




25th Annual Needham Growth Conference Investor Presentation

January 2023

FORWARD LOOKING STATEMENTS



This presentation contains statements that may be characterized as forward-looking statements under the Private Securities Litigation Reform Act of 1995. Those statements represent the current beliefs of management with respect to future events, financial performance and industry conditions. Those statements also involve a number of risk factors and uncertainties that could cause actual results to differ materially from those contained in this presentation, including those set forth in the Company's annual, quarterly and other reports filed with the Securities and Exchange Commission.



Who We Are

BNED is a leading solutions provider for the education industry.

We drive affordability, access and achievement at hundreds of institutions and ensure millions of students are equipped for success in the classroom and beyond.

BNED At a Glance

#1

Largest Operator of
College Bookstores

\$1.5B

Fiscal 2022 Revenue

6M+

Students & Faculty
Served

793

Physical Bookstores*

606

Virtual Bookstores*

111

Campus Stores Leveraging
Equitable Access Solutions*

* As of second quarter ended on October 29, 2022

NYSE: **BNED**

BNED Is a Recognized Leader in Higher Education

- Deliver superior customer experience & satisfaction- #1 in overall customer satisfaction⁽¹⁾
- Create state of the art destinations
- Enhance an institution's brand and appeal
- Enhance student outcomes & affordability
- Increase market share & financial contribution through rapid growth of digital and subscription-based services



1: Source – Hanover Research "National Full-Service College Bookstore Partner Satisfaction Survey" conducted between 7/21/22 and 9/15/22

Addressing the Challenges that Students Face

- Affordability of a college education continues to be on the forefront of students' minds
- Less than half of students (47%) believe their school is doing something to improve affordability
- Affordability influences the main reason students feel they are not prepared on the first day of class
- 60% didn't buy their textbooks on time because they wanted to check with professors first
- Shift to online learning has negatively impacted student confidence

Source: BNC Student Pulse 2021; BNC College Insights



Q2 FY 2023 Highlights

Total consolidated revenue of \$617.1 million decreased 1.6%

- Total Retail Segment revenue was down 1.7% year-over-year to \$598.6 million
- Retail gross comparable course materials revenue was down 4.6%- continues to be impacted by industry headwinds

FDC revenue grew 97% to \$89.9 million

- 111 campus stores utilized FDC for the fall term
- Represents undergraduate enrollment of ~545,000 students

Executing a plan to accelerate FDC adoption

- A more profitable and predictable model
- Proven benefits to students and partners

Announced \$30 million to \$35 million of annualized cost savings

- Expect to save \$10 million to \$15 million in Fiscal 2023
- The remainder will occur in Fiscal 2024 and will be accretive to adjusted EBITDA

Updated FY 2023 adjusted EBITDA guidance to a range of \$20 million to \$30 million

Strategic Initiatives Focused On Long-term Growth & Profitability



Lead the industry transition to equitable access offerings through First Day Complete (FDC)



Grow general merchandise sales through improved merchandising assortment and enhanced online shopping experience via partnership with Fanatics and Lids



Increase number of schools served



Streamline operational structure and align capital allocation decisions to the highest-return opportunities

BNED's Inclusive and Equitable Access Offerings Increase Access, Affordability and Achievement

First Day Complete



Adopted by entire institution- student opt out



Physical or digital materials



Fees bundled into tuition or a course material fee



30%-50% lower course material costs for students



80%+ sell through rates to undergraduate enrollment

First Day by Course



Adopted by individual faculty member



Digital course materials only



Fees bundled into tuition or a course material fee



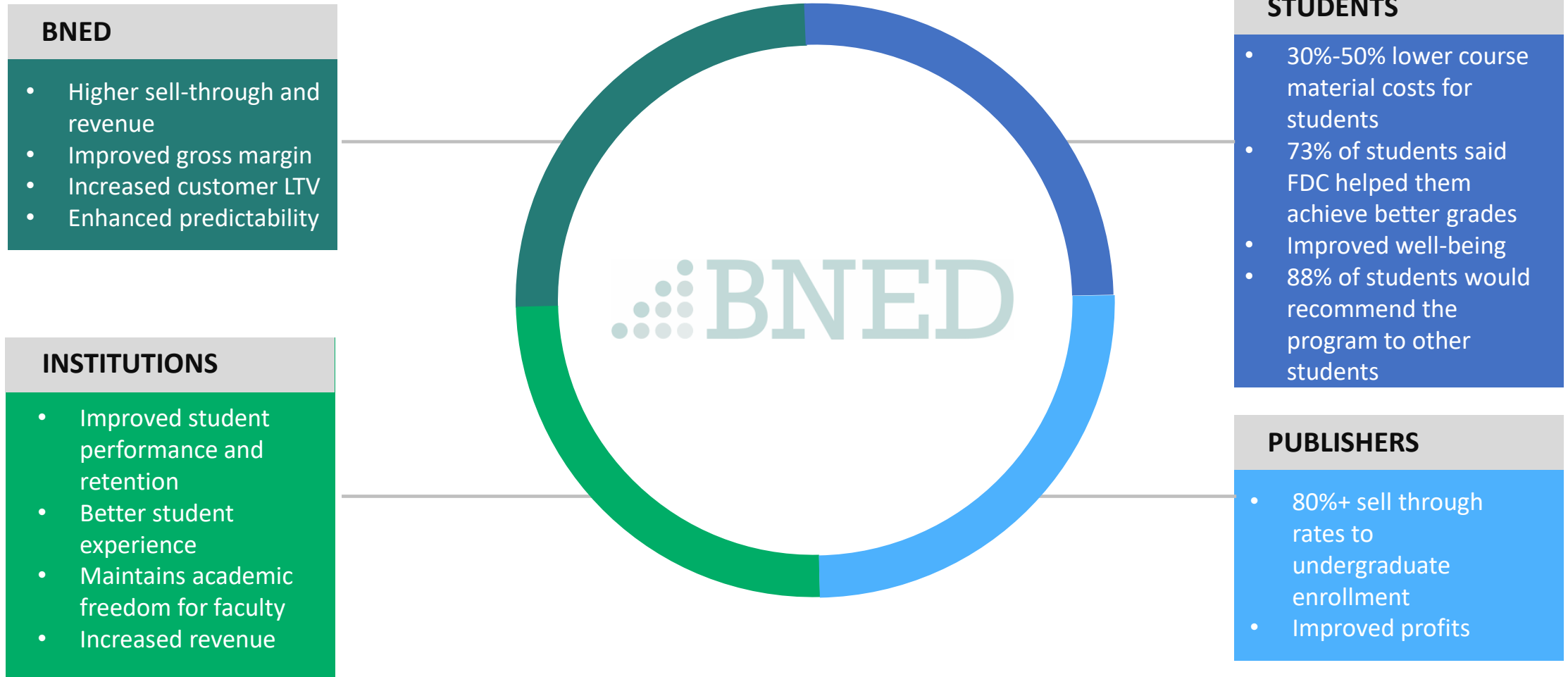
30%-50% lower course material costs for students



98% sell through rates to enrolled classes



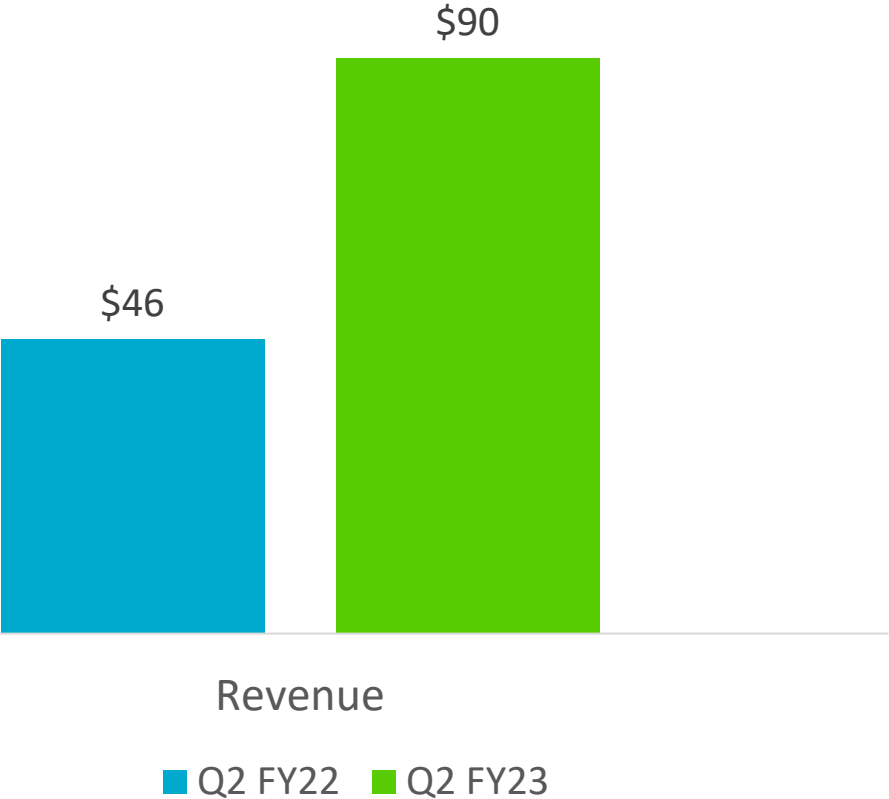
First Day Complete Benefits the Entire Ecosystem



First Day Complete Is A More Predictable & Profitable Model

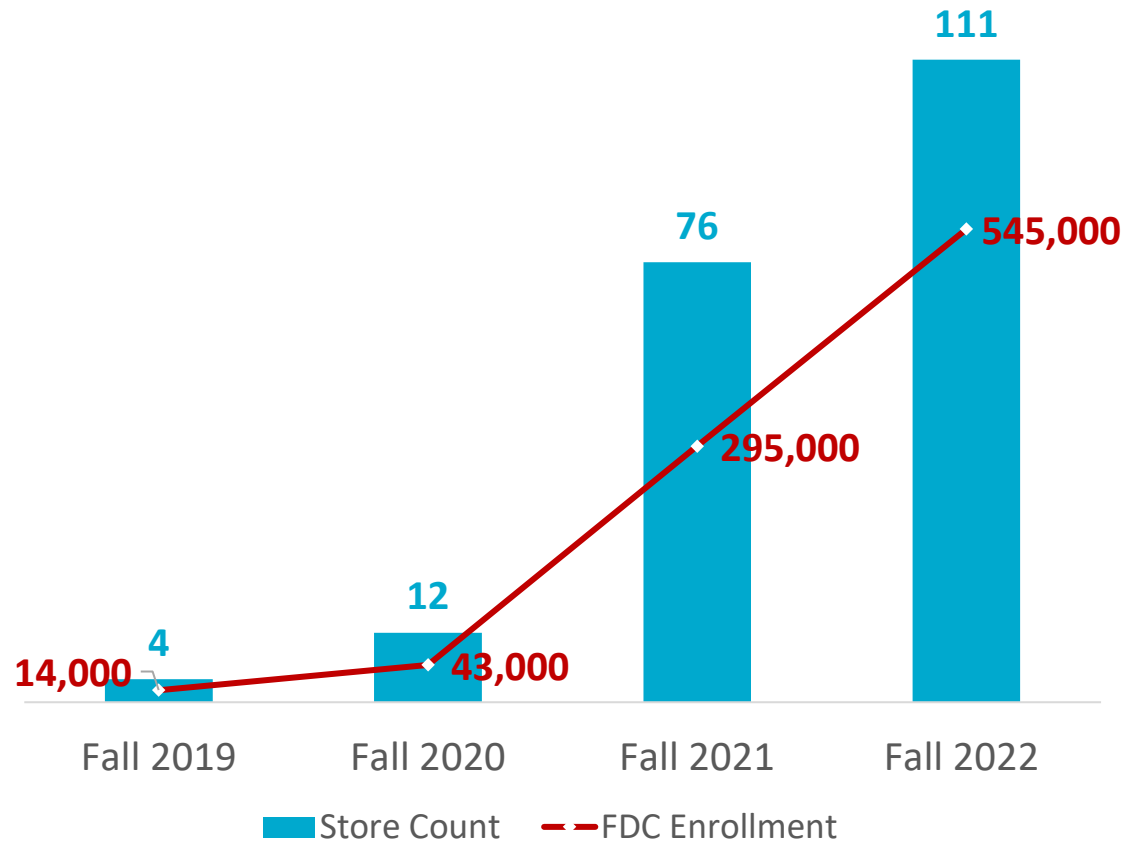
\$ in millions

First Day Complete Course Material Revenue



- 97% Q2 FY2023 revenue growth
- FDC gross margin is significantly higher than traditional model
- ~80% sell-through rates
- Subscription-like revenue that is ‘stickier’ and easier to forecast

We Expect FDC's Strong Growth To Continue As It Becomes the Only Model Offered to Most Schools



- BNED has led the market change to equitable access over the past five years
- FDC is a high-growth, scaled solution with the platform in place to accelerate adoption and deliver a superior customer experience
- BNED has informed many schools that FDC will be the only model we offer by the Fall of 2024
- BNED is in active discussions with schools and there is a substantial pipeline of schools considering transitioning to FDC for the Fall 2023 term
- BNED's capital allocation is focused on FDC growth; including sales, marketing, operational support and technology to further scale and streamline the FDC customer experience

BNED is Uniquely Positioned to Deliver a Compelling FDC Experience



Integrated Technology

- Adoption & Insights Portal is an advanced course-material management tool
- Integrations between the school, student information systems (SIS), LMS, financial aid, and billing provide a streamlined order process



Logistics Expertise and Scale

- AI and Robotics powered warehouse for efficient order management, shipping and delivery



Significant Publisher Relationships and Contracts

- BNED's strong relationships and aligned objectives with publishers keep prices low
- BNED serves as a single point of contact for institutions' course material procurement



Improved Student Outcomes

- FDC provides the access, convenience and affordability to drive increased academic success



Omnichannel General Merchandise Experience Drives School Brand Expansion



Destination for campus events including student tours, homecoming, parents and reunion weekends and sporting events



Highly convenient shop to support student's day-to-day needs



BNC and Fanatics powered websites extend the reach of the campus store



Strategic Partnership with Fanatics and Lids Provides Best-of-Breed In-store and E-commerce Retail Experience

BNED



Contractually own and manage school relationships



Staff and manage the operations of the schools' bookstores and websites



Reflect and enhance each campus's brand

Fanatics and Lids



Source in-store logo and emblematic products with data analytics



Leverage e-commerce expertise and channel leadership to enhance consumer experience and increase sales



Leverage investment in technology, customer acquisition and product assortment

IMPROVE GENERAL MERCHANDISE GROWTH & PROFITABILITY

\$ in millions



Focus on logo and emblematic sales through continued integration with Fanatics and Lids partnership



Leverage omnichannel reach to enhance consumer experience



Improve store profitability

\$122.7

Revenue in Q2 FY'23

4.5%

Increase in Q2 FY'23 Retail Gross Comparable Store Sales

DSS Provides Direct-to-Student Services Helping Students Study More Effectively and Improve Academic Performance

Studentbrands

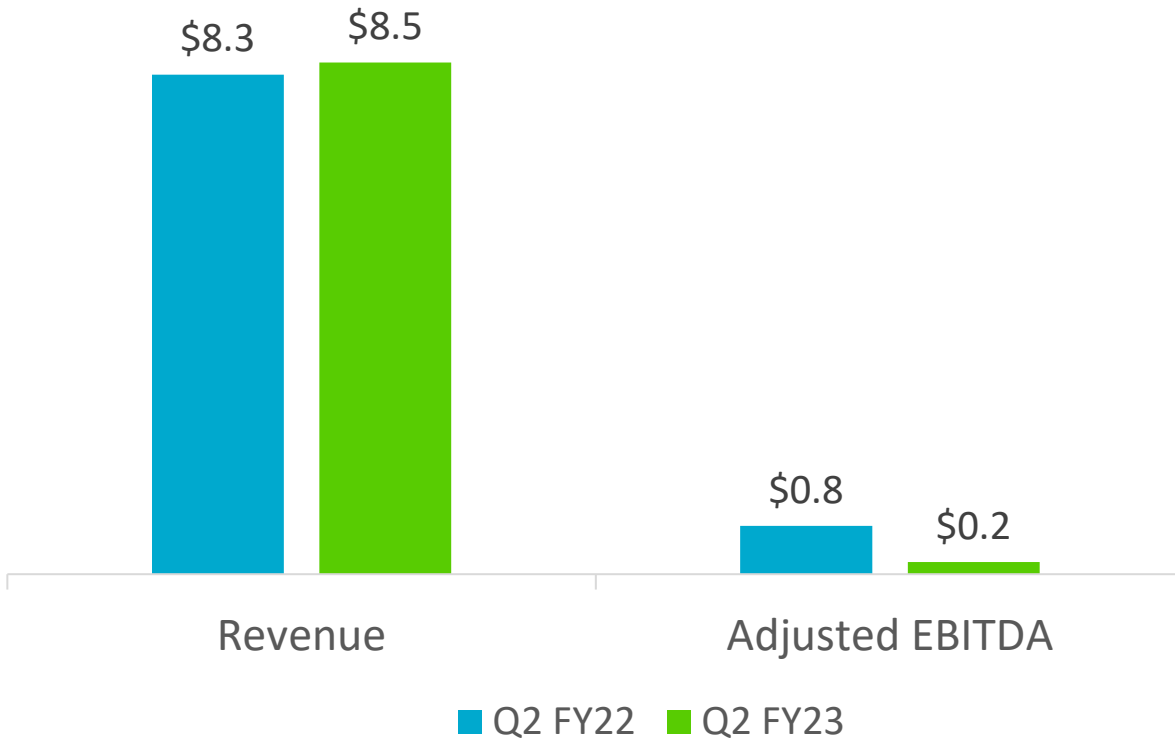
- Leading direct-to-student subscription-based writing services business
- 10+ websites, 4 languages, 68M User Generated Content (UGC) documents
- Mature publishing platform with predictive and generative capabilities
- Technology to handle content at scale
- Deep SEO expertise

bartleby®

- Direct-to-student subscription-based offering providing textbook solutions, expert questions and answers, writing and tutoring services
- Providing learning tools (*bartleby learn*), writing assistance (*bartleby write*) and idea generation (*bartleby research*)
- 2.3 million textbook solutions: 1,600 titles which represent >70% coverage of relevant STEM & Business course materials
- 7.3 million Q&A library covering 30 subjects

DSS Is On a Clear Path to Profitable and Sustainable Growth

\$ in millions



Focused on streamlining our operational structure and increasing efficiencies to drive profitability



Refine and optimize marketing & content spend



Streamline data infrastructure and processes



Optimize pricing

Cash flow break-even in FY 2024

Fiscal 2023 Q2 Financial Highlights

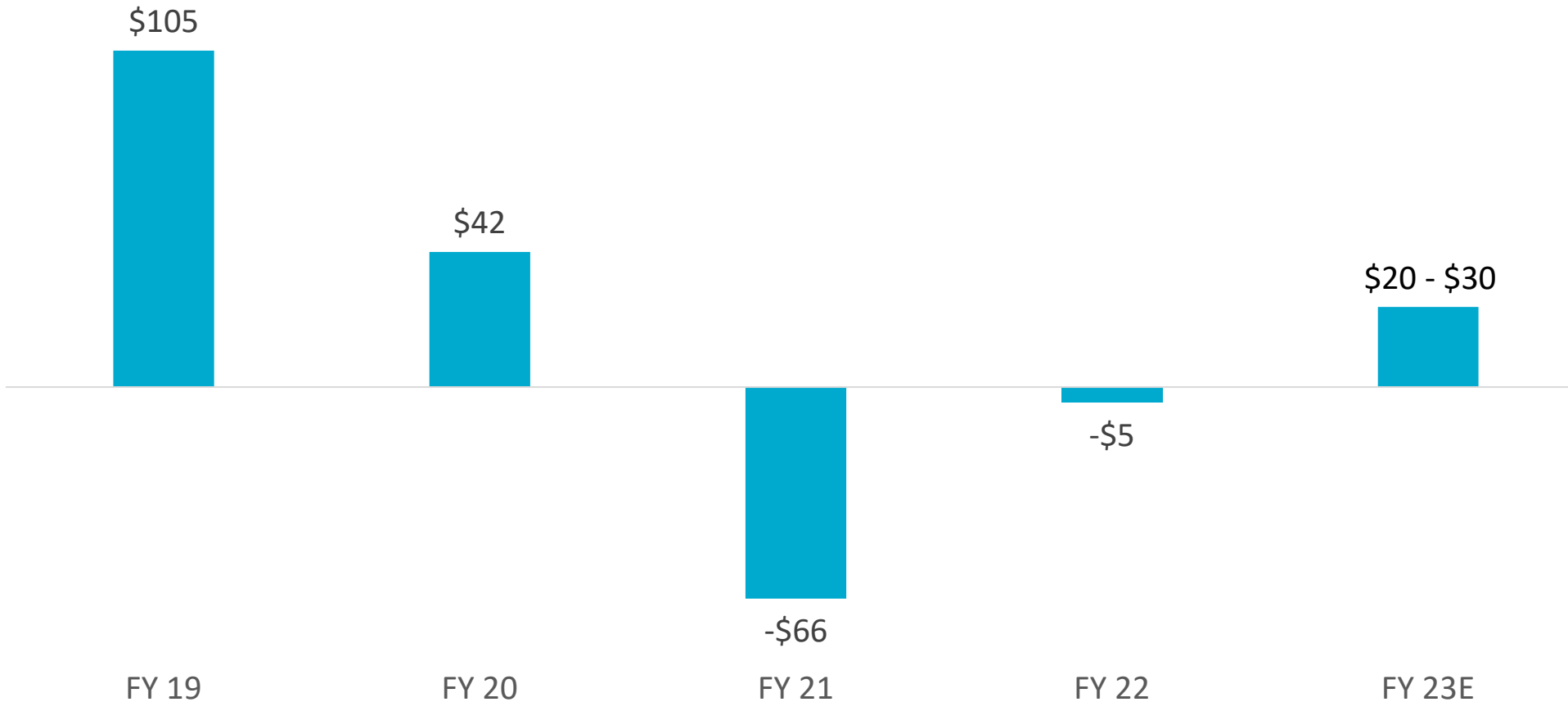
Fiscal 2023 Second Quarter Review

\$ in millions

Metrics	Q3 FY 2023	Q3 FY 2022	Inc./Dec.
Total Consolidated Sales	\$617.1	\$627.0	\$(9.9)
Retail Gross Comparable Store Sales	(2.2)%	13.2%	
Retail Gross Comparable Store Sales	(4.6)%	(0.1)%	
General Merchandise Gross Comp Store Sales	4.5%	76.6%	
Gross Profit	\$144.8	\$145.6	\$(0.7)
Selling & Administrative Expenses	\$107.1	\$107.9	\$(0.8)
Adjusted EBITDA (non-GAAP)			
Retail	\$39.4	\$39.4	--
Wholesale	\$1.6	\$1.2	\$0.4
DSS	\$0.2	\$0.8	\$(0.6)
Corp. Services & Eliminations	\$(1.8)	\$(2.5)	\$(0.7)
Total Adjusted EBITDA (non-GAAP)	\$39.4	\$39.0	\$0.4

FY23 Non-GAAP Adjusted EBITDA Outlook

\$ in millions



- On 12/6/22, BNED announced \$30 million to \$35 million of annualized cost savings
- \$10 million to \$15 million of the cost savings will occur in FY 2023
- The remaining \$15 million to \$25 million will occur in FY 2024 and will be accretive to Adjusted EBITDA in FY 2024

Investment Highlights

1

BNED is a unique asset in the higher ed industry with the scale, strategic asset mix, and competitive positioning to meet the needs of the higher ed institutions and students we serve

2

Accelerating our transition to the FDC model, a more profitable and predictable model with proven benefits to students and partners

3

Differentiating general merchandise by refining and optimizing partnership with Fanatics and Lids through improved merchandise assortment and online experience

4

Taking significant action to drive profitability across the business and allocate capital to the highest return opportunities



Appendix

Adjusted EBITDA (non-GAAP) Reconciliation

\$ in thousands

	13 weeks ended		26 weeks ended	
	October 29, 2022	October 30, 2021	October 29, 2022	October 30, 2021
Net income (loss)	\$ 22,144	\$ 22,528	\$ (30,563)	\$ (21,100)
Add:				
Depreciation and amortization expense	10,759	11,952	23,292	24,576
Interest expense, net	4,886	2,264	8,754	4,758
Income tax (benefit) expense	(300)	(203)	633	196
Merchandise inventory loss	-	-	-	434
Content amortization (non-cash)	1,618	1,311	3,195	2,586
Restructuring and other charges	260	1,116	635	3,021
Adjusted EBITDA (non-GAAP)	\$ 39,367	\$ 38,968	\$ 5,946	\$ 14,471

Please refer to the company's 10-Q filing for the period ended October 29, 2022, for additional information.

