

# First Quarter Fiscal Year 2024 Investor Update

August 10, 2023

# Safe Harbor/Forward-looking statements

## Cautionary Note Regarding Forward-Looking Statements

The following slides and related discussion contain “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: “assess,” “believe,” “expect,” “may,” “will,” “should,” “could,” “seek,” “intend,” “plan,” “estimate,” “project,” “foresee,” “likely,” “focus,” “grow,” “achieve,” “deliver,” “execute,” “gain,” or “anticipate” or similar expressions that concern our strategies, objectives, plans or goals, including but not limited to statements regarding: expectations of our financial results, operations, condition and outlook; our expectations for FY24; statements regarding our business and markets; statements regarding our debt and liquidity; as well as other statements that are not strictly historic in nature.

All statements regarding global economic and market conditions, as well as the impact of those conditions on our business, customers, end markets, results of operation and financial condition and anticipated actions to be taken by management in response to such economic and market conditions, statements regarding the impact of our restructuring initiatives, our liquidity and capital resources and our expected use of cash, the impact of litigation, as well as other statements that are not strictly historic in nature are forward looking.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions.

Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements.

Many factors could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements. You should consider such factors, many of which are outlined in the “Risk Factors” section of our FY23 Annual Report for the fiscal year ended March 31, 2023 and in the “Special Note Regarding Forward-Looking Statements” section of the same report, including, without limitation, risks related to the impact of competition and new technologies, our ability to introduce new products or services, our ability to attract and retain authors, content providers and key employees, our ability to successfully implement our business strategy and our ability to identify, complete and successfully integrate acquisitions. The Company's Fiscal Year 2024 Quarterly Report for the quarter ended June 30, 2023 will be posted to the Company's website shortly. We cannot assure you that forward-looking statements will prove to be accurate, as actual actions, results and future events could differ materially from those anticipated or implied by such statements.

Any forward-looking statement made by us in this presentation is based only on information currently available to us and speaks only as of the date on which it is made.

We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise, except as required by law.

## Non-GAAP Financial Measures

To supplement the financial results presented in accordance with generally accepted accounting principles in the U.S. (“GAAP”), we provide non-GAAP financial measures in this presentation, including Adjusted Revenue, Adjusted EBITDA, Adjusted Cash Revenue, Adjusted Cash EBITDA, Adjusted EBITDA less Prepub, Adjusted Cash EBITDA less Prepub (“Adjusted Cash ELPP” or “ELPP”) on a quarterly and year to date basis and Unlevered Free Cash Flow and Levered Free Cash Flow on a year-to-date basis. For a detailed description of non-GAAP financial measures see Appendix.

This presentation may also contain discussions of gross sales measures by markets, which represent amounts invoiced to our customers. Consequently, gross sales are before any adjustments for sales returns provision or revenue deferral. We believe this measure provides investors with a more comprehensive understanding of our underlying revenue results and trends by presenting amounts invoiced on a consistent basis. We may also discuss net sales which represents gross sales less actual returns of products.

The non-GAAP Financial Measures may also be presented on a trailing twelve months (“TTM”) basis. TTM presents aggregated performance measures over a defined 12-month period, by calculating the sum of the individual quarters making up that period.

# Agenda

- **Introduction**  
Richard Veith, SVP, Treasurer
- **Business Update**  
Michael Hansen, Chief Executive Officer
- **Financial Update**  
Bob Munro, Chief Financial Officer
- **Q & A**



**Takeyce W.**  
Cengage Academic



**Pooja R.**  
Cengage Work



**Michael C.**  
Cengage Select



# Business Update

Michael Hansen, Chief Executive Officer



# Q1 Business Update



Fiscal year 2024 is off to a strong start, continuing momentum from FY2023. Our full year guidance is unchanged.



Q1 results and leading indicators put us on track for a third consecutive year of adjusted cash revenue growth and increased ELPP profitability.



The health of the business is strong and resilient with revenue growth in Q1 across all three business units; Academic +6% Work +25% Select +7%.



Generative AI pilot student product enhancements and faculty productivity tools will be introduced to the market this month.



Apollo investment significantly deleveraged the business and is a catalyst for accelerating our strategy and growth over the medium term.

# Financial Update

Bob Munro, Chief Financial Officer



# Financial Highlights

\$ M	Quarter Ended June 30		
	FY23	FY24	Δ
Adjusted Cash Revenue	\$250	\$270	8%
Digital Net Sales	\$171	\$185	8%
Adjusted Cash ELPP	\$1	\$3	84%
Unlevered Free Cash Flow	-\$67	-\$95	-\$28
Net Leverage	6.6x	4.4x	2.2x

	TTM Ended June 30			
	FY23	FY24	Δ	Δ Proforma <sup>1</sup>
Adjusted Cash Revenue	\$1,360	\$1,481	9%	7%
Digital Net Sales	\$963	\$1,063	10%	8%
Adjusted Cash ELPP	\$308	\$348	13%	12%
Adj Cash ELPP Margin	23%	24%	83 bps	99 bps

## Q1 Adjusted Cash Revenue \$270M up +8%

- Revenue growth across all business units led by sustained high growth in Work (+25%)
- Good underlying momentum in Select (+7%) & Academic (+6%), with Q1 benefitting from sales timing effects
- Digital strategy driving Cengage Group revenue performance; TTM digital net sales at \$1.1Bn, up +10%

## Q1 Adjusted Cash ELPP \$3M in a seasonally low quarter

- Cengage Work moved firmly into profitability, contributing \$2M for the quarter

## Strengthened & deleveraged balance sheet

- Completed Apollo-led preferred equity issue on May 22, 2023
- Net proceeds of \$503M used to redeem \$500M of senior notes in June
- Net leverage 4.4x, reduced by 2.2x over last 12 months

## FY24 Full Year outlook – Guidance unchanged

<sup>1</sup> Proforma metrics include the financial results of Infosec for the comparative period as if Infosec had been owned through that period  
See Appendix for definition of non-GAAP financial measures and reconciliation to GAAP reporting measures. Amounts may not sum due to rounding.



# Segment Performance<sup>1</sup> - Q1 FY24

Adj. Cash Revenue (\$M)	Q1 FY23	Q1 FY24	% Growth
US Higher Ed	\$77	\$73	(6%)
International Higher Ed	22	21	(3%)
Secondary	33	45	39%
<b>Cengage Academic</b>	<b>\$132</b>	<b>\$140</b>	<b>6%</b>
<b>Cengage Work</b>	<b>\$24</b>	<b>\$30</b>	<b>25%</b>
Research	47	47	0%
English Language Teaching	24	32	31%
Other	16	14	(11%)
<b>Cengage Select<sup>2</sup></b>	<b>\$87</b>	<b>\$93</b>	<b>7%</b>
Corporate Enabling	6	7	17%
<b>Total Cengage Group Adj. Cash Revenue</b>	<b>\$250</b>	<b>\$270</b>	<b>8%</b>
Adj. Cash ELPP (\$M)	Q1 FY23	Q1 FY24	% Growth
<b>Total Cengage Group Adj. Cash ELPP</b>	<b>\$1</b>	<b>\$3</b>	<b>84%</b>

1. New reporting segments effective from Q1 FY23 include: Cengage Academic, Cengage Work, Research, English Language Teaching, and Other 2. Research, ELT, and Other are together reported as a business unit titled Cengage Select. Amounts may not sum due to rounding. See Appendix for definition of non-GAAP financial measures and reconciliation to GAAP reporting measures



# Cengage Academic

Revenue for the quarter up +6% driven by strong Secondary performance aided by earlier ordering; US Higher Ed net sales held back by timing of channel sales

## US Higher Ed

- Net sales down -5% for the quarter compared to prior year due to timing of channel sales
- Continued momentum in Institutional sales and pipelines going into fall season – Q1 sales up +20% versus Q1 FY23

## International Higher Ed

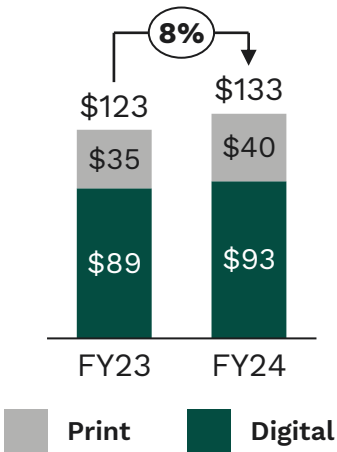
- Q1 net sales up 4% versus FY23 driven by digitally driven growth in Canada and India test prep business
- Actions to stem reimportation putting some pressure on EMEA sales, with modest benefit to US Higher Ed

## Secondary

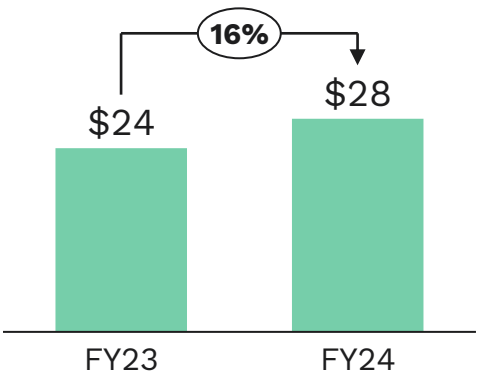
- Q1 net sales up 40%, with significant sales order timing benefits through effective supply chain management and early ordering
- Solid underlying momentum in core middle and high school and AP/CTE programs

## Academic

### Q1 Net Sales

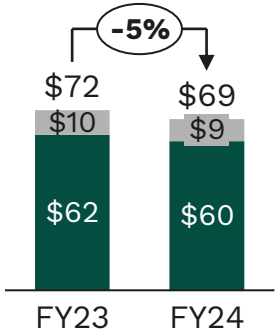


### Q1 Adj Cash ELPP

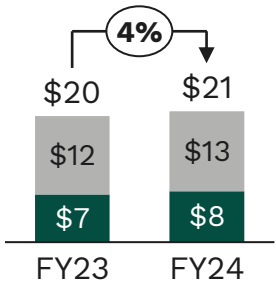


## Q1 Net Sales

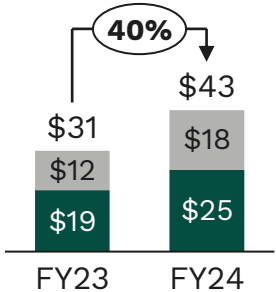
### US Higher Ed



### International HED



### Secondary



# Cengage Work

Strong start to the year: sustained revenue momentum accelerating TTM revenue growth to +17% vs +13% in FY23; \$2M positive ELPP contribution in Q1

## ed2go

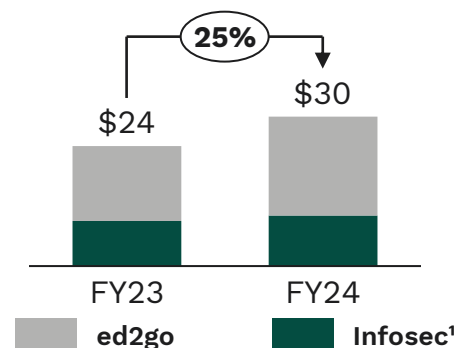
- Q1 net sales up +32% driven principally by ACT (advanced career training) enrollment growth, boosted by higher yield per course
- Enrollment growth underpinned by operational improvements, partner and reseller strategies, and new commercial models
- Sustained high demand in core segments – ACT sales from allied health, IT and professional trades up over 50%

## Infosec

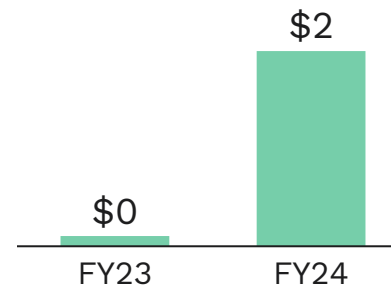
- Q1 net sales up +12% reflecting strong double-digit growth in software and solid growth in bootcamps
- Strong confirmed order book for bootcamps, with sales temporarily held back by timing of course delivery
- Sales pipelines and orders developing well, expected to translate to accelerated growth in balance of year

## Work

### Q1 Net Sales

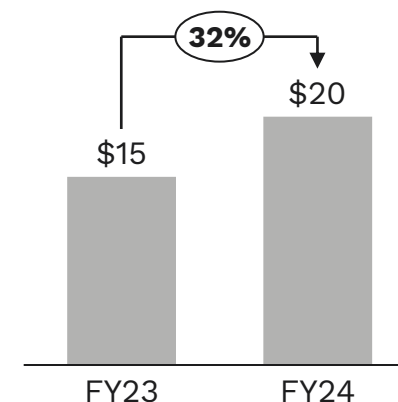


### Q1 Adj Cash ELPP

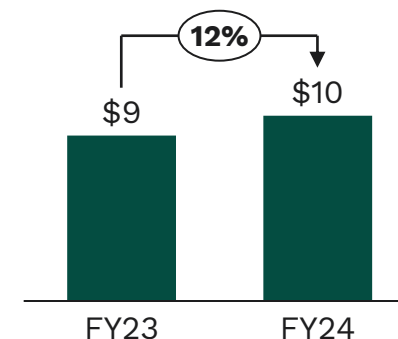


## Q1 Net Sales

### ed2go



### Infosec



# Cengage Select<sup>1</sup>

Net sales up +7% driven by strong underlying momentum in ELT, boosted by favorable order timing;  
Research net sales were flat due to temporary renewal timing shifts

## Research

- Net sales of \$47 million temporarily flat to prior year due to timing of certain customer renewals shifting from June to July
- Before timing effects, sustaining FY23 growth momentum, underpinned by 95% renewal rates & strong US sales pipeline

## English Language Teaching (ELT)

- Net sales up 32% in the first quarter to \$32 million including benefits from favorable order timing
- Sustained strong underlying double-digit sales momentum driven by wins in K-12 school districts and LATAM / EMEA
- Launch of SPARK platform driving growth in digital with digital users growing 23% over prior year

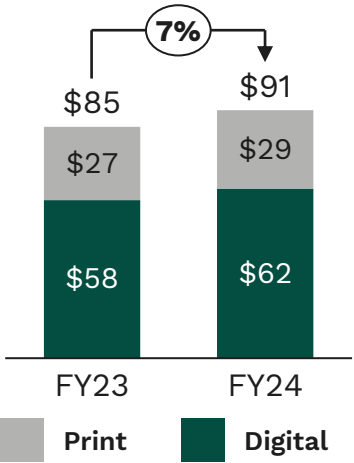
## Other

- Net sales flat before temporary export sales timing shifts in Australia K-12 which held back Q1, with sustained solid growth in Milady offsetting weak domestic sales in Australia

1. Research, ELT, and Other are together reported as a business unit titled Cengage Select. Amounts may not sum due to rounding. See Appendix for definition of non-GAAP financial measures.

## Select

### Q1 Net Sales

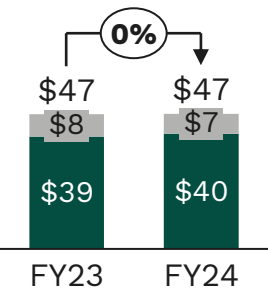


### Q1 Adj Cash ELPP

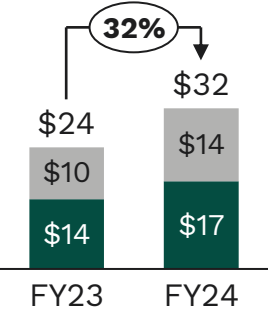


## Q1 Net Sales

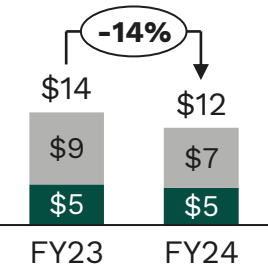
### Research



### ELT



### Other



# Summary of Cash Flows

\$M	June YTD FY23	June YTD FY24	Change
<b>Adj. Cash ELPP<sup>1</sup></b>	<b>\$ 1</b>	<b>\$ 3</b>	<b>\$ 1</b>
Less: Capex	(6)	(8)	(2)
Change in Working Capital <sup>2</sup>	(62)	(90)	(27)
<b>Unlevered Free Cash Flow</b>	<b>\$ (67)</b>	<b>\$ (95)</b>	<b>\$ (28)</b>
Less: Net M&A, leases, non-operating, and other investing/financing <sup>3</sup>	(14)	(9)	6
Less: Net Cash Taxes	(3)	(1)	2
Less: Net Cash Interest	(53)	(60)	(7)
<b>Levered Free Cash Flow<sup>1</sup></b>	<b>\$ (138)</b>	<b>\$ (165)</b>	<b>\$ (27)</b>
Plus: Proceeds from issuance of convertible preferred shares	-	503	503
Less: Net debt repayments	(17)	(504)	(487)
Less: Equity related transactions / other	(2)	0	2
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ (157)</b>	<b>\$ (166)</b>	<b>\$ (9)</b>

## Q1 Levered Free Cash outflow of \$165M

- Principally driven by normal cash cycle - timing of royalty, annual incentive and other expense payments against low sales quarter
- Working capital temporarily high - impacts of FY23 / Q1 FY24 supply chain mitigation actions to progressively unwind through the fall season and balance of year

## Net proceeds of preferred equity issue used to repay \$500M of senior notes

1. See Appendix for definition of non-GAAP financial measures and reconciliation to GAAP reporting measures. 2. Change in working capital excludes accrued interest payable which is included in net cash interest, excludes operating lease liabilities and excludes the ELPP impact of the change in deferred revenue and associated costs. 3. Includes Net Cash Merger and Acquisition-Related Payments, operating lease liabilities, Other Investing and Financing Activities, and non-operating costs which include restructuring payments, gain on lease buyout, non-core operating costs, net impact of prepub and capex accruals, and FX. Amounts may not sum due to rounding.



# Liquidity & Net Debt

\$M	As of		
	JUN 30, 2022	MAR 31, 2023	JUN 30, 2023
Cash and Cash Equivalents	\$ 191	\$ 269	\$ 103
Available under Revolving Credit Facilities <sup>1</sup>	\$ 70	\$ 128	\$ 93
<b>Total Liquidity</b>	<b>\$ 261</b>	<b>\$ 397</b>	<b>\$ 197</b>
Total Debt <sup>2</sup>	\$ 2,217	\$ 2,136	\$ 1,634
Less: Cash and Cash Equivalents	\$ (191)	\$ (269)	\$ (103)
<b>Total Debt, net of Cash and Cash Equivalents</b>	<b>\$ 2,026</b>	<b>\$ 1,866</b>	<b>\$ 1,531</b>
Last Twelve Months Adjusted Cash ELPP <sup>3</sup>	\$ 308	\$ 347	\$ 348
Net Leverage Ratio	6.6x	5.4x	4.4x

## Maintained strong liquidity position

- Cash at quarterly low point reflecting seasonality of business
- Cash and liquidity position expected to progressively build over balance of year

## Significant deleveraging of balance sheet – net leverage 4.4x

- 2.2x reduction in leverage over last 12 months reflecting preferred equity issuance, repayment of senior notes and ELPP growth
- \$588M of senior notes repaid since July FY23; \$32M balance to be repurchased over coming months

1. The available credit under the revolving credit facility is based on the ABL defined borrowing base net of outstanding borrowings and letters of credit and is subject to fluctuations each month based on eligible receivables, eligible inventories, cash on hand and letters of credit issued. As of 6/30/2023, the total commitment was \$182.0M. The carrying value of Total Debt is presented net of the unamortized original issue discount and deferred financing costs of \$26.9 million, \$21.3 million, and \$18.8 million as of Jun 30, 2022, Mar 31, 2023, and Jun 30, 2023 respectively. 3. Adjusted Cash EBITDA less Prepub is based on constant currency.

# FY24 Full Year Outlook – Guidance Reaffirmed



## Adjusted Cash Revenue

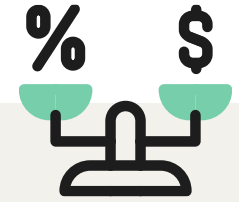
Expect steady growth over FY23

- Academic/Select FY24 growth expected to moderate vs FY23
- Work FY24 growth expected to accelerate vs FY23



## Adjusted Cash ELPP

Anticipating continued profit growth over FY23



## Net Leverage

Expect ELPP growth and improved operating cash performance to drive continued reduction in net leverage

# Q & A



**Thais A.**, Cengage Academic



# Appendix



# Definitions: Non-GAAP Financial Measures

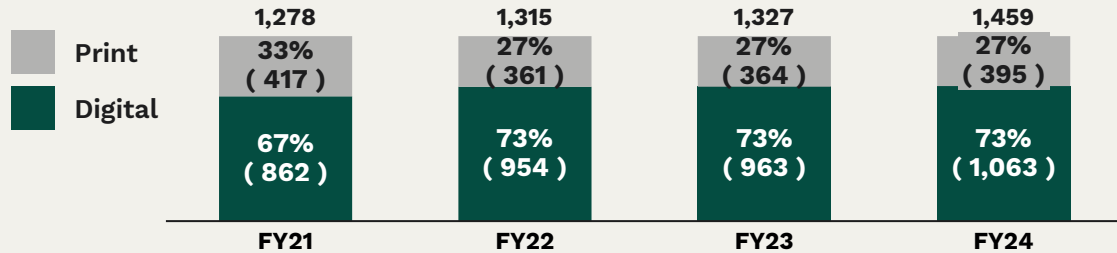
We believe that certain non-GAAP financial measures provide useful information for evaluating our business performance. These non-GAAP measures are on a constant currency basis whereby we convert current period and prior period amounts from local currency to U.S. dollars using standard internal currency exchange rates held constant for each year. As needed, we restate these non-GAAP measures for the prior period based on our internally-derived standard currency exchange rates used for the current period in order to remove the impact of foreign currency exchange fluctuation. We believe that these performance measures provide our management and investors with a meaningful basis for reviewing the results of our operations by eliminating the effects of financing decisions as well as excluding the impact of activities not related to our ongoing operations. However, these measures should be viewed in addition to, and not as a substitute for, the Company's reported results prepared in accordance with GAAP.

Financial measure	Description
Adjusted Revenue	This measure is defined as revenues before the impact of changes in foreign currency exchange rates.
Adjusted EBITDA	This measure is defined as net (loss) income before: provision for income taxes; interest income; interest expense; other expense (income), net; amortization of identifiable intangible assets; depreciation; operational restructuring and other charges, net; amortization of pre-publication costs; loss (gain) on early extinguishment of debt, net; merger and acquisition-related costs; non-core other operating expenses; equity-based compensation expense; and right-of-use asset impairment charges. This measure also removes the impact of changes in foreign currency exchange rates on the items noted above.
Adjusted EBITDA less Pre-publication Costs	This measure reflects Adjusted EBITDA less the impact of additions to pre-publication costs (or "Prepub") on an accrual basis, which are costs incurred prior to the publication date of a title or release date of a product and represent activities associated with product development including, but not limited to, editorial review and fact verification, graphic art design and layout and the process of conversion from print to digital media or within various formats of digital media. In addition, Prepub includes the cost to procure perpetual rights for the use of content which have been developed by third parties and are to be included in our products. Costs are capitalized when the title is expected to generate probable future economic benefits and are amortized upon publication of the title over its estimated operating life cycle.
Adjusted Cash Revenue Adjusted Cash EBITDA Adjusted Cash EBITDA less Prepub ("Adjusted Cash ELPP")	These measures remove the net impact of the deferral of revenue and the non-cash recognition of deferred revenue on sales of all digital products worldwide from the respective non-GAAP measures, as defined above. Adjusted Cash EBITDA and Adjusted Cash EBITDA less Prepub also remove the impact of the associated deferred costs of all digital products worldwide. Full payment for digital products is normally collected close to the time of sale whereas revenue from such arrangements is deferred and subsequently recognized ratably over the term of the customer contract.
Unlevered Free Cash Flow	Adjusted Cash ELPP less capex and the change in net working capital calculated on a basis consistent with the derivation of Adjusted Cash ELPP.
Levered Free Cash Flow	Defined as unlevered free cash flow adjusted for the net cash provided by (used in) M&A, leases, non-operating and other investing and financing, net cash taxes and net cash interest.

The non-GAAP Financial Measures may also be presented on a trailing twelve months ("TTM") basis. TTM presents aggregated performance measures over a defined 12-month period, by calculating the sum of the individual quarters making up that period.

# Delivering on the digital growth strategy: June FY24 TTM digital sales of \$1,063M represent 73% of total Net Sales

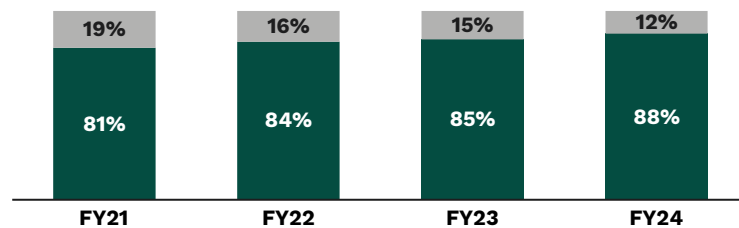
## Total Cengage Group Net Sales<sup>1</sup> (\$M)



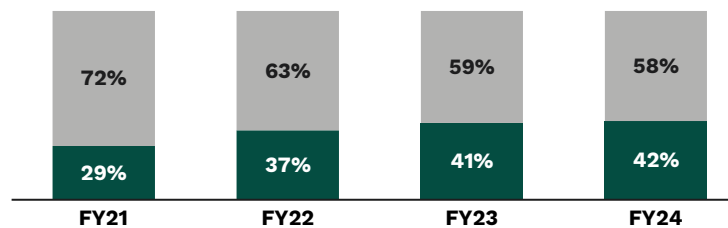
- **Cengage Group** – FY24 digital sales remain steady at 73%, driven by US HED
- **Cengage Academic** – Digital sales climb to 88% in US HED reflecting stable digital sales and declines in print; modest gains in digital sales mix in International HED and Secondary
- **Cengage Select** – Digital database and archive sales in Research remain strong, with overperformance of large print titles shifting percentage mix. Digital adoptions continue to grow in ELT, with mix impacted by weight of print-based Ministry of Education sales. Conversions to Milady's new digital platform drive gains in Select Other

## US Higher Education<sup>2</sup>

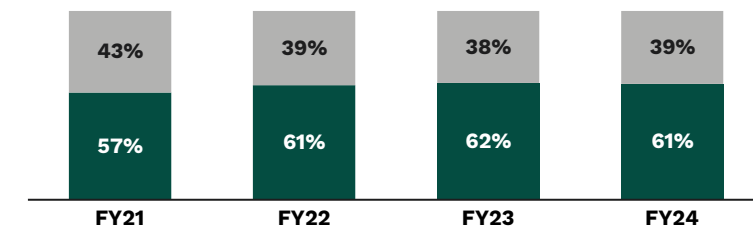
Cengage Academic (Q1 TTM)



## International Higher Education<sup>1,3</sup>

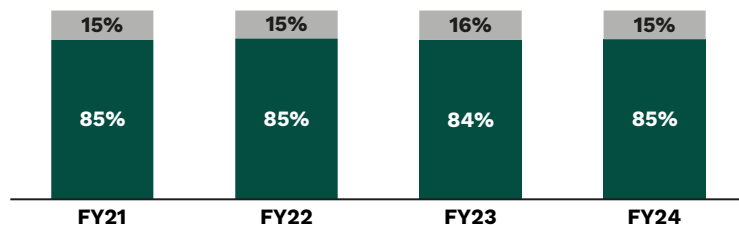


## Secondary

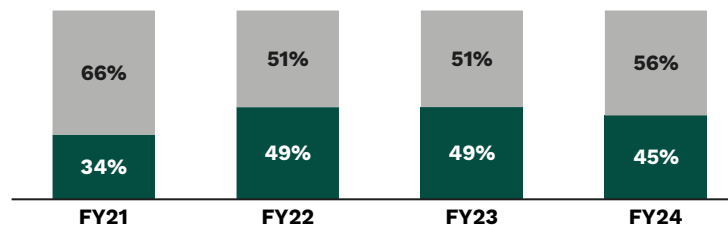


## Research

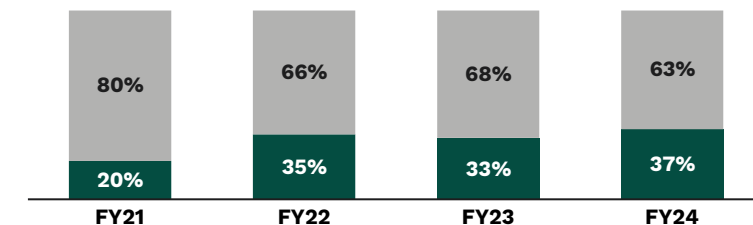
Cengage Select (Q1 TTM)



## English Language Teaching



## Select Other



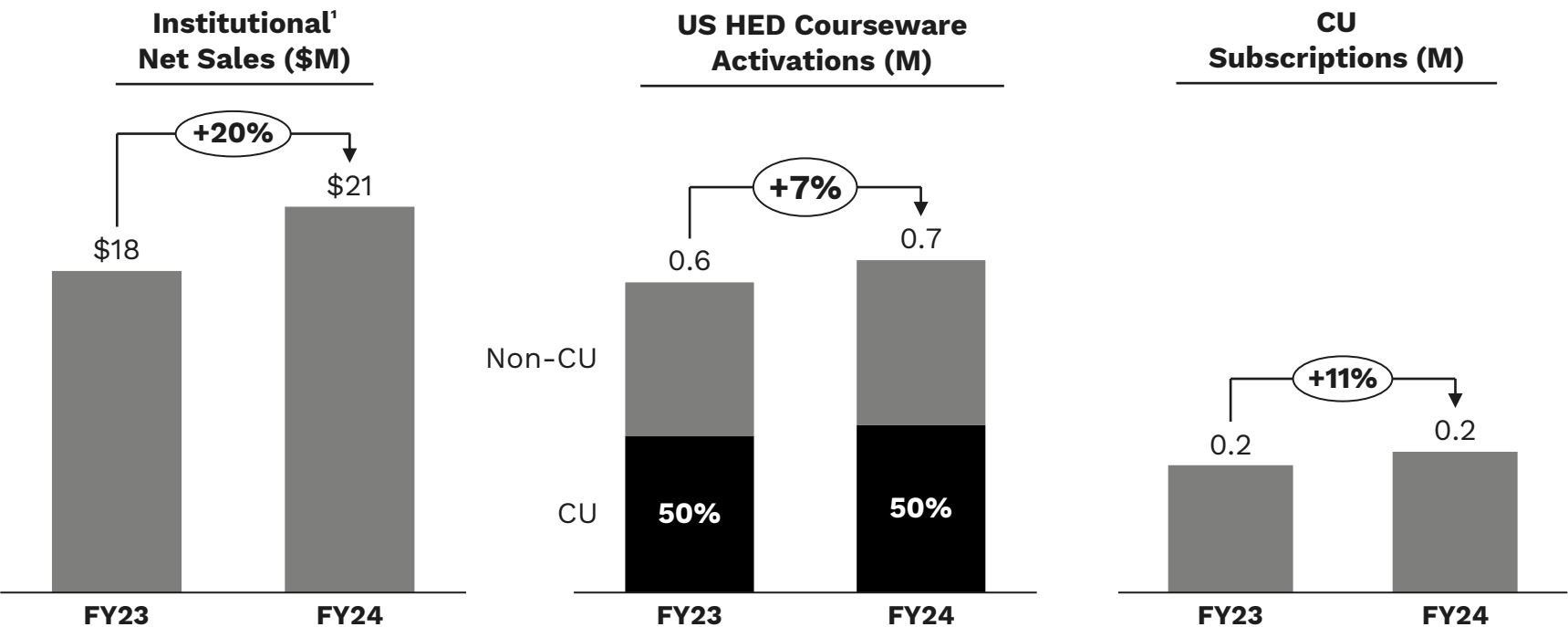
1. Allocation of net sales for the Canadian business between Digital and Print prior to the acquisition are estimated to reflect underlying trends. 2. US HED does not include Milady per new operating model as of Q1 FY23; Milady included in Select Other 3. International Higher Ed does not include Australia K12, per new operating model as of Q1 FY23; Australia K12 included in Select Other

Prior periods may differ from previously reported amounts due to product classification changes to conform to current year presentation.

# US Higher Education

Solid digital performance underpinned by strong Institutional sales growth across both Inclusive Access (IA) and Cengage Unlimited Institutional (CU-I). Overall courseware activations and CU subscriptions grow modestly

## Quarter 1



## Key US HED Stats

TTM to June 30, 2023

88%	Digital Sales % of Total: +298 bps to PY
+34%	Institutional Net Sales
\$517M	Digital Net Sales: +1% to PY
8.5M	Digital Units: 90%
26.2%	Est Higher Ed Share <sup>2</sup> Growth: +47 bps improvement

1. Inclusive Access, Cengage Unlimited Institutional 2. Source: MPI, self-reported sales from top 6 US higher ed publishers (Pearson, Cengage, McGraw Hill, Wiley, Macmillan and Oxford University Press), and reflects sales in all markets of products developed and marketed primarily for post-secondary educational settings and advanced placement. Share reflects Cengage market share on a TTM basis as of June 2023. Prior periods may differ from previously reported amounts due to product classification changes to conform to current year presentation. Amounts may not sum due to rounding.

# US Higher Education<sup>1</sup> – Sales by Product Type

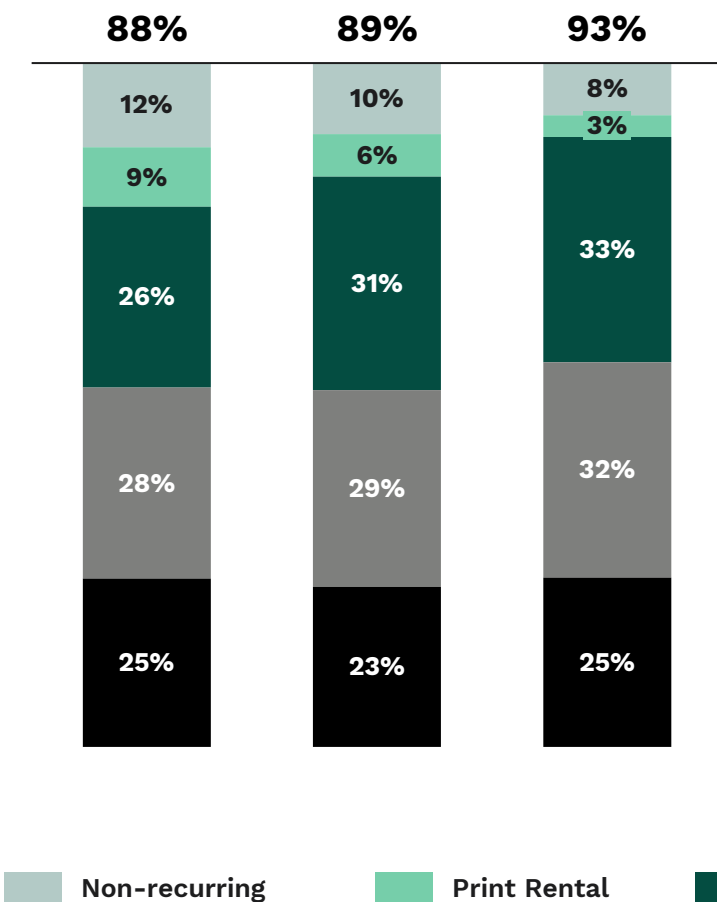
Sales by Product Type - US Higher Ed (\$M)	Gross Sales					Net Sales				
	Q1		JUN TTM			Q1		JUN TTM		
	%		PY			%		%		
	FY24	Growth	FY24	\$ B/(W)	Growth	FY24	Growth	FY24	Growth	
Cengage Unlimited	\$23.2	5%	\$177.9	(\$6.6)	-4%	\$22.9	6%	\$175.8	-3%	
Standalone	22.4	-8%	214.8	\$24.6	13%	21.5	-6%	209.2	15%	
Bundle	4.5	-45%	42.6	(\$22.7)	-35%	1.4	-64%	25.5	-41%	
<b>Total Courseware</b>	<b>\$50.0</b>	<b>-8%</b>	<b>\$435.3</b>	<b>(\$4.7)</b>	<b>-1%</b>	<b>\$45.8</b>	<b>-5%</b>	<b>\$410.5</b>	<b>1%</b>	
Ebooks / CU Textbooks / Infuse	13.6	-2%	104.1	\$6.1	6%	13.6	-2%	103.9	6%	
Other Digital	0.4	22%	2.5	\$0.0	0%	0.4	56%	2.3	2%	
<b>Total Digital</b>	<b>\$64.0</b>	<b>-7%</b>	<b>\$541.9</b>	<b>(\$5.4)</b>	<b>-1%</b>	<b>\$59.8</b>	<b>-4%</b>	<b>\$516.8</b>	<b>1%</b>	
Rental	0.9	-54%	7.9	(\$5.9)	-43%	0.9	-54%	7.9	-43%	
Print	15.1	-9%	100.4	(\$24.0)	-19%	8.0	-1%	62.6	-19%	
<b>Total Print</b>	<b>\$16.0</b>	<b>-14%</b>	<b>\$108.3</b>	<b>(\$29.8)</b>	<b>-22%</b>	<b>\$8.9</b>	<b>-11%</b>	<b>\$70.5</b>	<b>-22%</b>	
<b>Total</b>	<b>\$80.0</b>	<b>-8%</b>	<b>\$650.2</b>	<b>(\$35.2)</b>	<b>-5%</b>	<b>\$68.7</b>	<b>-5%</b>	<b>\$587.3</b>	<b>-3%</b>	
<b>Total Recurring</b>	<b>\$64.6</b>	<b>-8%</b>	<b>\$547.2</b>	<b>(\$4.5)</b>	<b>-1%</b>	<b>\$60.3</b>	<b>-6%</b>	<b>\$522.3</b>	<b>1%</b>	
% Recurring	81%	3 bps	84%	4%	367 bps	88%	-71 bps	89%	315 bps	

1. US Higher Ed does not include Milady, per new reporting segments as of Q1 FY23  
Prior periods may differ from previously reported amounts due to product classification changes to conform to current year presentation.  
Amounts may not sum due to rounding.

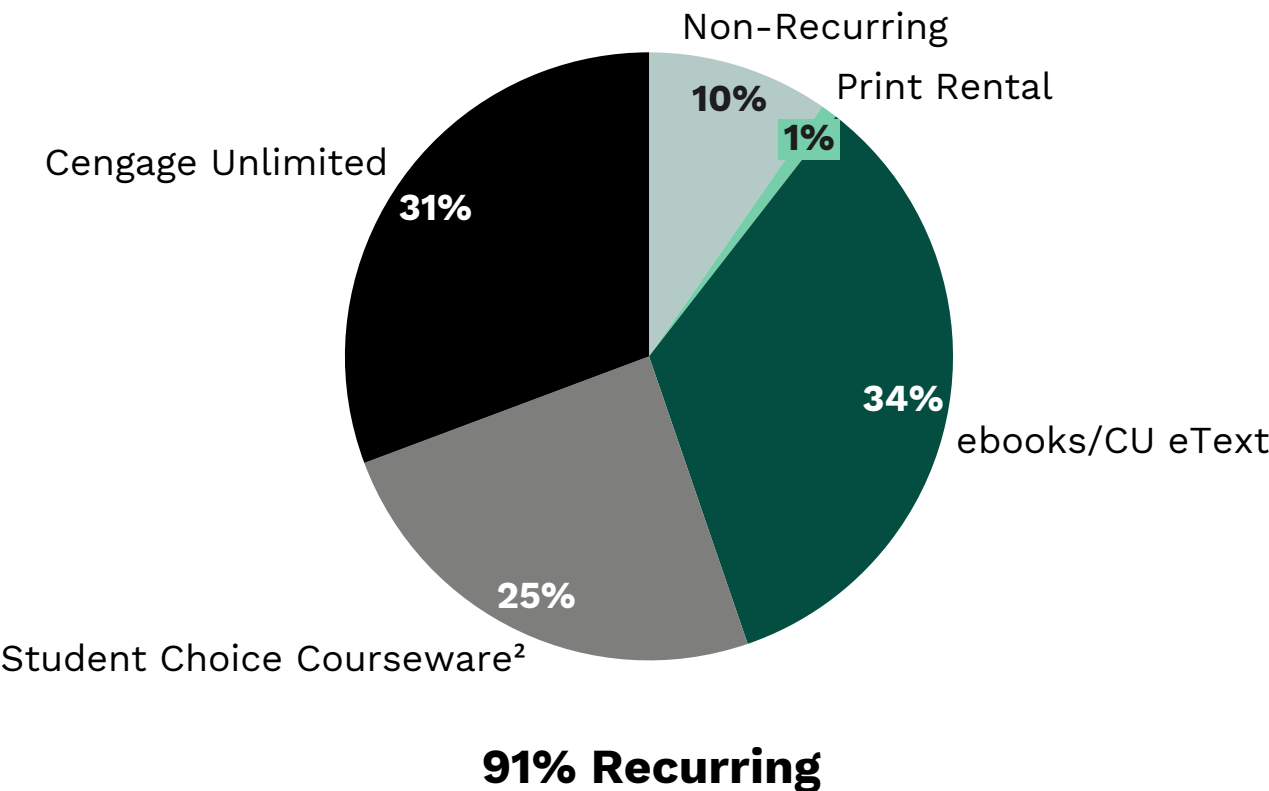


# US Higher Education<sup>1</sup> – Unit Analysis

TTM % of Units from Recurring Products



Q1 FY24 Units by Product Type



1. US Higher Ed does not include Milady, per new reporting segments as of Q1 FY23 2. Student choice courseware is comprised of standalone, bound bundle, and loose-leaf bundle product types.  
Prior periods may differ from previously reported amounts due to product classification changes to conform to current year presentation.  
Amounts may not sum due to rounding.

# Non-GAAP Financial Measures<sup>1</sup>

	Three Months Ended		B / (W)	
	June 30,			
	2023	2022	\$	%
<b>Adjusted Revenue:</b>				
<b>Cengage Academic</b>	<b>\$ 190.8</b>	<b>\$ 175.8</b>	<b>\$ 15.0</b>	<b>8.5%</b>
<b>Cengage Work</b>	<b>28.4</b>	<b>23.3</b>	<b>5.1</b>	<b>21.9%</b>
Research	51.8	55.7	(3.9)	(7.0)%
English Language Teaching	30.2	23.3	6.9	29.6%
Other	16.6	17.2	(0.6)	(3.5)%
<b>Cengage Select<sup>2</sup></b>	<b>98.6</b>	<b>96.2</b>	<b>2.4</b>	<b>2.5%</b>
Corporate Enabling	7.3	6.2	1.1	17.7%
<b>Total Cengage Group</b>	<b>\$ 325.1</b>	<b>\$ 301.5</b>	<b>\$ 23.6</b>	<b>7.8%</b>
<b>Adjusted EBITDA:</b>				
<b>Cengage Academic</b>	<b>\$ 82.4</b>	<b>\$ 71.0</b>	<b>\$ 11.4</b>	<b>16.1%</b>
<b>Cengage Work</b>	<b>0.6</b>	<b>(0.8)</b>	<b>1.4</b>	<b>175.0%</b>
Research	20.9	28.2	(7.3)	(25.9)%
English Language Teaching	9.5	6.8	2.7	39.7%
Other	10.1	10.4	(0.3)	(2.9)%
<b>Cengage Select<sup>2</sup></b>	<b>40.5</b>	<b>45.4</b>	<b>(4.9)</b>	<b>(10.8)%</b>
Corporate Enabling	(54.8)	(53.7)	(1.1)	(2.0)%
<b>Total Cengage Group</b>	<b>\$ 68.7</b>	<b>\$ 61.9</b>	<b>\$ 6.8</b>	<b>11.0%</b>

	Three Months Ended		B / (W)	
	June 30,			
	2023	2022	\$	%
<b>Prepub Additions:</b>				
<b>Cengage Academic</b>	<b>\$ 9.1</b>	<b>\$ 8.1</b>	<b>\$ (1.0)</b>	<b>(12.3)%</b>
<b>Cengage Work</b>	<b>0.5</b>	<b>0.3</b>	<b>(0.2)</b>	<b>(66.7)%</b>
Research	3.2	2.9	(0.3)	(10.3)%
English Language Teaching	2.2	1.2	(1.0)	(83.3)%
Other	1.2	1.1	(0.1)	(9.1)%
<b>Cengage Select<sup>2</sup></b>	<b>6.6</b>	<b>5.2</b>	<b>(1.4)</b>	<b>(26.9)%</b>
Corporate Enabling	-	-	-	N/A
<b>Total Cengage Group</b>	<b>\$ 16.2</b>	<b>\$ 13.6</b>	<b>\$ (2.6)</b>	<b>(19.1)%</b>
<b>Adjusted EBITDA less Prepub:</b>				
<b>Cengage Academic</b>	<b>\$ 73.3</b>	<b>\$ 62.9</b>	<b>\$ 10.4</b>	<b>16.5%</b>
<b>Cengage Work</b>	<b>0.1</b>	<b>(1.1)</b>	<b>1.2</b>	<b>109.1%</b>
Research	17.7	25.3	(7.6)	(30.0)%
English Language Teaching	7.3	5.6	1.7	30.4%
Other	8.9	9.3	(0.4)	(4.3)%
<b>Cengage Select<sup>2</sup></b>	<b>33.9</b>	<b>40.2</b>	<b>(6.3)</b>	<b>(15.7)%</b>
Corporate Enabling	(54.8)	(53.7)	(1.1)	(2.0)%
<b>Total Cengage Group</b>	<b>\$ 52.5</b>	<b>\$ 48.3</b>	<b>\$ 4.2</b>	<b>8.7%</b>

1. See Appendix for definition of non-GAAP financial measures and reconciliation to GAAP reporting measures. 2. Research, ELT, and Other are together reported as a business unit titled Cengage Select

Amounts may not sum due to rounding. Prior year amounts have been recast to conform to current year presentation for immaterial transfers due to shifts in management responsibilities and operational models.

# Non-GAAP Cash Financial Measures<sup>1</sup>

	Three Months Ended					Three Months Ended			
	June 30,		B / (W)			June 30,		B / (W)	
	2023	2022	\$	%		2023	2022	\$	%
Adjusted Cash Revenue:					Prepub Additions:				
US Higher Ed	\$ 72.8	\$ 77.4	\$ (4.5)	(5.9)%	Cengage Academic	\$ 9.1	\$ 8.1	\$ (1.0)	(12.3)%
International Higher Ed	21.5	22.3	(0.8)	(3.4)%	Cengage Work	0.5	0.3	(0.2)	(66.7)%
Secondary	45.3	32.6	12.7	39.0%	Research	3.2	2.9	(0.3)	(10.3)%
Cengage Academic	139.7	132.3	7.4	5.6%	English Language Teaching	2.2	1.2	(1.0)	(83.3)%
Cengage Work	30.5	24.4	6.0	24.6%	Other	1.2	1.1	(0.1)	(9.1)%
Research	47.1	47.0	0.0	0.1%	Cengage Select²	6.6	5.2	(1.4)	(26.9)%
English Language Teaching	32.0	24.4	7.7	31.4%	Corporate Enabling	-	-	-	N/A
Other	13.9	15.6	(1.7)	(10.8)%	Total Cengage Group	\$ 16.2	\$ 13.6	\$ (2.6)	(19.1)%
Cengage Select²	93.0	87.0	6.0	6.9%					
Corporate Enabling	7.3	6.2	1.0	16.6%	Adjusted Cash EBITDA less Prepub:				
Total Cengage Group	\$ 270.4	\$ 249.9	\$ 20.5	8.2%	Cengage Academic	\$ 27.6	\$ 23.8	\$ 3.8	15.9%
					Cengage Work	1.9	0.1	1.8	3258.7%
Adjusted Cash EBITDA:					Research	12.5	16.6	(4.2)	(25.0)%
Cengage Academic	\$ 36.7	\$ 31.9	\$ 4.8	14.9%	English Language Teaching	9.0	6.6	2.4	37.0%
Cengage Work	2.4	0.4	2.0	546.6%	Other	6.5	8.0	(1.5)	(18.9)%
Research	15.7	19.6	(3.8)	(19.6)%	Cengage Select²	28.0	31.2	(3.2)	(10.4)%
English Language Teaching	11.2	7.8	3.4	43.6%	Corporate Enabling	(54.8)	(53.7)	(1.2)	(2.2)%
Other	7.7	9.1	(1.4)	(15.2)%	Total Cengage Group	\$ 2.6	\$ 1.4	\$ 1.2	84.4%
Cengage Select²	34.6	36.4	(1.8)	(5.0)%					
Corporate Enabling	(54.8)	(53.7)	(1.2)	(2.1)%					
Total Cengage Group	\$ 18.9	\$ 15.1	\$ 3.8	25.2%					

1. See Appendix for definition of non-GAAP financial measures and reconciliation to GAAP reporting measures. 2. Research, ELT, and Other are together reported as a business unit titled Cengage Select

Amounts may not sum due to rounding. Prior year amounts have been recast to conform to current year presentation for immaterial transfers due to shifts in management responsibilities and operational models.

# GAAP Results

<i>(in millions)</i>	Three Months Ended	
	June 30, 2023	
	2024	2023
Revenues	\$ 325.6	\$ 302.5
Cost of revenues, excluding amortization of pre-publication costs and identifiable intangible assets and depreciation stated below	148.6	136.5
Amortization of pre-publication costs	17.8	18.0
Amortization of identifiable intangible assets	2.4	2.4
Total cost of revenues, excluding depreciation stated below	168.8	156.9
Selling, general and administrative expenses, excluding depreciation stated below	112.5	108.0
Merger and acquisition-related costs	-	0.2
Right-of-use asset impairment charges	2.6	-
Operational restructuring and other charges, net	2.8	3.6
Depreciation	9.5	11.0
Amortization of identifiable intangible assets	21.4	21.5
Other operating income, net	(6.7)	-
Total costs and expenses	310.9	301.2
Operating income	14.7	1.3
(Loss) gain on early extinguishment of debt, net	(0.8)	0.7
Other non-operating income, net	0.3	2.9
Interest income	3.0	0.2
Interest expense	(52.2)	(40.8)
Loss before taxes	(35.0)	(35.7)
Provision for income taxes	(0.4)	(3.2)
Net loss	\$ (35.4)	\$ (38.9)



# Non-GAAP Reconciliations<sup>1</sup>

\$M	FY22					FY23					FY24	FY23	FY24
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	TTM	TTM
GAAP Revenue	302	389	333	347	1,372	303	384	376	361	1,423	326	1,373	1,447
Impact of foreign currency	(4)	(4)	(3)	(4)	(15)	(1)	1	3	-	3	(1)	(12)	4
Adjusted revenue	298	385	330	344	1,356	301	385	379	361	1,427	325	1,360	1,450
Change in deferred revenue	(57)	124	(71)	(2)	(6)	(52)	134	(70)	22	34	(55)	-	31
Adjusted cash revenue	\$ 240	\$ 509	\$ 259	\$ 342	\$ 1,350	\$ 250	\$ 519	\$ 309	\$ 383	\$ 1,461	\$ 270	\$ 1,360	\$ 1,481
Net (loss) income	(23)	1	(7)	(16)	(45)	(39)	16	(6)	(12)	(40)	(35)	(61)	(37)
Impact of foreign currency	(1)	(2)	(1)	(1)	(5)	-	-	1	-	1	-	(5)	1
Equity-based compensation expense	1	1	1	1	5	1	1	1	1	5	1	5	5
Non-core other operating expenses	6	5	3	2	16	3	2	1	4	9	3	13	10
Merger and acquisition-related costs	-	-	1	2	4	-	-	-	-	-	-	4	-
Loss (gain) on early extinguishment of debt, net	-	11	-	-	11	(1)	(1)	(3)	-	(5)	1	11	(3)
Right-of-use asset Impairment	-	-	-	-	-	-	-	8	-	8	3	-	11
Amortization of pre-publication costs	19	23	20	19	81	18	22	21	13	74	18	80	74
Operational restructuring and other charges, net	3	3	1	4	11	4	2	4	2	11	3	11	10
Depreciation	12	12	12	14	50	11	11	10	10	43	9	49	41
Amortization of identifiable intangible assets	21	21	22	22	86	24	23	24	24	95	24	89	95
Other operating and non-operating expense (income), net	-	9	-	1	10	(3)	(2)	3	(1)	(3)	(7)	8	(7)
Interest income	-	-	-	-	-	-	(1)	(2)	(2)	(5)	(3)	(1)	(8)
Interest expense	39	41	41	41	162	41	48	48	54	190	52	164	201
Provision for income taxes	3	7	2	1	12	3	2	1	-	7	-	12	4
Adjusted EBITDA	80	134	94	91	399	62	124	111	93	391	69	381	398
Additions to pre-publication costs	14	16	16	26	72	14	16	18	27	74	16	72	77
Adjusted EBITDA less Prepub	67	118	78	65	327	48	109	93	66	317	52	309	321
Change in deferred revenue and associated deferred costs	\$ (52)	\$ 113	\$ (63)	\$ (3)	\$ (6)	\$ (47)	\$ 121	\$ (63)	\$ 19	\$ 30	\$ (50)	\$ (1)	\$ 27
Adjusted Cash EBITDA less Prepub	\$ 14	\$ 231	\$ 14	\$ 62	\$ 321	\$ 1	\$ 230	\$ 30	\$ 85	\$ 347	\$ 3	\$ 308	\$ 348
Additions to pre-publication costs at FY23 Plan rates and on an accrual basis (from above)	\$ 14	\$ 16	\$ 16	\$ 26	\$ 72	\$ 14	\$ 16	\$ 18	\$ 27	\$ 74	\$ 16	\$ 72	\$ 77
FX impact	-	-	-	-	1	-	-	-	-	-	-	1	-
Net change in accrued Prepub Activity <sup>2</sup>	6	(1)	(1)	(6)	(1)	7	-	-	(6)	-	6	-	-
Additions to pre-publication costs at actual rates and on a cash basis	\$ 20	\$ 15	\$ 16	\$ 21	\$ 72	\$ 21	\$ 15	\$ 17	\$ 21	\$ 74	\$ 22	\$ 72	\$ 76

1. Non-GAAP measures are on a constant currency basis, including additions to prepublication costs. Additions to prepublication costs are reported at actual rates and on a cash basis in our statement of cash flows. FX impact due to the difference between actual rates and current year plan rates. 2. Represents net impact of prior period accrued prepub costs paid in current period and current period accrued prepub additions. Amounts may not sum due to rounding.

# Total SG&A & Prepub Reconciliation

\$M	FY22					FY23					FY24
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1
Additions to pre-publication costs	\$ 14	\$ 16	\$ 16	\$ 26	\$ 72	\$ 14	\$ 16	\$ 18	\$ 27	\$ 74	\$ 16
Proforma SG&A <sup>1,2,3</sup>	161	174	174	184	693	178	177	184	185	723	184
Total Spend - Management Reporting	\$ 174	\$ 190	\$ 190	\$ 210	\$ 764	\$ 191	\$ 192	\$ 202	\$ 211	\$ 797	\$ 200
SG&A - Management Reporting <sup>1</sup>	\$ 161	\$ 174	\$ 174	\$ 184	\$ 693	\$ 178	\$ 177	\$ 184	\$ 185	\$ 723	\$ 184
Infosec proforma adjustment <sup>3</sup>	\$ 155	\$ 168	\$ 168	\$ 179	\$ 670	0	0	0	0	0	-
Equity-based comp & Non-core operating	6	6	4	3	19	4	3	2	5	14	4
Indirect cost of revenue <sup>4</sup>	\$ (66)	\$ (70)	\$ (73)	\$ (71)	\$ (281)	\$ (74)	\$ (72)	\$ (76)	\$ (75)	\$ (297)	\$ (76)
Impact of foreign currency	2	1	1	1	6	1	(0)	(1)	(0)	(1)	0
Change in associated deferred spend <sup>2</sup>	(0)	(1)	0	0	(0)	0	(1)	1	(0)	(1)	0
SG&A - GAAP Basis	\$ 96	\$ 104	\$ 100	\$ 112	\$ 413	\$ 108	\$ 106	\$ 111	\$ 114	\$ 438	\$ 113

1. Non-GAAP measures are on a constant currency basis, including additions to prepublication costs. Additions to prepublication costs are reported at actual rates and on a cash basis in our statement of cash flows. FX impact due to the difference between actual rates and current year plan rates. 2. SG&A in the Management Reporting view is shown above on an Adj Cash basis and includes net associated deferred spend. 3. Proforma metrics include the results of Infosec for the comparative period as if Infosec had been owned through that period financial; FY22 Infosec proforma adjustment is \$22M; post-acquisition and recorded in Q4 FY22 in normal course of business are SG&A costs of \$3M. 4. In accordance with GAAP, cost of revenues includes the costs associated with directly supporting product delivery and customer support, including costs of those functions such as editorial, production, customer service, technical product support and distribution functions. For internal management reporting, these are referred to as indirect cost of revenues and are all included in operating expenses. Amounts may not sum due to rounding.

# Balance Sheet

	As of		
	June 30, 2023	March 31, 2023	Change
<i>(in millions)</i>			
<b>Assets</b>			
Cash and cash equivalents	\$ 103.5	\$ 269.3	\$ (165.8)
Accounts receivable, net	193.8	188.4	5.4
Inventories	75.7	78.3	(2.6)
Prepaid expenses and other current assets	67.4	65.3	2.1
Total current assets	440.4	601.3	(160.9)
Property, equipment and capitalized software for internal use, net	71.6	73.2	(1.6)
Pre-publication costs, net	168.1	169.5	(1.4)
Author advances	8.7	9.0	(0.3)
Identifiable intangible assets, net	691.9	714.4	(22.5)
Goodwill, net	953.0	952.1	0.9
Deferred tax assets	12.2	11.9	0.3
Deferred financing costs	2.2	2.3	(0.1)
Right-of-use lease assets	36.7	41.4	(4.7)
Other non-current assets	83.3	71.1	12.2
Total assets	\$ 2,468.1	\$ 2,646.2	\$ (178.1)

	As of		
	June 30, 2023	March 31, 2023	Change
<b>Liabilities, contingently redeemable convertible preferred stock and stockholders' deficit</b>			
Accounts payable and accrued expenses	\$ 274.8	\$ 364.7	\$ (89.9)
Deferred revenue	226.1	280.4	(54.3)
Current portion of long-term debt	48.2	16.5	31.7
Operating lease liabilities	12.4	12.7	(0.3)
Other current liabilities	12.2	8.6	3.6
Total current liabilities	573.7	682.9	(109.2)
Long-term debt	1,585.8	2,119.2	(533.4)
Deferred tax liabilities	39.9	39.9	-
Non-current operating lease liabilities	49.1	51.7	(2.6)
Other non-current liabilities	63.8	61.3	2.5
Total liabilities	2,312.3	2,955.0	(642.7)
Preferred stock series A convertible	504.1	-	504.1
Contingently redeemable convertible preferred stock	504.1	-	504.1
Common stock	0.6	0.6	-
Additional paid-in capital	1,238.1	1,243.3	(5.2)
Accumulated deficit	(1,522.8)	(1,487.4)	(35.4)
Accumulated other comprehensive loss	(64.2)	(65.3)	1.1
Total stockholders' deficit	(348.3)	(308.8)	(39.5)
Total liabilities, contingently redeemable convertible preferred stock and stockholders' deficit	\$ 2,468.1	\$ 2,646.2	\$ (178.1)

# Summary of Cash Flows

\$M	JUN YTD FY23	JUN YTD FY24	Change
<b>Summary of cash flows:</b>			
Net cash used by operating activities	(105)	(132)	(26)
Net cash used in investing activities	(33)	(34)	(1)
Net cash used in financing activities	(18)	(1)	17
Impact on cash and cash equivalents from changes in foreign currency	(1)	0	2
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>\$ (157)</b>	<b>\$ (166)</b>	<b>\$ (9)</b>
<b>Levered free cash flow calculation:</b>			
Net cash used by operating activities	(105)	(132)	(26)
Additions to property, equipment and internal-use software	(10)	(10)	(0)
Additions to pre-publication costs	(21)	(23)	(2)
Other investing and financing activities	(2)	(1)	1
<b>Levered Free Cash Flow<sup>1</sup></b>	<b>\$ (138)</b>	<b>\$ (165)</b>	<b>\$ (27)</b>

# Reconciliation of FY22-23 to FY24 Constant Currency<sup>1</sup>

\$M	FY22					FY23				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Adjusted Cash Revenue at FY23 FX Rates	\$243	\$513	\$263	\$346	\$1,365	\$252	\$523	\$313	\$388	\$1,476
Constant Currency Adjustment	(\$2)	(\$4)	(\$4)	(\$4)	(\$14)	(\$2)	(\$3)	(\$4)	(\$5)	(\$16)
<b>Adjusted Cash Revenue at FY24 FX Rates</b>	<b>\$240</b>	<b>\$509</b>	<b>\$259</b>	<b>\$342</b>	<b>\$1,350</b>	<b>\$250</b>	<b>\$519</b>	<b>\$309</b>	<b>\$383</b>	<b>\$1,461</b>
Adjusted Cash EBITDA less Prepub at FY23 Fx Rates	\$15	\$232	\$15	\$63	\$325	\$2	\$230	\$31	\$87	\$351
Constant Currency Adjustment	(\$0)	(\$1)	(\$1)	(\$1)	(\$4)	(\$1)	(\$1)	(\$1)	(\$2)	(\$4)
<b>Adjusted Cash EBITDA less Prepub at FY24 FX Rates</b>	<b>\$14</b>	<b>\$231</b>	<b>\$14</b>	<b>\$62</b>	<b>\$321</b>	<b>\$1</b>	<b>\$230</b>	<b>\$30</b>	<b>\$85</b>	<b>\$347</b>

1. Reconciliation of FY22 and FY23 to FY24 rates; Our non-GAAP financial measures are on a constant currency basis. Cengage Group updates the constant currency rates based on the spot rates as of April 1 of the current fiscal year. Amounts above may not sum due to rounding.



# Segment Performance<sup>1</sup> - Trailing Twelve Months

Adj. Cash Revenue (\$M)	FY23	FY24	% Growth	% Proforma <sup>2</sup> Growth
US Higher Ed	\$621	\$592	(5%)	(5%)
International Higher Ed	116	121	4%	4%
Secondary	150	197	31%	31%
<b>Cengage Academic</b>	<b>\$888</b>	<b>\$910</b>	<b>2%</b>	<b>2%</b>
<b>Cengage Work</b>	<b>\$71</b>	<b>\$112</b>	<b>58%</b>	<b>17%</b>
Research	204	212	4%	4%
English Language Teaching	99	146	47%	47%
Other	77	74	(3%)	(3%)
<b>Cengage Select<sup>2</sup></b>	<b>\$380</b>	<b>\$433</b>	<b>14%</b>	<b>14%</b>
Corporate Enabling	21	27	27%	27%
<b>Total Cengage Group Adj. Cash Revenue</b>	<b>\$1,360</b>	<b>\$1,481</b>	<b>9%</b>	<b>7%</b>
Adj. Cash ELPP (\$M)	FY23	FY24	% Growth	% Proforma <sup>2</sup> Growth
<b>Total Cengage Group Adj. Cash ELPP</b>	<b>\$308</b>	<b>\$348</b>	<b>13%</b>	<b>12%</b>
<b>Adj Cash ELPP Margin %</b>	<b>23%</b>	<b>23%</b>	<b>83 bps</b>	<b>99 bps</b>

1. New reporting segments effective from Q1 FY23 include: Cengage Academic, Cengage Work, Research, English Language Teaching, Other 2. Proforma metrics include the financial results of Infosec for the comparative period as if Infosec had been owned through that period 3. Research, ELT, and Other are together reported as a business unit titled Cengage Select Amounts may not sum due to rounding. See Appendix for definition of non-GAAP financial measures and reconciliation to GAAP reporting measures

# Quarterly Segment<sup>1</sup> Performance FY22 – FY24

Adj. Cash Revenue (\$M)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
US Higher Ed	\$85	\$252	\$111	\$181	\$77	\$224	\$105	\$190	\$73
International Higher Ed	21	37	24	33	22	38	28	34	21
Secondary	32	88	17	12	33	99	40	13	45
<b>Cengage Academic</b>	<b>\$138</b>	<b>\$377</b>	<b>\$152</b>	<b>\$226</b>	<b>\$132</b>	<b>\$360</b>	<b>\$173</b>	<b>\$237</b>	<b>\$140</b>
<b>Cengage Work</b>	<b>\$14</b>	<b>\$15</b>	<b>\$12</b>	<b>\$19</b>	<b>\$24</b>	<b>\$27</b>	<b>\$24</b>	<b>\$31</b>	<b>\$30</b>
Research	\$47	\$67	\$44	\$46	\$47	\$70	\$47	\$49	\$47
English Language Teaching	22	23	23	29	24	33	41	40	32
Other	16	21	24	17	16	21	19	21	14
<b>Cengage Select<sup>2</sup></b>	<b>\$85</b>	<b>\$112</b>	<b>\$90</b>	<b>\$91</b>	<b>\$87</b>	<b>\$124</b>	<b>\$107</b>	<b>\$109</b>	<b>\$93</b>
Corporate Enabling	4	6	4	5	6	9	5	6	7
<b>Total Cengage Group Adj. Cash Revenue</b>	<b>\$240</b>	<b>\$509</b>	<b>\$259</b>	<b>\$342</b>	<b>\$250</b>	<b>\$519</b>	<b>\$309</b>	<b>\$383</b>	<b>\$270</b>

Adj. Cash ELPP (\$M)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
<b>Cengage Academic</b>	<b>\$28</b>	<b>\$223</b>	<b>\$39</b>	<b>\$93</b>	<b>\$24</b>	<b>\$213</b>	<b>\$53</b>	<b>\$106</b>	<b>\$28</b>
<b>Cengage Work</b>	<b>\$3</b>	<b>\$3</b>	<b>(\$0)</b>	<b>(\$0)</b>	<b>\$0</b>	<b>\$1</b>	<b>(\$3)</b>	<b>\$1</b>	<b>\$2</b>
Research	\$19	\$37	\$13	\$8	\$17	\$36	\$18	\$11	\$12
English Language Teaching	4	4	2	3	7	12	9	4	9
Other	9	14	14	8	8	12	9	12	6
<b>Cengage Select<sup>2</sup></b>	<b>\$32</b>	<b>\$54</b>	<b>\$28</b>	<b>\$19</b>	<b>\$31</b>	<b>\$60</b>	<b>\$36</b>	<b>\$27</b>	<b>\$28</b>
Corporate Enabling	(49)	(50)	(53)	(50)	(54)	(44)	(56)	(48)	(55)
<b>Total Cengage Group Adj. Cash ELPP</b>	<b>\$14</b>	<b>\$231</b>	<b>\$14</b>	<b>\$62</b>	<b>\$1</b>	<b>\$230</b>	<b>\$30</b>	<b>\$85</b>	<b>\$3</b>
<b>Adj Cash ELPP Margin %</b>	<b>5.9%</b>	<b>45.3%</b>	<b>5.5%</b>	<b>18.0%</b>	<b>0.6%</b>	<b>44.2%</b>	<b>9.8%</b>	<b>22.3%</b>	<b>1.0%</b>

1. New reporting segments effective from Q1 FY23 include: Cengage Academic, Cengage Work, Research, English Language Teaching, Other 2. Research, ELT, and Other are together reported as a business unit titled Cengage Select

Amounts may not sum due to rounding. See Appendix for definition of non-GAAP financial measures and reconciliation to GAAP reporting measures. Prior year amounts have been recast to conform to current year presentation for immaterial transfers due to shifts in management responsibilities and operational models.