs channel.

Cost of goods sold for the quarter ended November 30, 2023 was $48.9 million, or 56.5% of revenues, compared to $53.8 million, or 60.0% of revenues, in the prior fiscal year quarter. Cost of goods sold for the six months ended November 30, 2023 was $84.8 million, or 59.0% of revenues, compared to $93.3 million, or 60.3% of revenues, in the prior fiscal year period. The decrease in Cost of goods sold as a percentage of revenues was primarily attributable to favorable product costs due to lower print and inbound freight costs as well as lower outbound freight charges, primarily in Canada and Australia.

Other operating expenses for the quarter ended November 30, 2023 were $29.6 million, compared to $29.1 million in the prior fiscal year quarter. Other operating expenses increased $0.5 million primarily driven by lower equity investment income in the quarter ended November 30, 2023.

Other operating expenses for the six months ended November 30, 2023 were $59.1 million, compared to $58.1 million in the prior fiscal year period. Other operating expenses increased $1.0 million primarily driven by lower equity investment income, coupled with severance expense from restructuring programs within the book clubs channel in Canada of $1.2 million in the period ended November 30, 2023. This was partially offset by lower overhead spending in Asia as a result of the disposition of the direct sales business.

Segment operating income for the quarter ended November 30, 2023 was $8.0 million, compared to $6.7 million in the prior fiscal year quarter. The $1.3 million increase in operating income was primarily driven by operating efficiencies in Canada which benefited from the reorganization of its book clubs operations.

Segment operating loss for the six months ended November 30, 2023 was $0.2 million, compared to operating income of $3.2 million in the prior fiscal year period. The $3.4 million decrease in operating income was primarily driven by lower trade channel revenues in Canada and Australia reflecting the continued softness in the retail market, coupled with higher severance expense from restructuring programs in Canada which are expected to continue to drive greater operating efficiencies across North American operations.

Overhead

Unallocated overhead expense for the quarter ended November 30, 2023 decreased by $3.5 million to $23.3 million, from $26.8 million in the prior year quarter. The decrease was primarily attributable to timing of discretionary spending, coupled with higher rental income of $0.7 million as a result of a new tenant leasing space in the Company's headquarters.

Unallocated overhead expense for the six months ended November 30, 2023 increased by $7.0 million to $54.0 million, from $47.0 million in the prior year period. The increase was primarily attributable to higher employee-related costs, which included severance expense from restructuring programs of $5.1 million in the first fiscal quarter related to the reorganization efforts and cost-saving initiatives in the school reading events division and *Education Solutions* as well as higher medical expense. This was partially offset by higher rental income of $1.7 million as a result of a new tenant leasing space in the Company's headquarters and timing of discretionary spending.

Seasonality

The Company's *Children's Book Publishing and Distribution* school-based book club and book fair channels and most of its *Education Solutions* businesses operate on a school-year basis; therefore, the Company's business is highly seasonal. As a result, the Company's revenues in the first and third quarters of the fiscal year generally are lower than its revenues in the other two fiscal quarters. Typically, school-based channels and magazine revenues are minimal in the first quarter of the fiscal year as schools are not in session. Education channel revenues are generally higher in the fourth quarter. Trade sales can vary throughout the year due to varying release dates of published titles.

Liquidity and Capital Resources

Cash provided by operating activities was $71.6 million for the six months ended November 30, 2023, compared to cash provided by operating activities of $21.3 million for the prior fiscal year period, representing an increase in cash provided by operating activities of $50.3 million. The increase in cash provided was primarily driven by approximately $80 million in lower inventory purchases as lead times have returned to pre-pandemic levels resulting in a return to historical purchasing patterns, which also reflected lower freight and manufacturing costs. This was partially offset by lower customer remittances on receivable balances, increased spending on growth initiatives in *Education Solutions* and higher planned spending related to facilities and labor ahead of expected growth in the book fairs channel, as well as higher severance paid in the period ended November 30, 2023.

Cash used in investing activities was $49.1 million for the six months ended November 30, 2023, compared to cash used in investing activities of $45.8 million in the prior fiscal year period, representing an increase in cash used in investing activities of $3.3 million. The increase in cash used was driven by higher capital expenditures of $5.0 million, primarily for new point-of-sale equipment and trailers for the book fairs channel, as well as increased prepublication spending of $0.7 million associated with product development in *Education Solutions*. This was partially offset by lower acquisition-related payments in which the Company acquired the remaining shares of Make Believe Ideas Limited for $2.1 million and certain amortizable intangible assets related to educational programs for $5.8 million during the period ended November 30, 2023, compared to the acquisition of Learning Ovations for $10.7 million in the prior year period.

Cash used in financing activities was $97.8 million for the six months ended November 30, 2023, compared to cash used by financing activities of $29.0 million for the prior fiscal year period, representing an increase in cash used in financing activities of $68.8 million. The increase in cash used was attributable to common stock repurchases of $90.2 million, compared to repurchases of $29.7 million in the prior fiscal year period, a decrease in net proceeds from stock option exercises of $9.2 million in the period ended November 30, 2023 and higher dividend payments of $0.8 million.

Cash Position

The Company’s cash and cash equivalents totaled $149.5 million at November 30, 2023, $224.5 million at May 31, 2023 and $261.1 million at November 30, 2022. Cash and cash equivalents held by the Company’s U.S. operations totaled $115.1 million at November 30, 2023, $174.6 million at May 31, 2023 and $228.7 million at November 30, 2022. Due to the seasonal nature of its business as discussed under “Seasonality”, the Company usually experiences negative cash flows in the June through September time period.

The Company’s operating philosophy is to use cash provided by operating activities to create value by paying down debt, reinvesting in existing businesses and, from time to time, making acquisitions that will complement its portfolio of businesses or acquiring other strategic assets, as well as engaging in shareholder enhancement initiatives, such as share repurchases or dividend declarations. Under the Company's open-market buy-back program, $33.8 million remained available for future purchases of common shares as of November 30, 2023. Subsequent to November 30, 2023, the Board authorized an increase of $66.2 million for common stock repurchases, resulting in a current Board authorization of $100.0 million, which includes the remaining amount from the previous Board authorization.

The Company has maintained, and expects to maintain for the foreseeable future, sufficient liquidity to fund ongoing operations, including working capital requirements, pension contributions, postretirement benefits, debt service, planned capital expenditures and other investments, as well as dividends and share repurchases. As of November 30, 2023, the Company’s primary sources of liquidity consisted of cash and cash equivalents of $149.5 million, cash from operations and the Company's U.S. credit agreement. The Company expects the U.S. credit agreement to provide it with an appropriate level of flexibility to strategically manage its business operations. The Company's U.S. credit agreement, less commitments of $0.4 million, has $299.6 million of availability. Additionally, the Company has short-term credit facilities of $40.9 million, less current borrowings of $6.3 million and commitments of $3.4 million, resulting in $31.2 million of current availability under these facilities at November 30, 2023. Accordingly, the Company believes these sources of liquidity are sufficient to finance its currently anticipated ongoing operating needs, as well as its financing and investing activities.

Financing

The Company is party to the U.S. credit agreement and certain credit lines with various banks as described in Note 4 of Notes to Condensed Consolidated Financial Statements - unaudited in Item 1, “Financial Statements." The Company had no outstanding borrowings under the U.S. credit agreement as of November 30, 2023.

New Accounting Pronouncements

Reference is made to Note 1 of Notes to Financial Statements - unaudited in Item 1, “Financial Statements,” for information concerning recent accounting pronouncements since the filing of the Company’s Annual Report on Form 10-K for the fiscal year ended May 31, 2023.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements. Additional written and oral forward-looking statements may be made by the Company from time to time in Securities and Exchange Commission ("SEC") filings and otherwise. The Company cautions readers that results or expectations expressed by forward-looking statements, including, without limitation, those relating to the Company’s future business prospects and strategic plans, ecommerce and digital initiatives, new product introductions, strategies, new education standards, goals, revenues, improved efficiencies, general operating costs, including transportation and labor costs and the extent such costs are impacted by inflationary pressures, manufacturing costs, medical costs, potential cost savings, merit pay, operating margins, working capital, liquidity, capital needs, the cost and timing of capital projects, interest costs, cash flows and income, are subject to risks and uncertainties, which may have an impact on the Company's operations and could cause actual results to differ materially from those indicated in the forward-looking statements, due to factors including those noted in the Annual Report and this Quarterly Report and other risks and factors identified from time to time in the Company’s filings with the SEC. The Company disclaims any intention or obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

The Company conducts its business in various foreign countries, and as such, its cash flows and earnings are subject to fluctuations from changes in foreign currency exchange rates. The Company sells products from its domestic operations to its foreign subsidiaries, creating additional currency risk. The Company manages its exposures to this market risk through internally established procedures and, when deemed appropriate, through the use of short-term forward exchange contracts, which were not significant as of November 30, 2023. The Company does not enter into derivative transactions or use other financial instruments for trading or speculative purposes.

Market risks relating to the Company's operations result primarily from changes in interest rates in its variable-rate borrowings. The Company is subject to the risk that market interest rates and its cost of borrowing will increase and thereby increase the interest charged under its variable-rate debt.

Additional information relating to the Company's outstanding financial instruments is included in Note 4 of Notes to Condensed Consolidated Financial Statements - unaudited in Item 1, "Financial Statements."

The following table sets forth information about the Company's debt instruments as of November 30, 2023:

($ amounts in millions)	**Fiscal Year Maturity**							
	2024 (1)	**2025**	**2026**	**2027**	**2028**	**Thereafter**	**Total**	**Fair Value at 11/30/2023**
Debt Obligations								
Lines of credit and current portion of long-term debt	$ 6.3	$ —	$ —	$ —	$ —	$ —	$ 6.3	$ 6.3
Average interest rate	3.9 %	—	—	—	—	—		

(1) Fiscal 2024 includes the remaining six months of the current fiscal year ending May 31, 2024.

The Chief Executive Officer and the Chief Financial Officer of the Corporation, after conducting an evaluation, together with other members of the Company's management, of the effectiveness of the design and operation of the Corporation's disclosure controls and procedures as of November 30, 2023, have concluded that the Corporation's disclosure controls and procedures were effective to ensure that information required to be disclosed by the Corporation in its reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC and accumulated and communicated to members of the Company's management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. There was no change in the Corporation's internal control over financial reporting that occurred during the quarter ended November 30, 2023 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

PART II – OTHER INFORMATION

SCHOLASTIC CORPORATION
Item 1A. Risk Factors

In Item 1A (Risk Factors) in Part I of the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2023, the Company described material risk factors which could affect its business. Except as set forth below, as of the date of this Quarterly Report on Form 10-Q there have been no material changes to the risk factors described in the Company's Annual Report for the fiscal year ended May 31, 2023. Any of the risks identified in such Annual Report, in this Quarterly Report on Form 10-Q or in other reports the Company files with the SEC, and other risks the Company has not anticipated or discussed, could have a material adverse impact on the Company's business, financial condition or results of operations.

If we fail to adapt to new purchasing patterns or trends, our business and financial results could be adversely affected.

The Company's business is affected significantly by changes in customer purchasing patterns or trends in, as well as the underlying strength of, the trade, educational and media markets for children. In particular, the Company's educational publishing business may be adversely affected by budgetary restraints and other changes in educational funding as a result of new policies which could be implemented at the federal level or otherwise resulting from new legislation or regulatory action at the federal, state or local level, or by changes in the procurement process, to which the Company may be unable to adapt successfully. In addition, there are many competing demands for educational funds, and there can be no guarantee that the Company will be successful in continuing to obtain sales of its educational programs and materials from any available funding. Further, changes in educational practices affecting structure or content of educational materials or requiring adaption to new learning approaches, particularly in grades pre-K through 6, as well as those which may arise from new legislation or policies at the state or local level directed at content or teaching practices and materials, to which the Company is unable to successfully adapt could result in a loss of business adversely affecting the Company's business and financial performance. In particular, largely as a result of state curricular changes which have adversely impacted sales to schools of certain of the Company's supplemental literacy instructional materials, including book collections, the Company is in the process of adapting current and creating new literacy materials to better align with evidence- and science-based approaches to literacy instruction which may not be successful in mitigating the current decrease in sales of such materials. In addition, in a highly politicized environment, the content or authors of some of the product being sold by the Company could become controversial, negatively impacting sales made to or through schools, through partnerships with government agencies or through sponsorships and funding programs. In particular, recently enacted or pending state legislation restricting certain content in schools may impact the Company's ability to host fairs in certain states or result in cancelled fairs as the Company and school volunteers proceed to navigate the complex and difficult social, political and legal environment arising from such legislation, which actions may create negative publicity affecting the Company's reputation, consequently adversely affecting the Company's financial results in the short-term. Within the children's book publishing business, the Company's financial performance could also be adversely affected by the ability of the U.S. book clubs channel to complete its strategic integration with the U.S. book fairs channel. The Company has taken a holistic approach to serving its customers as part of the newly formed school reading events division and the Company's ability to execute on new strategies and operational improvements may not align with customer purchasing behaviors, which could negatively impact operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information with respect to repurchases of shares of Common Stock by the Corporation during the three months ended November 30, 2023:

Issuer Purchases of Equity Securities
(Dollars in millions, except per share amounts)

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares (or approximate dollar value) that may yet be purchased under the plans or programs (i)
September 1 through September 30, 2023	152,850	$39.23	152,850	$79.7
October 1 through October 31, 2023	704,958	37.41	704,958	53.3
November 1 through November 30, 2023	497,469	39.07	497,469	33.8
Total	**1,355,277**		**1,355,277**	**$33.8**

(i) Represents the amount remaining at November 30, 2023 under the current $100.0 Board authorization for Common share repurchases announced on July 19, 2023, which is available for further repurchases, from time to time as conditions allow, on the open market or through privately negotiated transactions. See Note 12 of Notes to Condensed Consolidated Financial Statements - unaudited in Item 1, “Financial Statements,” for a description of the Company’s share buy-back program and share repurchase authorizations. Subsequent to November 30, 2023, the Board authorized an increase of $66.2 for common stock repurchases, resulting in a current Board authorization of $100.0, which includes the remaining amount from the previous Board authorization.

SCHOLASTIC CORPORATION
Item 6. Exhibits

Exhibits:

10.1*	Performance Stock Unit Agreement between Scholastic Corporation and Peter Warwick, dated July 18, 2023.
10.2*	Form of Restricted Stock Unit Agreement under the Scholastic Corporation 2017 Outside Directors Stock Incentive Plan as amended and restated.
31.1	Certification of the Chief Executive Officer of Scholastic Corporation filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer of Scholastic Corporation filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certifications of the Chief Executive Officer and Chief Financial Officer of Scholastic Corporation furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Financial Statements from the Quarterly Report on Form 10-Q of the Company for the quarter ended November 30, 2023 formatted in Inline Extensible Business Reporting Language: (i) Condensed Consolidated Statements of Operations; (ii) Condensed Consolidated Statements of Comprehensive Income (Loss), (iii) Condensed Consolidated Balance Sheets; (iv) Condensed Consolidated Statements of Changes in Stockholders' Equity; (v) Condensed Consolidated Statements of Cash Flows; and (vi) Notes to Condensed Consolidated Financial Statements.
104	Cover Page, formatted in Inline Extensible Business Reporting Language and contained in Exhibit 101.

SCHOLASTIC CORPORATION
QUARTERLY REPORT ON FORM 10-Q, DATED November 30, 2023
Exhibits Index

Exhibit Number	**Description of Document**
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104	Cover Page, formatted in Inline Extensible Business Reporting Language and contained in Exhibit 101.

SCHOLASTIC CORPORATION
SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		SCHOLASTIC CORPORATION (Registrant)
Date: December 15, 2023	By:	/s/ Peter Warwick
		Peter Warwick
		President and Chief Executive Officer *(Principal Executive Officer)*
Date: December 15, 2023	By:	/s/ Kenneth J. Cleary
		Kenneth J. Cleary
		Chief Financial Officer *(Principal Financial Officer)*

FY24 Annual RSU Award

SCHOLASTIC CORPORATION 2021 STOCK INCENTIVE PLAN

Restricted Stock Unit Agreement

Effective as of July 18, 2023 (the "Grant Date"), SCHOLASTIC CORPORATION, a Delaware corporation (the "Company"), hereby grants to Peter Warwick (the “Participant”) an Award consisting of a number of Restricted Stock Units determined as a percentage of the target award of 24,455 Restricted Stock Units (the "Target Award") in respect of shares of common stock, par value $.01 per share, of the Company (the "Common Stock") on the terms set forth herein, and in all respects subject to the terms and provisions of the Scholastic Corporation 2021 Stock Incentive Plan (the “Plan”), which terms and provisions are incorporated by reference herein. Unless the context herein otherwise requires, the terms defined in the Plan shall have the same meanings in this Agreement. The award of Restricted Stock Units hereunder is also subject to the terms and conditions of that certain employment agreement effective as of August 1, 2021, between the Company and the Participant (as the same may be amended, the "Employment Agreement") and constitutes the fiscal year 2024 Annual Performance-Based RSU Award (as defined in the Employment Agreement).

1. **Vesting and Payment.**

(a) Earned Units. Except as otherwise provided herein, the number of Restricted Stock Units as a percentage of the Target Award that are earned by the Participant ("Earned Units") will be determined by the Committee based on its determination, in its sole discretion, of the level of attainment of the applicable Performance Goals set forth in Annex A hereto (which Annex A is incorporated by reference and is made part of this Agreement). The Committee’s determination shall be made following the end of the Performance Period (defined as the twelve (12) months constituting the fiscal year ending May 31, 2024). The Committee may, in its sole discretion, adjust (upward or downward as the Committee may determine) the Target Award to determine the number of Earned Units to which the Participant may become entitled to hereunder based upon its assessment of the Participant's individual performance in the context of the Performance Goals as determined by the Committee. No Restricted Stock Units will be earned until the Committee certifies that the Performance Goals have been met and certifies the extent to which they have been met. The maximum number of Earned Units which may be earned hereunder is equal to 150% of the Target Award. All determinations made by the Committee under this Agreement will be final and binding on the Participant.

(b) Vesting. Subject to the attainment of the applicable Performance Goals, as determined by the Committee pursuant to Section 1(a) above and subject to Participant having been continuously employed by the Company or any of its Affiliates (including any period during which the Participant is on leave of absence or any other break in employment in accordance with the Company’s policies and procedures), any Earned Units awarded under Section 1(a) will become vested upon the Committee’s certification as provided above (the "Vesting Date"), except as otherwise provided in Section 2 of this Agreement.

(c) Payment. A share of Common Stock shall be distributed with respect to each Earned Unit on the applicable Vesting Date, except as provided in Section 2.
Notwithstanding anything to contrary in this Agreement or otherwise, the provisions regarding accelerated vesting upon Retirement set forth in Section 9.2(b) of the Plan shall not apply to the Restricted Stock Units granted under this Agreement.

2. **Termination of Employment.**

(a) Death or Disability. Upon a Termination of Employment as a result of the Participant's death or Disability, all outstanding unvested Restricted Stock Units shall immediately vest at target level attainment and a share of Common Stock with respect to each such vested Restricted Stock Unit shall be distributed within fiftyfive (55) days following such termination. For purposes of this Agreement, “Disability” shall have the meaning given such term under the Employment Agreement.

(b) Termination without Cause or Termination by the Participant for Good Reason. Subject to the requirements of Section I0(e) of the Employment Agreement, in the event the Participant's Termination of Employment is by the Company without “Cause” or by the Participant voluntarily with “Good Reason,” unvested Restricted Stock Units shall immediately vest at target level attainment and a share of Common Stock with respect to each such vested Restricted Stock Unit shall be distributed within fifty-five (55) days following such termination. For purposes of this Agreement, the terms “Cause” and “Good Reason” shall have the meaning given such terms under the Employment Agreement.

(c) Termination for Cause; Termination by the Participant other than for Good Reason. In the event the Participant's Termination of Employment is for “Cause” or if the Participant terminates his employment voluntarily other than for “Good Reason,” all unvested Restricted Stock Units shall be immediately forfeited for no consideration.

(d) Section 409A Award. Notwithstanding the foregoing, to the extent required by Section 409A of the Code upon a Termination of Employment (other than as a result of death) of the Participant as a result of the Participant being a

Specified Employee, distributions determined, in whole or in part, to constitute a Section 409A Award shall be delayed until six months after such Termination of Employment if such termination constitutes a “separation from service” (within the meaning of Section 409A of the Code) and such distribution shall be made at the beginning of the seventh month following the date of the Participant's Termination of Employment.

(e) Section 409A Compliance. No distribution in respect of a Section 409A Award shall be made upon the Participant's Termination of Employment unless such termination constitutes a “separation from service” within the meaning of Section 409A of the Code. This Agreement is intended to comply with Section 409A of the Code and the Company shall construe, interpret and amend the provisions of this Agreement in such manner as the Company deems necessary, in its sole discretion, to comply with Section 409A of the Code with respect to a Section 409A Award but in no event shall the foregoing provisions or any other provision of this Agreement or the Plan be construed as a guarantee by the Company of any particular tax treatment.

3. **Withholding Tax Liability.** In connection with the vesting and payment of the Restricted Stock Units, the Company and the Participant will incur liability for income or withholding tax. The Company shall have the right to withhold from any payment in respect of Restricted Stock Units, transfer of Common Stock, or payment made to the Participant or to any person hereunder, whether such payment is to be made in cash or in Common Stock, all applicable minimum federal, state, city or other taxes as shall be required, in the determination of the Company, pursuant to any statute or governmental regulation or ruling. In its discretion, the Company may satisfy such withholding obligation by any one or combination of the following methods: (i) by requiring the Participant to pay such amount in cash or check; (ii) by deducting such amount from the Participant's current compensation; (iii) by allowing the Participant to surrender other shares of Common Stock of the Company which (a) in the case of shares initially acquired from the Company (upon exercise of a stock option or otherwise), have been owned by the Participant for such period (if any) as may be required to avoid a charge to the Company's earnings, and (b) have a fair market value on the date of surrender equal to the amount required to be withheld; (iv) by delivery by the Participant of a properly executed notice together with irrevocable instructions to a broker approved by the Company to sell shares of Common Stock and deliver promptly to the Company the amount of sale or loan proceeds required to pay the amount required to be withheld, or (v) by withholding a number of shares of Common Stock to be issued upon delivery of Common Stock which have a fair market value equal to the minimum statutory amount required to be withheld. For these purposes, the fair market value of the shares to be withheld shall be determined by the Company on the date that the amount of tax to be withheld is to be determined. The Company shall also be authorized to sell any shares of Common Stock to the extent required to satisfy the Company's withholding obligations.

4. **Nontransferability of Restricted Stock Units.** The Restricted Stock Units may not be sold, pledged, assigned, hypothecated, gifted, transferred or disposed of in any manner, whether for value or no value and whether voluntary or involuntary (including by operation of law), other than by will or by the laws of descent and distribution. Subject to the foregoing and the terms of the Plan, the terms of this Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Participant.

5. **No Enlargement of Rights.** This Agreement is not an agreement of employment. Neither the Plan nor this Agreement shall confer upon the Participant any right to continue as an officer, employee, or consultant of the Company or any Affiliate. Nothing contained in the Plan or this Agreement shall interfere in any way with the rights of the Company or any Affiliate to terminate the employment of the Participant at any time or to modify the Participant's employment or compensation. The Participant shall have only such rights and interests with respect to the Restricted Stock Units as are expressly provided in this Agreement, the Employment Agreement and the Plan.

6. **No Shareholder Rights before Exercise and Issuance.**

(a) No Shareholder Rights. No rights as a stockholder shall exist with respect to the Common Stock subject to the Restricted Stock Units as a result of the grant of the Restricted Stock Units, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of any such shares, except as otherwise specifically provided for in the Plan or in subparagraph 6(b) below. Shareholder rights shall exist only after issuance of stock following the settlement of Earned Units by delivery of Common Stock as provided in the Plan.

(b) Dividend Equivalents. Cash dividend equivalents shall be credited to a separate Restricted Stock Unit dividend book entry account on behalf of the Participant with respect to each Restricted Stock Unit and adjusted at such time as the number of Earned Units is determined in accordance with this Agreement to apply only to such number of Earned Units. Vested dividend equivalents shall be distributed in cash (or used for tax withholding) to the Participant at the same time a share of Common Stock is distributed with respect to the Earned Unit to which the dividend equivalent relates.

7. **Effect of the Plan on Restricted Stock Unit**. The Restricted Stock Units are subject to, and the Company and the Participant agree to be bound by, all of the terms and conditions of the Plan, as such may be amended from time to time in accordance with the terms thereof. The Participant acknowledges that he has received a copy of the Plan and has had an opportunity to review the Plan. Without the consent of the Participant, the Company may amend or modify this Agreement in any manner not inconsistent with the Plan or the Employment Agreement, including without limitation, to change the date or dates as of which a Restricted Stock Unit becomes vested, or to cure any ambiguity, defect or inconsistency, provided such amendment, modification or change does not adversely affect the rights of the Participant.

8. Entire Agreement. The terms of this Agreement and the Plan constitute the entire agreement between the Company and the Participant with respect to the subject matter hereof and supersede any and all previous agreements between the Company and the Participant and all prior communications, representations and negotiations in respect thereto. No waiver by any party of any breach by the other of any provision of this Agreement or the Employment Agreement shall be deemed to be a waiver of any other breaches thereof or the waiver of any such or other provision of this Agreement or the Employment Agreement. Subject to the restrictions on assignment and transfer set forth above, this Agreement shall be binding upon and inure to the benefit of the parties hereto, their estates, personal representatives, successors and assigns. This Agreement may be signed in counterparts.

9. Severability. If Provision of this Agreement, or the application of such provision to any person or circumstances, is held invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held valid or unenforceable, shall not be affected thereby.

10. **Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the State of Delaware (regardless of the law that might otherwise govern under applicable Delaware principles of conflict of laws).

11. **Notices.** Any notice or communication given hereunder shall be in writing and shall be deemed to have been duly given when delivered in person, or by United States mail, to the appropriate party at the address set forth below (or such other address as the party shall from time to time specify): If to the Company, to: Scholastic Corporation, 557 Broadway, New York, New York 10012, Attention: Corporate Secretary. If to the Participant, to the most recent address on file with the Company. Notwithstanding the foregoing, the Company may require that any notice by the Participant be provided electronically or in writing to the Company or to the
stock plan administrator pursuant to such procedures as the Company shall establish from time to time in its sole discretion.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first set forth above.

SCHOLASTIC CORPORATION
(“Company”)

By: /s/ Cristina Juvier

Name: Cristina Juvier
Title: Chief People Officer

PETER WARWICK ("Participant")

/s/ Peter Warwick

SCHOLASTIC CORPORATION
2017 OUTSIDE DIRECTORS STOCK INCENTIVE PLAN, AS AMENDED AND RESTATED
Restricted Stock Unit Agreement

SCHOLASTIC CORPORATION, a Delaware corporation (the "Company"), hereby grants to ______________________ (the "Outside Director") _________ (__) Restricted Stock Units in respect of shares of common stock, par value $.01 per share, of the Company (the "Common Stock"), in all respects subject to the terms and provisions of the Scholastic Corporation 2017 Outside Directors Stock Incentive Plan (the "Plan"), which terms and provisions are incorporated by reference herein. To the extent any terms of this Restricted Stock Unit Agreement and the Plan are inconsistent, the terms of the Plan shall govern. Unless the context herein otherwise requires, the terms defined in the Plan shall have the same meanings in this Agreement.

1. **Grant Date.** The Restricted Stock Units are granted effective as of September __, 20__ ("Grant Date").

2. **Vesting and Payment.** The Restricted Stock Units shall vest and shares of Common Stock shall be issued to the Outside Director in settlement thereof as follows:

(a) Except as provided in Section 2(c) of this Agreement, 100% of the Restricted Stock Units granted by this Agreement shall vest on the earlier of (i) September __, 20__, the expiration of the twelve (12)-month period beginning on the Grant Date, and (ii) the date of the Annual Meeting of Stockholders next following the Grant Date, provided that the Outside Director shall have continuously served as an Outside Director of the Company from the Grant Date through the date of such vesting.

(b) Except to the extent that an Outside Director has deferred his or her receipt of Restricted Stock Units pursuant to Section 6 of the Plan ("Deferred Units"), one share of Common Stock shall be issued to the Outside Director with respect to each vested Restricted Stock Unit within thirty (30) days of the vesting date of the Restricted Stock Units.

(c) In the event that the Outside Director shall cease to serve as a member of the Board of Directors of the Company (the "Board") prior to expiration of the twelve (12) month period beginning on the Grant Date for any reason other than death or disability, all of the Restricted Stock Units shall be forfeited immediately upon such cessation of services. In the event that the Outside Director shall cease to serve on the Board but shall have been designated as a Director Emeritus, the Outside Director shall be deemed to continue in service as a member of the Board until termination of his or her Director Emeritus status for purposes of determining the vesting of the Restricted Stock Units. In the event that the Outside Director shall cease to serve as a member of the Board prior to the earlier of (i) the expiration of the twelve (12)-month period beginning on the Grant Date, and (ii) the date of the Annual Meeting of Stockholders next following the Grant Date by reason of death or (as determined by the Board on the basis of all the facts and circumstances) disability, all of the Restricted Stock Units shall become immediately vested upon such cessation of services and shares of Common Stock in respect of the Restricted Stock Units shall be issued to the Outside Director as provided in Section 2(b) of this Agreement, or, with respect to Deferred Units, as provided in Section 2(d) of this Agreement.

(d) Common Stock in respect of all vested Deferred Units shall be issued to an Outside Director (or his or her estate or administrator, as applicable) within thirty (30) days following the date of such Outside Director's cessation of service as a director.

3. Nontransferability of Restricted Stock Unit. The Restricted Stock Units may not be sold, pledged, assigned, hypothecated, gifted, transferred or disposed of in any manner either voluntarily or involuntarily by operation of law, other than by will or by the laws of descent and distribution or pursuant to a qualified domestic relations order as determined under the Internal Revenue Code of 1986 (the "Code") and the rules thereunder. Subject to the foregoing and the terms of the Plan, the terms of this Restricted Stock Unit Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Outside Director.

4. Restrictions on Common Stock Issuance. Common Stock shall not be issued to the Outside Director following the vesting of the Restricted Stock Units if the issuance of the Common Stock would constitute a violation of any applicable federal or state securities laws or other laws or regulations. As a condition to the issuance of Common Stock, the Company may require the Outside Director to make any representation and warranty to the Company as may be required by any applicable law or regulation.

5. No Shareholder Rights before Issuance of Common Stock other than with Respect to Deferred Units. No rights as a shareholder shall exist with respect to the Common Stock as a result of the grant of the Restricted Stock Units. Such rights shall exist only after issuance of Common Stock following the vesting of the Restricted Stock Units as provided in this Agreement and the Plan; provided, however, that any dividends declared on Common Stock after a Restricted Stock Award is vested, shall result in Dividend Equivalents which be credited to an Outside Director’s Deferral Account as of the record date of the cash dividend or other distribution declared and made with respect to the Common Stock and shall be carried as a cash subaccount of the Outside Director's Deferral Account and all Dividend Equivalents credited to an Outside Director's Deferral Account shall be paid, without interest or earnings thereon, to such Outside Director (or his or her estate or administrator, as applicable) within thirty (30) days following the date of such Outside Director's cessation of service as a director.

6. No Enlargement of Rights. Neither the Plan nor the Restricted Stock Units granted hereunder shall confer upon the Outside Director any right to continue as a

Director of the Company. The Outside Director shall have only such rights and interests as are expressly provided in this Agreement and the Plan.

7. Effect of the Plan on Restricted Stock Unit. This Restricted Stock Unit Agreement is subject to, and the Company and the Outside Director agree to be bound by, all of the terms and conditions of the Plan, as such may be amended from time to time in accordance with the terms thereof, provided that no such amendment shall deprive the Outside Director, without his or her consent, of the Restricted Stock Units or any rights thereunder. Pursuant to the Plan, the Board (or a committee duly appointed by the Board) is authorized to adopt rules and regulations, consistent with the Plan and as it shall deem appropriate and proper with regard to the Plan. A copy of the Plan in its present form is available for inspection by the Outside Director during the Company's business hours at the Company's principal office.

8. Entire Agreement. The terms of this Agreement and the Plan constitute the entire agreement between the Company and the Outside Director with respect to the Restricted Stock Units and supersede any and all previous agreements between the Company and the Outside Director with respect thereto.

9. Severability. If any provision of this Agreement, or the application of such provision to any person or circumstances, is held valid or unenforceable, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held valid or unenforceable, shall not be affected thereby.

10. Section 409A of the Code. It is the intention of the parties to this Restricted Stock Unit Agreement that no payment or entitlement pursuant to this Restricted Stock Unit Agreement will give rise to any adverse tax consequences to the Outside Director under Section 409A of the Code or the regulations and other interpretive guidance issued thereunder, including that issued after the date hereof (collectively, "Section 409A"). This Restricted Stock Unit Agreement and the Plan shall be interpreted to that end and, consistent with that objective and notwithstanding any provision herein or the Plan to the contrary, the Company may unilaterally take any action it deems necessary or desirable to amend any provision herein or in the Plan to avoid the application of, or the excise tax under, Section 409A. Further, no effect shall be given to any provision in the Plan or this Agreement in a manner that reasonably could be expected to give rise to adverse tax consequences under Section 409A. Although the Company shall consult with the Outside Director in good faith regarding implementation of this Section 10, neither the Company nor its current or former employees, officers, directors, agents or representatives shall have any liability to the Outside Director with respect to any additional taxes, excise taxes, accelerated taxation, penalties or interest for which the Outside Director may become liable in the event that any amounts under this Agreement are determined to violate Section 409A.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first set forth above.

OUTSIDE DIRECTOR	**SCHOLASTIC CORPORATION**
______________________________	By: ______________________________
	Name: Peter Warwick
	Title: Chief Executive Officer & President

Exhibit 31.1

I, Peter Warwick, the principal executive officer of Scholastic Corporation, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Scholastic Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d- 15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 15, 2023

/s/ Peter Warwick

Peter Warwick
President and Chief Executive Officer

Exhibit 31.2

I, Kenneth J. Cleary, the principal financial officer of Scholastic Corporation, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Scholastic Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 15, 2023

/s/ Kenneth J. Cleary

Kenneth J. Cleary
Chief Financial Officer

Exhibit 32

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
with Respect to the Quarterly Report on Form 10-Q
for the Quarter ended November 30, 2023
of Scholastic Corporation

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Scholastic Corporation, a Delaware corporation (the “Company”), does hereby certify, to the best of such officer’s knowledge, that:

1. The Company’s Quarterly Report on Form 10-Q for the quarter ended November 30, 2023 (the “Form 10-Q”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. Information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 15, 2023

/s/ Peter Warwick
Peter Warwick
Chief Executive Officer

Date: December 15, 2023

/s/ Kenneth J. Cleary
Kenneth J. Cleary
Chief Financial Officer

The certification set forth above is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and is not being filed as part of the Form 10-Q or as a separate disclosure document of the Company or the certifying officers.