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# **Second Quarter 2026 Earnings Call Presentation**

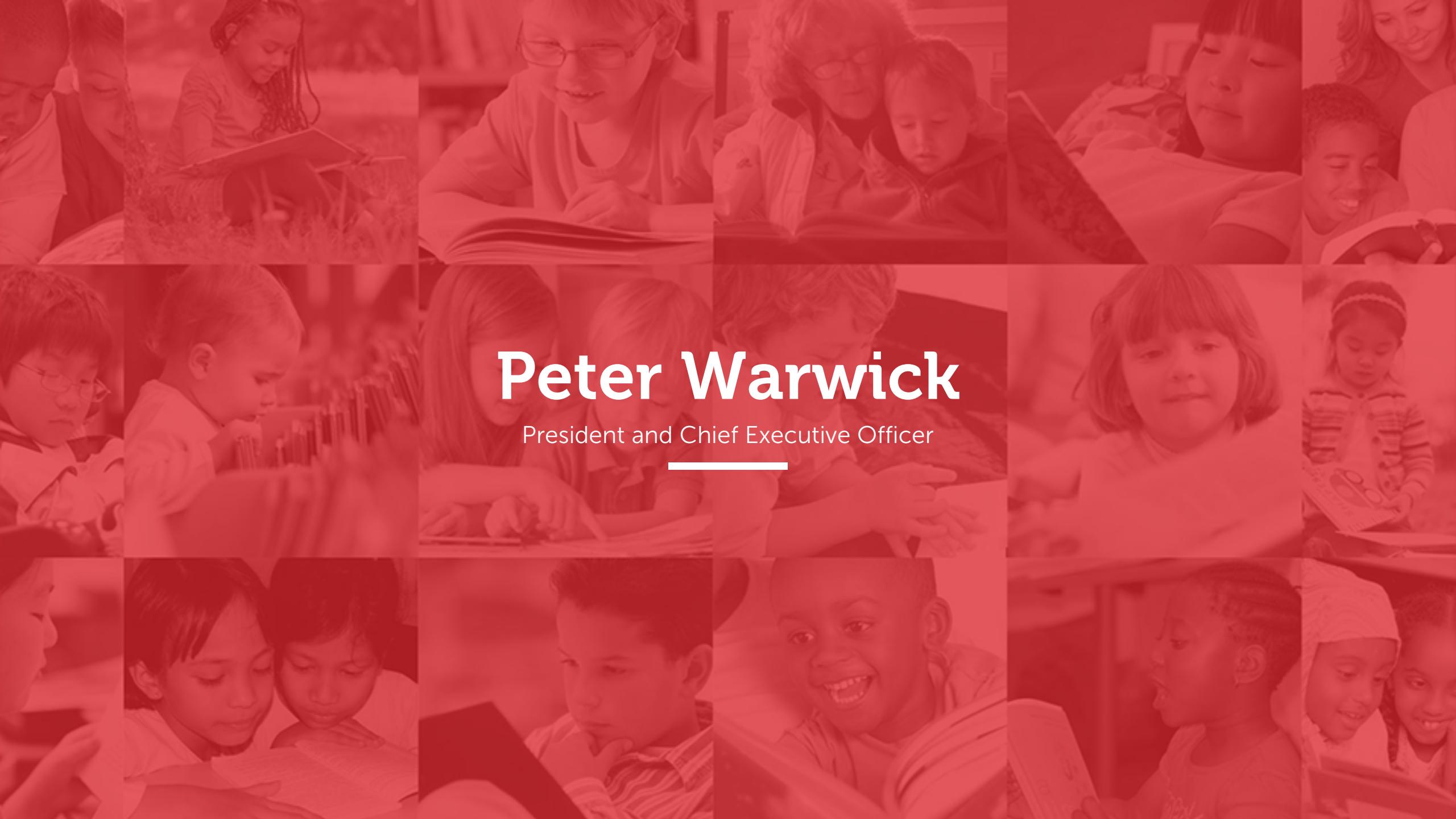
Thursday, December 18, 2025

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# Forward-Looking Statements / Regulation G

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

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



# Peter Warwick

President and Chief Executive Officer

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## Second Quarter 2026 Highlights

- Delivered strong results in the important back-to-school season, with 13% adjusted EBITDA growth
- Progressed on key strategic and financial initiatives as transformation to a more growth-focused, shareholder-oriented company continues
- Closed accretive sale-leaseback transactions, unlocking over \$400 million to advance capital allocation priorities
- Affirmed full-year Adjusted EBITDA and free cash flow outlook, after adjustments for the sale-leaseback transactions

# Scholastic's Journey: Fiscal 2022 to Fiscal 2026 Q2

**Realizing the power of our brand, IP, channels, and balance sheet for long-term growth and value creation**

<b>1</b>	<b>Board and Leadership</b>	<ul style="list-style-type: none"><li>Added seven new independent directors with deep expertise</li><li>Appointed new leaders across all business segments and key corporate functions</li></ul>
<b>2</b>	<b>Core Businesses and Overhead</b>	<ul style="list-style-type: none"><li>Reorganized core businesses to better align with long-term growth opportunities and improve operating efficiencies</li><li>Significantly reduced costs in overhead functions</li></ul>
<b>3</b>	<b>Growth Opportunities</b>	<ul style="list-style-type: none"><li>Acquired and integrated 9 Story Media Group to expand reach on screen and page</li><li>Scaled models and channels to tap new funding for literacy, which generated over \$300 million in revenue during period</li></ul>
<b>4</b>	<b>Capital Allocation</b>	<ul style="list-style-type: none"><li>Returned nearly \$500 million to shareholders and reduced share count by ~25%</li><li>Unlocked more than \$400 million in net proceeds through sale of real estate assets to accelerate capital returns</li></ul>

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# Second Quarter 2026 Segment Highlights

- Children's Book Publishing & Distribution demonstrated the strength of Scholastic's proprietary channels and franchises
  - Book Fairs grew across key metrics, including fair count and revenue per fair
  - Trade benefited from global releases in *Dog Man*®, *The Hunger Games*® and *Harry Potter*® franchises
- Entertainment expanded the reach and value of Scholastic's IP ahead of renewed growth
  - Began production on three animated series with major partners, reflecting improved greenlight activity
  - Strong YouTube engagement with 253M+ views and 2M+ subscribers across Scholastic channels
  - Encouraging early performance from Scholastic TV™, our first streaming platform
- Education continued to implement turn-around strategy, as challenging funding environment impacted near-term sales
  - More focused product portfolio and refined go-to-market strategy contributing to sequential sales improvement
  - Restructuring and efficiency improvements mostly offset impact of lower sales on profits
- International delivered strong performance driven by major franchises, including *Dog Man*®
  - Refreshed leadership remains focused on emerging markets, margin improvement and long-term growth

A collage of 12 photographs showing children in various learning and educational settings, such as reading books, writing, and interacting with adults.

# Haji Glover

Chief Financial Officer and Executive Vice President

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# Second Quarter Results

In \$ Millions (except per share data)	Second Quarter		Change	
	Fiscal 2026	Fiscal 2025		
Revenues	\$ 551.1	\$ 544.6	\$ 6.5	1 %
Operating income (loss)	\$ 82.9	\$ 74.7	\$ 8.2	11 %
Earnings (loss) before taxes	\$ 75.9	\$ 70.0	\$ 5.9	8 %
Diluted earnings (loss) per share	\$ 2.17	\$ 1.71	\$ 0.46	27 %
Operating income (loss), ex. one-time items	\$ 95.0	\$ 78.9	\$ 16.1	20 %
Diluted earnings (loss) per share, ex. one-time items	\$ 2.57	\$ 1.82	\$ 0.75	41 %
Adjusted EBITDA <sup>(1)</sup>	\$ 122.5	\$ 108.7	\$ 13.8	13 %

1. 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.

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

In \$ Millions	Second Quarter		
	Fiscal 2026	Fiscal 2025	Change
<b>Children's Book Publishing and Distribution</b>			
School Reading Events	\$ 270.5	\$ 264.2	2 %
Consolidated Trade	110.4	102.8	7 %
Total Revenues	380.9	367.0	4 %
Operating income (loss)	108.8	102.1	7 %
<b>Education Solutions</b>			
Revenues	62.2	71.2	(13)%
Operating income (loss)	(1.3)	(0.5)	NM
<b>Entertainment</b>			
Revenues	15.1	16.8	(10)%
Operating income (loss)	(3.6)	(3.9)	8 %
<b>International</b>			
Revenues	89.5	86.7	3 %
Operating income (loss)	12.8	7.1	80 %
<b>Overhead</b>			
Revenues	3.4	2.9	17 %
Operating income (loss)	(21.7)	(25.9)	16 %
<b>Operating income (loss)</b>	<b>\$ 95.0</b>	<b>\$ 78.9</b>	<b>20 %</b>

NM - Not meaningful

# Second Quarter Balance Sheet and Cash Flow Results

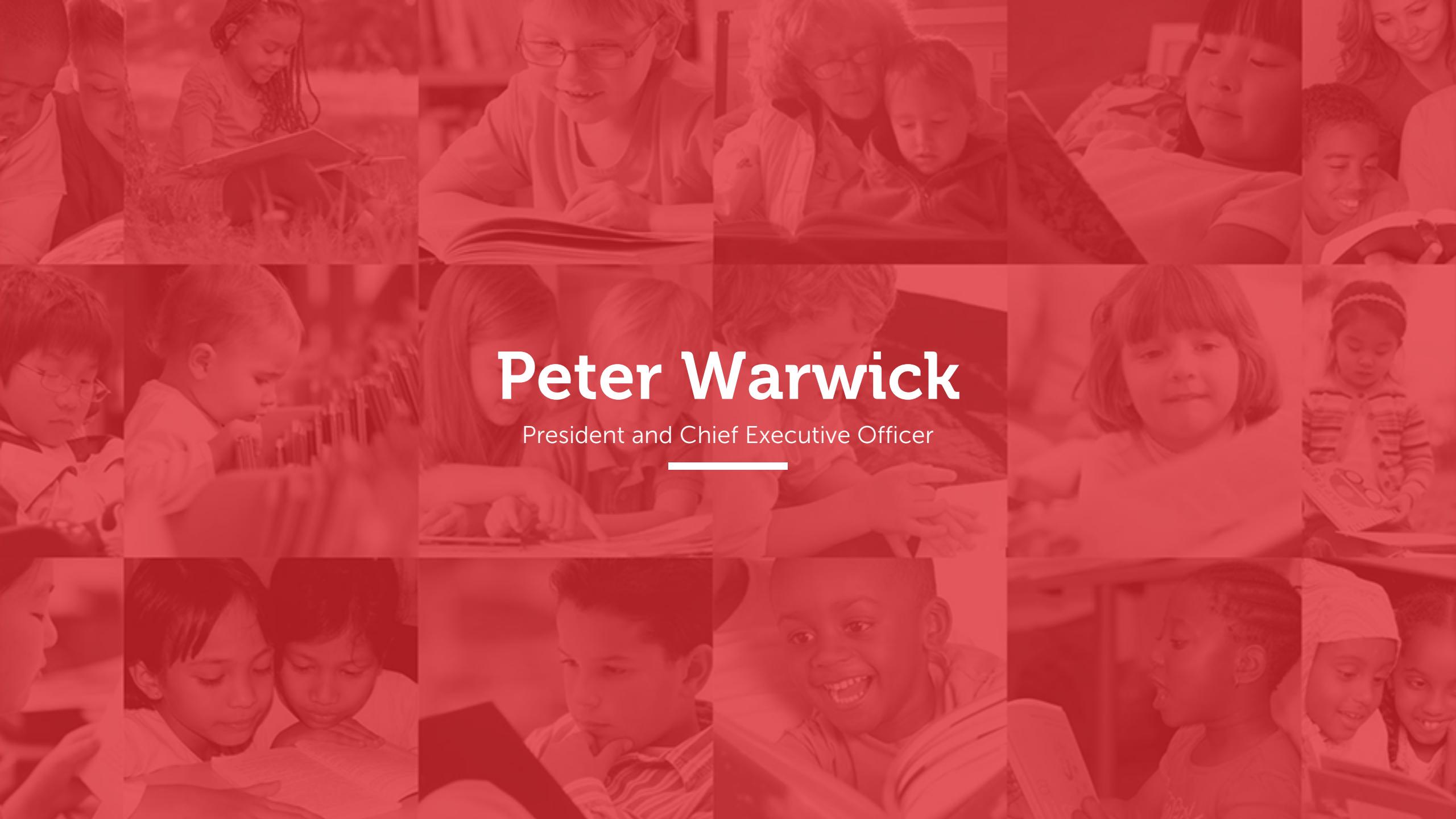
In \$ Millions	November 30, 2025	November 30, 2024
Free cash flow (use) (3 month period ending) <sup>(1)</sup>	\$ 59.2	\$ 42.4
Accounts receivable, net	\$ 296.5	\$ 293.0
Inventories, net	290.7	282.0
Accounts payable	153.6	157.2
Deferred revenue	227.2	225.0
Accrued royalties	64.0	67.3
Film related obligations	14.8	21.6
Lines of credit and long-term debt	280.6	256.2
Cash and cash equivalents	99.3	139.6
Net cash (debt) <sup>(2)</sup>	(186.6)	(120.8)

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 the sale of assets, reduced by spending on property, plant and equipment and prepublication costs and adjusted for net cash flows from film related obligations. The Company believes that this non-GAAP financial measure is useful to investors as an indicator of cash flow available for debt repayment and other investing activities, such as acquisitions. The Company utilizes free cash flow as a further indicator of operating performance and for planning investing activities.
2. Net cash (debt) is defined by the Company as cash and cash equivalents less production cash of \$5.3 and \$4.2 as of November 30, 2025 and November 30, 2024, respectively, net of lines of credit and short-term and long-term-debt. Film related obligations are not included. The Company utilizes this non-GAAP financial measure, and believes it is useful to investors, as an indicator of the Company's effective leverage and financing needs.

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# Fiscal 2026 Outlook

- Affirmed adjusted EBTIDA and free cash flow guidance, after adjustments for the sale-leaseback transactions
  - Adjusted EBITDA of \$146 to \$156 million, including the \$14 million partial-year impact from sale-leasebacks
  - Free cash flow expected to exceed \$430 million, reflecting sale-leaseback net proceeds
- Revenue expected to be level with or slightly above the prior year



# Peter Warwick

President and Chief Executive Officer

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# Q&A

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# Appendix

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# Earnings Impact of Sale-Leaseback Transactions

In \$ Millions	Estimated fiscal 2026 partial- year impact <sup>(1)</sup>	Pro forma fiscal 2026 full-year impact <sup>(2)</sup>
Net increase in rental expense, partially offset by lower building operating expenses	\$ (8)	\$ (19)
Reduction in rental income	(6)	(13)
Impact on Adjusted EBITDA	(14)	(32)
Reduction in Depreciation and Amortization	7	15
Impact on Operating Income	\$ (7)	\$ (17)

1. Partial-year impact based on transaction close date of December 17, 2025.
2. Pro-forma full-year impact, assuming transactions closed at start of fiscal 2026.

# Second Quarter Adjusted EBITDA

In \$ Millions	Second Quarter	
	Fiscal 2026	Fiscal 2025
Earnings (loss) before income taxes as reported	\$ 75.9	\$ 70.0
One-time items before income taxes	13.7	4.2
Earnings (loss) before income taxes excluding one-time items	89.6	74.2
Interest (income) expense <sup>(1)</sup>	5.3	4.2
Depreciation and amortization	27.6	30.3
Adjusted EBITDA <sup>(2)</sup>	<u>\$ 122.5</u>	<u>\$ 108.7</u>

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

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

In \$ Millions (except per share data)	Second Quarter Fiscal 2026			Second Quarter Fiscal 2025		
	As Reported	One-Time Items	Excluding One-Time Items	As Reported	One-Time Items	Excluding One-Time Items
Diluted earnings (loss) per share <sup>(1)</sup>	\$ 2.17	\$ 0.41	\$ 2.57	\$ 1.71	\$ 0.11	\$ 1.82
Net income (loss) <sup>(2)</sup>	\$ 55.9	\$ 10.4	\$ 66.3	\$ 48.8	\$ 3.2	\$ 52.0
Earnings (loss) before income taxes <sup>(3)</sup>	\$ 75.9	\$ 13.7	\$ 89.6	\$ 70.0	\$ 4.2	\$ 74.2
Children's Book Publishing and Distribution	\$ 108.8	\$ —	\$ 108.8	\$ 102.1	\$ —	\$ 102.1
Education Solutions <sup>(4)</sup>	(4.7)	3.4	(1.3)	(0.5)	—	(0.5)
Entertainment <sup>(5)</sup>	(9.0)	5.4	(3.6)	(4.7)	0.8	(3.9)
International <sup>(6)</sup>	12.4	0.4	12.8	5.7	1.4	7.1
Overhead <sup>(7)</sup>	(24.6)	2.9	(21.7)	(27.9)	2.0	(25.9)
Operating income (loss)	\$ 82.9	\$ 12.1	\$ 95.0	\$ 74.7	\$ 4.2	\$ 78.9

1. Earnings (loss) per share are calculated on non-rounded net income (loss) and shares outstanding. Recalculating earnings per share based on rounded numbers may not yield the results as presented.
2. In the three months ended November 30, 2025 and November 30, 2024, the Company recognized a benefit of \$3.3 and \$1.0, respectively, for income taxes in respect to one-time pretax items.
3. In the three months ended November 30, 2025, the Company recognized other pretax expenses of \$1.6.
4. In the three months ended November 30, 2025, the Company recognized pretax asset impairment of \$3.4 related to certain education products.
5. In the three months ended November 30, 2025, the Company recognized pretax other costs of \$0.2 and pretax asset impairment of \$5.2 primarily related to certain film and television programs in development. In the three months ended November 30, 2024, the Company recognized pretax severance of \$0.4 related to cost-savings initiatives and pretax costs of \$0.4 related to the acquisition of 9 Story Media Group.
6. In the three months ended November 30, 2025 and November 30, 2024, the Company recognized pretax severance of \$0.4 and \$1.4, respectively, related to cost-savings initiatives.
7. In the three months ended November 30, 2025, the Company recognized pretax severance of \$2.1 related to cost-savings initiatives and other pretax expenses of \$0.8. In the three months ended November 30, 2024, the Company recognized pretax severance of \$2.0 related to cost-savings initiatives.

