

— PARTICIPANTS

Corporate Participants

Danielle Kloeblen – Senior Vice President-Investor Relations & Treasurer, McGraw Hill, Inc.

Simon Allen – Chairman, President & Chief Executive Officer, McGraw Hill, Inc.

Robert Sallmann – Chief Financial Officer & Executive Vice President, McGraw Hill, Inc.

Other Participants

Ryan MacDonald – Analyst, Needham & Co. LLC

Henry Hayden – Analyst, Rothschild & Co Redburn

Stephen Sheldon – Analyst, William Blair & Co. LLC

Steven Koenig – Analyst, Macquarie Capital (USA), Inc.

George K. Tong – Analyst, Goldman Sachs & Co. LLC

Marvin Fong – Analyst, BTIG LLC

Toni Kaplan – Analyst, Morgan Stanley & Co. LLC

Jeffrey P. Meuler – Analyst, Robert W. Baird & Co., Inc.

Faiza Alwy – Analyst, Deutsche Bank Securities, Inc.

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Joshua K. Chan – Analyst, UBS Securities LLC

David Karnovsky – Analyst, JPMorgan Securities LLC

— MANAGEMENT DISCUSSION SECTION

Operator: Good morning, and welcome to the McGraw Hill, Inc. Fiscal Second Quarter 2026 Earnings Conference Call for the Quarter Ended September 30, 2025. All participants are in a listen-only mode. As a reminder, today's call is being recorded and a written transcript will be made available in the Events & Presentations section of the company's Investor Relations website. A webcast replay of today's call will also be made available on the company's Investor Relations website. Following the prepared remarks, we will open the call for questions.

I would now like to turn the call over to your host, Danielle Kloeblen, Treasurer and Senior Vice President, Investor Relations. Please go ahead, Danielle.

Danielle Kloeblen, Senior Vice President-Investor Relations & Treasurer, McGraw Hill, Inc.

Good morning, everyone. Welcome to McGraw Hill's fiscal second quarter 2026 results. Joining me today are Simon Allen, Chairman, President and Chief Executive Officer, and Bob Sallmann, Executive Vice President and Chief Financial Officer.

During this call, we will be making forward-looking statements about the company. These statements are based on our current expectations and the current economic environment. Forward-looking statements, estimates and projections are inherently subject to significant economic, competitive, regulatory and other uncertainties and contingencies, many of which are beyond the control of management. These forward-looking statements are also subject to the cautionary statement that is included in our earnings release and the investor presentation. These are further detailed in our 10-Q and other filings with the SEC.

Important assumptions and factors that could cause actual results to differ materially from those in the forward-looking statements are specified in our earnings release issued today, as well as in our

SEC filings. We will also refer to certain non-GAAP measures today. We believe that these measures provide useful supplemental data that will not substitute for GAAP measures allow for greater transparency in the review of our financial and operational performance.

In the earnings press release and the appendix of the investor presentation, as well as supplemental files on the Investor Relations website, you can find a definition of these non-GAAP measures and reconciliations to the most directly comparable GAAP measures. For those who listen to the recording of this call, we remind you that the remarks made herein are as of today, November 12, 2025, and have not been subsequently updated.

With that, I'll turn the call over to our Chairman, President and Chief Executive Officer, Simon Allen.

Simon Allen, Chairman, President & Chief Executive Officer, McGraw Hill, Inc.

Thank you, Danielle, and good morning, everyone. McGraw Hill continues to shape education through innovation and AI-driven technology that personalizes learning experiences at scale, driving deeper engagement and better outcomes. Fiscal second quarter results exceeded expectations, showcasing strength, resilience and the scale of our diverse portfolio, which serves the learning lifecycle during the pivotal back-to-school season. This strength was underscored by fiscal Q2 revenue, which reached \$669 million, our second best performance for this quarter in a decade, despite a 2.8% year-over-year decline due to the anticipated smaller K-12 market.

Re-occurring revenue grew 6.5% year-over-year to \$422 million or 63% of total revenue, underscoring the strength of our subscription-based model. Digital revenue increased 7.6% year-over-year to \$352 million, representing 53% of total revenue. In particular, our higher education business delivered exceptional results. Revenue expanded 14% year-over-year, while digital revenue grew 18.4% due to continued market share gains, Inclusive Access growth, enrollment favorability and realizing value-based pricing. Our trailing 12-month market share rose 160 basis points to 30%, according to MPI data.

The Evergreen content delivery model now available across more than 700 leading titles continues to resonate, reflected in a record high NPS score during the fall semester. The K-12 selling season met our expectations with continued solid performance, despite the smaller market opportunity. Re-occurring revenue grew 3% year-over-year with share gains in core science, ELA and math. Early momentum is building for ALEKS Adventure, our supplemental math offering for K-3 students, positioning us for growth beyond the core ahead of the major California math opportunity in fiscal year 2027. We're already seeing positive early indicators for California math, with two large deals booked in fiscal year 2026. Our team also continued to deliver compelling profitability.

Adjusted EBITDA reached \$286 million in Q2, yielding a margin of 43%, up 60 basis points year-over-year. This reflects strong operating leverage and an expanding digital mix amid reinvestment that is enabling an exceptional pace of innovation. Our strategy, combined with our execution and forward visibility gives us confidence to raise fiscal year 2026 guidance across the board, which Bob will detail shortly.

At McGraw Hill, we focus on solutions that demonstrate proven efficacy. By integrating high quality proprietary content with actionable student data and thoughtful pedagogy, we deliver meaningful learner outcomes. Having leveraged machine learning for over two decades, our AI philosophy centers on saving educator's time, strengthening student-teacher relationships and personalizing learning.

Our multi-layered moat is built upon three elements. Firstly, our intellectual property. With 137 years of trusted content developed alongside our authors and more than 50 Nobel laureates, our pedagogical driven approach is held to the highest standards. Secondly, our proprietary data. We

possess a deep understanding of the learning journey fueled by billions of student interactions across millions of digital users annually. Our solutions deliver structured learning progression through real-time insights and feedback built on evidence rather than prediction alone. And thirdly, our domain expertise. We have decades of experience helping educators and institutions integrate digital tools into curricula. Our workforce, including former educators and technology experts, ensures solutions are grounded in pedagogy and structured learning methods that reflect classroom realities.

Along with strong relationships, a trusted brand and a robust distribution network, this moat forms the foundation that allows us to deploy AI effectively across learning environments. While large language models serve as valuable information tools, education demands a structured learning progression, supported by continuous student interaction and data to ensure true comprehension over memorization. Educators see us as a trusted partner, reflected in a recent survey we commissioned through Morning Consult, with K-12 teachers and administrators ranking McGraw Hill as the education company using AI most effectively in its products.

Helping teachers harness the power of AI to address specific student needs differentiates McGraw Hill from emerging AI-first entrants. Consider the student who is falling behind in math. Our AI-powered supplemental solution ALEKS, which spans K-12 through higher education, uses machine learning to pinpoint knowledge gaps and deliver targeted content. It helps improve pass rates by 20%, according to a recent Clemson University case study.

ALEKS Adventure is our recent addition for K-3 math, which is gaining traction. We are also optimistic about the global launch of ALEKS Calculus, unlocking \$100 million in TAM. Now, consider the fifth grade teacher struggling with administrative tasks and lesson plans, McGraw Hill Plus simplifies workloads and provides real-time insights into student proficiency, enabling targeted instruction. Available in math in 10 states, with two more states coming online next fiscal year, we experienced a 67% increase in the number of districts that accessed McGraw Hill Plus this school year alone, along with rising utilization rates. ALEKS and McGraw Hill Plus are primed to expand in the multi-billion dollar supplemental and intervention market, while we hold only 5% share today. We remain very enthusiastic about GenAI and continue embedding it into our solutions to enhance learning experiences and to support educators.

AI Reader is a prime example of how we scale the proven tool across our portfolio. Launched last spring, AI Reader encourages higher education students to actively engage with content until concepts are fully understood. 1 million students are engaging with the tool, and 11 million learning interactions were generated in Q2 alone and accelerating. During back-to-school 2025, we expanded AI Reader, embedding the tool in 600 plus Connect titles, as well as within our First Aid Forward solution for medical students.

Additionally, we recently introduced four exciting new AI-powered solutions to enhance our portfolio. Firstly, Sharpen Advantage transforms our popular college student study app into an AI-powered enterprise solution focused on academic success through real-time faculty dashboards to track progress, address learning gaps, and create personalized learning study experiences. Underpinned by our content, Sharpen Advantage offers a responsible alternative to generic chatbots institutions can trust, unlocking significant growth opportunities beyond our core.

Secondly, clinical reasoning leverages our evidence-based content and introduces virtual patient interactions to prepare medical students for real-world clinical care, positioning us for incremental digital growth. Thirdly, Writing Assistant provides real-time personalized feedback to students, fostering skill development through self-checking and self-correction. We've recorded over 130,000 interactions across 877 unique school districts nationwide in October alone. Fourthly and finally, Teacher Assistant gives K-12 teachers instant planning support, reducing prep time. It's currently available for California math with a nationwide rollout to follow. We believe our Writing and

Teaching Assistant capabilities will enhance market share and retention, particularly in the larger upcoming K-12 market opportunity.

In closing, we believe that our momentum is undeniable, our market share is growing, user engagement is accelerating, and our re-occurring revenue mix is expanding. Our business remains resilient with no significant impact from tariffs or proposed federal education policy changes. As you know, the vast majority of funding comes at the state and local levels with an immaterial portion of K-12 budgets tied to course materials.

Now, I'll turn the call over to Bob to discuss our financial performance.

Robert Sallmann, Chief Financial Officer & Executive Vice President, McGraw Hill, Inc.

Thank you, Simon. Good morning, everyone. Our fiscal second quarter results demonstrate the strength, scale and diversity of our business. We are delivering on our financial priorities, which are disciplined execution, reinvestment to fuel growth and continued gross debt reduction. Now let's take a closer look at our fiscal Q2 financial performance.

Total revenue reached \$669 million, down 2.8% year-over-year due to the anticipated smaller K-12 market opportunity, which was largely offset by the strength in higher education. First half revenue declined just 0.5% to \$1.2 billion. Re-occurring revenue increased 6.5% year-over-year to \$422 million, representing 63% of our total revenue in the quarter, primarily driven by digital revenue growth of 7.6% to \$352 million. Higher margin digital contracts continue to enhance revenue quality and predictability. Our remaining performance obligation or RPO surpassed \$1.9 billion at the end of the quarter, which provides valuable forward visibility. Gross profit margin increased nearly 150 basis points year-over-year to 79.2%, supported by efficient operations, favorable digital revenue mix and outperformance in higher education.

Adjusted EBITDA was \$286 million, with a 43% margin, up 60 basis points year-over-year, driven by gross margin strength and disciplined expense management amid continued growth reinvestment. AI implementation is enhancing internal efficiency and customer experience, reducing K-12 order processing times by 27% and automating 25% of service checks. While our AI-powered content creation tool, Scribe, delivered strong ROI, recouping its initial investment in a year with use cases expanding, which should unlock incremental margin expansion over time.

Now let's dive into our business segments. In Q2, higher education revenue grew 14% year-over-year to \$213 million in the quarter. On a year-to-date basis, revenue was \$395 million, also up 14% year-over-year. Re-occurring revenue grew 13.8% to \$162 million, while digital revenue expanded 18.4% to \$186 million. This exceptional performance was led by market share gains of 160 basis points, reaching 30% on a trailing 12-month basis.

Inclusive Access Sales grew a notable 37% year-over-year. It represents over 50% of our higher education sales and has been adopted by nearly 2,000 campuses. The majority of Inclusive Access growth continues to come from existing customers adding new courses, demonstrating the effectiveness of cross-sell within accounts and significant expansion opportunities within the 82% of institutions served. This is supplemented by the annual onboarding of approximately 100 new universities into the program, which becomes more impactful to growth in the coming years. These new Inclusive Access relationships typically take at least two years to fully scale. In other words, based on recent performance, we expect the activations for accounts landed in fiscal year 2026 to increase by 15 to 20 times by fiscal year 2028. This is key to supporting visibility into our future growth runway.

And when combined with innovation such as Evergreen, we unlock more avenues to support retention and drive takeaway opportunities to enable incremental market share gains. This

performance reflects our successful execution of investment initiatives in recent years. In addition, we captured benefits from healthy enrollment trends and value-based pricing realization. I am incredibly proud of the team's outstanding performance with their innovation and dedication yielding differentiated results.

In K-12, revenue was \$359 million in the quarter, down 11.2% year-over-year due to the anticipated smaller market opportunity and lapping of exceptional capture rates in the prior year. First half revenue was \$630 million, down 7.3% versus prior year. Re-occurring revenue increased 2.8% to \$216 million, with RPO of \$1.4 billion, supported by multi-year procurement cycles and up-front payments which provide strong forward visibility and the foundation for our return to growth in K-12 in fiscal year 2027. We continue to outperform the market and retain our leadership position in Florida Science. Our National Science program is driving share gains in other states, along with investments that have bolstered our go-to-market coverage which reinforces our optimism moving forward.

For the supplemental and intervention market is also small. Our integration with the core and early success with ALEKS Adventure is encouraging. Pilots generated strong momentum in South Carolina's math adoption, showcasing share gains in the K-5 market. It's worth reiterating, we anticipated the smaller market in fiscal year 2026 due to the predictable school purchasing cycles. Proposed federal education policy changes have had no material impact on our business as 90% of district revenue is funded by state and local budgets. We believe we are well-positioned for fiscal year 2027 opportunities in California math and Florida ELA among others. And our nationwide Emergel pilot is progressing well ahead of the large California ELA opportunity in fiscal year 2028.

Global professional revenue was \$40 million in the quarter, relatively flat year-over-year, while re-occurring revenue grew 5.4% to \$25 million. Strength in medical and engineering offset the exit of non-strategic print with ongoing innovation, such as the launch of clinical reasoning, expected to drive incremental digital growth over time. Finally, international revenue decreased 8.8% year-over-year to \$50 million in Q2, a relative improvement from the double-digit year-over-year decline in Q1. The decline in re-occurring revenue also narrowed sequentially year-over-year to 4.8%. Digital growth in select K-12 markets has partially offset softness in Canada and timing in Spain.

Moving on to our balance sheet and cash flow. We ended Q2 with \$463 million in cash and \$913 million of liquidity with our revolving credit facility undrawn. Net leverage was 3.3 times as of September 30. We generated \$265 million in cash flow from operating activities in the quarter. Working capital was largely impacted by the K-12 market opportunity and prior year expense timing. In October, we prepaid \$150 million in term loan principal, following September's repricing that reduced our interest rate spread by 50 basis points. Year-to-date, we've prepaid \$542 million in term loan debt, resulting in over \$40 million in annualized cash interest savings.

Our disciplined capital allocation strategy prioritizes reinvestment and debt reduction. We remain committed to a net leverage target of 2 to 2.5 times and to strategic tuck-in M&A. We will pursue incremental debt reduction over the remainder of the fiscal year, leveraging cash flow from the business, which has been bolstered by cash tax savings from new tax legislation. And we'll remain opportunistic on the capital structure.

Looking ahead, based on our strong first half performance, RPO visibility, sustained share gains and favorable enrollment trends, we are raising our full year guidance. We now anticipate total revenue for fiscal year 2026 in the range of \$2.031 billion and \$2.061 billion, re-occurring revenue ranging from \$1.504 billion to \$1.524 billion, and adjusted EBITDA between \$702 million and \$722 million. Unlevered free cash flow is expected to slightly exceed the low end of the 50% to 100% adjusted EBITDA conversion range, while CapEx and product development as a percentage of revenue remains unchanged. Our Q2 tax provision was positively impacted by recent changes to federal tax policy and is expected to lower our fiscal year 2026 tax liability below the previous \$30 million to \$50 million range, both on a cash and GAAP basis.

Finally, a few modeling items. We expect revenue seasonality trends in the back half of fiscal year 2026 to be relatively consistent with our historical average. Stock-based compensation expense is expected to be \$1 million to \$2 million in both the third and fourth quarters. Total interest savings are expected to be approximately \$5 million in the second half of the fiscal year, and we expect approximately \$6 million of debt extinguishment in Q3. For the fiscal year 2026, we expect our GAAP effective tax rate to be approximately 15% to 20% and our marginal non-GAAP cash income tax rate for the incremental changes to book income to be around 18%. We are proud of our performance and confident in our strategy. Higher education's outperformance is notable and we are well-positioned for K-12 growth in fiscal year 2027 and beyond.

Operator, let's open the call up for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. We will now begin the question-and-answer session. [Operator Instructions] Your first question today comes from the line of Ryan MacDonald from Needham. Your line is open.

<Q – Ryan MacDonald – Needham & Co. LLC>: Hi. Thanks for taking my questions, and congrats on a great quarter. Simon, I wanted to start with higher ed. Clearly, excellent performance within that segment of the business. Can you just kind of break down a little bit further for us sort of the mix of benefit from sort of enrollments, I think the data is showing about 2.4% enrollment growth for the current fall semester, versus sort of execution and share gains? And then, on the Inclusive Access component of that, impressive growth there. Can you just give us a sense of sort of the durability and runway for growth within Inclusive Access Sales? Thanks.

<A – Simon Allen – McGraw Hill, Inc.>: Yeah. Thank you, Ryan. It's good to hear from you and thanks for a great question. And yes, we are incredibly pleased about our higher ed performance this quarter. I think, 14% growth comes primarily in a big time way, actually, from taking market share. We've taken it from all our competitors. You mentioned the enrollment. I think enrollment is predicted, right now it's very early, but maybe 2%, 2.5%. We've grown massively more than that, and we're taking share from everybody. It's all around our execution. You've heard me say this so many times on these calls, but it really is true, the quality of our execution is why we win out the product delivery, the fact that we understand what our customers need to see, how we can utilize AI and what we deliver and prove in a very efficacious way why we've done well. And then also our go-to-market teams are truly the best in the industry in my view. And I think the performance justifies that comment.

When you look at, again, retention rates that are growing substantially through what we've done with our market share gains, all of the competitors that we're taking share from across every discipline on the college campus, we're seeing record NPS scores through this back-to-school period, and I think best of all, for us to now get to 30% market share. And if you remember, if you go back a decade, we were barely 21%, 21.5%, Ryan. I mean, it was way lower. We've grown now to 30% to 160 basis point growth year-on-year. And we're very proud of that.

The last thing I'd say is that when we look at innovations like AI Reader, this is the product, if you remember, we launched a couple of quarters ago, and it's really proven a tremendous retention tool for us. We're seeing over – it's actually I think we quoted 11 million interactions at the end of Q2. I can tell you through October, it's about 20 million now in terms of Reader interactions. And we're just growing that month-by-month as students see the value and professors see the value of what that can give students to really help them in their class and help them succeed.

So, the last thing I'll say is, well, you mentioned Inclusive Access. Again, we've been telling our investors about that for the longest time, it's open to everybody. We recognized the value of it first. We continually grow every quarter our business through IA. It's a wonderful business model. And the land and expand that Bob talked about earlier is really true. This is where we're seeing the huge benefit of that. And I think when I look at the new solutions that we're creating with products like ALEKS Calculus, that's going to give us another \$100 million in untapped TAM, what we've done with Sharpen and Sharpen Advantage as we look at building an institutional AI-driven product. We really are understanding what faculty want to see, how we can help them utilize AI for benefit and for absolute gain in student performance and outcomes.

So Bob, let me pass on to you a bit because I know you love the Inclusive Access modeling when you look at the land and expand. Maybe you can help with final part of Ryan's question.

<A – Bob Sallmann – McGraw Hill, Inc.>: Sure thing. Thanks, Simon. Ryan, I also – before I jump into that, I do want to highlight the National Student Clearinghouse data you quoted as preliminary. We've seen changes from that, from our initial print to subsequent prints. So, I just want to caution

you that 2.4% you quoted is preliminary, but within that, you should also note that the two-year community colleges have higher growth rates. We over-indexed there relative to the general market. So, we're seeing enrollment slightly higher than that 2.4%. But it's worth noting that it is preliminary.

And then jumping into the Inclusive Access model, we highlighted this, just the sustainability of that. We have added 100 new logos, new institutions annually. So clearly, there's a lot of runway for us to continue to land. But more impactful is that expansion. So as we land those institutions, we see 15 to 20 times growth over the first couple years, and then you'll get continuation of growth. So, when we think about sustainability, lots of runway there. We're very excited about it and we're looking forward to continuing to talk through that.

<Q – Ryan MacDonald – Needham & Co. LLC>: Awesome. I really appreciate that. And maybe just to follow up in terms of K-12, kind of great to hear some of the commentary around California math and in Florida as well. Can you just remind us what you're seeing with California math and Florida ELA right now in terms of performance and then how that – what sort of level of confidence that gives you as we go into, I think they call it, year one, but – or the second sort of tranche of that funding and in fiscal 2027? Thanks.

<A – Simon Allen – McGraw Hill, Inc.>: Yeah, good question. And Ryan, apologies for the longest answer you've ever heard to higher ed. But thank you for bringing this into K-12, where we are equally excited about our potential, and you know and everyone knows that this year is a smaller year in K-12. What is really encouraging about FY 2027 as we look ahead, and we're obviously not going to give any guidance just yet. We'll wait till the end of our fiscal year to do that. But what is really encouraging is the well-known fact of an additional \$300 million TAM in that market. It's roughly 10% more in 2027 than 2026. And as you say, that's driven by California math. It's also driven by Florida ELA and Texas math. There are a bunch of different opportunities coming out for FY 2027.

Where we are encouraged is that we've already had good successes in California at the very earliest stages and it's all about the suitability of our product. We have to make sure that as we create our material, we understand completely the state standards required. We make sure our pedagogical delivery of our products just fits at the right learning age range that is there. And then of course, we're supplementing all of our core material with McGraw Hill Plus, and of course, ALEKS that you know very well. So, we're very, very bullish indeed about next year. Bob, do you have anything to add specifically on California or Texas to Ryan?

<A – Bob Sallmann – McGraw Hill, Inc.>: Yeah. I think the one thing that we are excited about is being able to supplement and supplemental intervention and having bundled solutions as we enter into that market. So again, as we think about that portion of our business, which represents about 15% of the K-12 revenue, we really see a nice opportunity to bundle those offerings as we walk into those opportunities next year.

<Q – Ryan MacDonald – Needham & Co. LLC>: Thanks for all the color. Congrats again.

<A – Simon Allen – McGraw Hill, Inc.>: Thank you, and thanks for the questions.

Operator: Your next question comes from the line of Henry Hayden from Rothschild. Your line is open.

<Q – Henry Hayden – Rothschild & Co Redburn>: Good morning, everyone. Thanks for taking the time today. We've seen kind of lots of concern across the sector around AI disintermediation. And we were hoping just to get some incremental color on how you would describe the competitive moats around the business or in other words, what uniquely differentiates McGraw Hill's capabilities from GenAI native new entrants. Thanks.

<A – Simon Allen – McGraw Hill, Inc.>: Henry, thank you for the question and just lovely to hear a familiar accent. And it's a good question because when you think of the issue around AI, I think there's been an enormous amount that's been under appreciated or just not yet recognized about McGraw Hill and our abilities to really make a difference and see AI as a massive real tailwind for our business. And we're only in – of course, this is our second quarter earnings call, so it's new to everybody. But my hope is over the coming quarters, people recognize the real value and strength that AI gives to our business. And again, the tailwind that we're seeing and we're seeing it across the entire part of our entire structure. When you think about what we're doing in higher education, we talked a great deal about our products around AI Reader. We've talked a lot about what we've done with Sharpen Advantage when you think about the institutional opportunity. We've talked about the ability for clinical reasoning in our medical business and that is a significant upside, so when you think about potential students learning and what they need to understand when they're going through their medical programs.

And then there's ALEKS. And you've known for years that we've worked with ALEKS for now, well, really over two decades. And when you think about the ability for machine learning now to focus on generative AI delivery for our Adventure for K-5, as well now at the other end for ALEKS Calculus, all of these factors give us a substantial confidence and we're seeing that in our customer reactions. We're seeing it in our financial performance as you've heard. We're seeing it from our customers saying to us, we are using Sharpen and it is helping our students. We are seeing a massive increase in student learning and spending time on your great platform with AI Reader. Medical students are benefiting from clinical reasoning. So these are functional, efficacious products that we deliver.

And because of our moat, Henry, we've got the strength of our 137 years, the trusted position that we have in the education community and really the reliability that we provide our customers with that level of trust. And they want to work with us and they want to understand how we can enhance the materials the way they teach through AI integration. So, again, a long answer, but it's important to me and to all of us that I think the world at large understand just how beneficial this is for McGraw Hill, because we can absolutely improve learning outcomes the way we've integrated AI.

<Q – Henry Hayden – Rothschild & Co Redburn>: Yeah. Thank you for that. It's very helpful. And then just as a follow-up to that, we've heard from some of your peers around kind of the increased costs to store and leverage data, which has been made "AI ready." And how would you think about the margin outlook as data becomes a more substantial part of your offering?

<A – Simon Allen – McGraw Hill, Inc.>: Good question. We're beginning to measure compute costs right now. In fact, we've done that for a while. Bob, I'll pass that one over to you if you've got some – any additional – I know we don't actually give too much detail, but we do have an answer, I think, for Henry.

<A – Bob Sallmann – McGraw Hill, Inc.>: Yeah. And Henry, as we think about AI, we ultimately see this as margin expansion over time. When we've talked about the use of Scribe, which reduces our cost in certain use cases by 60% and time to market by 50%, we're able to reduce our overall cost to build product. So as we think about that cost to serve AI, we're able to offset that by driving cost reductions in our product and platform development. So, we ultimately see this as margin expansion over time.

<Q – Henry Hayden – Rothschild & Co Redburn>: That's very clear. Thank you both.

<A – Simon Allen – McGraw Hill, Inc.>: Thank you, Henry.

Operator: Your next question comes from the line of Stephen Sheldon from William Blair. Your line is open.

<Q – Stephen Sheldon – William Blair & Co. LLC>: Hey, thanks, and nice results here. Maybe wanted to dig in a little bit more on the K-12 side. I guess, can you just provide some more color on underlying trends there and specifically how newer product traction is progressing relative to expectations as we think about ALEKS Adventure, MH plus, other things? And then just as we think about the benefit of some of these newer products, I know some are incremental revenue opportunities, but how much could they help you as you pursue some of these larger core contracts? How much could these new product capabilities and bundling help with positioning to win those large contracts?

<A – Simon Allen – McGraw Hill, Inc.>: Yeah. It's a good question. I'll kick off and then Bob will – I'll pass to you as well to add any information you would that I've forgotten. But what I would say, Stephen, is that the – and you mentioned a couple of them, the products that are making the big difference, ALEKS Adventure will give us new growth going forward. It's already beginning. It's been out about a year, give or take. McGraw Hill Plus we've extended. It's been in 10 states. We've extended it. And we're about to get into two more. Each one of those shows substantial increase in teacher intervention and teacher activity. And the reason is that it's giving such a great level of data and detail on the student performance that teachers find very helpful.

But a key part of your question is what does it do to the core because you know that we're a very, very successful player in core. The market opportunity is much bigger next year. But it isn't just that for us. The supplemental intervention space where it's really 15% of our business, but we have less, around 5% market share. That's where the real opportunity for growth comes. It's really building on the core successes that we've enjoyed, building on with ALEKS, with our math core adoptions, building on the ELA adoptions, with Actively Learn and Achieve 3000. These are the tools – and then all of them integrating McGraw Hill Plus. These are the tools that give us great confidence for growth going forward to enable the market share growth to continue. Bob, you may have something else to say to that as well.

<A – Bob Sallmann – McGraw Hill, Inc.>: Yeah, let me add a little bit more color. So, we have talked about in our prior quarter winning in eight of nine markets. And so, we've demonstrated that. And what we're suggesting is that you'll see that over the next several years. And so what that means is while we're winning, we'd provide forward visibility in the next several years. These are multiyear contracts. One of the things I'll highlight is if you exclude the three large states, particularly Florida and Texas, where we had strong performance last year, we exclude that and look at the remainder of the districts that we operate in. We're expanding share. We grew 200 bps. So we're winning at a greater rate. So we're winning across the market.

A couple other things that work, that excites us. We've talked about being in 10 states for McGraw Hill Plus. Let me double-click on that and provide you some more insights. As we talked about being in 10 states, growing into 12, what does that really mean for our K-12 business? Again, McGraw Hill Plus is going to allow us to be very sticky over time. And so, we look at it and 25% of our teachers using our core math products Reveal now have access to McGraw Hill Plus. That's nearly a 50% increase year-over-year. We're seeing 4x increase in the unique users in McGraw Hill Plus year-over-year, and now we're serving over 10% districts have access to McGraw Hill Plus. So again, the importance of that is really driving that stickiness and retention over time.

And then ultimately, the other big innovation we're driving is our new ELA product Emerge! that will be coming into market, again addressing California ELA in 2028. So again, really well positioned. The business performed and met our expectations in the period. We're really excited about how it positions us for a return to growth.

<Q – Stephen Sheldon – William Blair & Co. LLC>: Very helpful and good to hear. And then just as a follow-up, as we think about incremental spending plans, I guess just given what you've seen so far this year, have your priorities changed at all where you're pushing the pedal more in certain

areas of the business than others, especially as you think about product development and sales capacity across different segments? I guess just at a high level, where are you pushing the investment pedal more?

<A – Simon Allen – McGraw Hill, Inc.>: Yeah. So first, let me – at a high level, we're not going to be changing sort of the level of investment. We've highlighted that is 8% to 9% of our revenue. We'll continue to be at that level. Now, of course, we re-evaluate and redeploy where we're putting our dollars. And given some of the efficiencies that we are driving in product development, it's allowing us to accelerate the pace of investment in other areas, such as some of the AI tools that we've recently released. Simon mentioned the four new products we brought to market. Again, the pace at which we're releasing things is allowing us to bring new products to market. But most critically, I just want to remind you that we do believe that all of this innovation will still allow us to continue to expand our margins.

<Q – Stephen Sheldon – William Blair & Co. LLC>: Great. Thank you.

Operator: Your next question comes from the line of Steve Koenig from Macquarie Group. Your line is open.

<Q – Steven Koenig – Macquarie Capital (USA), Inc.>: Hi, thanks. And I'll offer my congratulations as well on a really good quarter. First question would be, in thinking about your outlook for the second half, maybe preface this question by asking how did you all do kind of relative to your internal expectations in the quarter. And in terms of raising that full year guide, how much of that is related to the Q2 performance and how much of it's related to your outlook for the back half? And any changes in your method or assumptions on your guidance? Thanks for that.

<A – Bob Sallmann – McGraw Hill, Inc.>: Sure. I'll take this one, Simon. With respect to our guide in the quarter, first noting that Q2 is the most significant quarter for our business. It provides us visibility into both enrollments, share gains and otherwise. And most importantly, in our K-12 business, it provides us the RPO that gives us that clear visibility to the rest of the year. So when we put together our guide, I'll walk you through some of the BUs that how we're thinking about it. But it's also important to note that we've narrowed the guide from prior quarter to current, meaning the revenue guide we had from high to low \$60 million range. We've now narrowed that to \$30 million. And then on the re-occurring and EBITDA, we were at \$40 million in the prior guidance, taken that down and narrowed our guidance to \$20 million. And again, that is driven by the fact that we've moved through the seasonally important Q2 and now have greater visibility.

With respect to the portions of the business that met expectations, I would say that K-12 was certainly in line with our expectations. We noted that we were having share gains. Our products are well positioned. We anticipated some of those share gains that we delivered and the overall market size being smaller is coming in line with expectations. Where we performed slightly better and I'll highlight, that would be in higher education. Obviously, the share gains, we're very pleased with the continued share gains and the magnitude of those share gains. And enrollment was slightly higher. And again, we talked about it on Ryan's first question about what the clearinghouse is providing. We see it slightly above that, which is providing us a little bit of a tailwind.

When I walk through it for the full year, I think it's important to recognize that we have seasonality in our business. So first half being seasonally important and second half is smaller. That will then translate into a lower EBITDA margin on the lower revenue base. And then ultimately, I also think it's important to recognize that that seasonality from first half to second half will also present itself more like fiscal year 2024 than fiscal year 2025. And it's important that I highlight that for your modeling considerations, thinking about Q3 and Q4 phasing as 2025 had that outsized performance in K-12. So really anchor yourself back to 2024. And I think then as we think about that overall guide, we are very pleased with how we've positioned the business and it's built on the success that we've had and forward visibility.

<Q – Steven Koenig – Macquarie Capital (USA), Inc.>: Terrific. Thanks for that, Bob. And if I may get in one follow-up, maybe building on the earlier question about internal investment, maybe extending that...

<A – Bob Sallmann – McGraw Hill, Inc.>: Yeah.

<Q – Steven Koenig – Macquarie Capital (USA), Inc.>: ...to ask for your color more generally on your thinking on capital allocation here moving forward.

<A – Bob Sallmann – McGraw Hill, Inc.>: Yeah. Sure. The first place that we always invest in is our organic investments. Those will always provide us with the greatest ROI. And then we remain very committed to delevering and our target of 2 to 2.5 times. And that's demonstrated our commitment to this by \$150 million we paid down in October. Based on cash flow and where we see the business, there remain opportunity for us to further delever in the remainder of the year. We also balance that with tuck-in M&A and the funnel today is very small. We're looking at smaller opportunities that we consider make versus buy, expanding the addressable market. We look at these opportunities and so we think that there's a chance for us to continue to explore that. But nothing transformational at this point is in the funnel.

<Q – Steven Koenig – Macquarie Capital (USA), Inc.>: Got it. Very good. Thanks very much. Very helpful.

<A – Bob Sallmann – McGraw Hill, Inc.>: You bet.

Operator: Your next question comes from the line of George Tong from Goldman Sachs. Your line is open.

<Q – George Tong – Goldman Sachs & Co. LLC>: Hi, thanks. Good morning. You highlighted a strong capture rate performance in K-12 so far this adoption cycle. Can you share what capture rates are so far this year and how they compare to last year at the same time?

<A – Bob Sallmann – McGraw Hill, Inc.>: Yeah. George, we're not going to provide visibility exactly on what those capture rates are. As you recall, that's coming off of our internal Salesforce data. But I will highlight when we look at that market, it's 200 bps higher than prior year, which is in line with our expectations.

<Q – George Tong – Goldman Sachs & Co. LLC>: Got it. That's helpful. And then you talked about strong visibility into the K-12 TAM years in advance. Based on what you see today, how much do you see the K-12 TAM growing in 2027?

<A – Bob Sallmann – McGraw Hill, Inc.>: Yeah. So that – we've highlighted that the overall market is \$300 million that we see as growing. And again, we're really well-positioned as we think about the largest opportunity being that California math. We're excited about the opportunity for us. Simon, I'm not sure if there's anything else you want to add on that.

<A – Simon Allen – McGraw Hill, Inc.>: No, just – exactly. And we've mentioned this earlier on, George, that the extent of the market growth next year is very encouraging for us. And you've seen it in prior years where the TAM is at a much higher level. We've done very well, and of course, we would expect to have the same level of growth and performance in the out years. And FY 2026 as we've communicated very clearly has always been a low year. And you look at the 2027, 2028 and as you look forward, you can see the opportunity then. And we're excited about that looking ahead.

<Q – George Tong – Goldman Sachs & Co. LLC>: Got it. Thank you.

<A – Simon Allen – McGraw Hill, Inc.>: Thanks.

Operator: Your next question comes from the line of Marvin Fong from BTIG. Your line is open.

<Q – Marvin Fong – BTIG LLC>: Good morning. Thanks for taking my questions and congratulations as well on a great quarter.

<A – Simon Allen – McGraw Hill, Inc.>: Thanks.

<Q – Marvin Fong – BTIG LLC>: So first question, just like to follow up again on the enrollment data that we all are looking at. And I would like to attack it from the subject matter standpoint since that's the other major change. And you just talked about you over-index, under-index the subject matters with like health and business...

<A – Simon Allen – McGraw Hill, Inc.>: Yeah.

<Q – Marvin Fong – BTIG LLC>: [indiscernible] (00:48:25) and computer science a bit lower for understandable reasons. But anything in the subject matter trends that are beneficial to you?

<A – Bob Sallmann – McGraw Hill, Inc.>: Yeah. It's a great insightful question. We certainly see that we have those disciplines that we see the highest growth rates, that is very favorable to us, business and other curriculum and science related subject matter. So, it does play out favorably to us. And again, I think that bodes well for how we're seeing our enrollment slightly higher than that 2.4% as advertised as a headline for undergraduate growth. Simon, I know you had something to add...

<A – Simon Allen – McGraw Hill, Inc.>: Yeah. Let me add a little bit to that because it's a good question, Marvin. One of the big benefits and I've been operating in, as you know, the higher ed sector, for now, it'll be 40 years in August. And the reason that we do so well is that we recover everywhere. So you look at the business economics disciplines, you look at the sciences, you look at math, you look at the humanities, social sciences, all of these areas, we're seeing growth across everything. And when you look at the tools that we create, AI Reader covers every single discipline, every title, every subject. You think about what we've done with Sharpen. We focus on every single subject again. And that's why it's the breadth and the scale that we have that give us so many advantages, particularly compared to some of the smaller start-up type companies. And that breadth of coverage is really – it means that we're seeing very strong double-digit growth across all of those subject areas. Some are higher than others. But when we look ahead, it's the scale and the breadth of product that we have that gives us such a strong advantage.

<Q – Marvin Fong – BTIG LLC>: Fantastic. And a follow-up question, if I may, on international. We don't talk about it as much, but the trends have improved. You called out Spain as well as Canada, some moving parts there. Could you just kind of discuss what you're seeing there and how we should be thinking about trends both in the back half and maybe even next year?

<A – Simon Allen – McGraw Hill, Inc.>: Yeah. And it's a good one. I mean, when you look at, as Bob indicated earlier, the decline, we expected the decline this year. And I think in areas like Spain, where we've got a good K-12 business, it has a similar cycle coincidentally this year to the US. So that's clearly a low year for us in Spain. That's timing purely. Things would change next year. When I look at what happened in Canada, we benefited from the enrollment surge in Canada over the last few years. And now, of course, enrollments in Canada have significantly reduced. But what I look at there more than anything is our market share growth. It's [audio gap] (00:51:14) if the overall market is in decline. But how are we doing? And this is what makes me very happy because Canada, our share, we've grown over 3.5% this year. We're looking at about a 27%, 27.5% market share position in Canada. It was barely 15% in 2019 before COVID. So, you're seeing really good

growth in share again where the opportunity is for excellent product and great go-to-market. We succeed and we've done that very well in Canada.

We've also seen upside in Latin America. We continue to do well there with our school in higher ed business. And also the GCC market in the Middle East is very, very strong for us. So it's a good position that we're in. We're looking forward to continuing growth as we go forward. And I think it's important that we focus on those markets where we know growth can occur.

<Q – Marvin Fong – BTIG LLC>: That's great. Thank you, Simon. Thanks, Bob.

<A – Simon Allen – McGraw Hill, Inc.>: Thank you.

Operator: Your next question comes from the line of Toni Kaplan from Morgan Stanley. Your line is open.

<Q – Toni Kaplan – Morgan Stanley & Co. LLC>: Thank you so much. I wanted to ask another question on higher ed. Really strong performance this quarter there. You talked about the share gains getting to 30%. And obviously, this is off the back of Evergreen being launched. And I imagine that that is helping contribute to that stronger retention and perhaps salespeople being able to focus more on new business. And so, I was wondering if the success you're seeing is related to that platform shift or if there are other, is there anything content wise or otherwise that is contributing to that as well. Just wanted to understand the sustainability essentially of the higher ed share gains. Thanks.

<A – Simon Allen – McGraw Hill, Inc.>: That's a very insightful question, Toni. Thank you. I would say, it's across the board is the reason that we're doing very, very well in higher ed. Yes, Evergreen and that's unique to us as you know that we launched about a year ago. Now it's over 600 titles. We're seeing tremendous retention with that. And faculty are just appreciating the ability to be kept completely up to date as they're thinking about their courses. And it's also new products that we launched. It's products that we're looking at with ALEKS Calculus, which is a tremendous additional TAM opportunity for us in higher education. What we've done with Sharpen at the consumer level, but then particularly now Sharpen Advantage at the institutional level gives us a great deal of excitement. Then there are new content. Of course, we always look at our authors in higher education, and we commission new content and new material. That's something we're very, very proud of. We have various new courses and titles that we launch and we release through our Connect platform. It's very, very significant. And I think the sustainability for us is proven by the last number of years of our growth in higher ed, up now as you say to that 30% market share. And we feel extremely bullish about our potential in higher ed and we appreciate the question actually. It's a very good way to pose it.

<Q – Toni Kaplan – Morgan Stanley & Co. LLC>: Great. And then wanted to ask about pricing. Typically, I think you're getting more of your growth through share gains, maybe some from enrollment, et cetera. And price has been less of a factor and so – I think last quarter you mentioned you were taking price increases at a higher rate than originally planned. I was hoping you could talk about if that's still the case and if you're seeing pushback from customers to that or with your new content and platforms, maybe they're not pushing back because of the value-add that you're providing.

<A – Bob Sallmann – McGraw Hill, Inc.>: Yeah.

<Q – Toni Kaplan – Morgan Stanley & Co. LLC>: And so, wanted to understand the pricing dynamics going forward? Thanks.

<A – Bob Sallmann – McGraw Hill, Inc.>: Sure. Thanks, Toni. Yeah, from a pricing dynamic, as we've mentioned before, we apply a value-based pricing model. You highlighted some of the value-

add that we've been putting in place. We have not been seeing any pushback around our pricing. The price realization has been inflationary levels which is now in line with what we have planned for in the quarter. So we're realizing the price that we planned.

<Q – Toni Kaplan – Morgan Stanley & Co. LLC>: Thank you.

<A – Simon Allen – McGraw Hill, Inc.>: Thanks, Toni.

Operator: Your next question comes from the line of Jeff Meuler from Baird. Your line is open.

<Q – Jeff Meuler – Robert W. Baird & Co., Inc.>: Yeah, thank you. How are you viewing the mix of K-12 opportunities in 2027 by state and subject? I guess for you, do they play to your strength to an increasing degree at all?

<A – Simon Allen – McGraw Hill, Inc.>: Bob, I'll let you run into the detail there. But I mean state-by-state, as you know, Jeff, we've got substantial opportunity as we look at FY 2027. I don't think we want to get within California. We've talked about that. We've talked about Texas and Florida ELA. Bob, I don't know if you want to get into any more detail. It may be a bit early as we think about that. I know you want to give guidance there as we get to the end of...

<A – Bob Sallmann – McGraw Hill, Inc.>: Yeah.

<A – Simon Allen – McGraw Hill, Inc.>: ...this fiscal year. But you may have comments to make?

<A – Bob Sallmann – McGraw Hill, Inc.>: No. And I think we – in our prepared remarks, we highlighted the fact that we're preparing for the larger opportunities in ELA in 2028 and then in 2027 being math. So, we're well-positioned to play to our strengths as we think about the market opportunities in the next several years. And again, from a subject mix, strengths reside in ELA and math and our new Emerge! Product. So, we're well-positioned and I think that will benefit us over the next several years, that overall mix in the K-12 market.

<Q – Jeff Meuler – Robert W. Baird & Co., Inc.>: Got it. And then lots of good AI anecdotes and how it's positively impacting your business and you continue to take share. On the emerging AI-first entrants that you mentioned, Simon, where are you predominantly seeing them? Is it more on the supplemental or intervention side or are they starting to come into the RFP process for core curriculum or not? Thank you.

<A – Simon Allen – McGraw Hill, Inc.>: Good one. I would say, it's coming more at the RFP, yes, but I think increasingly as we talk to teachers and we talk to school districts, that they understand the added value that we can provide through our supplemental/intervention tools. Some of them though are now requiring that they want that continuity. If they're using Reveal math, let's look at a math tool that captures those students that may be underperforming. So, of course, we have ALEKS. When we look at our ELA business with Emerge! that we just launched and as we think about 2027, 2028 and beyond, that's when teachers are saying, well, listen, we need ranking tools and writing instruction tools to aid in our ability to assess students. Then we provide what we've just launched with Writing Assistant. And I think it's now becoming an opportunity for us to really extend our potential with that growth by providing complete solutions, not just in the core, but also in supplemental.

<Q – Jeff Meuler – Robert W. Baird & Co., Inc.>: Thank you.

<A – Simon Allen – McGraw Hill, Inc.>: Thanks.

Operator: Your next question comes from the line of Faiza Alwy from Deutsche Bank. Your line is open.

<Q – Faiza Alwy – Deutsche Bank Securities, Inc.>: Yes. Hi. Thank you. A follow-up on the higher education segment. There's some concerns around, like, the future enrollment trends as we look ahead over the next, call it, three years because of what's been called a demographic cliff. And you alluded to just the fact that you've seen higher enrollment relative to what we might be hearing from the industry. So, hoping you could expand a bit more around that, just taking a step back around where you have higher exposure and how you're thinking about – just outside of the market share gains, how you're thinking about enrollment as we look ahead and how that might impact your business, whether you think there's opportunity for greater pricing in the future or just any color there would be helpful.

<A – Simon Allen – McGraw Hill, Inc.>: That's a good...

<A – Bob Sallmann – McGraw Hill, Inc.>: Sure.

<A – Simon Allen – McGraw Hill, Inc.>: ...question, Faiza. And I know we're running low on time. But I'll start, Bob, and if there's any more you want to add. I would say, Faiza, that there is always pricing opportunity, of course. The enrollment issue is and I think the demographic cliff is somewhat overstated as it relates to our business because the average age of our student customer is in the mid to late 20s. When you look at the amount of business we have at the community college level, those students are often, very often in their 30s and 40s. So, I would say we're less concerned about enrollment issues in that way. The key element for us is, there's TAM expansion in the products that we are now offering and the solutions that we provide. So we see growth that way. We don't see enrollment decline being a big issue for us because of the expansion and the market share opportunities that we've seen. And our ability to really serve customers, particularly with AI, that's what they genuinely need and they need our help. So we're seeing very strong growth, that will continue going forward. We need to keep innovating with new products, new solutions to enhance the TAM that we operate within.

<A – Bob Sallmann – McGraw Hill, Inc.>: And bottom line...

<Q – Faiza Alwy – Deutsche Bank Securities, Inc.>: Great. Thanks.

<A – Bob Sallmann – McGraw Hill, Inc.>: ...is we'll continue to grow regardless of enrollment. And I think that's an important takeaway.

<A – Simon Allen – McGraw Hill, Inc.>: Yeah.

<Q – Faiza Alwy – Deutsche Bank Securities, Inc.>: Understood. Thank you. And then just to follow up on the K-12 segment, you alluded to market share gains in that segment. And just to put a finer point on that, are you really referencing market share gains in supplemental and intervention or are you seeing market share gains in the core relative to more established players?

<A – Bob Sallmann – McGraw Hill, Inc.>: My comment on the 200 basis points was largely around the core. And keep in mind that that represents 85% of our business. But we are seeing gains in supplemental/intervention, particularly as you think how we connect to the core. And again, I just want to reiterate how well that positions us as we move California math into next year.

<Q – Faiza Alwy – Deutsche Bank Securities, Inc.>: Great. Thank you.

<A – Simon Allen – McGraw Hill, Inc.>: Thanks for your questions.

Operator: Your next question comes from the line of Jeff Silber from BMO Capital Markets. Your line is open.

<Q – Jeff Silber – BMO Capital Markets Corp.>: Thanks so much. I know it's late, I'll just ask one. I know we're not talking about fiscal 2027 yet. But generally, what are you hearing about state budgets going into next year? Thanks.

<A – Simon Allen – McGraw Hill, Inc.>: Jeff, it's a good question and we're happy to run over. It's lovely to have so many questions. But we're hearing good things about state budgets. We're not concerned about decline. As you know, when you look at the budgeting process in K-12, it's very much a local and state run activity. When you think about the overall percentage of any budget, education budget that's given over to courseware and course materials, it's probably less than 1 %. It's a tiny fraction of the overall number. So, we're not seeing any concern around budgeting for next year and the years forward. And that's one of the reasons, one of the many that gives us so much confidence.

<Q – Jeff Silber – BMO Capital Markets Corp.>: Okay, great. Thanks so much.

<A – Simon Allen – McGraw Hill, Inc.>: Thank you.

Operator: Your next question comes from the line of Josh Chan from UBS. Your line is open.

<Q – Josh Chan – UBS Securities LLC>: Hi. Good morning, Simon and Bob. I'll keep it to one as well due to the time. I guess, could you talk about the runway that you see in Inclusive Access in higher ed and then kind of how that and share gains may both contribute to your kind of ongoing growth kind of beyond this year?

<A – Simon Allen – McGraw Hill, Inc.>: Yeah.

<A – Bob Sallmann – McGraw Hill, Inc.>: Yeah.

<A – Simon Allen – McGraw Hill, Inc.>: Sure. It's a great question. Bob, you go right ahead. You love Inclusive Access. It's become your...

<A – Bob Sallmann – McGraw Hill, Inc.>: I do. I know we all do.

<A – Simon Allen – McGraw Hill, Inc.>: Go, go.

<A – Bob Sallmann – McGraw Hill, Inc.>: Yeah.

<A – Simon Allen – McGraw Hill, Inc.>: Go for it.

<A – Bob Sallmann – McGraw Hill, Inc.>: And again, just that runway is significant for us in terms of Inclusive Access and obviously very impressed with the growth that we experienced in the quarter. But more importantly is that dynamic where we're adding 100 institutions per year, we're at 2,000. You can see long runway to continue to add over the years more and more institutions. And then that's several year path where we continue to grow. So it is sustainable. It's going to continue to grow. Long runway there, and we're excited about Inclusive Access.

<Q – Josh Chan – UBS Securities LLC>: Great. And congrats on the quarter.

<A – Bob Sallmann – McGraw Hill, Inc.>: Thank you.

<A – Simon Allen – McGraw Hill, Inc.>: Thank you, Josh.

Operator: Your next question comes from the line of David Karnovsky from JPMorgan. Your line is open.

<Q – David Karnovsky – JPMorgan Securities LLC>: Thank you. Maybe just one on K-12. I think there's been some investor concern recently about federal funding and what impact that might have to the procurement process for core or supplemental. So maybe just can you speak to what you saw in the recent selling season or what you're hearing from districts on this? Thanks.

<A – Bob Sallmann – McGraw Hill, Inc.>: Yeah. The one thing I'll highlight is that we're not seeing any widespread delays or any changes in purchasing patterns. It's been consistent with our expectations. And I just want to highlight that we walked into the year with our expectation, share gain and overall market size and it's played out as we've seen. So, there are always pockets where districts are being cautious and controlled in their spend. That's no change. But we're not seeing anything widespread that would indicate that federal funding is an issue at the district level.

<Q – David Karnovsky – JPMorgan Securities LLC>: Thanks.

Operator: And that concludes our question-and-answer session. I will now turn the call back over to Simon Allen for some final closing remarks.

Simon Allen, Chairman, President & Chief Executive Officer, McGraw Hill, Inc.

Thank you, Rob. And thank you, everyone, for dialing in and bearing with us and for allowing us to go over the hour. We do appreciate the questions. It makes our lives much more enjoyable. And I hope you get a sense from myself and from Bob and Danielle, whom you will speak to regularly, just how enthusiastic we are about our performance and how optimistic we are. It's a pleasure to beat and raise and it's a lovely feeling to look at our performance and our market share growth across the businesses. And we really do feel very, very good about upcoming conversations with you.

Thank you to your attention always, and thank you for your interest in McGraw Hill. We deeply appreciate your commitment to us, and we look forward to serving you and particularly our customers going forward. So, thank you for dialing in. And we look forward to talking to you again in a few months. Bye-bye.

Operator: This concludes today's conference call. Thank you for your participation. You may now disconnect.

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