NEWS RELEASE

McGraw Hill Reports First Quarter Fiscal 2025 Financial Results

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COLUMBUS, Ohio (August 14, 2024) - McGraw Hill today reported financial results for the first quarter of fiscal year 2025, which ended June 30, 2024. Total billings increased 22% to $578 million in the quarter versus prior year driven by a robust market opportunity, with strong win rates within K-12 and continued digital growth within Higher Education. Adjusted EBITDA rose to $241 million, up 67% versus prior year due to strong billings flow through and margin improvement as the company continues its focus on efficiency in how it operates and delivers content.

Digital billings increased 30% versus prior year to $324 million, and comprised 56% of total billings compared to 53% in the first quarter of fiscal 2024. Higher Education digital billings increased 15% above prior year, comprising 94% of total Higher Education billings. The company continued to see growth in users across its core Connect and ALEKS learning platforms with combined 14% and 8% growth in paid activations and unique users, respectively.

"We're off to an exceptional start in fiscal year 2025, delivering one of our best first quarters on record," said Simon Allen, CEO of McGraw Hill. "Our teams executed brilliantly, driving significant digital growth and capitalizing on key adoption opportunities while remaining prudent on cost and investing in future growth areas."

The company's K-12 segment reported:

- Billings of $403 million, up 32% year-over-year, driven by a larger on-list adoption market opportunity and execution in the Texas science adoptions
- Strong performance in smaller state adoptions and California ELA renewals

- Continued digital mix growth, reaching ~50% of adopted product, the largest on record

The company's Higher Education segment reported:

- Billings of $85 million, up 10% year-over-year despite a seasonally small quarter for the business with digital billings up 15% year-over-year
- Market share increase to a new record of 27.6%, up 124 basis points year-over-year in the 12 months ending June 30th, according to MPI (Market Publishers Index) data for higher education publishers
- Inclusive Access sales growth of 25% compared to prior year with a strong reach across ~1,800 campuses

The company's Global Professional group reported:

- Billings down 9% year-over-year with growth in new digital solutions offset by the strategic shift to sunset non-core front list print titles
- A focus on efficiency and reinvestment in higher-margin digital products

The company's International segment reported:

- Billings increase of 7% year-over-year (up 10% on a constant currency basis) driven by strong K-12 sales in key regions
- Digital billings unchanged year-over-year and up 7% on a constant currency basis

"What sets McGraw Hill apart and positions us exceptionally well for the future is the unique combination of cutting-edge thinking, technology, best-in-class content and a deep understanding of the entire learning journey," Allen said. "We continue to invest in new capabilities, including GenAI with new reading and writing tools to be released in the months ahead, and we are excited for the remainder of the fiscal year."

McGraw Hill

McGraw Hill is a leading global education company that partners with millions of educators, learners and professionals around the world. Recognizing their diverse needs, we build trusted content, flexible tools and powerful digital platforms to help them achieve success on their own terms. Through our commitment to equity, accessibility and inclusion, we foster a culture of belonging that respects and reflects the diversity of the communities, learners and educators we serve. McGraw Hill has over 30 offices across North America, Asia, Australia, Europe, the Middle East and South America, and makes its learning solutions for PreK-12, higher education, professionals and others available in more than 80 languages. Visit us at **mheducation.com** or find us on **Facebook**, **Instagram**, **LinkedIn**, or **X**.

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