SCHOLASTIC

Second Quarter FY 2023 Earnings Call Presentation

Thursday, December 15, 2022

Forward-Looking Statements / Regulation G

This presentation contains certain statements made today which will be forward-looking. These forward-looking statements, by their nature, are subject to various risks and uncertainties, and actual results may differ materially from those currently anticipated.

Today’s comments include references to certain non-GAAP financial measures as defined in Regulation G. The reconciliation of these non-GAAP financial measures with the relevant GAAP financial information and other information required by Regulation G is provided in the Company’s earnings release, which is posted on the Company’s investor relations website at investor.scholastic.com.

Peter Warwick

President and Chief Executive Officer

Second Quarter FY 2023

- Strong Q2 revenue growth and higher earnings driven by Scholastic's unique channels and content, improved operating efficiencies and continued investments in long-term growth opportunities

- Affirming guidance based on momentum YTD and expectations for strong Q4

- Positive long-term outlook for demand, despite near-term retail softness, cost headwinds, longer selling cycles

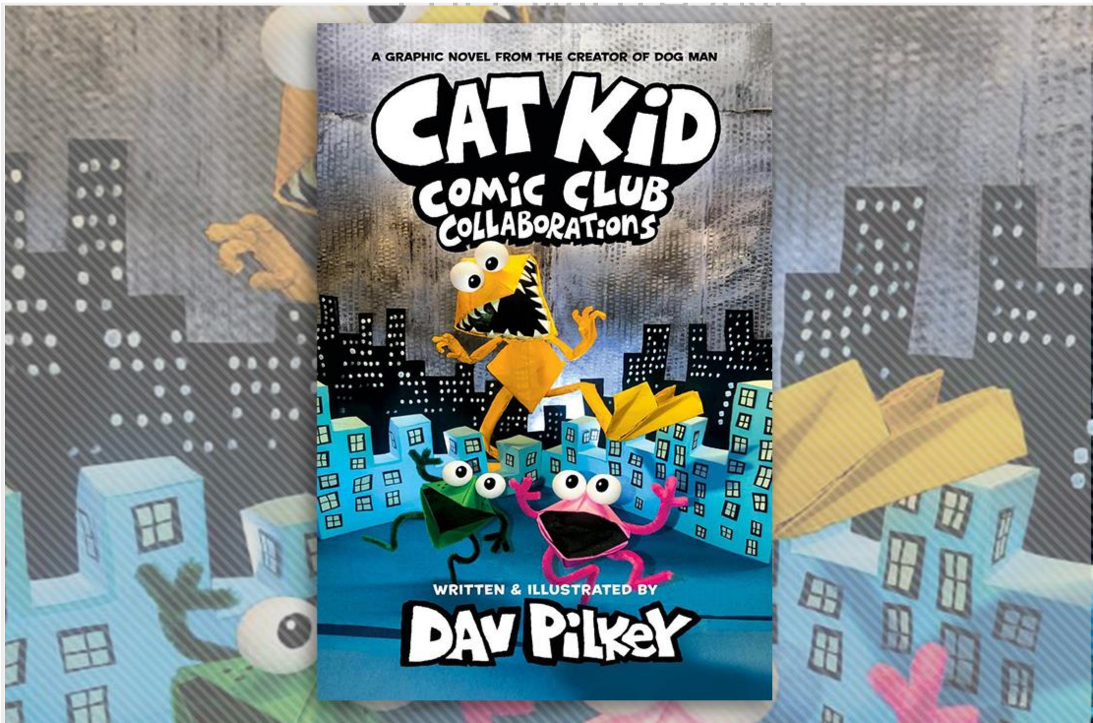
Children's Book Publishing & Distribution

- Revenues up 19% with improved margins, on higher sales, strong operating leverage and improved efficiencies

- Record Fall for Book Fairs, rising 37% on higher fair count and improved revenue per fair

- Trade revenues near level with last year's highs, despite challenging environment. Best-selling publishing and backlist driving strength in retail and across school channels

- Clubs up relative to soft prior year, but below expectations

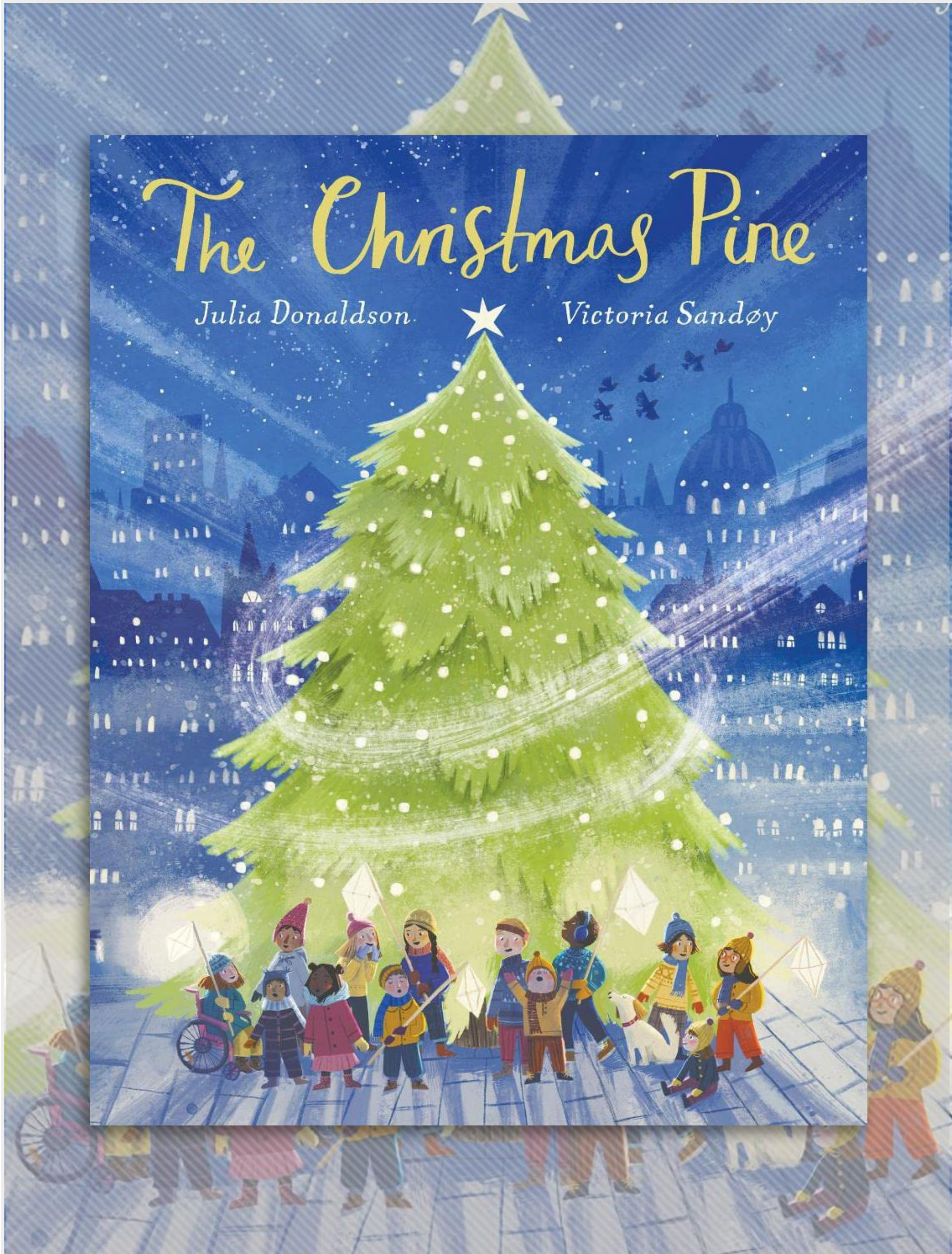


Education Solutions

- Q2 sales level with last year's record levels, as longer selling cycles delay sales from first half, now expected in remainder of the year (esp. Q4)
- Lower operating income reflects continued investment in go-to-market capabilities and integration of Learning Ovations
- Increased employee-related costs will assist in the continued development of the Company's comprehensive digital literacy platform

International

- Revenues up 8% in local currencies, but down overall due to FX impact
- Higher local revenues primarily driven by Book Fairs and the Company's best-selling series titles in Trade
- Challenging market conditions in Canada and UK also impacted results
- Segment operating income down on higher costs, partially offset by improved results in Asia and export



Outlook

- Anticipating continued return to pre-pandemic seasonality, when the strongest results are typically in Q2 and Q4 and higher earnings in second half

- Reaffirming fiscal 2023 guidance for Adjusted EBITDA of $195 to $205 million, based on current momentum and expectations for strong Q4, driven by Education Solutions and Book Fairs

Capital Allocation

- Continued commitment to deploying capital for strategy growth, maintaining a strong balance sheet and returning excess cash to shareholders
- $32.9 million returned to shareholders in Q2, through increased dividend, open market share repurchases and modified “Dutch Auction” tender offer
- As announced today, increasing current open market repurchase program with increased authorization of $48.8 million, making $75 million currently available

Kenneth Cleary

Chief Financial Officer

Q2 FY23 Adjusted EBITDA

In $ Millions	Three Months Ended 11/30/2022	Three Months Ended 11/30/2021	Six Months Ended 11/30/2022	Six Months Ended 11/30/2021
Earnings (loss) before income taxes as reported	$ 100.9	$ 89.1	$ 43.0	$ 55.8
One-time items before income taxes	—	(5.3)	—	(9.5)
Earnings (loss) before income taxes excluding one-time items	100.9	83.8	43.0	46.3
Interest (income) expense	(0.7)	0.5	(0.9)	1.8
Depreciation and amortization (1)	16.0	16.5	32.2	32.9
Amortization of prepublication costs	6.1	6.7	12.4	13.5
Adjusted EBITDA (2)	$ 122.3	$ 107.5	$ 86.7	$ 94.5

1. For the three and six months ended November 30, 2022, amounts include depreciation of $0.7 and $1.6, respectively, recognized in cost of goods sold, amortization of deferred financing costs of $0.0 and $0.1, respectively, and amortization of capitalized cloud software of $1.5 and $3.0, respectively, recognized in selling, general and administrative expenses. For the three and six months ended November 30, 2021, amounts include depreciation of $1.0 and $1.9, respectively, recognized in cost of goods sold, amortization of deferred financing costs of $0.2 and $0.3, respectively, and amortization of capitalized cloud software of $0.8 and $1.3, respectively, recognized in selling, general and administrative expenses.

2. Adjusted EBITDA is defined by the Company as earnings (loss), excluding one-time items, before interest, taxes, depreciation and amortization. The Company believes that Adjusted EBITDA is a meaningful measure of operating profitability and useful for measuring returns on capital investments over time as it is not distorted by unusual gains, losses, or other items.

Q2 FY23 Balance Sheet Items and Cash Flow

In $ Millions	Nov 30, 2022	Nov 30, 2021
Free cash flow (use) (3 month period ending) [1]	$ 62.7	$ 75.4
Free cash flow (use) (6 month period ending) [1]	$ (13.8)	$ 124.5
Accounts receivable, net	$ 345.9	$ 370.5
Inventories, net	$ 380.4	$ 279.3
Accounts payable	$ 212.4	$ 180.5
Deferred revenue	$ 232.7	$ 192.3
Accrued royalties	$ 69.4	$ 63.6
Total debt	$ 4.8	$ 14.3
Cash and cash equivalents	$ 261.1	$ 300.7
Net cash (debt) [2]	$ 256.3	$ 286.4

1. Free cash flow (use) is defined by the Company as net cash provided by or used in operating activities (which includes royalty advances) and cash acquired through acquisitions and from sale of assets, reduced by spending on property, plant and equipment and prepublication costs. The Company believes that this non-GAAP financial measure is useful to investors as an indicator of cash flow available for debt repayment and other investing activities, such as acquisitions. The Company utilizes free cash flow as a further indicator of operating performance and for planning investing activities.

2. Net cash (debt) is defined by the Company as cash and cash equivalents, net of lines of credit and short-term debt plus long-term-debt. The Company utilizes this non-GAAP financial measure, and believes it is useful to investors, as an indicator of the Company's effective leverage and financing needs.

Q2 FY23 Segment Revenues

In $ Millions	Three months ended 11/30/2022	Three months ended 11/30/2021	Change	Change %	Six months ended 11/30/2022	Six months ended 11/30/2021	Change	Change %
Book Clubs	$ 57.6	$ 51.9	$ 5.7	11 %	$ 63.9	$ 58.7	$ 5.2	9 %
Book Fairs	240.8	176.2	64.6	37 %	269.1	192.2	76.9	40 %
Consolidated Trade	119.9	124.4	(4.5)	(4)%	210.0	217.4	(7.4)	(3)%
Total Children's Book Publishing and Distribution	418.3	352.5	65.8	19 %	543.0	468.3	74.7	16 %
Education Solutions	80.0	79.5	0.5	1 %	153.2	159.6	(6.4)	(4)%
International	89.6	92.2	(2.6)	(3)%	154.6	156.1	(1.5)	(1)%
Total Revenues	$ 587.9	$ 524.2	$ 63.7	12 %	$ 850.8	$ 784.0	$ 66.8	9 %

Peter Warwick

President and Chief Executive Officer

Questions

For any questions, please contact Scholastic Investor Relations:

Investor_Relations@Scholastic.com

Q2 FY23 Earnings (before and after one-time items)

In $ Millions (except per share)

	Second Quarter 2023			Second Quarter 2022			Fiscal Year to Date 2023			Fiscal Year to Date 2022		
	As Reported	One-Time Items	Excluding One-Time Items	As Reported	One-Time Items	Excluding One-Time Items	As Reported	One-Time Items	Excluding One-Time Items	As Reported	One-Time Items	Excluding One-Time Items
Diluted earnings (loss) per share [1]	$ 2.12	$ —	$ 2.12	$ 1.91	$ (0.11)	$ 1.80	$ 0.84	$ —	$ 0.84	$ 1.24	$ (0.20)	$ 1.04
Net income (loss) [2]	$ 75.3	$ —	$ 75.3	$ 68.3	$ (3.9)	$ 64.4	$ 29.8	$ —	$ 29.8	$ 44.1	$ (7.0)	$ 37.1
Earnings (loss) before income taxes [3]	$ 100.9	$ —	$ 100.9	$ 89.1	$ (5.3)	$ 83.8	$ 43.0	$ —	$ 43.0	$ 55.8	$ (9.5)	$ 46.3
Children's Book Publishing and Distribution	$ 113.2	$ —	$ 113.2	$ 85.2	$ —	$ 85.2	$ 83.1	$ —	$ 83.1	$ 63.5	$ —	$ 63.5
Education Solutions	7.0	—	7.0	15.6	—	15.6	2.7	—	2.7	22.9	—	22.9
International [4]	6.7	—	6.7	8.7	0.3	9.0	3.2	—	3.2	7.0	0.7	7.7
Overhead [5]	(26.8)	—	(26.8)	(26.1)	0.6	(25.5)	(47.0)	—	(47.0)	(42.0)	(4.0)	(46.0)
Operating income (loss)	$ 100.1	$ —	$ 100.1	$ 83.4	$ 0.9	$ 84.3	$ 42.0	$ —	$ 42.0	$ 51.4	$ (3.3)	$ 48.1

1. Earnings (loss) per share are calculated on non-rounded net income (loss) and shares outstanding. Recalculating earnings per share based on rounded numbers may not yield the results as presented.
2. In the three and six months ended November 30, 2021, the Company recognized a provision of $1.4 and $2.5, respectively, for income taxes in respect to one-time pretax items.
3. In the three and six months ended November 30, 2021, the Company recognized pretax gain on the sale of its Lake Mary facility of $6.2.
4. In the three and six months ended November 30, 2021, the Company recognized pretax severance of $0.2 and $0.6, respectively, and branch consolidation costs of $0.1.
5. In the three and six months ended November 30, 2021, the Company recognized pretax severance of $0.6 and $2.6, respectively. In the six months ended November 30, 2021, the Company recognized $6.6 of insurance proceeds related to an intellectual property legal settlement accrued in fiscal 2021.