



Educational
Development
Corporation

Usborne & Kane Miller Books



Cautionary Statement for the Purpose of the “Safe Harbor” Provision of the Private Securities Litigation Reform Act of 1995.

The information discussed in this Press Release includes “forward-looking statements and financial estimates.” These forward-looking statements are identified by their use of terms and phrases such as “may,” “expect,” “estimate,” “Estimated,” “EST,” “project,” “plan,” “believe,” “intend,” “achievable,” “anticipate,” “continue,” “potential,” “should,” “could,” and similar terms and phrases. Although we believe that the expectations reflected in these forward-looking statements are reasonable, they do involve certain assumptions, risks and uncertainties and we can give no assurance that such expectations or assumptions will be achieved. Known and unknown risks, uncertainties and other factors may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, our success in recruiting and retaining new consultants, our ability to locate and procure desired books, our ability to ship the volume of orders that are received without creating backlogs, our ability to obtain adequate financing for working capital and capital expenditures, economic and competitive conditions, regulatory changes and other uncertainties, as well as those factors discussed in our Annual Report on Form 10-K for the year ended February 28, 2021, all of which are difficult to predict. In light of these risks, uncertainties and assumptions, the forward-looking events discussed may not occur. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements in this paragraph and elsewhere in our Annual Report on Form 10-K for the year ended February 28, 2021 and speak only as of the date of this presentation. Other than as required under the securities laws, we do not assume a duty to update these forward-looking statements, whether as a result of new information, subsequent events or circumstances, changes in expectations or otherwise.

USE of Non-GAAP Financial Measurement - EBITDA

This presentation includes Earnings Before Interest, Taxes Depreciation and Amortization (“EBITDA”). This is a non-GAAP financial measure that is used to present free cash flow generated by the operations of the Company.



TODAY'S PRESENTERS



Randall White

Executive Chairman
of the Board

38 Years with EDC

50+ Years Experience



Craig White

President - Chief
Executive Officer

26 Years with EDC

25+ Years Experience



Heather Cobb

Chief Sales and
Marketing Officer

10 Years with EDC

20+ Years Experience



Dan O'Keefe

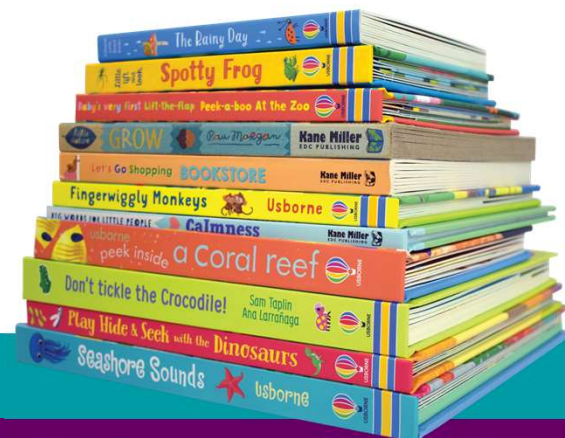
Chief Financial
Officer

4 Years with EDC

30+ Years Experience



INVESTMENT SUMMARY



Exclusive U.S. publishing rights to the best children's books in the world



Usborne Publishing



Kane Miller Publishing

Two distribution channels that are both poised for additional growth

- 📖 Publishing - Retail Distribution
- 📖 UBAM - Multi-Level Marketing/Party Plan

Ticker	EDUC
Stock Price 10/06/21	\$10.00
Market Cap (Q2 FY22)	\$83.7 million
TTM – EPS (Q2 FY22)	\$1.40
Annual Dividends Per Share	\$0.40
Dividend Return	4.0%
Price-to-Book (Q2 FY22)	1.88
TTM – Return on Equity	26.47%



During FY21, the Company experienced significant growth in revenues and “Active Consultant” base

- Revenues increased more than 80% to \$205 million.
- The number of independent sales consultants increased by 90%.

Recent investments in equipment increase shipping capacity to more than \$400 million.

Strong balance sheet/cash flow - Quarterly Dividends and Share Repurchase Program

Management/Board shareholder alignment – Insiders own 27% of Company



- ❖ Usborne Publishing was founded in 1973 by Peter Usborne.
- ❖ Currently employs over 260 individuals developing content, artwork, design, and illustrations.
- ❖ An enormous amount of time and money are spent producing every book.
- ❖ Many other ingredients are used to make Usborne books appealing to children; humor whenever possible, a remarkably wide variety of illustration styles, including photography, a very high ratio of pictures to text, short magazine-like paperback formats, tremendous detail, and a totally clear, simple but non-patronizing text.

There are over 2,500 Usborne Books in print across the world in over 130 languages.
“Usborne is known as the Gold Standard in children’s nonfiction books.”



Notable Awards

- ❖ Children's Book Publisher of the Year 2020
- ❖ Waterstones Children's Book Prize 2019
- ❖ CILIP Carnegie Medal 2018
- ❖ IPG Independent Publisher of the Year 2014
- ❖ Creative Play Award Winner
- ❖ SLA Information Book Award Winner
- ❖ Publisher of the Year 2012
- ❖ Parent's Choice Gold Award
- ❖ Teacher's Choice Awards





Kane Miller
EDC PUBLISHING

- ❖ For over 35 years, Kane Miller has published children's books from around the world.
- ❖ These books bring the children of the world closer to each other, sharing stories and ideas, while exploring cultural differences and similarities.
- ❖ These picture books and fiction books allow the reader to comfortably and effortlessly fall into another way of life.
- ❖ "For us, there is a beauty in children's literature from other countries. We are proud that our books bring the world closer to children and open their minds to the differences that are part of our world." - per Kira Lynn, Kane Miller Publisher



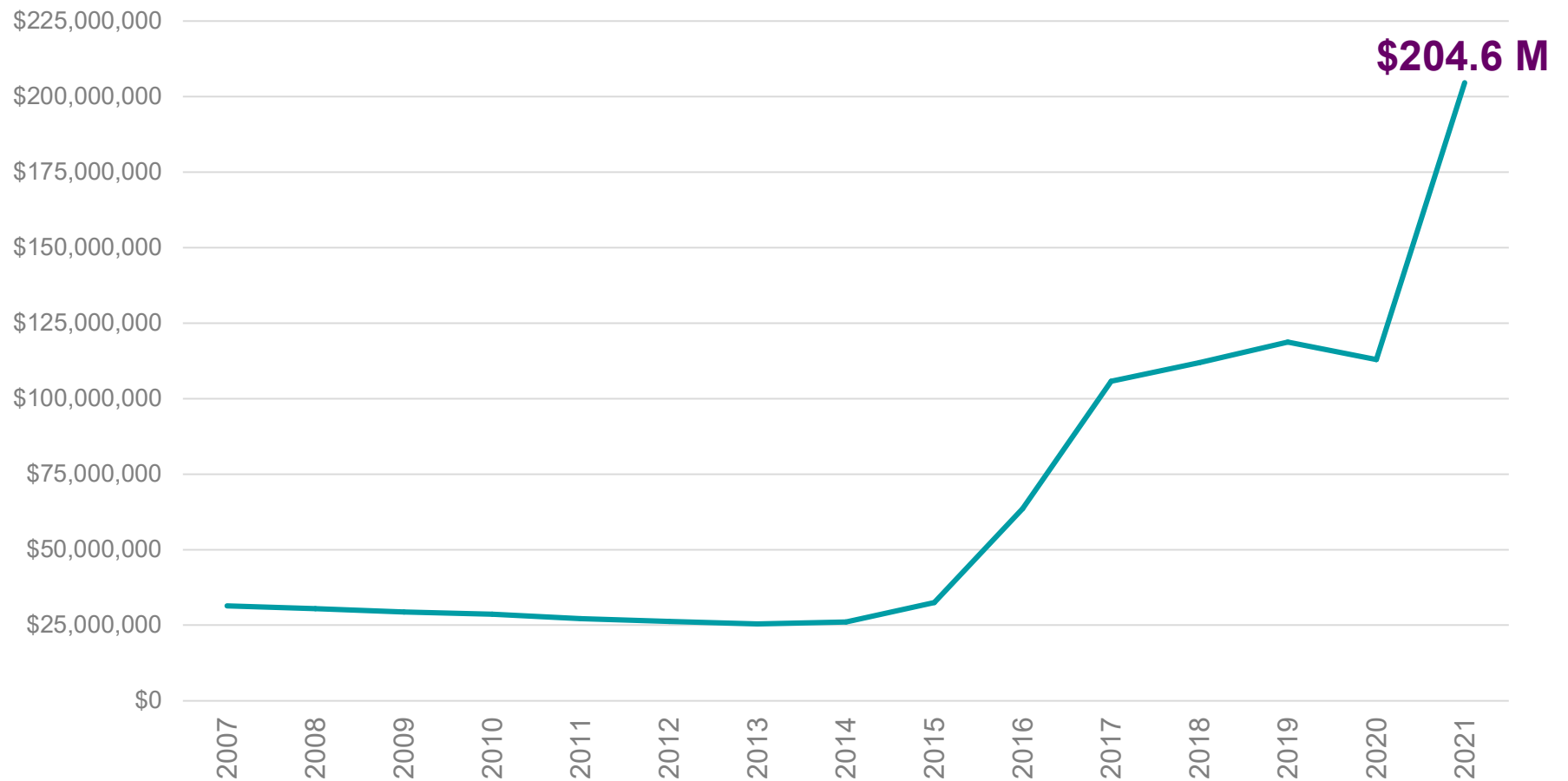
Notable Awards

- ❖ ALA Notable Children's Book
- ❖ CBC/ILA/CCBC Children's Choices
- ❖ USBBY Outstanding International Booklist
- ❖ IBBY Outstanding Youth Literature on Disability
- ❖ Bank Street College Best Children's Books of the Year
- ❖ Eureka! Nonfiction Children's Silver Book Award
- ❖ Starred reviews from Publishers Weekly, Kirkus Reviews, School Library Journal and more





15 YEAR NET REVENUES HISTORY

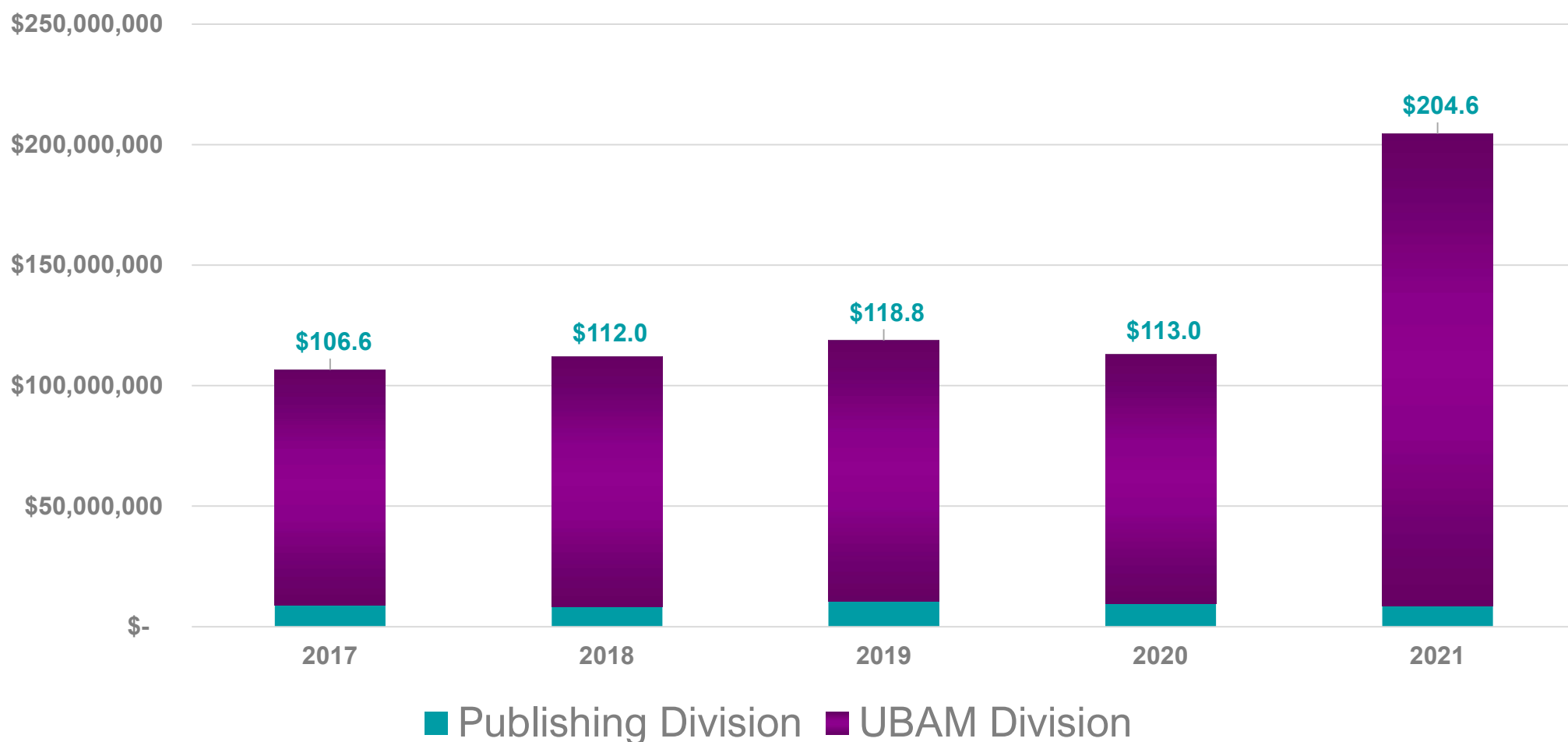




REVENUE BREAKOUT BY DIVISION

PUBLISHING VS UBAM

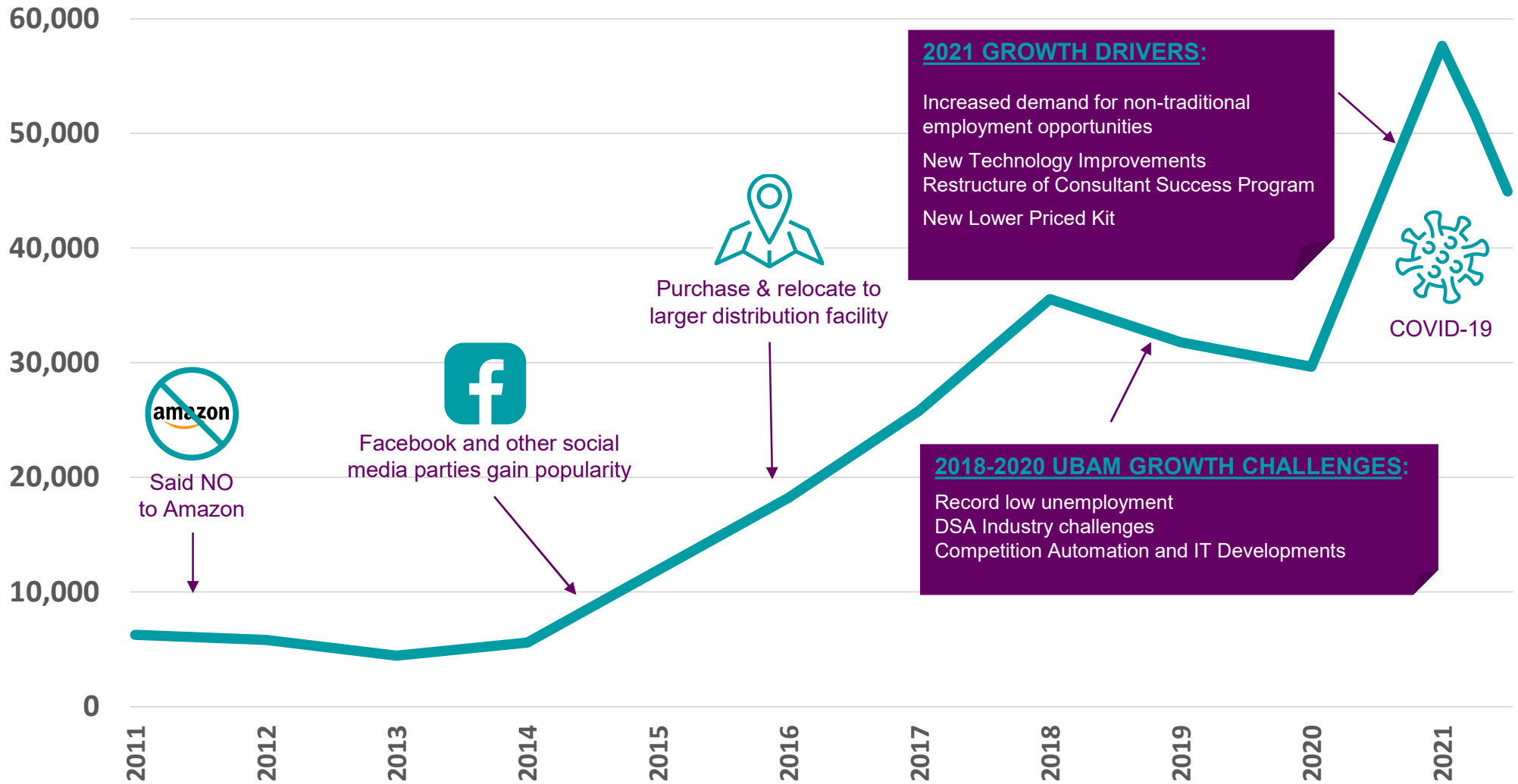
5 YEAR NET REVENUES BY SEGMENT





UBAM DIVISION'S ACTIVE CONSULTANT COUNT

UBAM Division's *Active Consultant Count*





CONTINUED GROWTH IN UBAM DIVISION

Leadership & Training

- ❖ Company developed online training site for new consultants (reduce churn) including:
 - 1st Time Consultant Training
 - How to Promote to Team Leader Training
 - “Now I’m a Team Leader – What’s Next??” Training

Continued System Improvements that will appeal to “Target Consultant”

- ❖ Upgrade of eCommerce Platform to be “mobile friendly” in 2021
- ❖ Continual upgrades of proprietary “Back Office” consultant business platform

Product and Program Improvements

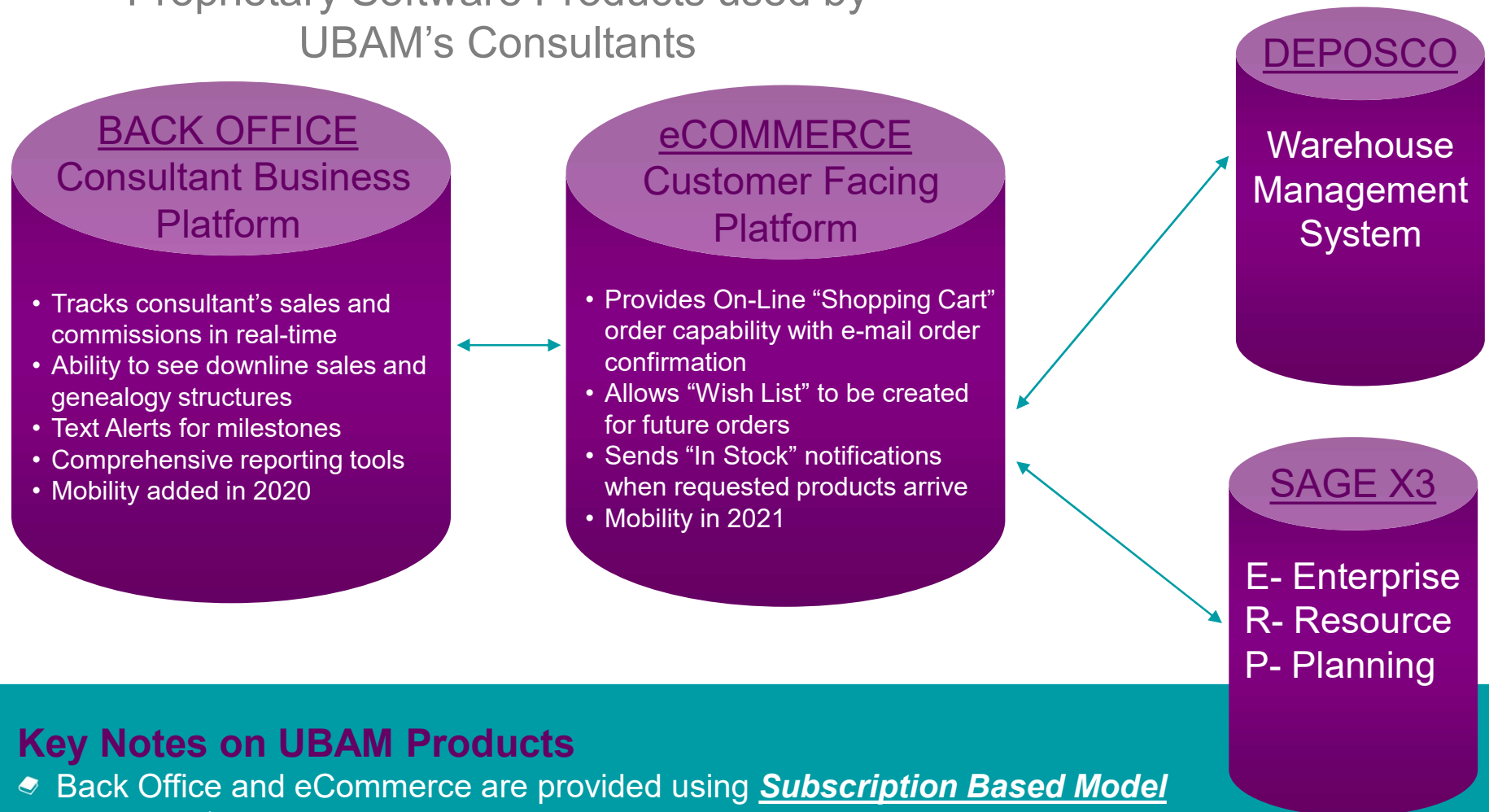
- ❖ Kane Miller – Majority of top sellers in last several years. KM products offer lower book costs resulting in higher margins. New titles, authors, and products having great success (i.e. All Better, Nibbles, Shine-a-Light, and other series).
- ❖ Corporate marketing partnerships (i.e. Chick-Fil-A – most recently during Summer 2021).





DIRECT TO CONSUMER (D2C) UBAM MODEL

Proprietary Software Products used by
UBAM's Consultants



Key Notes on UBAM Products

- ❖ Back Office and eCommerce are provided using **Subscription Based Model** (currently \$8 per month with plans to increase as features are added)
- ❖ February 2020 - Rolled out new mobile friendly version of Back Office
- ❖ 2021 - Planned rollout of new eCommerce platform that will add mobility



OPERATIONS SUMMARY

Shipping Changes Expected to Improve Profitability in Fiscal 2022

- Increased customer shipping rates from \$6 (or 8%, whichever is greater) to \$6.95 (or 8%, whichever is greater). This rate increase applies to over 90% of shipments
- New UPS contract for Fiscal 2021 and Fiscal 2022. Outbound shipments has increased discounts/savings due to volume increases

Continual Improvements in Warehouse Efficiencies

- 1st version of automation was implemented in Fiscal 2016
- 2nd version of automation was implemented in Fiscal 2019. Shipping volumes increased from 8,000 to 16,000 per day
- 3rd version of efficiency implemented in Summer 2021. Adding new Lines 7 & 8 doubled our volume capacity and brings more automation into the warehouse pick, pack and ship operations





STABILITY OF MANAGEMENT AND BUSINESS

Company leadership

- ❖ Randall White was the Company's CEO for 35 years and in 2021 transitioned to Executive Chairman of the Board
- ❖ Craig White was promoted to the role of President and CEO and has been with the Company for over 25 years
- ❖ Revenues growth from \$5M to \$200M+ reported in FY 2021
- ❖ Our exclusive co-publishing contract with Usborne dates back to 1988 – evergreen
- ❖ We acquired Kane Miller in 2009 and own the U.S. publishing rights to all Kane Miller books

Consistent commissions to our UBAM consultants and retail customers

- ❖ Our commission structure for consultants and discounts with retail customers has not changed with our growth

Improving Product Line with improved distribution

- ❖ Kane Miller sales have grown from \$1.5 Million in fiscal year 2011 to over \$80 Million in fiscal year 2021 as we introduced new improved and high demand products
- ❖ We have made recent capital improvements to our warehouse which has doubled our daily shipping capacity



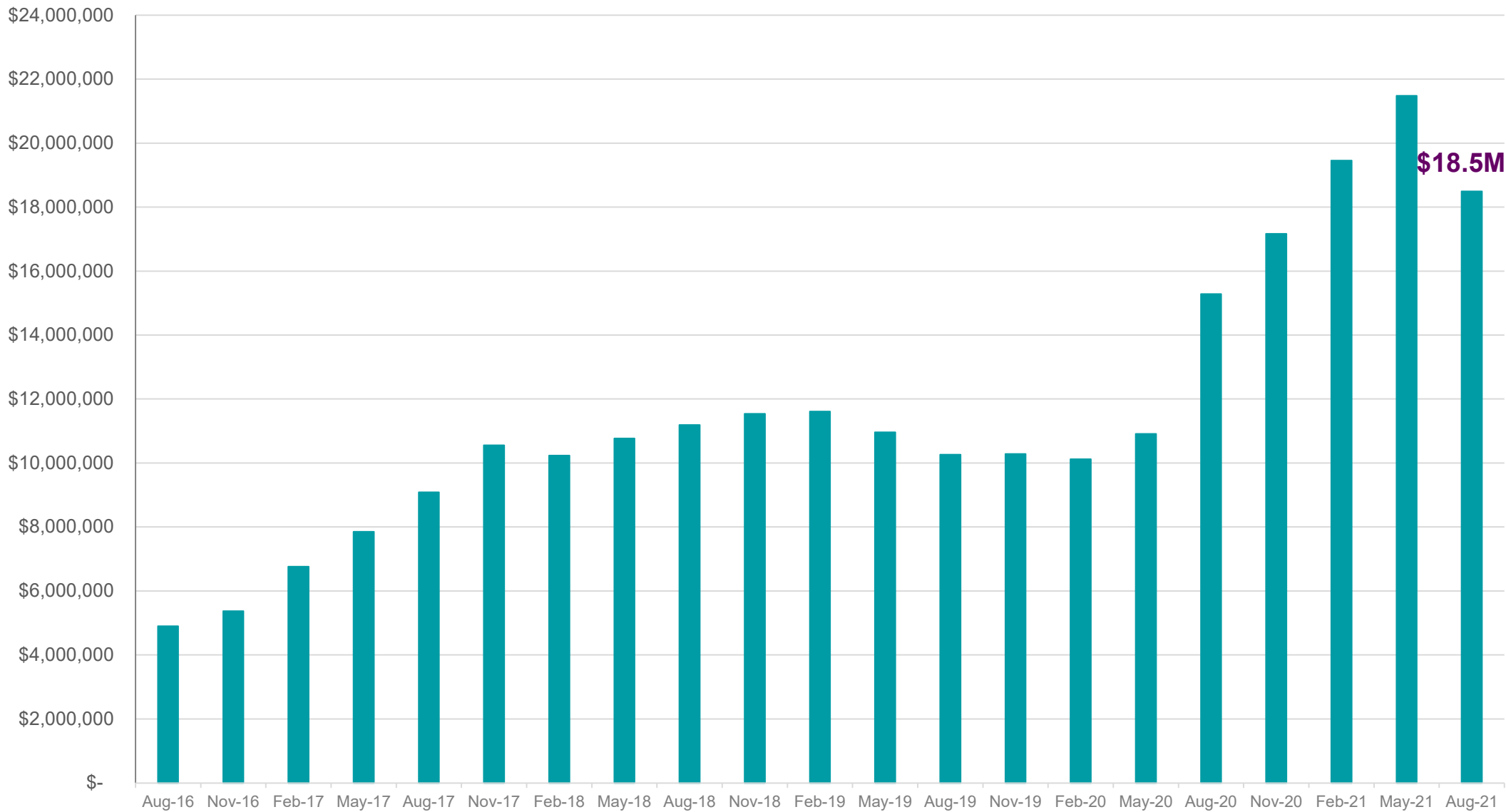
EDC – CASHFLOW POSITIVE BUSINESS

- ❖ Over 90% of sales are prepaid via internet orders with credit cards
- ❖ Vendor payment terms of “120 days from shipment” with over 90% of products
- ❖ Proceeds from Book Sales in first 90 days usually covers cash flow required for payment of product
- ❖ Historical Cost of Sales improving due to volume discounts on larger/longer print runs
- ❖ Limited Capital Expenditure requirements
- ❖ Building Lease Income of \$1.6M and debt payments of \$0.96M



INVESTMENT PERFORMANCE

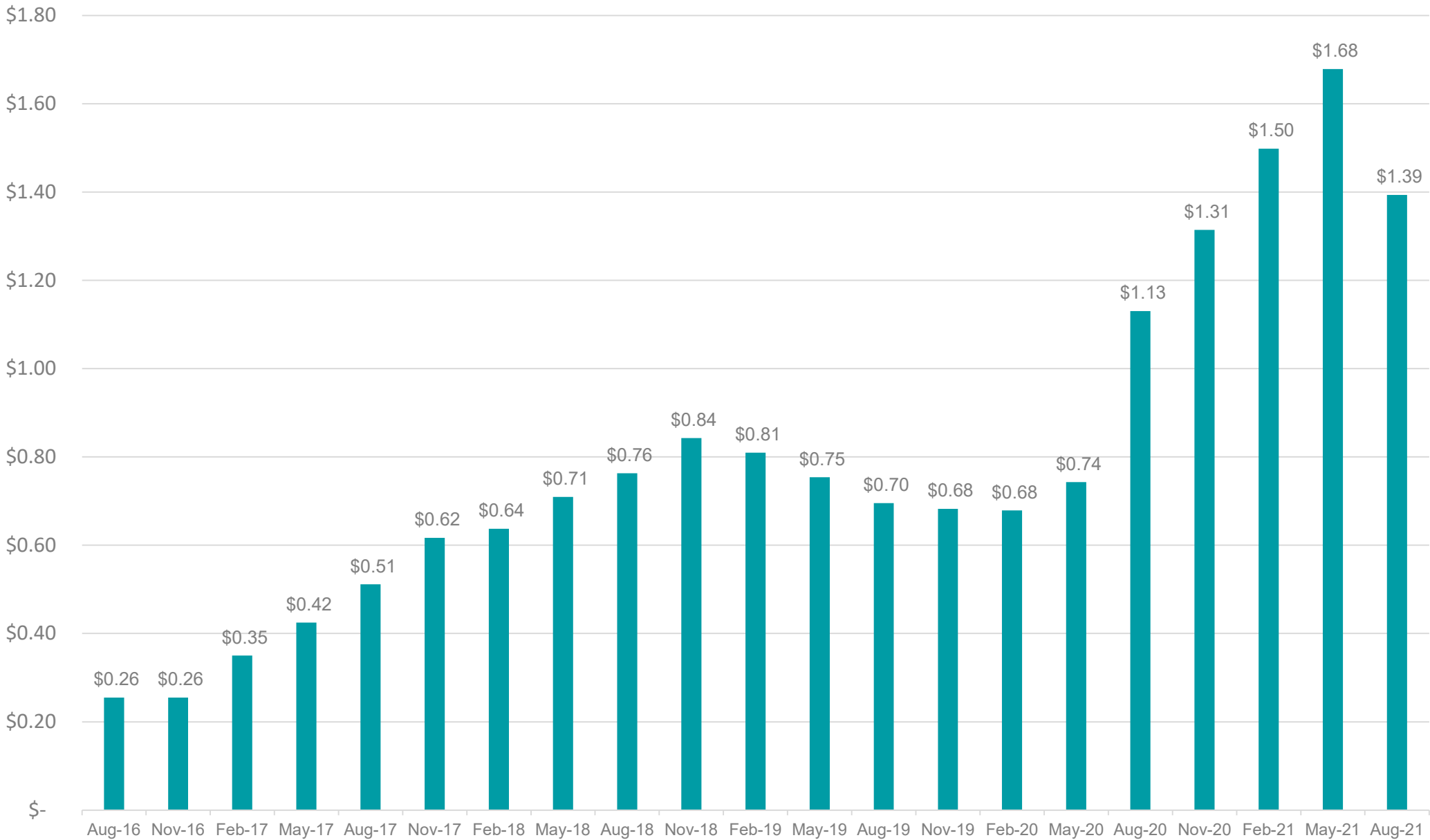
TTM EBITDA





INVESTMENT PERFORMANCE

TTM Fully Diluted EPS



FISCAL 2021 HIGHLIGHTS

- Net Revenues growth from **\$113M** to **\$205M**
- Debt reduced **\$19M** down to **\$11M**
- Annualized dividend increased from \$0.20 to **\$0.40** per share

FISCAL 2022 EXPECTATIONS

- Continued profitability through restructure of both Freight revenue rates and UPS Parcel contract
- Expect lower cost of sales/improved margins from vendor volume rebates and increased vendor volume discounts



MISSION STATEMENT

The future of our world
depends on the
education of our children.

We deliver **educational excellence**
one book at a time.

We provide **economic opportunity**
while fostering
strong family values.

We touch the lives of children
for a lifetime.

