

Engine Capital Releases Presentation Detailing its Strong Opposition to Veritas' Insufficient Tender Offer at Houghton Mifflin Harcourt

Believes Veritas Offer Undervalues HMHC at 7.6x 2024 Unlevered Free Cash Flow and Is the Result of a Flawed Process

Calculates that Veritas May Earn Outsized 5-Year IRR Between 31% to 37%, Underscoring the Inappropriateness of its \$21 Tender Offer

Outlines a Superior Plan for Shareholders that Could Result in \$42 Per Share Within Three Years

Launches www.DontStealMyHMHC.com to Share Views on the Transaction and Communicate with Shareholders

NEW YORK--(BUSINESS WIRE) — Engine Capital LP (together with its affiliates, “Engine” or “we”), a long-term shareholder of Houghton Mifflin Harcourt Company (NASDAQ: HMHC) (“HMHC,” “Houghton Mifflin” or the “Company”) with ownership of approximately 2.7% of the Company’s outstanding shares, today issued a presentation detailing its strong opposition to the \$21 per share tender offer made by Veritas Capital (“Veritas”). In particular, the presentation highlights the following facts:

- Veritas’ offer values the Company at 7.6x 2024 unlevered free cash flow (“UFCF”) and 6.2x 2024 UFCF if the cumulative cash flow is included.
- This offer is a result of a flawed process conducted by Evercore. Engine believes Evercore is conflicted, and its fairness opinion contains numerous mistakes.
- Recent comparable transactions point to a \$25 per share transaction value for HMHC.
- Under most circumstances assessed by Engine, Veritas will earn outsized returns from this transaction. Under management’s forecast, Veritas is set to earn a 5-year internal rate of return (“IRR”) between 31% and 37% at the \$21 per share deal price. These outsized IRRs are further evidence of the inappropriateness of the \$21 offer and simply represent a transfer of value from Houghton Mifflin shareholders to Veritas.
- Veritas can pay a significantly higher price and still generate a 5-year IRR above 17.5%. Under management’s forecast, we contend Veritas could pay \$26 per share and still earn a 5-year IRR between 18% and 23%.
- A superior plan exists for shareholders. Houghton Mifflin should execute a Dutch tender offer between \$21 and \$22 per share for 19% of its shares outstanding. Assuming management’s projections, Engine believes this plan could result in a share price of roughly \$42 at the end of 2024, implying a 26% 3-year IRR for remaining shareholders.

The full presentation is available at www.DontStealMyHMHC.com, a website dedicated to sharing Engine's views with respect to the Veritas offer. Engine encourages interested parties to visit the website regularly. The presentation can also be directly found at the following link: [HMHC Presentation](#).

About Engine Capital

Engine Capital is a value-oriented special situations fund that invests both actively and passively in companies undergoing change.

Investor contact:

Engine Capital, L.P.

(212) 321-0048

DontStealMyHMHC@enginecap.com