G-W PUBLISHER

2025 Annual Report
The Goodheart-Willcox Company, Inc.

Three-Year Summary

	Years Ended April 30,		
(Dollars in Thousands, except per share data)	**2025**	2024	2023
Selected Income Statement Data:			
Revenue	**$60,812**	$54,246	$52,941
Costs and expenses	**44,981**	42,115	39,709
Other income	**4,051**	2,833	934
Income taxes	**4,065**	2,848	3,174
Net income	**15,817**	12,116	10,992
Income per common share	**$38.89**	$30.60	$28.76
Weighted average number of shares outstanding	**406,740**	395,945	382,191
Dividends declared per share	**$29.25**	$26.50	$20.00
Selected Balance Sheet Data:			
Total assets	**$134,529**	$110,988	$100,594
Total stockholders' equity	**36,520**	30,284	24,043

Contents

The front and back covers of this 2025 Annual Report continue the style used in previous reports by illustrating typical textbooks published by Goodheart-Willcox in fiscal 2025. Please visit **www.g-w.com** to view the entire product line devoted to preparing people for their lives and careers.

To our Shareholders:

Fiscal Year 2025 was a landmark year for Goodheart-Willcox. The Company delivered record-breaking financial results, made bold investments in talent and technology, and laid the groundwork for long-term sustainable growth. These achievements reflect the Company's unwavering commitment to preparing students for their lives and careers—and to being the partner of choice for educators across the country.

Exceptional Financial Performance

Goodheart-Willcox is proud to report that FY2025 was our strongest year to date. The Company achieved record Revenue of $60,812,000, a 12.1% increase over the prior year. Operating Expenses were $39,146,000, an increase of $2,263,000 or 6.1% due to investments in talent and technology. Net Income was $15,817,000, an increase of $3,701,000 or 30.5%. Net Income as a percentage of Revenue increased to 26.0% vs. 22.3% in the prior year.

These results supported the payment of a $29.25 per share dividend, a reflection of the Company's strong financial position and continued commitment to deliver value to our shareholders.

Strategic Growth through Innovation

Goodheart-Willcox's growth is the result of disciplined execution of the Company's core strategies:

- **Product Development:** Continuing to invest in revising legacy titles, targeting key adoption opportunities, and acquiring content to fill catalog gaps and enter new markets.
- **Digital Transformation:** The *Elevating Digital* initiative enhancing the Company's core content with videos, simulations, hands-on activities, and assessments—meeting students and instructors where they are on the digital spectrum.
- **Market Expansion:** Expanding into new disciplines, including Early Childhood Education (ECE), and developing programmatic solutions to better serve our customers.

Introducing GWA: A New Era in Assessment

This year, the Company piloted GWA (G-W Assessment), a cloud-based platform to support standards-aligned, real-time assessment. GWA offers customizable testing, automated grading, and actionable analytics—empowering instructors and improving student outcomes. GWA was piloted with the 2026 copyrights and will officially launch with the 2027 copyrights this fall.

Operational Excellence and Technology Investment

Goodheart-Willcox made a transformative investment in a new Enterprise Resource Planning (ERP) system to streamline operations, enhance data visibility, and support scalable growth. Additionally, a new Customer Relationship Management (CRM) system was implemented to improve cross-functional collaboration and deepen customer engagement.

These systems are foundational to the Company's future. Long-term benefits of efficiency, agility, and data insights will outweigh the short-term challenges encountered during the implementation.

Marketing Evolution and Brand Strength

G-W restructured the marketing organization to focus on product marketing, communications, and digital engagement. This alignment has already improved campaign effectiveness, helping to gain deeper customer insights and solve customer challenges. A major focus this year was enhancing marketing automation capabilities to drive more targeted marketing efforts and support brand awareness.

Florida Curriculum Adoption

Twenty-two titles were submitted for Florida's curriculum adoption, spanning both the middle school and the high school channels in the curriculum areas of health and career and technical education (CTE). This effort reflects Goodheart-Willcox's cross-functional capabilities and the Company's focus on aligning our content to evolving state standards.

Looking Ahead

Goodheart-Willcox employees remain laser-focused on the Company's mission: preparing students for their lives and careers. The Company's strong balance sheet supports reinvestment in the business—building talent, improving products, and leveraging technology to deliver long-term value to all stakeholders. The Goodheart-Willcox team is deeply grateful for the support of our shareholders, the dedication of our employees, the expertise of our authors, and the trust of our partners. The opportunities ahead are exciting—and Goodheart-Willcox is poised for success.

Shannon DeProfio
President & CEO
The Goodheart-Willcox Company

The Goodheart-Willcox Company, Inc. and Subsidiary

Consolidated Statements of Income and Other Comprehensive Income

	Years Ended April 30,		
(Dollars in Thousands, except per share data)	**2025**	2024	2023
Revenue	**$60,812**	$54,246	$52,941
Cost of goods sold	**5,835**	5,232	6,140
Gross profit	**54,977**	49,014	46,801
Operating expenses			
Selling, general and administrative	**34,128**	32,362	28,876
Royalties	**5,018**	4,521	4,693
Total operating expenses	**39,146**	36,883	33,569
Operating profit	**15,831**	12,131	13,232
Other income	**4,051**	2,833	934
Income before income taxes	**19,882**	14,964	14,166
Income taxes	**4,065**	2,848	3,174
Net income	**$15,817**	$12,116	$10,992
Other Comprehensive Income			
Net unrealized gain on available-for-sale securities, net of tax	**424**	393	215
Total comprehensive income	**$16,241**	$12,509	$11,207
Income per common share	**$38.89**	$30.60	$28.76
Weighted average number of shares outstanding	**406,740**	395,945	382,191

The Goodheart-Willcox Company, Inc. and Subsidiary

Consolidated Balance Sheets

(Dollars in Thousands)	Years Ended April 30, 2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	**$31,178**	$17,302
Investment in available-for-sale securities	**66,356**	58,372
Accounts receivable, net	**4,358**	3,868
Inventories, net	**3,072**	3,208
Other current assets	**1,595**	1,335
Total current assets	**106,559**	84,085
Prepublication costs, net	**1,766**	1,802
Property and equipment, net	**4,556**	4,333
Deferred income taxes, net	**12,315**	13,115
Other non-current assets	**9,333**	7,653
TOTAL ASSETS	**$134,529**	$110,988
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	**$1,258**	$1,359
Accrued compensation	**2,189**	1,863
Accrued other expenses	**1,288**	1,558
Deferred revenue	**21,450**	18,408
Dividends payable	**13,634**	12,352
Royalties payable	**410**	416
Other current liabilities	**8,996**	—
Total current liabilities	**49,225**	35,956
Long-term liabilities:		
Deferred revenue, net of current portion	**47,474**	43,682
Other long-term liabilities	**1,310**	1,066
Total long-term liabilities	**48,784**	44,748
TOTAL LIABILITIES	**98,009**	80,704
TOTAL STOCKHOLDERS' EQUITY	**36,520**	30,284
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$134,529**	$110,988

The accompanying notes are an integral part of these statements

The Goodheart-Willcox Company, Inc. and Subsidiary

Consolidated Statements of Stockholders' Equity

For the three years ended April 30, 2025

(Dollars in Thousands, except per share data)	Common Stock	Unearned ESOP Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	AOCI*	Total
Balance at April 30, 2022	$762	$(9,747)	$17,893	$(31,020)	$40,863	$(650)	$18,101
Net income for the year					10,992		10,992
Net unrealized gains on available-for-sale securities, net of tax						215	215
ESOP shares committed to be released		605	669				1,274
Issuance of 6,081 shares of common stock from treasury			1,032	201			1,233
Cash dividends declared ($20.00 per share)					(7,772)		(7,772)
Balance at April 30, 2023	$762	$(9,142)	$19,594	$(30,819)	$44,083	$(435)	$24,043
Net income for the year					12,116		12,116
Net unrealized gains on available-for-sale securities, net of tax						393	393
ESOP shares committed to be released		605	1,020				1,625
Issuance of 10,177 shares of common stock from treasury			2,476	339			2,815
Cash dividends declared ($26.50 per share)					(10,708)		(10,708)
Balance at April 30, 2024	$762	$(8,537)	$23,090	$(30,480)	$45,491	$(42)	$30,284
Net income for the year					**15,817**		**15,817**
Net unrealized gains on available-for-sale securities, net of tax						**424**	**424**
ESOP shares committed to be released		**607**	**1,362**				**1,969**
Cash dividends declared ($29.25 per share)					**(11,974)**		**(11,974)**
Balance at April 30, 2025	**$762**	**$(7,930)**	**$24,452**	**$(30,480)**	**$49,334**	**$382**	**$36,520**

**Accumulated Other Comprehensive Income (Loss)*

The Goodheart-Willcox Company, Inc. and Subsidiary

Consolidated Statements of Cash Flow

(Dollars in Thousands)	Years Ended April 30, 2025	2024	2023
Cash flow from operating activities:			
Net income	**$15,817**	$12,116	$10,992
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation expense	**356**	406	371
Amortization of prepublication costs	**624**	392	605
Amortization of contract acquisition costs	**2,755**	2,459	2,348
ESOP shares committed to be released	**1,969**	1,625	1,274
Effect of unpaid dividends on unallocated ESOP shares	**15**	297	620
Deferred income taxes	**657**	(4,946)	(1,004)
Loss on disposal	**—**	31	—
Gain on available-for-sale securities	**(382)**	(281)	(2)
Changes in operating assets and liabilities			
Accounts receivable	**(472)**	2,194	(3,276)
Inventories	**136**	155	(244)
Contract acquisition costs	**(3,437)**	(2,552)	(4,468)
Other assets	**(1,302)**	(835)	(240)
Accounts payable	**(101)**	229	96
Accrued expenses	**325**	(170)	1,056
Deferred revenue	**6,834**	860	20,679
Net cash provided by operating activities	**23,794**	11,980	28,807
Cash flows from investing activities:			
Purchases of property and equipment	**(579)**	(194)	(298)
Purchases of prepublication	**(589)**	(1,036)	(1,031)
Change in cash surrender value	**(5)**	(5)	(6)
Purchases of available-for-sale securities	**(46,313)**	(68,206)	(75,929)
Sales of available-for-sale securities	**48,276**	50,483	73,140
Net cash provided by (used in) investing activities	**790**	(18,958)	(4,124)
Cash flows from financing activities:			
Dividends paid	**(10,708)**	(7,772)	(3,772)
Issuance of common stock from treasury	**—**	2,815	1,233
Net cash used in financing activities	**(10,708)**	(4,957)	(2,539)
Net increase (decrease) in cash and cash equivalents	**13,876**	(11,935)	22,144
Cash and cash equivalents at the beginning of year	**17,302**	29,237	7,093
Cash and cash equivalents at the end of year	**$31,178**	$17,302	$29,237
Supplemental disclosure of cash flow information:			
Cash paid during the year for income taxes	**$3,402**	$8,430	$3,808
Supplemental disclosure of noncash investing activities:			
Payable for settlement of securities purchased	**$8,996**	—	—
Supplemental disclosure of noncash financing activities:			
Dividends payable	**$11,974**	$10,708	$7,772

The accompanying notes are an integral part of these statements

Note A – Summary of significant accounting policies

The Goodheart-Willcox Company, Inc. ("the Company"), a Delaware corporation, publishes print and digital instructional materials on technical, trades, engineering; family and consumer sciences; business, computer, and career education; agriculture education; health sciences; and health and physical education.

The Company's activities include the search for authors, development of content, design, illustration, marketing, sales, implementation, support, and professional development. Printing and binding of books are done by outside contractors. The Company's sales are primarily domestic, and the Company's customer base includes public and private schools, community colleges, career colleges, businesses, trade associations, government accounts, retail book chains, and resellers. Historically, the Company has experienced its highest level of sales in the first and second quarters and its lowest level in the fourth quarter. This pattern has resulted from the purchasing habits of its school customers.

A summary of the significant accounting policies applied in the accompanying consolidated financial statements is as follows:

Principles of consolidation. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, G/W Investment Company, Inc. All significant intercompany transactions have been eliminated in consolidation.

Revenue recognition. The Company follows Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* ("ASC 606"). See Note C for further discussion regarding the Company's revenue recognition policy.

Customer Concentration. The Company's customer concentration is subject to variability due to the purchasing patterns of its customers, many of whom operate on multi-year adoption or upgrade cycles. As a result, in any given fiscal year, the Company may have one or more customers that each account for 10% or more of total revenue. However, it is uncommon for the same customer to contribute significantly to revenue in consecutive years.

Particularly in the middle and high schools sales channel, a large state adoption may result in one customer representing a significant portion of revenue in one year, and that customer may not make substantial purchases in the following 1–7 years but may return as a significant contributor in a future period. This dynamic results in year-to-year variability in customer concentration, which the Company monitors as part of its risk management practice.

Cash and cash equivalents. The Company considers all highly liquid debt instruments with a maturity of three months or less from the date of purchase to be cash equivalents. It is the Company's policy to include investments in short-term municipals at $1 carrying value as a cash equivalent. The Company maintains its cash balances in one financial institution in which at times the balance on deposit may exceed the maximum limits insured by the FDIC. The Company does not believe it is exposed to any significant credit risk.

Investment in available-for-sale securities. Investments in available-for-sale securities consist primarily of marketable debt securities. Investments in available-for-sale securities are reported at fair value based on quoted market prices, and purchases and sales are recorded on the trade date. The Company recognized $382, $281, and $2 realized gain for the years ended April 30, 2025, 2024, and 2023, respectively. Such amounts are included within other income in the Consolidated Statements of Income and Other Comprehensive Income. The Company recognized an additional pretax unrealized gain of $570, $523, and $296 in the years ended April 30, 2025, 2024, and 2023, respectively, which is included in other comprehensive income.

(Dollars in Thousands, except per share data)

Note A – Summary of significant accounting policies–continued

Fair value of financial instruments. ASC Topic 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value of assets and liabilities in accordance with GAAP and establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs and other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The fair value of cash, accounts receivable, and accounts payable approximate the carrying value due to immediate or short-term maturity of these financial instruments.

Accounts receivable and credit losses. The Company grants trade credit to its customers located primarily throughout the United States and Canada. Receivables are valued at management's estimate of the amount that will ultimately be collected.

The Company is exposed to credit losses primarily through accounts receivable with customers. Accounts receivable, net, is stated at amortized cost net of provision for credit losses. The Company's expected credit loss allowance methodology for accounts receivable, net, requires an estimation of loss rates based upon historical loss experience adjusted for factors that are relevant to determining the expected collectability of accounts receivable. Such factors include delinquency trends; aging behavior of receivables; credit and liquidity indicators for industry groups, customer classes, or individual customers; and reasonable and supportable forecasts of the economic and geopolitical conditions that may exist through the contractual life of the asset. Due to the short-term nature of accounts receivable, the forward-looking assessment of future economic conditions is generally for a period of ninety to one hundred twenty days, which corresponds with the payment terms of the Company's accounts receivable. The provision for credit losses is reviewed and revised periodically.

Accounts receivable is evaluated on a pool basis that is based on customer groups with similar risk characteristics. This includes consideration of the following factors to develop these pools: size of the customer, industry, geographical location, historical risk, public (government) or private (corporate, Not-For-Profit) funding status, and the types of services or products sold. Additionally, specific allowance amounts are established to record the appropriate provision for customers that have a higher probability of default. The Company's monitoring activities include timely account reconciliation, holds on delinquent customer accounts, dispute resolution, payment confirmation, consideration of clients' financial conditions and macroeconomic conditions. Balances are written off when determined to be uncollectible.

The following table presents the change in provision for credit losses, which is presented within "Accounts receivable, net" on the Consolidated Balance Sheets for the period indicated below:

	April 30, 2025	April 30, 2024
Balance at beginning of period	**$878**	$15
Current period provision (benefit)	**(829)**	871
Amounts written off, less recoveries	**(34)**	(8)
Balance at end of period	**$15**	$878

As of April 30, 2025, approximately 29% of the Company's accounts receivable were due from two customers. The Company performs ongoing credit evaluations of its customers and maintains allowances for current expected credit losses. Management believes that the credit risk associated with these receivables is limited due to the customers' historical payment performance and financial conditions.

Note A – Summary of significant accounting policies–continued

There was no provision for credit losses in the Company's available-for-sale debt securities at April 30, 2025 and 2024.

Inventories. Inventories are valued at the lower of cost or net realizable value. The Company reviews the value of inventory based on historical sales, forecasted demand, contractual commitments, and textbook revision schedules to establish an allowance for excess and obsolete finished goods inventory. Costs for finished goods are determined by the last-in, first-out (LIFO) method. Cost includes the purchase of paper, printing, binding, and inbound freight costs from suppliers.

Even though some books will not be sold in the current period, large quantities of books are printed initially for stock, due to economies of scale. Management feels that substantially all books will be sold in the current period and, therefore, classifies all inventories as current assets. Certain physical inventory must be retained for the length of state textbook adoption periods to avoid "out-of-stock penalties."

Property and equipment. Property and equipment are carried at cost less accumulated depreciation. Depreciation is calculated on the straight-line method for building and improvements, and on the accelerated method for furniture, fixtures, and equipment over the estimated useful lives of the assets.

Expenditures for repairs and maintenance are charged against income when incurred, and replacements are capitalized. Gains or losses on dispositions of property and equipment are included within selling, general, and administrative expenses in the Consolidated Statements of Income and Other Comprehensive Income.

Cloud computing. The Company follows the provisions of ASC Subtopic 350-40, *Customers Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract*, which requires that capitalized costs be amortized over the associated term of the arrangement, generally on a straight-line basis, with amortization of these costs presented in the same financial statement line item as other costs associated with the arrangement. The Company has recorded cloud computing arrangement costs in other non-current assets of $1,425 and $333 in the Consolidated Balance Sheets as of April 30, 2025 and 2024, respectively.

Prepublication costs. The Company capitalizes certain outside contractor costs, including manuscript review, development, photography and artwork, and preparation costs, associated with content creation. Prepublication costs are amortized over a period of two to four years under the straight-line method. Prepublication costs are shown in the Consolidated Balance Sheets net of accumulated amortization of $1,608 and $1,193 as of April 30, 2025 and 2024, respectively.

Leases. As disclosed in Note H, the Company follows the lease accounting guidance in ASC Topic 842. The Company determines if an arrangement is a lease at inception. Operating lease right-of-use ("ROU") assets are included in other non-current assets, and operating lease obligations are included in accrued other expenses and other long-term liabilities in the Consolidated Balance Sheets. The Company has no finance leases. ROU assets and lease liabilities are recognized and measured on the date the underlying asset is made available to the Company. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of future payments. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Operating lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. The Company accounts for the lease and non-lease components separately.

(Dollars in Thousands, except per share data)

Note A – Summary of significant accounting policies–continued

The Company has elected as an accounting policy not to apply the recognition requirements for short-term leases. Therefore, leases with a term of twelve months or less are not recorded in the Consolidated Balance Sheets.

Advertising costs. The Company expenses advertising costs as incurred. Advertising costs were $440, $480 and $401 in 2025, 2024, and 2023, respectively, and are included in selling, general and administrative expenses in the Consolidated Statements of Income and Other Comprehensive Income.

Editorial costs. Editorial internal labor costs are charged to expense as incurred and are included in selling, general and administrative expenses in the Consolidated Statements of Income and Other Comprehensive Income.

Other comprehensive income and accumulated other comprehensive income (loss). Other comprehensive income includes unrealized gains and (losses), net of tax, on available-for-sale securities.

	April 30, 2025	April 30, 2024
Accumulated Other Comprehensive Income (Loss)		
Balance at beginning of period	**$(42)**	$(435)
Other comprehensive income		
Unrealized gain on available-for-sale securities, net of tax	**424**	393
Balance at end of period	**$382**	$(42)

Income taxes. Deferred income taxes are recorded to reflect the tax consequences on future years of temporary differences between the tax bases of assets and liabilities and their financial reporting amounts. Deferred tax assets and liabilities are adjusted for the effects of the changes in tax laws and rates of the date of enactment. The Company follows the provisions of ASC Topic 740, *Accounting for Income Taxes,* which prescribes a comprehensive model for the financial statement recognition, measurement, presentation, and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. Under this provision, the Company classifies net deferred tax assets and liabilities as non-current in the accompanying Consolidated Balance Sheets.

Earnings per share. Earnings per share is computed on the weighted average number of shares outstanding for the period. For purposes of computing earnings per share, unreleased ESOP shares are not considered outstanding. ESOP shares committed to be released during the year are considered to become outstanding ratably throughout the year.

Common stock. The Company has 1,000,000 shares of $1 par value common stock authorized and 762,000 shares issued, of which 466,108 and 466,108 (net of 295,892 and 295,892 shares which have been repurchased by the Company and held as treasury stock) are shares outstanding as of April 30, 2025 and 2024, respectively. As of April 30, 2025 and 2024, respectively, the Company had 409,398 and 404,083 (net of 56,710 and 62,025 unreleased ESOP shares, respectively) shares outstanding for purposes of computing earnings per share.

Pervasiveness of estimates. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note A – Summary of significant accounting policies–continued

Recent Accounting Pronouncements. In November 2024, the FASB issued ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. ASU 2024-03 adds Subtopic 220-40, Expense Disaggregation Disclosures, to the Accounting Standards Codification. The ASU requires public business entities to disclose in the notes to their financial statements disaggregated information, in tabular format, about relevant expense captions that are presented on their annual and interim income statements. ASU 2024-03 provides entities with a choice of adopting the disclosure requirements on a prospective or retrospective basis. This ASU is effective for public business entities for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. This ASU is effective for the Company's annual consolidated financial statements beginning on May 1, 2027. The adoption of ASU 2024-03 is not expected to have a significant impact on the Company's consolidated financial position or results of operations. The Company is currently evaluating the impact of these new requirements on the footnote disclosures to its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which provides for improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This ASU is effective for the Company beginning on May 1, 2026. The adoption of ASU 2023-09 is not expected to have a significant impact on the Company's consolidated financial statements. The Company is currently evaluating the impact of this new guidance on its consolidated financial statements.

Subsequent events. The Company has evaluated its subsequent events (events occurring after April 30, 2025) through July 31, 2025, which represents the date the consolidated financial statements were available to be issued.

Note B – Fair value disclosures

The following is a description of the valuation methodologies used for instruments measured at fair value:

Government agencies' bonds and notes. Valuation inputs utilized by the independent pricing service for those U.S. Treasury and federal agency securities under Level 2 include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers, and reference data including market research publications. Also included are data from the vendor trading platform.

Domestic corporate obligations. Valuation inputs utilized by the independent pricing services for the domestic corporate obligations under Level 2 include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers, and reference data including market research publications.

Developed market corporate obligations. Valuation inputs utilized by the independent pricing services for the developed market corporate obligations under Level 2 include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers, and reference data including market research publications.

Short term cash equivalents. The fair value of short term cash equivalents under Level 1 is the market value based on quoted market prices, when available, or market prices provided by recognized broker/dealers.

(Dollars in Thousands, except per share data)

Note B – Fair value disclosures–continued

Assets and liabilities measured at fair value on a recurring basis as of April 30, 2025 and 2024 are summarized as follows:

	April 30, 2025						Gross Unrealized Gains (Losses)
	Fair Value			Cost			
Available for-sale securities	Total	Level 1	Level 2	Total	Level 1	Level 2	
Government agencies' bonds and notes	$39,520	$3,159	$36,361	$39,282	$3,159	$36,123	$238
Domestic corporate obligations	22,599		22,599	22,361		22,361	$237
Developed market corporate obligations	4,237		4,237	4,200		4,200	37
Total available-for-sale securities	66,356	3,159	63,197	65,843	3,159	62,684	512
Short term cash equivalents	12,352	12,352	—	12,352	12,352	—	—
Total fair valued assets	$78,708	$15,511	$63,197	$78,195	$15,511	$62,684	$512

	April 30, 2024						Gross Unrealized Gains (Losses)
	Fair Value			Cost			
Available for-sale securities	Total	Level 1	Level 2	Total	Level 1	Level 2	
Government agencies' bonds and notes	$44,050	$ —	$44,050	$44,113	$ —	$44,113	$(63)
Domestic corporate obligations	10,118		10,118	10,116		10,116	2
Developed market corporate obligations	4,204		4,204	4,200		4,200	4
Total available-for-sale securities	58,372	—	58,372	58,429	—	58,429	(57)
Short term cash equivalents	200	200	—	200	200	—	—
Total fair valued assets	$58,572	$200	$58,372	$58,629	$200	$58,429	$(57)

As of April 30, 2025 and 2024, the Company did not have any investments with Level 3 inputs.

At April 30, 2025 there were three trades executed between April 29, 2025 and April 30, 2025 that did not settle until May 1, 2025 and May 8, 2025. The cash payable position at April 30, 2025 represents the funding required to settle the trades upon settlement. The amount of the unsettled purchase funding of $8,996 is accounted for as other current liabilities in the Consolidated Balance Sheets at April 30, 2025.

(Dollars in Thousands, except per share data)

Note C – Revenue recognition, contracts with customers

Revenue from contracts with customers is recognized using a five-step model consisting of the following: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the Company satisfies a performance obligation. Performance obligations are satisfied when the Company transfers control of a good or service to a customer, which can occur over time or at a point in time. The amount of revenue recognized is based on the consideration to which the Company expects to be entitled in exchange for those goods or services, including the expected value of variable consideration. The customer's ability and intent to pay the transaction price is assessed in determining whether a contract exists with the customer. If collectability of substantially all the consideration in a contract is not probable, consideration received is not recognized as revenue unless the consideration is nonrefundable and the Company no longer has an obligation to transfer additional goods or services to the customer or collectability becomes probable.

The revenue from the sale of printed products is recognized at the time when control of such products passes to the customer, generally upon shipment from the Company warehouse or outside depositories. The Company recognizes revenue from the sale of digital online content ratably over the subscription period, which ranges from one to eight years, with the deferral of revenue being reported on the Consolidated Balance Sheets as deferred revenue. Where a contract contains multiple performance obligations, such as the delivery of printed products, supplementary materials, and/or digital online content, revenue is allocated on the basis of relative standalone selling prices. Where a contract contains variable consideration, significant estimation is required to determine the progress towards delivering the performance obligation. Amounts charged to customers for shipping and handling are included in sales, and the costs are included in cost of goods sold. Sales and other taxes are presented on a net basis and excluded from revenues.

The timing of revenue recognition may not align with the right to invoice the customer. The Company records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (deferred revenue) also is recorded. Opening balances as of May 1, 2023, were as follows:

Accounts receivable, net	$5,977
Deferred revenue	61,230

For sales that include a right of return, which primarily includes printed products returned in new or salable condition within 6 months of the invoice date, the Company will estimate the transaction price and record revenues as variable consideration based on the amounts the Company expects to ultimately be entitled to. In order to determine estimated returns, the Company utilizes historical and forecasted return rates, sales patterns, types of products, and salability of returned goods and recognizes a reduction to revenue, cost of goods sold, and royalty expense. In addition, a refund liability, $1,145 and $1,351 as of April 30, 2025 and 2024, respectively, is recorded within accrued other expenses for the consideration to which the Company believes it will not ultimately be entitled, a return asset is recorded within inventory for the expected inventory to be returned, and a reduction of royalty payable is recorded for the royalty related to the sales refund liability.

Contract acquisition costs

Contract acquisition costs represent costs directly associated with entering into contracts with customers which will benefit a period greater than 12 months and are expected to be recovered. Such costs, $7,376 and $6,694 net of accumulated amortization of $10,659 and $7,904 as of April 30, 2025 and 2024, respectively, are recorded within other non-current assets in the Consolidated Balance Sheets and amortized ratably over the average term of the contracts with the customers.

(Dollars in Thousands, except per share data)

Note C – Revenue recognition, contracts with customers–continued

The following table presents revenue disaggregated by product line for the years ended April 30, 2025, 2024, and 2023:

	2025	2024	2023
Printed products (point in time)	**$31,557**	$28,093	$31,532
Digital online content (over time)	**28,235**	24,534	19,530
Other	**1,020**	1,619	1,879
Total revenue	**$60,812**	$54,246	$52,941

The following table presents revenue disaggregated by customer channel for the years ended April 30, 2025, 2024, and 2023:

	2025	2024	2023
Middle and high schools	**$43,646**	$36,684	$42,273
Colleges	**10,002**	10,484	6,304
Private career schools	**2,244**	2,233	1,481
Business, industry & government	**2,133**	2,211	1,444
Other	**2,787**	2,634	1,439
Total revenue	**$60,812**	$54,246	$52,941

Note D – Inventories

Inventories at April 30, 2025 and 2024 consist of the following:

	2025	2024
Finished goods	**$3,867**	$3,793
Allowance for excess and obsolete finished goods inventory	**(795)**	(585)
	$3,072	$3,208

Inventories would have been $3,512 and $3,520 higher at April 30, 2025 and 2024, respectively, if the first-in, first-out method of accounting had been used on all inventories. The use of the LIFO method, as opposed to the FIFO method, (increased) decreased net income by approximately ($6) or ($0.02), $115 or $0.29, and $354 or $0.93 per share in the years ended April 30, 2025, 2024, and 2023, respectively.

Note E – Property and equipment

Property and equipment at April 30, 2025 and 2024 consist of the following:

	Estimated Useful Life	**2025**	2024
Land		**$739**	$739
Building and improvements	10–40 years	**7,295**	7,295
Furniture, fixtures, and equipment	3–7 years	**4,053**	4,086
Construction in progress		**515**	24
		12,602	12,144
Less accumulated depreciation		**(8,046)**	(7,811)
		$4,556	$4,333

(Dollars in Thousands, except per share data)

Note E – Property and equipment–continued

Depreciation expense totaled $356, $406, and $371 for the years ended April 30, 2025, 2024, and 2023, respectively.

Note F – Income taxes

Income tax expense (benefit) for the years ended April 30, 2025, 2024, and 2023 consists of the following:

	2024	2024	2023
Current			
Federal	**$2,856**	$6,214	$3,254
State	**552**	1,580	924
	3,408	7,794	4,178
Deferred	**657**	(4,946)	(1,004)
Total income tax expense	**$4,065**	$2,848	$3,174

A reconciliation of income taxes computed at the blended Federal statutory rate and income tax expense is as follows:

	2025	2024	2023
Federal income taxes at a statutory rate	**$4,175**	$3,143	$2,975
State income taxes—net of federal tax benefit	**550**	415	540
Deferred tax rate differential	**—**	(131)	216
ESOP dividends	**(1,124)**	(800)	(830)
Other	**464**	221	273
Total income tax expense	**$4,065**	$2,848	$3,174

The tax effects of the existing temporary differences that give rise to deferred tax assets and liabilities at April 30, 2025 and 2024 are as follows:

	2025	2024
Deferred tax assets		
Inventory capitalization and allowances	**$1,280**	$1,198
Unrealized loss on securities	**—**	15
Future ESOP principal and debt service tax deductions	**390**	415
Accrued compensation	**326**	267
Allowance for credit losses and sales returns	**295**	566
Deferred revenue	**11,126**	11,431
Deferred expenses	**761**	581
Total deferred tax assets	**14,178**	14,473

(Dollars in Thousands, except per share data)

Note F – Income taxes–continued

Deferred tax liabilities		
Prepaid expenses	**(1,683)**	(1,282)
Unrealized gain on securities	**(130)**	—
Depreciation	**(50)**	(76)
Total deferred tax liabilities	**(1,863)**	(1,358)
Total net deferred tax assets	**$12,315**	$13,115

The Company files tax returns in all appropriate jurisdictions, which include a federal return and various state tax returns. When, and if applicable, potential interest and penalty costs are accrued as incurred, with penalties recognized in selling, general and administrative expenses and interest recognized in interest expense in the Consolidated Statements of Income and Other Comprehensive Income. The Company has not recorded a reserve for any tax positions for which the ultimate deductibility is highly uncertain or for which there is uncertainty about the timing of such deductibility, and as of April 30, 2025 and 2024, the Company has no liability for unrecognized tax benefits.

Note G – Employee benefit plans

Effective May 1, 2000, the Company added employee stock ownership provisions to The Goodheart-Willcox Company Employees' Profit Sharing Plan to create The Goodheart-Willcox Company, Inc. Employees' Profit Sharing and Stock Ownership Plan and Trust (the "Profit Sharing and ESOP Plan") to enable eligible employees to acquire indirect stock ownership in the Company. Employees of the Company are generally eligible to participate in the ESOP after one year of service providing they worked at least 1,000 hours during such year and are age 21 or older. The ESOP is being accounted for under ASC Topic 718-40, *Employee Stock Ownership Plans*. The Profit Sharing and ESOP Plan covers all eligible employees and is a tax qualified, internally leveraged ESOP designed to utilize the tax incentives available to tax qualified ESOPs.

On June 7, 2000, the ESOP trust borrowed $4,749 from the Company. The proceeds of the loan and an individual employee profit sharing account were used to purchase 175,516 then-outstanding shares of the Company's common stock. Of the 175,516 shares purchased, 62,175 shares were purchased by an individual participant, who is currently the Company's Chairman of the Board, with proceeds from his employee profit sharing account, and 113,341 shares were held in a suspense account and have been allocated to participant accounts based on principal repayments to the Company of the ESOP loan. The ESOP loan was fully repaid and all related shares were allocated to participant accounts as of April 30, 2013.

On April 28, 2009, the Company sold 80,000 shares of the Company's common stock, which were previously held as treasury shares, to the ESOP in exchange for a note, bearing interest at 3.58% with annual principal and interest payments of $578 through 2028. The issued shares are held in a suspense account and are being allocated to participant accounts based on principal and interest repayments to the Company of the ESOP loan through April 2028.

On May 24, 2019, the ESOP trust completed an offer to purchase shares of common stock of the Company at a cash purchase price of $150.00 per share, whereby the ESOP trust borrowed $7,884 from the Company to purchase 52,557 shares of the Company's common stock from shareholders of record. The borrowing is evidenced by a note, bearing interest at 2.74%, with a payment of principal and interest of $316 in April 2020, followed by annual principal and interest payments of $327 from April 2021 through April 2059. The issued shares are held in a suspense account and are being allocated to participant accounts based on principal and interest repayments to the Company on the ESOP loan through April 2059.

(Dollars in Thousands, except per share data)

Note G – Employee benefit plans–continued

ESOP compensation expense is recorded based on the average market value, as determined in cooperation with an independent third-party valuation expert, of the shares committed to be released during the year with a corresponding credit to unearned ESOP common stock for the cost of the shares committed to be released. Any difference between the market value of the shares committed to be released and the cost of the shares is charged or credited to additional paid-in capital. Shares of ESOP common stock are committed to be released or allocated to participant accounts as of year end. Dividends paid on unallocated ESOP shares are not considered dividends for financial reporting purposes but are reflected as ESOP compensation expense.

Company cash or stock contributions to the Profit Sharing and ESOP Plan are determined by the Company's Board of Directors, typically as a percentage of employees' eligible compensation, but shall not be less than the payments required to be received by the Company under the ESOP loan or more than the maximum amount deductible under the provisions of Section 404 of the Internal Revenue Code.

During fiscal 2025, 2024, and 2023, the Company recognized total ESOP compensation expense of $4,350, $3,447, and $2,385, respectively, of which $1,969, $1,625, and $1,274, respectively, related to shares committed to be released; $908, $917, and $620, respectively, related to the net effect of dividends on unallocated ESOP shares; and $1,473, $905, and $491, respectively, related to Company cash contributions to the Plan. During fiscal 2025, 2024, and 2023, $751, $727, and $727, respectively, of the previous year's dividends on unallocated ESOP shares were used by the ESOP to repay the ESOP loans to the Company.

With respect to dividends paid on shares released to fully vested employees' stock contribution accounts, the Profit Sharing and ESOP Plan allows participants to elect to (a) reinvest such dividends in Company stock, or (b) withdraw such dividends. During fiscal 2025, 2024, and 2023, participants elected to reinvest dividends in 11,449 shares purchased from the ESOP, and 10,177 and 6,081 shares purchased from treasury of the Company's common stock, respectively.

As of April 30, 2025 and 2024, the ESOP trust held 263,988 shares of the Company's common stock. Unreleased ESOP shares held in suspense account as of April 30, 2025, 2024, and 2023 are as follows:

Balance at April 30, 2023	67,340
Shares committed to be released	(5,315)
Balance at April 30, 2024	62,025
Shares committed to be released	(5,315)
Balance at April 30, 2025	**56,710**
Fair value of unreleased ESOP shares:	$22,995

The Company has the financial obligation to repurchase allocated shares from terminating and diversifying participants as outlined in the Profit Sharing and ESOP Plan document and Trust agreement. Repurchase obligations at April 30, 2025 total $84,049, which represents the fair value of the allocated shares.

Effective September 1, 2018, the Company adopted The Goodheart-Willcox Company, Inc. 401(k) Plan and Trust. The plan allows participants to make elective pretax or post-tax contributions, subject to certain IRS limitations. The Company matches 100% of participant contributions up to 3% of eligible compensation, plus 50% of participant contributions over 3% and up to 5% of eligible compensation. The Company recorded employer match expense of $583, $532, and $485 for the years ending April 30, 2025, 2024, and 2023, respectively.

(Dollars in Thousands, except per share data)

Note H – Commitments and contingencies

Operating leases. The Company leases certain office equipment and automobiles under non-cancelable operating leases, which expire at various dates through fiscal 2030. The leases do not contain any material residual value guarantees or material restricted covenants.

At April 30, 2025 and 2024, the right-of-use asset had a balance of $33 and $63, respectively, which is included in the other non-current assets line item of the Consolidated Balance Sheets. At April 30, 2025 and 2024, the current lease liability related to the right-of-use asset line had a balance of $15 and $34, respectively, which is included in the accrued other expenses line item of the Consolidated Balance Sheets. At April 30, 2025 and 2024, the long-term lease liability related to the right-of-use asset line had a balance of $18 and $29, respectively, which is included in the other long-term liabilities line item of the Consolidated Balance Sheets.

Total rent expense under operating leases was $34, $41, and $49 for the years ended April 30, 2025, 2024, and 2023, respectively.

The Company has entered into employment agreements with the President and the Chairman that provides for annual compensation and certain other benefits including death-in-service benefit payments equal to two years' salary. The present value of the estimated benefits payable under this agreement totaling $524 and $502 is included in long-term liabilities in the Consolidated Balance Sheets at April 30, 2025 and 2024, respectively.

Effective April 30, 2020, the Company adopted The Goodheart-Willcox Company, Inc. Executive Stock Deferred Benefit Plan for the benefit of certain management employees as determined by the Board of Directors. The purpose of the plan is to provide additional benefits for employees who will not receive a full allocation of ESOP shares due to limitations imposed by rules and regulations of the Internal Revenue Code. Plan expenses totaled $196, $148, and $342 in fiscal years ended April 30, 2025, 2024, and 2023, respectively. There were no plan benefit payments for fiscal 2025, 2024, and 2023. Unpaid amounts totaling $731 and $535 are included in long-term liabilities in the Consolidated Balance Sheets at April 30, 2025 and 2024, respectively.

SaaS contractual commitments. As of April 30, 2025, the Company has entered into non-cancellable software-as-a-service (SaaS) agreements to support its information technology infrastructure and operational needs. These agreements, which generally have terms of one to five years, require the company to make the following minimum payments.

Years Ending April 30,	
2026	$254
2027	$242
2028	$242
2029	$181
Total	$919

The Company has no significant restrictions or covenants related to these SaaS agreements.

Independent Auditor's Report

Board of Directors and Stockholders
The Goodheart-Willcox Company, Inc.

Opinion

We have audited the consolidated financial statements of The Goodheart-Willcox Company, Inc. and its subsidiary (the Company), which comprise the consolidated balance sheets as of April 30, 2025 and 2024, the related consolidated statements of income and comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended April 30, 2025, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of April 30, 2025 and 2024, and the results of their operations and their cash flows for each of the years in the three-year period ended April 30, 2025, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

RSM US LLP

Chicago, Illinois
July 31, 2025

Corporate Information

Corporate Office, *The Goodheart-Willcox Company, Inc., 18604 West Creek Drive, Tinley Park, IL 60477*

Annual Meeting, *The annual meeting was held at 9:30 a.m. Central Daylight Time, July 8, 2025, at the Corporate Office, Tinley Park, Illinois*

Stock Symbol, *GWOX, Over-the-Counter Market*

Transfer Agent, *Continental Stock Transfer & Trust Company*

General Counsel, *Clingen Callow & McLean, LLC, Lisle, Illinois*

Independent Public Accountants, *RSM US LLP*

Directors

Claudia L. Berry, *retired Vice President, Lakeshore Wealth Group, Huntington National Bank*

Douglas J. Bogdal, *retired Chief Financial Officer, Secretary & Treasurer, LA-CO Industries*

Thomas L. Choice, *retired President, Kishwaukee College*

Shannon F. DeProfio, *President and Chief Executive Officer, The Goodheart-Willcox Company, Inc.*

John F. Flanagan, *Chairman, The Goodheart-Willcox Company, Inc.*

Fred R. Sasser, *Chair Emeritus, Sasser Family Holdings, Inc.*

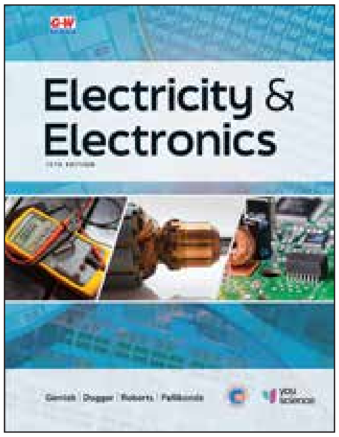
Executive Officers

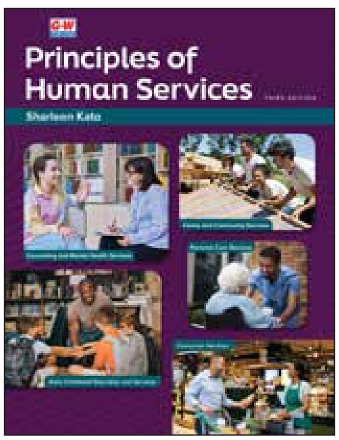
Shannon F. DeProfio, *President and Chief Executive Officer*

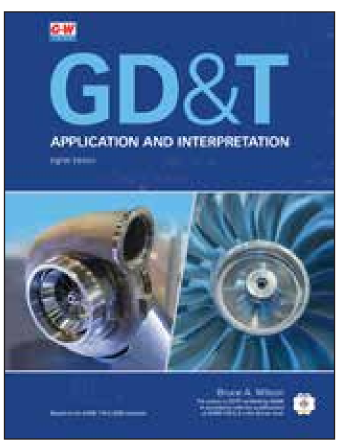
John F. Flanagan, *Chairman*

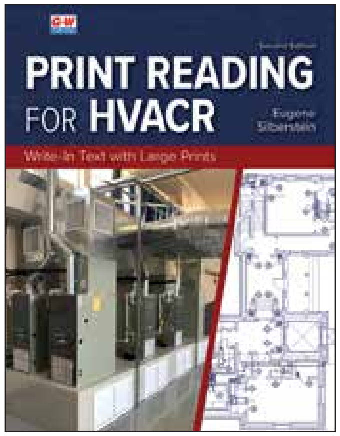
Carolyn Gomez, *Executive Vice President Finance, Treasurer, and Corporate Secretary*

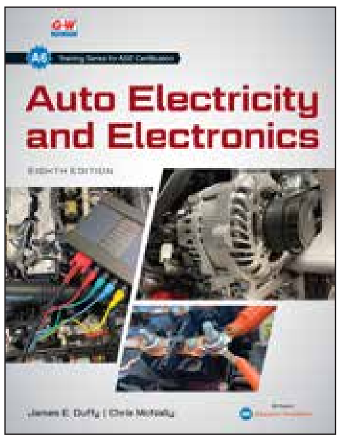
Todd J. Scheffers, *Executive Vice President and Chief Revenue Officer*

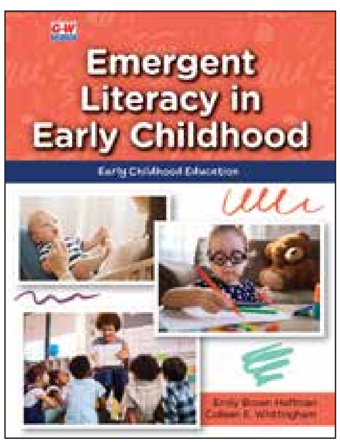


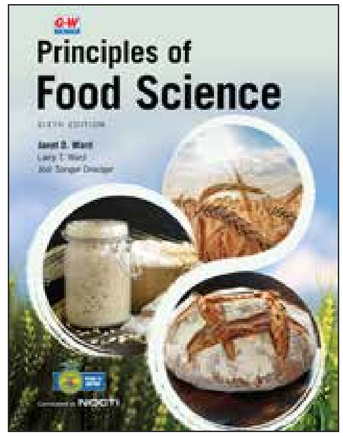


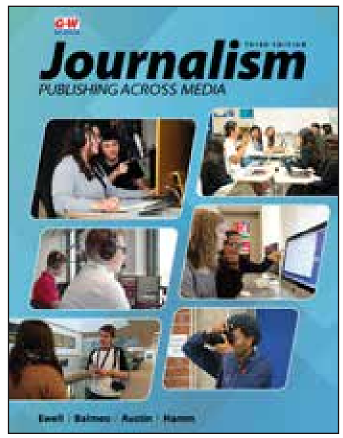


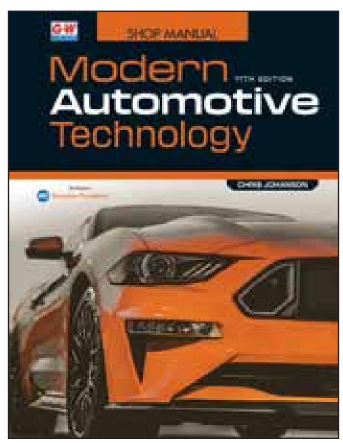


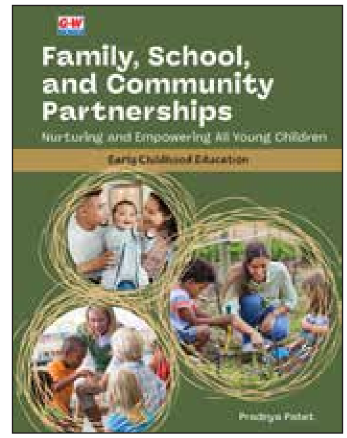


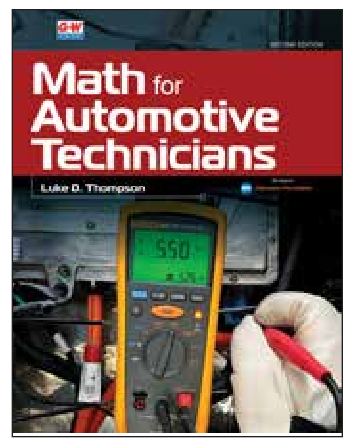












The Goodheart-Willcox Company, Inc.
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