SCHOLASTIC

Fourth Quarter & FY 2022 Earnings Call Presentation

Thursday, July 21, 2022

Forward-Looking Statements

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.

Regulation G

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

Peter Warwick

President and Chief Executive Officer

Fourth Quarter FY 2022

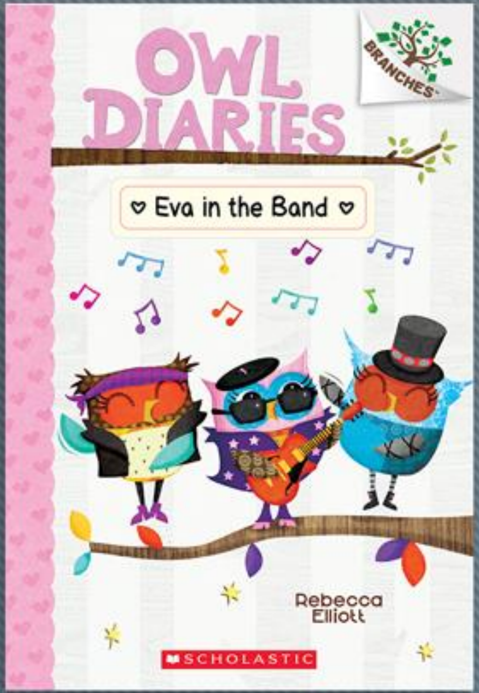
- Full-year revenues grew 26%, operating income increased by $120 million and free cash flow increased by $162 million.
- A 33% increase in our regular quarterly dividend - the first change in nearly a decade.
- Fiscal year 2023 revenue growth expected in the range of 8% to 10%, and Adjusted EBITDA is expected to be $195 to $205 million, up from $189 million in 2022.

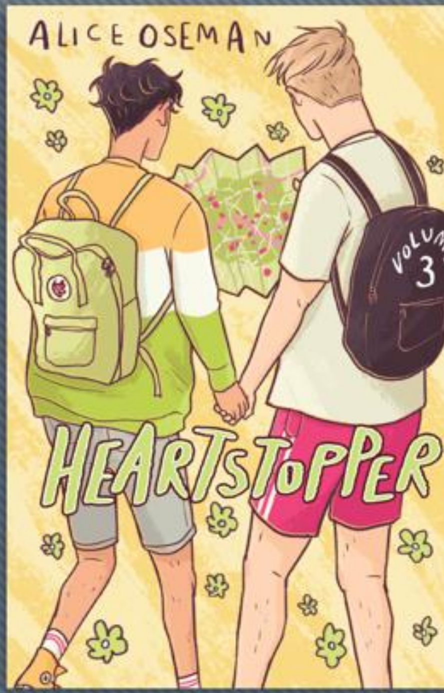
Fourth Quarter FY 2022

- Q4 results reflect adaptability, resolve and dedication of Scholastic employees.
- Scholastic has delivered more than 500 million units of books and educational materials this past fiscal year.
- Cristina Juvier named Chief People Officer.
- Linda Li, SVP and GM of WireCutter at The New York Times Company joined the Scholastic Board.
- We thank Maggie Williams for her years of service on the Board. Ms. Williams announced she will not stand for re-election. News of her replacement in the coming weeks.

Children's Book Publishing & Distribution

- Full segment showed a strong Q4 with 42% YOY increase in revenue.
- *Heartstopper* by Alice Oseman reached *The New York Times* bestseller list, was adapted into a Netflix series and renewed for two more seasons.
- Dav Pilkey's latest series Cat Kid Comic Club® remains at the top of bestseller lists and a feature film based on the Dog Man® series is in development with Dreamworks®.
- New animated series Eva the Owlet™ based on the highly-successful Owl Diaries series will launch in Spring of 2023 with AppleTV+®.
- Since its relaunch, Scholastic Entertainment has grown from five projects in development to 35+.
- Success in licensing and merchandising, and increased opportunities.





Children's Book Publishing & Distribution

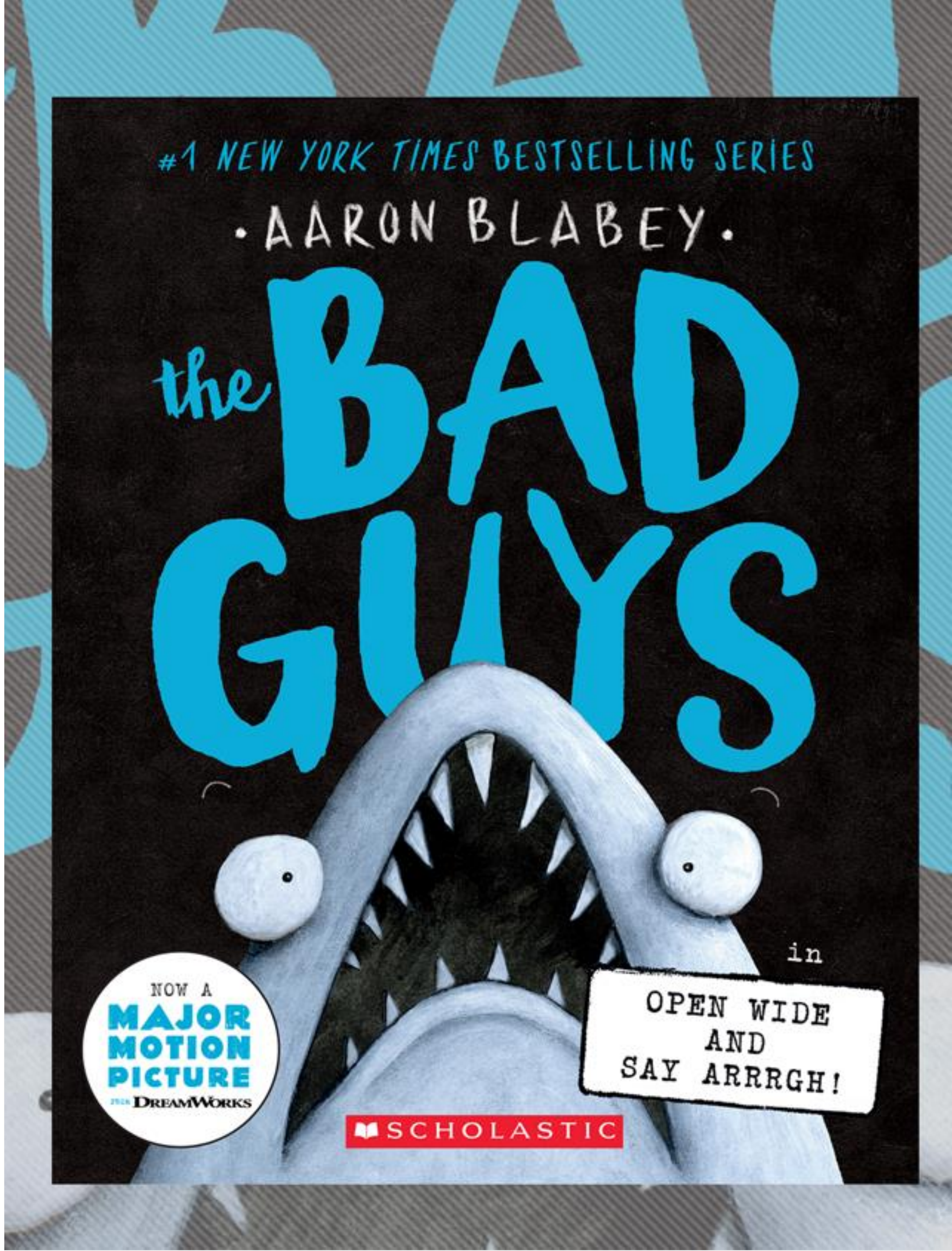
- Book Fairs has reached 72% of pre-pandemic in-person fair count levels, and record levels of revenue per fair.
- 700 sponsored fairs and new digital funding pathways support book ownership for all children.
- Clubs rebounded from challenges in the first half of fiscal year 2022 and completed significant work to alleviate the previously disclosed systems issues and labor shortage.
- Clubs will begin the new school year with a renewed focus on engaging with and supporting teachers.

Education Solutions

- Strong Q4 with YOY increase in revenue of 26%.
- Magazines+ has reached near pre-pandemic levels of engagement.
- Supplemental curricula and collections meet the needs of customers for modular print and digital libraries, summer programs, skills practice, and independent reading.
- Future investments could include targeted acquisitions for key capabilities, greater development in digital content and functionality, data analytics, and staff to enable these innovations.
- The division will report increases in capital spending, prepublication costs and selling general and administrative expenses in the coming year.
- Family engagement offerings are a key driver in results, providing a strong and sustainable base of home literacy initiatives.

International

- International markets continue to vary based on the degree of local impact of the ongoing pandemic.
- Trade publishing remains strong.
- Within the global recovery from COVID, we see the success of book fairs in Canada and the UK.
- A review of business in Asia has led us to refocus our strategy and exit from our direct sales business.



Kenneth Cleary

Chief Financial Officer

Q4 FY22 Earnings (before and after one-time items)

In $ Millions (except per share)

	Fourth Quarter 2022			Fourth Quarter 2021			Fiscal Year to Date 2022			Fiscal Year to Date 2021		
	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)	$ 1.46	$ 0.26	$ 1.72	$ 0.22	$ 0.68	$ 0.90	$ 2.27	$ 0.12	$ 2.38	$ (0.32)	$ 1.35	$ 1.02
Net income (loss) (2)	$ 52.1	$ 9.1	$ 61.2	$ 7.6	$ 23.9	$ 31.5	$ 80.9	$ 4.2	$ 85.1	$ (11.0)	$ 46.2	$ 35.2
Earnings (loss) before income taxes (3)	$ 53.7	$ 12.2	$ 65.9	$ 8.0	$ 31.9	$ 39.9	$ 89.7	$ 5.5	$ 95.2	$ (18.2)	$ 61.7	$ 43.5
Children's Book Publishing and Distribution (4)	$ 46.8	$ —	$ 46.8	$ 10.1	$ 2.5	$ 12.6	$ 115.3	$ —	$ 115.3	$ 8.9	$ 5.4	$ 14.3
Education Solutions	45.8	—	45.8	40.1	—	40.1	81.8	—	81.8	57.7	—	57.7
International (5)	1.3	0.6	1.9	(0.5)	4.4	3.9	3.3	1.7	5.0	21.2	7.2	28.4
Overhead (6)	(28.4)	0.0	(28.4)	(40.0)	25.0	(15.0)	(103.0)	(1.6)	(104.6)	(110.5)	49.1	(61.4)
Operating income (loss)	$ 65.5	$ 0.6	$ 66.1	$ 9.7	$ 31.9	$ 41.6	$ 97.4	$ 0.1	$ 97.5	$ (22.7)	$ 61.7	$ 39.0

1. Earnings (loss) per share are calculated on non-rounded net income (loss) and shares outstanding. Recalculating earnings per share based on rounded numbers may not yield the results as presented.
2. In the three and twelve months ended May 31, 2022, the Company recognized a benefit of $3.1 and $1.3, respectively, for income taxes in respect to one-time pretax items. In the three and twelve months ended May 31, 2021, the Company recognized a benefit for income taxes in respect to one-time pretax charges of $8.0 and $15.5, respectively.
3. In the three and the twelve months ended May 31, 2022, the Company recognized pretax loss on assets held for sale related to the Company's plan to exit the direct sales business in Asia of $15.1. The business and related assets are expected to be sold in the first quarter of fiscal 2023. In the three and twelve months ended May 31, 2022, the Company recognized pretax gain on the sale of its UK distribution facility located in Witney of $3.5. In the twelve months ended May 31, 2022, the Company recognized pretax gain on the sale of its Lake Mary facility of $6.2.
4. In the three and twelve months ended May 31, 2021, the Company recognized pretax asset impairment of $0.2 and $2.6, respectively, and pretax branch consolidation costs of $2.3 and $2.8, respectively, related to its plan to permanently close 13 of its 54 book fair warehouses in the U.S.
5. In the three and twelve months ended May 31, 2022, the Company recognized pretax severance of $0.5 and $1.2, respectively, and pretax branch consolidation costs of $0.1 and $0.5, respectively. In the three and twelve months ended May 31, 2021, the Company recognized pretax severance of $0.1 and $2.6, respectively, and pretax branch consolidation and other business rationalization costs of $4.3 and $4.6, respectively.
6. In the twelve months ended May 31, 2022, the Company recognized pretax insurance proceeds related to an intellectual property legal settlement accrued in fiscal 2021 of $6.6 partly offset by pretax severance and related charges of $5.0. In the three and twelve months ended May 31, 2021, the Company recognized pretax mediation-assisted settlement charges of $20.0 related to intellectual property used in formerly owned products and pretax severance of $5.0 and $20.5, respectively. In the twelve months ended May 31, 2021, the Company recognized pretax asset impairment charges of $8.5 and pretax branch consolidation costs of $0.1, respectively, related to its plan to cease use of certain leased office space in New York City and consolidate into its company-owned New York headquarters building.

Q4 FY22 Adjusted EBITDA

In $ Millions	Three Months Ended 05/31/2022	Three Months Ended 05/31/2021	Twelve Months Ended 05/31/2022	Twelve Months Ended 05/31/2021
Earnings (loss) before income taxes as reported	$ 53.7	$ 8.0	$ 89.7	$ (18.2)
One-time items before income taxes	12.2	31.9	5.5	61.7
Earnings (loss) before income taxes excluding one-time items	65.9	39.9	95.2	43.5
Interest (income) expense	0.2	1.7	2.4	5.8
Depreciation and amortization[1]	15.9	15.6	64.9	64.9
Amortization of prepublication costs	6.5	6.4	26.4	25.4
Adjusted EBITDA[2]	$ 88.5	$ 63.6	$ 188.9	$ 139.6

1. For the three and twelve months ended May 31, 2022, amounts include depreciation of $0.9 and $3.8, respectively, recognized in cost of goods sold, amortization of deferred financing costs of $0.1 and $0.4, respectively, and amortization of capitalized cloud software of $1.1 and $3.9, respectively, recognized in selling, general and administrative expenses. For the three and twelve months ended May 31, 2021, amounts include depreciation of $0.8 and $3.2, respectively, recognized in cost of goods sold, amortization of deferred financing costs of $0.1 and $0.5, respectively, and amortization of capitalized cloud software of $0.2 and $0.7, 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.

Q4 FY22 Balance Sheet Items and Cash Flow

In $ Millions	May 31, 2022	May 31, 2021
Free cash flow (use) (3 month period ending)[1]	$ 34.9	$ 19.0
Free cash flow (use) (12 month period ending)[1]	$ 182.8	$ 20.5
Accounts receivable, net	$ 299.4	$ 256.1
Inventories, net	$ 281.4	$ 269.7
Accounts payable	$ 162.3	$ 138.0
Accrued royalties	$ 61.3	$ 45.5
Total debt	$ 6.5	$ 190.2
Cash and cash equivalents	$ 316.6	$ 366.5
Net cash (debt)[2]	$ 310.1	$ 176.3

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.

Q4 FY22 Revenues

In $ Millions	Three Months Ended 05/31/2022	Three Months Ended 05/31/2021	Change $	Change %	Twelve Months Ended 05/31/2022	Twelve Months Ended 05/31/2021	Change $	Change %
Book Clubs	$ 27.2	$ 37.5	$ (10.3)	(27)%	$ 126.4	$ 145.4	$ (19.0)	(13)%
Book Fairs	161.5	76.4	85.1	111 %	429.7	164.3	265.4	162 %
Consolidated Trade	88.5	81.9	6.6	8 %	390.4	365.3	25.1	7 %
Total Children's Book Publishing and Distribution	277.2	195.8	81.4	42 %	946.5	675.0	271.5	40 %
Education Solutions	156.8	124.9	31.9	26 %	393.6	312.3	81.3	26 %
International	80.4	80.7	(0.3)	(0)%	302.8	313.0	(10.2)	(3)%
Total Revenues	$ 514.4	$ 401.4	$ 113.0	28 %	$ 1,642.9	$ 1,300.3	$ 342.6	26 %

Peter Warwick

President and Chief Executive Officer

Fiscal Year 2022 and Outlook

- We are positioned favorably for fiscal year 2023 and beyond.

- In the near term, we anticipate:
  - Book Fairs recovery to advance from this year’s 72% of pre-pandemic levels to 85%.
  - High levels of government funding into K-12 education post-pandemic to bolster our sales.

- In the long term, we will capitalize on sustainable trends, such as:
  - recognizing and growing the demand for independent reading and children’s book ownership, coupled with the need for support to grow students’ literacy skills;
  - an unparalleled level of trust in our brand earned through a century of partnership with families and schools;
  - growing opportunities for our IP that lift our backlist, and;
  - ensuring our core businesses remain formidable gives us the flexibility to implement targeted growth investments to increase innovation and opportunity.

Questions

For any questions, please contact Scholastic Investor Relations:

Investor_Relations@Scholastic.com

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