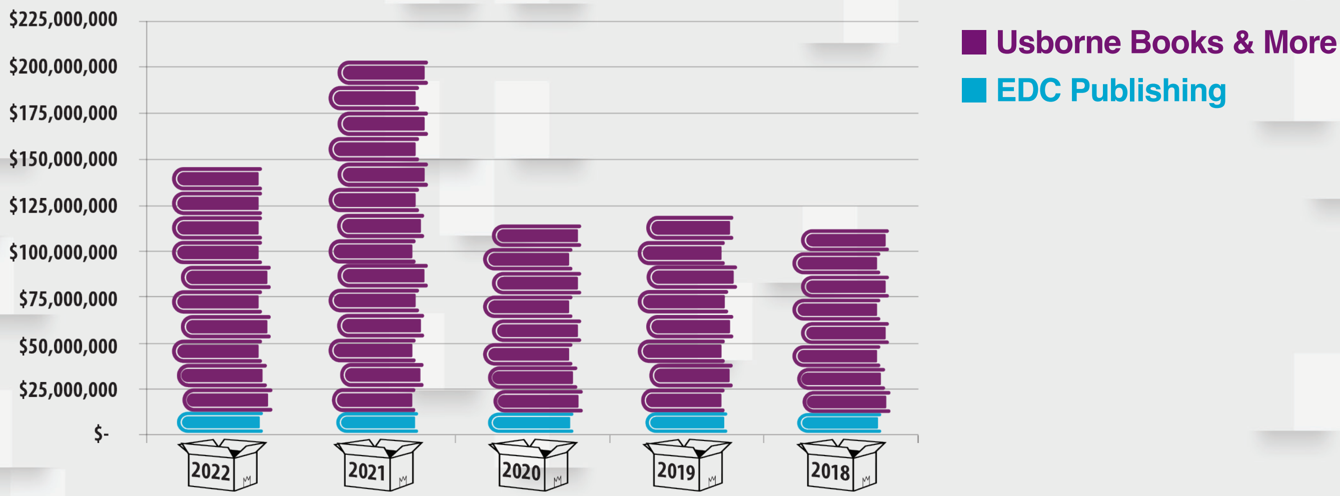
2022

Annual Report

Educational Development Corporation

Net Revenues by Division

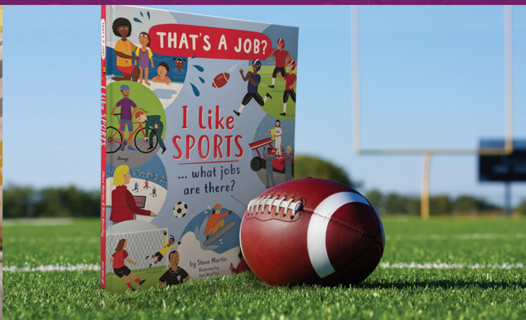


Financial Information

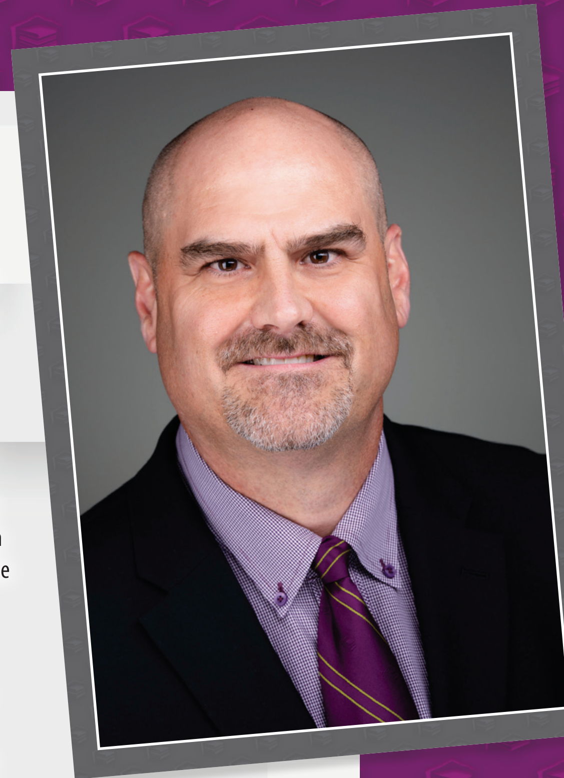
	2022	2021	2020	2019	2018
Net revenues	$142,228,800	$204,635,100	$113,011,900	$118,811,300	$111,984,600
Earnings before income taxes	$11,235,900	$17,230,800	$7,751,900	$9,180,800	$7,832,700
Net earnings	$8,306,800	$12,624,000	$5,645,100	$6,678,400	$5,214,700
Basic earnings per share	$1.03	$1.51	$0.68	$0.82	$0.64
Diluted earnings per share	$0.98	$1.50	$0.68	$0.81	$0.64
Total assets	$109,933,700	$88,850,500	$64,702,800	$69,266,300	$61,837,900
Shareholders' equity	$46,765,500	$40,259,800	$29,392,800	$25,930,500	$20,402,100
Return on equity	17.8%	31.4%	19.2%	25.8%	25.6%
Return on assets	7.6%	14.2%	8.7%	9.6%	8.4%

Common Stock

	2022	2021	2020	2019	2018
Shares outstanding at year end	8,707,247	8,346,600	8,348,651	8,195,082	8,179,612
Book value at year end	$5.37	$4.82	$3.52	$3.16	$2.49
Market price range:					
High Close	$19.12	$19.17	$9.15	$13.45	$11.40
Low Close	$7.06	$3.43	$5.16	$7.37	$3.38
Market price at year end	$7.88	$15.61	$5.16	$8.05	$9.68



Letter From The President



Fiscal 2022 was another year of accomplishments for our Company. We achieved our second-largest revenues and earnings in the Company's history and this financial success, along with our other accomplishments, could not have happened without the hard work of our dedicated sales, marketing, operations, IT, and accounting teams. From another successful virtual Convention with our Usborne Books & More Consultants to a record-setting year for our Retail division, a leadership transition, and an acquisition, fiscal year 2022 was a big year for EDC.

In my first letter to our shareholders, I would be remiss not to mention the transition of company leadership to myself from Randall White, who was President and CEO for over 35 years. Under Randall's leadership, EDC has grown from a small distribution business generating six million dollars in sales to a world recognized publishing company that generated over two hundred million in sales in fiscal 2021. Randall was one of the longest tenured Chief Executive Officers over a public Company in history. His accomplishments during his tenure are extensive and the good news for our shareholders and stakeholders is that he continues to be active in his new role as Executive Chairman.

It was almost two years ago that Randall and our Executive Leadership Team started drafting our succession plan which we finished executing midway through the second quarter. July 13, 2021 began a new era at EDC as Randall stepped into his new role and I assumed the leadership roles of President, Chief Executive Officer and became a member of our Board of Directors. Although I have been a part of EDC's success over the past 30 years, taking over as the President and Chief Executive Officer has been both humbling and rewarding. I look forward to continuing the success of EDC in my new role, commitment to long-term shareholder returns, and writing new success stories in the years to come.

My goals in this new role are to continue the Company's passion to protect the business opportunity we offer through our UBAM direct sales division, foster growth in revenues and earnings for our employees and stakeholders, mitigate risks of volatility, and be open to new possibilities. One such possibility came to us almost immediately after my transition to CEO and we were able to close EDC's first acquisition in over ten years. Learning Wrap-Ups quality manipulative educational products have been part of our product offering for 25 years and their management's goals to align themselves with a long-term sales channel matched perfectly with our goals to improve profitability. With this new addition, we will improve our costs of goods sold on these products and expect to increase sales through our School, Library and Book Fair sales channels. We also see increased sales opportunities with our Retail division as we introduce Learning Wrap-Ups products to our customer base in that channel.

We will mitigate risk through the continued improvements of our product offerings. We continue to introduce new Usborne and Kane Miller products that not only generate excitement but also strengthen our award-winning product line. Usborne Publishing was recently awarded the "British Book Publisher of the Year" and continues to be the gold standard of children's educational books. Kane Miller allows us to bring the best works from award winning international and domestic publishers to the U.S. market through a carefully curated list of titles which meet the needs of our customers.

To address protecting the business opportunity we offer; we will strive to create increased sales opportunities for our UBAM sales consultants. We launched new technologies last year with a new Back Office business suite and we are rolling out our updated e-commerce shopping platform. These new platforms improve the sales and earnings opportunities of our consultants and will serve as the foundation for additional improvements that we plan to roll out in fiscal 2023 and beyond.

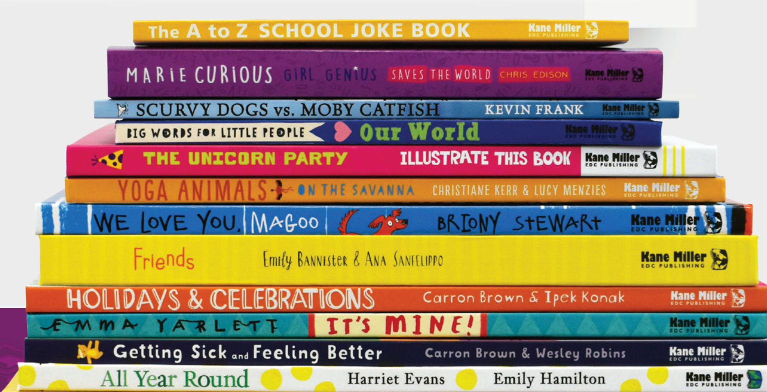
EDC's Executive Leadership Team is strong and committed to our future. Chief Financial Officer, Dan O'Keefe, has brought a deep understanding of business and financial foresight to the team. Chief Sales and Marketing Officer, Heather Cobb, continues to drive program changes that enable our consultants to generate more sales which leads to higher earnings and longer retention. We work together daily to further our literacy mission by providing leadership to team members within the building as well as to our field sales force.

All that I have mentioned above is incredibly important to me but not as important as growth. EDC has had a long history of growth and my personal goal is to lead EDC to record sales and earnings results. To do this, we will continue to introduce new titles, offer the best line of children's books in the U.S. and add other complimentary products. The acquisition of Learning Wrap-Ups is just the beginning of the new chapter of EDC. There will be more to come as we begin this next chapter.

Cordially yours,

Craig White

Craig White
President and Chief Executive Officer



About EDC

Educational Development Corporation (EDC) is a publishing company specializing in books for children. EDC is the American co-publisher of the UK-based Usborne Books and owns Kane Miller, which publishes children's literature from around the world. EDC's current catalog contains over 2,000 titles, with new additions semi-annually. Both Usborne and Kane Miller products are sold nationally by approximately 60,000 direct sales consultants, as well as in 4,000 book, toy and specialty stores.

- **1965** – EDC founded to develop supplemental curriculum material for schools
- **1978** – EDC acquires the rights to publish Usborne books in North America
- **1983** – EDC hires Randall W. White as Treasurer
- **1986** – EDC announces Randall W. White as new President and Chief Executive Officer
- **1989** – EDC launches the Direct Sales Division, Usborne Books at Home
- **1994** – EDC celebrates first $1 million sales month
- **1997** – Direct Sales Division holds first annual convention in Tulsa
- **2008** – EDC acquires Kane Miller, renames the Direct Sales Division "Usborne Books & More" (UBAM)
- **2011** – EDC hires Heather Cobb as UBAM National Sales Manager
- **2012** – EDC President & CEO Randall White makes the decision to stop selling through Amazon
- **2015** – EDC acquires new 400,000 sq ft distribution facility on 40 acres in Tulsa, OK
- **2017** – EDC surpasses $100 million in annual sales
- **2018** – EDC announced in Direct Selling News Global 100
- **2019** – EDC promotes Craig White to Chief Operating Officer and Heather Cobb to Chief Sales and Marketing Officer
- **2020** – *UBAM 30th Anniversary Kane Miller 10th Anniversary*
- **2021** – *EDC surpasses $200 million in Net Sales*
- **2022** – *Craig White becomes President & CEO; EDC acquires Learning Wrap-Ups*

Kane Miller Books

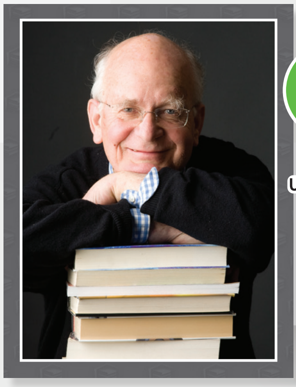
For over 35 years, Kane Miller has been publishing award-winning children's books in the United States from some of the best author's from around the world. Kane Miller books transport the reader to places that are simultaneously different and familiar. Kane Miller titles foster global awareness, good citizenship, appreciation for diversity, kindness and perseverance. Like Usborne, Kane Miller offers books in a variety of formats for every age, from babies to adults.

Kane Miller EDC PUBLISHING

Usborne Books

Usborne Publishing was created in 1973 and has become the leading UK independent publishing company focused on early childhood learning. Founder Peter Usborne pioneered a new generation of vividly illustrated books created with the belief that children are intelligent, learn more than adults on a daily basis, and deserve compelling books that are visually and intellectually stimulating. This vision has been extended to incorporate over 2,000 titles for children of every age, from infants to teenagers, in a variety of topics and formats. Usborne books are currently published globally in over 100 languages.

2020 Children's Publisher of the Year
-British Book Awards



USBORNE

News from Our Two Sales Divisions

Heather Cobb
Chief Sales & Marketing Officer

Fiscal 2022 was a success on two important levels; first, as the second-largest sales year in our history, and secondly, because we continued to do what we do best, which is to put the best books in the world into the hands of children, families, and communities. The ability to identify opportunities, make a plan, and move forward with purpose has defined our sales teams over the years and will continue to do so into the future.

Our mission remains unchanged and is the foundation that drives everything we do. "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."

We can make a monumental impact as a company when we are all telling stories together. But, we have to remember that as wonderful as the books are (and they are truly phenomenal), they are not the hero of our story. The impact that each of our sales team members makes each and every day makes them the hero.

Usborne Books & More (UBAM) Division

UBAM experienced success in fiscal 2022, wrapping up the second-largest revenue year in its history. UBAM has a constant yearning to make an impact on literacy, and nothing will stand in our way as we work toward our mission. UBAM's success is determined by our ability to find solutions. The story of UBAM is one of overcoming and perseverance. Our generous literacy programs encourage reading, make learning fun, and provide simple fundraising opportunities.

As the pandemic continued into fiscal 2022, we offered virtual training opportunities to the field, including our 'Field Trip' day of learning in the spring, Convention during the summer, and a Product Knowledge training event later in the year. While it will always be our preference to have in-person events and connect live for training and motivation, the foundation of virtual events set last year provided us the much-needed experience to offer moments to learn, renew, and reflect on the business and the products. We expanded our training offering with an update to our online platform, which provides streamlined access and more robust tools for our field sales consultants. In addition, it was our absolute privilege to be able to take a group of almost 1,000 UBAM earners and family members on an amazing incentive trip to Hawaii in July. After having to cancel our trip in 2020, we had earners from both years on an adventure titled 'Hawaii 2.0'.

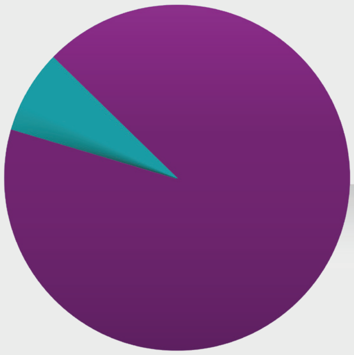
Direct Selling News again recognized us as part of their Global 100, which identifies global companies based on annual revenue. In addition, Usborne Books & More holds the distinguished honor of being a Customer-Centric Recognized (CCR) Platinum company, their highest level. The CCR program is based solely on a company's customer-to-distributor ratio, leading the way toward a customer-centric future for the industry of direct selling.

UBAM Consultants sell through multiple avenues, including parties both in homes and online, book fairs, a grant matching program, fundraisers, reading incentive programs, and more. These sales opportunities roll into the various promotions and incentives offered by our Home Office, including monthly challenges and travel incentive contests.

FY2022 Key Performance Indicators:

- New Consultants: 26,100 ↓ -53%
- Consultants with Leader level status at end of year: 2,869
- Active Consultants at end of year: 36,100

Percent of Revenues by Division:



UBAM: 91%
Retail: 9%

EDC Publishing (Retail) Division

The Publishing Division, also known as the Retail Division, sells to large national bookstore chains and independent retailers, including book, toy and gift stores nationwide. Fiscal year 2022 was a record year for this division, exceeding $13 million in annual sales, an increase of 53.6%. This growth can be attributed to two main factors: the reopening and resurgence of bookstores and new leadership within the division.

As we stated in last year's report, we were excited and hopeful about the new leadership within this division and the success they experienced. That initial success last year was followed this year with sales goals being set and broken and a steady success of gaining new accounts that now benefit from our offering of titles and products. Reaching $13 million in annual sales in this Division was a great accomplishment, and we are excited about the future success of our Retail Division.

Dan O'Keefe
Chief Financial Officer

New Lines 7 & 8

Operations

Fiscal 2022 was an exciting time for EDC Operations. We successfully completed the construction of our new two-level picking and packing system (Lines 7 and 8), which went live in August 2021. With its multiple induction points, early kick out points (which allow orders to leave the pick module upon completion and go straight to packing without waiting on other orders to finish), and upgraded packing stations, we experienced a 20% increase in order speed efficiency which allowed us to navigate the fast-approaching fall season without using a 2nd shift. The new pick module is so much more efficient that our original Line 1 and Line 2 have become auxiliary production lines for large truckload orders and peak season capacity. The combined capacity of all our lines will allow us to reach an estimated $300 million in annual sales on a single day shift schedule.

The construction of the new picking and packing system consumed 35,000 square feet of former warehouse storage space. This required the utilization of an offsite flex-space warehouse where we constructed a combination of selective pallet racking and utilized high-density cube storage for this temporary overflow storage. Combined with streamlined inbound processes and the addition of a second 26-foot box truck, we were able to seamlessly transition into the technologically advanced, high volume output facility that we are today. Other efficiencies gained with the new system include software enhancements to our warehouse management system, such as the ability to effectively turn on or turn off pick lines, allowing our warehouse team to be more effectively utilized and managed.

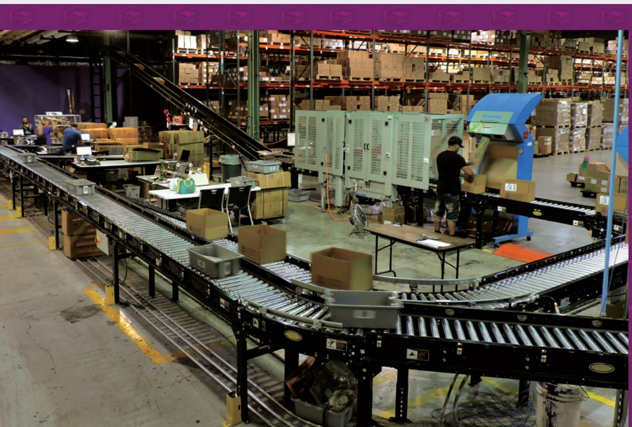
These exciting changes, upgrades and improvements allowed for a smooth close to fiscal 2022 and will most certainly boost our operational success through fiscal 2023.

Stock Prices & Dividends Paid

Fiscal Year	Stock Prices		Cash Dividend Paid
	High	Low	
2022	$ 19.12	$ 7.06	$ 0.40
2021	$ 19.17	$ 3.43	$ 0.27
2020	$ 9.15	$ 5.16	$ 0.20
2019	$ 13.45	$ 7.37	$ 0.15
2018	$ 11.40	$ 3.38	$ -

IT

As the majority of our sales orders are delivered through our e-commerce platform, where customers create orders by selecting items and checkout through an online shopping cart, Information Technology (IT) is truly the backbone of our business. Our IT team continued to make enhancements to applications that we developed internally, such as our e-commerce platform and our Back Office, which is the business suite that our UBAM independent sales consultants use to run their business. Another significant accomplishment was the redesign and rollout of our Educational Development Corporation website (www.edcpub.com). Currently, we are working on our new UBAM e-commerce platform, which will add more mobile friendly features, improve our customers experience and provide the foundation for future add-on capabilities. This new platform has been fully developed and should be released shortly. We have also started development on several new add-ons including Cards for a Cause Online, drafted a design for a Host Portal which would allow the UBAM party hosts to redeem their own rewards, and built a project plan for a new Point-of-Sale Device to be used in conjunction with UBAM in-person sales events. Our IT Development team has been working hard this past year and will continue to be integral to our success.



Another area of our IT structure that has been strengthened and enhanced includes our network security and network optimization. We have made improvements to our data backup and disaster recovery procedures, implemented new security software, added multi-factor authentication for external access and transitioned much of our internal e-commerce platform to "the Cloud." Operating in the Cloud not only brings network space optimization but additional "best-in-class" security. As an e-commerce business, network security and consumer data protection are at the forefront of every application we develop and deploy.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended February 28, 2022

OR

☐TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______________ to ________________.

Commission file number: 000-04957

EDUCATIONAL DEVELOPMENT CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**73-0750007**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
5402 South 122nd East Avenue, Tulsa, Oklahoma	**74146**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code **(918) 622-4522**

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, $.20 par value	**EDUC**	**NASDAQ**
(Title of class)	(Trading symbol)	(Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐	Smaller reporting company ☒
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.
☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.
☒

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

The aggregate market value of the outstanding shares of common stock held by non-affiliates of the registrant at the price at which the common stock was last sold on August 31, 2021 on the NASDAQ Stock Market, LLC was $60,743,600.

As of April 28, 2022, 8,715,018 shares of common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for fiscal year 2022 relating to our Annual Meeting of Shareholders to be held on July 6, 2022 are incorporated by reference into Part III of this Report on Form 10-K.

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PART I

FORWARD-LOOKING STATEMENTS

CAUTIONARY REMARKS REGARDING FORWARD LOOKING STATEMENTS

The information discussed in this Annual Report on Form 10-K includes "forward-looking statements." These forward-looking statements are identified by their use of terms and phrases such as "may," "expect," "estimate," "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 timely, changes to our primary sales channels, our ability to obtain adequate financing for working capital and capital expenditures, economic and competitive conditions, regulatory changes and other uncertainties, the COVID-19 pandemic, as well as those factors discussed below and elsewhere in this Annual Report on Form 10-K, 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 this Annual Report on Form 10-K and speak only as of the date of this Annual Report on Form 10-K. 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. As used in this Annual Report on Form 10-K, the terms "the Company," "EDC," "we," "our" or "us" mean Educational Development Corporation, a Delaware corporation, unless the context indicates otherwise.

Item 1. BUSINESS

(a) General Description of Business

We are the exclusive United States ("U.S.") trade co-publisher of educational children's books produced in the United Kingdom by Usborne Publishing Limited ("Usborne") and we also exclusively publish books through our ownership of Kane Miller Book Publisher ("Kane Miller"); both award-winning publishers of international children's books. We are a corporation incorporated under the laws of the State of Delaware on August 23, 1965. Our fiscal year ends on February 28 (29).

Our Company motto is "The future of our world depends on the education of our children. EDC delivers 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."

(b) Financial Information about Our Segments

While selling children's books and related products (collectively referred to as "books") is our only line of business, we sell through two business segments, which we sometimes refer to as "divisions":

- Home Business Division ("Usborne Books & More" or "UBAM") – This division sells our books through independent consultants directly to our customers. Our consultants sell books by hosting home parties, through social media collaboration platforms on the internet, by hosting book fairs with school and public libraries and through other events.

- Publishing Division ("EDC Publishing" or "Publishing") – This division sells our books to bookstores (including major national chains), toy stores, specialty stores, museums and other retail outlets throughout the country.

Percent Net Revenues by Division

	FY 2022	FY 2021
UBAM	91%	96%
Publishing	9%	4%
Total net revenues	100%	100%

(c) Narrative Description of Business

Products

As the exclusive United States trade co-publisher of Usborne books and sole publisher of Kane Miller books, we offer over 2,000 different children's books. Many of our books are interactive in nature, including our touchy-feely board books, activity books and flashcards, adventure and search books, art books, sticker books and foreign language books. Most of our books were originally published in other countries, in their native languages, and we translate them to common American English and have exclusive rights to publish the titles in the United States.

We also have a broad line of 'internet-linked' books which allow readers to expand their educational experience by referring them to relevant non-Company websites. Our books include science and math titles, as well as chapter books and novels. We continually introduce new titles across all lines of our products.

UBAM markets our books through commissioned consultants using a combination of direct sales, home parties, book fairs and internet based social media platforms ("online parties"). This division had approximately 36,100 active consultants as of February 28, 2022.

Our Publishing division markets through commissioned trade representatives who call on retail book, toy and specialty stores along with other retail outlets. Publishing also conducts in-house marketing by telephone to these customers and potential customers. This division markets to approximately 4,000 book, toy and specialty stores. Approximately 2% of our Publishing division's net revenues are to national book chain stores.

Seasonality

Sales for both divisions are greatest during the fall due to the holiday season.

Competition

While we have the exclusive U.S. rights to sell Usborne and Kane Miller books, we face competition from the internet and other book publishers who are also selling directly to our customers. Our UBAM division competes in recruiting and retaining sales consultants, which continuously receive opportunities to work for other direct selling companies, as well as new non-traditional employment opportunities in the gig-marketplace that provide part-time supplemental income. We also compete with Scholastic Corporation in the school and library book fair market.

Our Publishing division faces competition from large U.S. and international publishing companies that sell online and through the same retail publishing stores as well as for space in retail toy, gift and novelty stores that offer a variety of non-book products.

Employees

As of April 25, 2022, 166 full-time employees worked at our Tulsa, OK, San Diego, CA and Layton, UT facilities. Of these employees, approximately 61% work in our distribution warehouse in Tulsa, OK.

Company Reports

Pursuant to Section 13 or 15 of the Exchange Act, as soon as reasonably practicable after filing electronically or otherwise furnishing it to the Securities and Exchange Commission ("SEC"), we make available, free of charge, on our website (www.edcpub.com) copies of our Annual Reports and Quarterly Reports. Our website also includes an internet link to the federal SEC website that contains additional public reports, including Current Reports on Form 8-K, amendments to those reports filed or furnished to the SEC and reports of holdings of our securities filed by our officers and directors under Section 16 of the Exchange Act. These reports will be provided electronically, free of charge, upon request.

COVID-19 Update

The Company has taken numerous steps, and will continue to take further actions, in its approach to minimize the impact of the COVID-19 pandemic. Effective May 1, 2021, we lessened our safety and health practices in the office and warehouse based on the recommendations from the local Tulsa Health Department. We are closely monitoring the impact of the COVID-19 pandemic and continually assessing its potential effects on our business. While the Company did not experience a decrease in net revenues during fiscal year 2021, and while fiscal year 2022 results continued to show growth over pre-pandemic levels, the long-term severity and duration of the pandemic are uncertain and the extent to which our results are affected by COVID-19 cannot be accurately predicted. See Management's Discussion and Analysis of Financial Condition and Results of Operations for more information on the impact COVID-19 had during the current fiscal year.

Item 1A. RISK FACTORS

We are a smaller reporting company and are not required to provide this information.

Item 1B. UNRESOLVED STAFF COMMENTS

None

Item 2. PROPERTIES

Our headquarters office and distribution warehouse are located on a 40-acre complex at 5402 South 122nd East Ave, Tulsa, Oklahoma. We own the complex which includes multiple buildings that combine to approximately 400,000 square feet of office and warehouse space, of which 218,700 is utilized by us and 181,300 is occupied by a third-party tenant. Substantially all customer orders are fulfilled from our 170,000 square foot warehouse, in Tulsa, Oklahoma, using multiple flow-rack systems, referred to as "lines," to expedite order completion, packaging, and shipment.

We also own a facility located at 10302 East 55th Place, Tulsa, Oklahoma that contains approximately 105,000 square feet of usable space including 8,000 square feet of office and 97,000 square feet of warehouse space. We use approximately 76,000 square feet of warehouse space for overflow inventory. The remaining 8,000 square feet of office space and 21,000 square feet of warehouse are leased to third-party tenants with multi-year lease agreements.

In addition to these owned properties, we also lease additional warehouse space in Tulsa, Oklahoma as needed for overflow inventory, a small office in San Diego, California that is used by our Kane Miller employees, and a warehouse and office space in Layton, Utah resulting from the acquisition of Learning Wrap-Ups. We believe that our operating facilities meet both present and future capacity needs.

Item 3. LEGAL PROCEEDINGS

We are not a party to any material pending legal proceedings.

Item 4. MINE SAFETY DISCLOSURES

None

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The common stock of EDC is traded on NASDAQ (symbol "EDUC"). The number of shareholders of record of EDC's common stock as of April 28, 2022 was 457.

For information regarding our compensation plans see Note 10 of the notes to the financial statements and our definitive Proxy Statement to be filed in connection with the Annual Meeting of Shareholders to be held on July 6, 2022, as outlined in Part III, Item 12 in this Annual Report.

Issuer Purchases of Equity Securities

Period	Total # of Shares Purchased	Average Price Paid Per Share	Total # of Shares Purchased as Part of Publicly Announced Plan (1)	Maximum # of Shares that may be Repurchased Under the Plan (1)
December 1-31, 2021	-	$ -	-	514,594
January 1-31, 2022	-	-	-	514,594
February 1-28, 2022	-	-	-	514,594
Total	-	$ -	-	

(1) On February 4, 2019, the Board of Directors approved a new stock repurchase plan, replacing the former 2008 stock repurchase plan. The maximum number of shares which may be purchased under the new plan is 800,000. This plan has no expiration date.

Item 6. SELECTED FINANCIAL DATA

We are a smaller reporting company and are not required to provide this information.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains a discussion of our business, including a general overview of our segments, our results of operations, our liquidity and capital resources, and our quantitative and qualitative disclosures about market risk.

The following discussion contains forward-looking statements that reflect our future plans, estimates, beliefs and expected performance. The forward-looking statements are dependent upon events, risks and uncertainties that may be outside of our control. Our actual results could differ materially from those discussed in these forward-looking statements. See "*Cautionary Remarks Regarding Forward Looking Statements*" *in the front of this Annual Report on Form 10-K.*

Management Summary

We are the exclusive United States trade co-publisher of Usborne children's books and the owner of Kane Miller. We operate two separate segments; UBAM and Publishing, to sell our Usborne and Kane Miller children's books. These two segments each have their own customer base. The Publishing segment markets its products on a wholesale basis to various retail accounts. The UBAM segment markets its products through a network of independent sales consultants using a combination of home shows, social media platform events (called "online parties") and book fairs. All other supporting administrative activities are recognized as other expenses outside of our two segments. Other expenses are primarily compensation of our office, warehouse and sales support staff as well as the cost of operating and maintaining our corporate offices and distribution facilities.

UBAM Division

Our UBAM division uses a multi-level direct selling platform to market books through independent sales representatives ("consultants") located throughout the United States. The customer base of UBAM consists of individual purchasers, as well as schools and public libraries. Revenues are primarily generated through book showings in individual homes, on social media collaboration platforms, through book fairs with school and public libraries and other events.

An important factor in the continued growth of the UBAM division is the addition of new sales consultants and the retention of existing consultants. Current active consultants (defined as those with sales during the past six months) often recruit new sales consultants. UBAM makes it easy to recruit by providing sign-up kits for which new consultants can earn rewards including discounted books and cash based on exceeding certain sales criteria. In addition, our UBAM division provides our consultants with an extensive operational handbook, valuable training and an individual website they can customize and use to operate their business.

Consultants

	FY 2022	FY 2021
New Consultants Added During Fiscal Year	26,100	56,100
Active Consultants at End of Fiscal Year	36,100	57,600

Our UBAM division's multi-level marketing platform presently has eight levels of sales representatives:

- Consultants
- Team Leaders
- Advanced Leaders
- Senior Leaders
- Executive Leaders
- Senior Executive Leaders
- Directors
- Senior Directors

Upon signing up, sales representatives begin as "Consultants". Consultants receive "weekly commissions" from each sale they make; the commission rate they receive on each sale is determined by the marketing program under which the sale is made. In addition, Consultants receive a monthly sales bonus once their sales reach an established monthly goal and other awards (called "Home Office Challenges") for meeting other individual sales and recruiting goals for the month. Consultants who recruit a specified number of other consultants into their downline "central group" become "Team Leaders". Upon reaching this Team Leader level, consultants become eligible to receive "monthly override payments" which are calculated on sales made from their downline central group of recruits. Team Leaders that recruit and promote other Team Leaders, and meet other established criteria, are eligible to become "Advanced Leaders".

Once Advanced Leaders promote a second level consultant, add additional recruits and meet other established criteria, they become "Senior Leaders", "Executive Leaders", "Senior Executive Leaders", "Directors" or "Senior Directors". One-time bonus payments are made to consultants at each promotion level. Executive Leaders and higher receive an additional monthly override payment based upon the sales of their downline groups. Directors and higher receive an additional bonus payment if they promote an Advanced Leader to a Senior Leader from their central group. The maximum override payment a leader can receive is calculated on three levels below their downline central group.

During fiscal year 2022, internet sales continued to be the largest sales channel within our UBAM division. The use of social media and party plan platforms, such as those available on Facebook, continue to be popular sales tools. These platforms allow consultants to "present" and customers to "attend" online purchasing events from any geographical location.

Customer's internet orders are primarily received via the consultant's customized website, which is hosted by the Company. Consultants contact hosts or hostesses (collectively "hostess") who then provide a list of contacts to invite to an online party. During the online party, the consultant answers attendee's questions and provides product recommendations. These attendees then select desired products and place orders via the consultant's customized website. Internet orders are processed through a standard online "shopping cart checkout" and the consultant receives sales credit and commission on the transaction. All internet orders are shipped directly to the end customer. The hostess earns discounted books based on the total sales from the attendees at the online party.

Home parties occur when consultants contact hostesses to hold book shows in their homes. The consultant assists the hostess in setting up the details for the show, makes a presentation at the show and takes orders for the books. The hostess earns discounted books based on the total sales at the party, including internet orders for those customers who can only attend via online access. Home party orders are typically shipped to the hostess who then distributes the books to the end customer. Customer specials are also available when customers, or their party, order above a specified amount. Additionally, home shows often provide an excellent opportunity for recruiting new consultants.

UBAM net revenues also includes sales to schools and libraries through educational consultants. The school and library program includes book fairs which are held with an organization as the sponsor. The consultant provides promotional materials to introduce our books to parents. Parents turn in their orders at a designated time. The book fair program generates discounted books for the sponsoring organization. UBAM also has various fundraiser programs. *Reach for the Stars* is a pledge-based reading incentive program that provides cash and books to the sponsoring organization and books for the participating children. An additional fundraising program, *Cards for a Cause*, offers our consultants the opportunity to help members of the community by sharing proceeds from the sale of specific items. Organizations sell variety boxes of greeting-type cards and donate a portion of the proceeds to help support their related causes.

Publishing Division

Our Publishing division operates in a market that is highly competitive, with a large number of retail companies engaged in the selling of books. The Publishing division's customer base includes national book chains, regional and local bookstores, toy and gift stores, school supply stores and museums. To reach these markets, the Publishing division utilizes a combination of commissioned sales representatives located throughout the country and a commissioned in-house sales group located at our headquarters.

The table below shows the percentage of net revenues from our Publishing division based on market type.

Publishing Division Net Revenues by Market Type

	FY 2022	FY 2021
National chain bookstores	2%	5%
All other	98%	95%
Total net revenues	100%	100%

Publishing uses a variety of methods to attract potential new customers and maintain current customers. Our employees attend many of the national trade shows held by the book selling industry each year, allowing us to contact potential buyers who may be unfamiliar with our books. We actively target the national book chains through joint promotional efforts and institutional advertising in trade publications. Our products are then featured in promotions, such as catalogs, offered by the vendor. We may also seek to acquire, for a fee, an end cap position (our products are placed on the end of a shelf) in a bookstore, which we and the publishing industry consider an advantageous location in the bookstore.

Publishing's in-house sales group targets the smaller independent book and gift store customers. This market has seen continued growth over the past several years as our sales to large bookstore chains have fluctuated based primarily on the number of promotions that we are able to run in the national chain stores. Our semi-annual, full-color, 200-page catalogs, are mailed to over 4,000 customers and potential customers. We also offer two display racks to assist stores in displaying our products.

Our Publishing division activities and sales were significantly impacted during fiscal year 2021 due to the COVID-19 pandemic. Many of the national trade shows were canceled and a significant number of our retail customers temporarily closed to comply with their local health department recommendations. However, Publishing sales significantly increased this fiscal year due to the addition of new customers and stores opening back up to pre-pandemic levels.

Result of Operations

The following table shows our statements of earnings data:

	Twelve Months Ended February 28, 2022	Twelve Months Ended February 28, 2021
Net revenues	$ 142,228,800	$ 204,635,100
Cost of goods sold	44,297,500	60,037,000
Gross margin	97,931,300	144,598,100
Operating expenses		
Operating and selling	23,010,400	36,123,700
Sales commissions	44,377,500	69,977,200
General and administrative	20,302,200	22,541,500
Total operating expenses	87,690,100	128,642,400
Other (income) expense		
Interest expense	916,400	561,000
Other income	(1,911,100)	(1,836,100)
Earnings before income taxes	11,235,900	17,230,800
Income taxes	2,929,100	4,606,800
Net earnings	$ 8,306,800	$ 12,624,000

See the detailed discussion of net revenues, gross margin and operating expenses by reportable segment below.

The following is a discussion of significant changes in the non-segment related operating expenses, other income and expenses and income taxes during the respective periods.

Non-Segment Operating Results

Total operating expenses not associated with a reporting segment were $17.8 million for fiscal year ended February 28, 2022, compared to $19.4 million for the same period a year ago. Operating expenses decreased $1.6 million primarily related to a decrease in warehouse labor of $1.6 million driven by efficiencies gained from the addition of two new pick-pack-ship lines in fiscal year 2022 and lower sales, plus a $1.0 million decrease in freight-handling costs from the decrease in number of outbound shipments, offset by a $0.5 million increase in depreciation expense related to the addition of the new pick-pack-ship lines and a $0.5 million increase in warehouse rent for the increase in inventory.

Interest expense increased $0.3 million, to $0.9 million for fiscal year ended February 28, 2022, compared to $0.6 million reported for fiscal year ended February 28, 2021 due primarily to the increase in our line of credit and the addition of the advancing term loans in the current fiscal year.

Income taxes decreased $1.7 million, to $2.9 million for fiscal year ended February 28, 2022, from $4.6 million for the same period a year ago. This decrease was primarily related to a decrease in taxable income for the current fiscal year compared to the prior fiscal year. The effective tax rate decreased by 0.6%, to 26.1% for fiscal year ended February 28, 2022, as compared to 26.7% for fiscal year ended February 28, 2021 primarily due to sales mix fluctuations between states. Our tax rates are higher than the federal statutory rate of 21% due to the inclusion of state income and franchise taxes.

UBAM Operating Results

The following table summarizes the operating results of the UBAM segment for the twelve months ended February 28:

	Twelve Months Ended February 28, 2022	Twelve Months Ended February 28, 2021
Gross sales	$ 159,303,800	$ 237,317,700
Less discounts and allowances	(44,187,200)	(65,099,100)
Transportation revenue	13,861,900	23,790,700
Net revenues	128,978,500	196,009,300
Cost of goods sold	37,150,600	55,603,000
Gross margin	91,827,900	140,406,300
Operating expenses		
Operating and selling	18,800,300	31,182,700
Sales commissions	43,801,300	69,707,200
General and administrative	4,788,800	6,695,800
Total operating expenses	67,390,400	107,585,700
Operating income	$ 24,437,500	$ 32,820,600
Average number of active consultants	44,900	48,700

UBAM net revenues decreased $67.0 million, or 34.2%, to $129.0 million for fiscal year ended February 28, 2022, when compared with net revenues of $196.0 million reported for fiscal year ended February 28, 2021. The average number of active consultants in fiscal year 2022 was 44,900, a decrease of 3,800, or 7.8%, from 48,700 in fiscal year 2021. The Company reports the average number of active consultants as a key indicator for this division. During fiscal year 2021, our active consultants grew from 29,600 at the beginning of the year to 57,600 at the end of the fiscal year. This active consultant growth resulted from pandemic-related events such as seeking replacement income from loss of full-time employment, an increase in the need for work-from-home opportunities and an increased demand for educational products in the home. During fiscal year 2022 our active consultant count has declined due to consultants returning to full-time work, as well as families experiencing children returning to the classroom, therefore requiring less learning-from-home materials than they had in the prior year. While a decrease in sales and consultants has occurred in fiscal year 2022, our UBAM division's active consultants and sales continue to exceed pre-pandemic levels.

UBAM gross margin decreased $48.6 million, or 34.6%, to $91.8 million for fiscal year ended February 28, 2022, from $140.4 million reported for fiscal year ended February 28, 2021. Gross margin as a percentage of net revenues decreased 0.4% to 71.2% for fiscal year 2022 when compared to 71.6% for fiscal year 2021. The decrease in gross margin as a percentage of net revenues was due to the change in mix of order types received. In the current fiscal year, our web sales, which have the lowest discounts and pay the highest commissions decreased, while book fairs, school and library sales and other in-person sale types increased year over year, due to the lessening of COVID-19 restrictions and the reopening of schools and other in-person activities.

Total UBAM operating expenses decreased $40.2 million, or 37.4%, to $67.4 million during the fiscal year ended February 28, 2022, when compared with $107.6 million reported for fiscal year ended February 28, 2021. Operating and selling expenses decreased $12.4 million, to $18.8 million for fiscal year ended February 28, 2022, from $31.2 million reported in the same period a year ago due to a $11.4 million decrease in shipping costs associated with the decrease in volume of orders shipped and a $1.0 million decrease in accruals for the Company's annual incentive trip and other consultant rewards associated with the decrease in UBAM sales. Sales commissions decreased $25.9 million, to $43.8 million during the fiscal year ended February 28, 2022, when compared to $69.7 million reported in the same period a year ago primarily due to the decrease in net revenues. General and administrative expenses decreased $1.9 million, to $4.8 million during the fiscal year ended February 28, 2022, when compared with $6.7 million reported for fiscal year ended February 28, 2021. This decrease was due to $1.5 million of decreased credit card transaction fees associated with decreased sales volumes and a $0.4 million decrease in promotions and marketing expenses associated with decreased consultant counts.

Operating income of our UBAM division decreased $8.4 million, or 25.6%, to $24.4 million for fiscal year ended February 28, 2022, as compared to $32.8 million reported for fiscal year ended February 28, 2021. Operating income of the UBAM division as a percentage of net revenues for the year ended February 28, 2022 was 18.9%, compared to 16.7% for the year ended February 28, 2021, a change of 2.2%. Operating income as a percentage of net revenues changed from the prior year primarily due to $1.3 million of reduced freight handling costs primarily from reduced peak surcharges in the current fiscal year due to lower shipping volumes, a $0.4 million decrease in accrual expenses for the Company's annual incentive trip and other consultant rewards resulting from less award earners, offset by a $0.6 million increase in cost of goods sold resulting from fewer rebates and discounts associated with purchase volumes as well as increased ocean freight costs on inbound inventory and $0.3 million in other various cost changes.

Publishing Operating Results

The following table summarizes the operating results of the Publishing segment for the twelve months ended February 28:

	Twelve Months Ended February 28, 2022	Twelve Months Ended February 28, 2021
Gross sales	$ 28,163,000	$ 18,271,900
Less discounts and allowances	(14,922,100)	(9,715,600)
Transportation revenue	9,400	69,500
Net revenues	13,250,300	8,625,800
Cost of goods sold	7,146,900	4,434,000
Gross margin	6,103,400	4,191,800
Total operating expenses	2,463,600	1,620,200
Operating income	$ 3,639,800	$ 2,571,600

Our Publishing division's net revenues increased $4.7 million, or 54.7%, to $13.3 million for fiscal year ended February 28, 2022, when compared with net revenues of $8.6 million reported for fiscal year ended February 28, 2021. Many Publishing customers closed their stores during the first and second quarters of fiscal year 2021 due to the COVID-19 pandemic and did not reopen until the third or fourth quarter of fiscal year 2021. As such, much of the sales increase resulted from the return of customer activity to pre-pandemic levels in fiscal year 2022.

Gross margin increased $1.9 million, to $6.1 million for fiscal year ended February 28, 2022, from $4.2 million reported for fiscal year ended February 28, 2021. The increase in gross margin primarily resulted from the increase in net revenues. Gross margin as a percentage of net revenues decreased 2.5%, to 46.1% for fiscal year 2022, compared to 48.6% reported the same period a year ago. The decrease in gross margin percentage resulted primarily from the increase in cost of goods sold resulting from fewer rebates and discounts associated with purchase volumes as well as increased ocean freight costs on inbound inventory and a change in our customer mix. Customers receive varying discounts due to higher sales volumes and contract terms.

Operating income for the segment increased $1.0 million, or 38.5%, to $3.6 million for fiscal year ended February 28, 2022, from $2.6 million reported during the same period last year. The increase in operating income resulted primarily from increased gross margin from increased sales partially offset by increased inside sales commissions due to the addition of new retail customers.

Liquidity and Capital Resources

EDC has a history of profitability and positive cash flow. We typically fund our operations from the cash we generate. We also use available cash to pay down outstanding bank loan balances, for capital expenditures, to pay dividends and to acquire treasury stock. We utilized a bank credit facility and other term loan borrowings to meet our short-term cash needs, as well as fund capital expenditures, when necessary. As of the end of fiscal year 2022, our revolving bank credit facility loan balance was $17.7 million with $2.3 million in available capacity.

During fiscal year 2022, we experienced negative cash flows from operations of $21,143,300. These cash flows resulted from:

● net earnings of $8,306,800

Adjusted for:

● depreciation expense of $2,126,700
● share-based compensation expense of $1,046,500
● provision for inventory valuation allowance of $235,700
● provision for doubtful accounts of $115,800

Offset by:

● deferred income taxes of $208,600

Positively impacted by:

● increase in income taxes payable of $111,700

Negatively impacted by:

● increase in inventories, net of $21,396,900
● decrease in accounts payable of $6,201,300
● decrease in accrued salaries, commissions, and other liabilities of $2,868,300
● decrease in deferred revenue of $1,794,300
● increase in accounts receivable of $407,900
● increase in prepaid expenses and other assets of $209,200

During the year our inventories increased significantly as we replenished quantities at volumes based on fiscal year 2021 sales. As sales during fiscal year 2022 have decreased, we have reduced purchase order quantities back to more historical sales levels. We expect our inventory levels to decline in fiscal year 2023 to more normalized levels.

Cash used in investing activities was $3,940,900 for capital expenditures, which were comprised of $2,722,900 in equipment purchased to increase our daily shipping capacity, $618,300 in software upgrades to our proprietary systems that our UBAM consultants use to monitor their business and place customer orders, $376,000 in other building and equipment improvements, and $223,700 in patents and trademarks from the purchase of Learning Wrap-Ups.

Cash provided by financing activities was $23,633,200 which was comprised of proceeds from term debt of $15,244,700, increase in borrowings on the line of credit of $12,478,200 and net cash received in treasury stock transactions of $617,100, offset by payments of $3,429,100 for dividends and payments on term debt of $1,277,700.

We continue to expect the cash generated from our operations and cash available through our line of credit with our Bank will provide us the liquidity we need to support ongoing operations. Cash generated from operations will be used to pay down our line of credit, expand our product offerings, to liquidate existing debt, and any excess cash is expected to be distributed to our shareholders.

On February 15, 2021, the Company executed the Amended and Restated Loan Agreement with MidFirst Bank which replaced the prior loan agreement and includes multiple loans. Term Loan #1 Tranche A (“Term Loan #1”), originally totaling $13.4 million, was part of the prior loan agreement. Term Loan #1 had a fixed interest rate of 4.23%, with principal and interest payable monthly and a stated maturity date of December 1, 2025. Term Loan #1 is secured by the primary office, warehouse and land. Term Loan #1 was amended on April 1, 2021 by executing the First Amendment to the Loan Agreement which reduced the fixed interest rate to 3.12% and removed the prepayment premium from the Loan Agreement. The outstanding borrowings on Term Loan #1 were $10.3 million and $11.0 million as of February 28, 2022 and February 28, 2021, respectively.

In addition, the Amended and Restated Loan Agreement provides a $6.0 million Advancing Term Loan #1 to be used to finance planned equipment purchases. The Advancing Term Loan #1 required interest-only payments through July 15, 2021, at which time it was converted to a 60-month amortizing term loan maturing July 15, 2026. The Advancing Term Loan #1 accrues interest at the Bank-adjusted LIBOR Index plus a tiered pricing rate based on the Company’s Adjusted Funded Debt to EBITDA Ratio, with a minimum rate of 3.00%. Our borrowings outstanding under the Advancing Term Loan #1 at February 28, 2022 were $4.8 million.

The Amended and Restated Loan Agreement also provides a $20.0 million revolving loan ("line of credit") through August 15, 2022 with interest payable monthly at the Bank-adjusted LIBOR Index plus a tiered pricing rate based on the Company's Adjusted Funded Debt to EBITDA Ratio, with a minimum rate of 3.00%. On July 16, 2021, the Company executed the Second Amendment to the Loan Agreement which increased the Maximum Revolving Principal Amount from $15.0 million to $20.0 million. On August 31, 2021, the Company executed the Third Amendment to the Loan Agreement which modified the advance rates used in the borrowing base certificate. Our borrowings outstanding on our line of credit at February 28, 2022 and February 28, 2021 were $17.7 million and $5.2 million, respectively. Available credit under the revolving line of credit was approximately $2.3 million and $9.6 million at February 28, 2022 and February 28, 2021, respectively.

On November 19, 2021, the Company executed the Fourth Amendment to the Loan Agreement which established Advancing Term Loan #2 in the principal amount of $10.0 million, amended the definition of LIBO Rate and LIBOR Margin and added Benchmark Replacement Provisions. The Advancing Term Loan #2 is a 120-month amortizing loan maturing November 19, 2031 and accrues interest at the Bank-adjusted LIBOR Index plus a tiered pricing rate based on the Company's Adjusted Funded Debt to EBITDA Ratio, with a minimum rate of 3.00%. Our borrowings outstanding under the Advancing Term Loan #2 at February 28, 2022 were $9.9 million.

The Amended and Restated Loan Agreement also contains a provision for our use of the Bank's letters of credit. The Bank agrees to issue or obtain issuance of commercial or stand-by letters of credit provided that the sum of the line of credit plus the letters of credit issued would not exceed the borrowing base in effect at the time. For the year ended February 28, 2022, we had no letters of credit outstanding. The agreement contains provisions that require us to maintain specified financial ratios, place limitations on additional debt with other banks, limit the amounts of dividends declared and limits the amount of shares that can be repurchased using funding from the line of credit.

The following table reflects aggregate future maturities of long-term debt during the next five fiscal years as follows:

Years ending February 28 (29),		
2023	$	2,542,200
2024		2,591,800
2025		2,638,500
2026		10,489,800
2027		1,518,700
Thereafter		5,219,100
Total	$	25,000,100

During fiscal year 2022 we continued our quarterly dividend payments of $0.10.

In April 2008, our Board of Directors amended our 1998 stock repurchase plan, establishing that we may purchase up to an additional 1,000,000 shares as market conditions warrant. In February 2019, our Board of Directors approved a new stock repurchase plan to replace the amended 2008 plan. Under the new 2019 plan, the Company is authorized to purchase up to 800,000 shares of common stock, which represented approximately 9% of the outstanding shares as of February 28, 2022, of which 514,594 remains available to purchase as of February 28, 2022. Management believes using excess liquidity to purchase outstanding shares enhances the value to the remaining shareholders and that these repurchases will have no adverse effect on our short-term and long-term liquidity.

Contractual Obligations

We are a smaller reporting company and are not required to provide this information.

Off Balance Sheet Arrangements

As of February 28, 2022, we had no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

Seasonality

The Company experiences increased sales in the Fall season. Historically, we have experienced an increase in inventory during the Summer in anticipation for the Fall increase in sales. In addition, new titles are typically released twice a year, in the Spring and Fall, which increases our inventory the months preceding these scheduled releases. The Company uses available cash or working capital borrowings to fund these increases in inventory.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to our valuation of inventory, allowance for uncollectible accounts receivable, allowance for sales returns, long-lived assets and deferred income taxes. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may materially differ from these estimates under different assumptions or conditions. Historically, however, actual results have not differed materially from those determined using required estimates. Our significant accounting policies are described in the notes accompanying the financial statements included elsewhere in this report. However, we consider the following accounting policies to be more significantly dependent on the use of estimates and assumptions.

Share-Based Compensation

We account for share-based compensation whereby share-based payment transactions with employees, such as stock options and restricted stock, are measured at estimated fair value at the date of grant. For awards subject to service conditions, compensation expense is recognized over the vesting period on a straight-line basis. Awards subject to performance conditions are attributed separately for each vesting tranche of the award and are recognized ratably from the service inception date to the vesting date for each tranche. Forfeitures are recognized when they occur. Any cash dividends declared after the restricted stock award is issued, but before the vesting period is completed, will be reinvested in Company shares at the opening trading price on the dividend payment date. Shares purchased with cash dividends will also retain the same restrictions until the completion of the original vesting period associated with the awarded shares.

The restricted share awards under the 2019 Long-Term Incentive Plan ("2019 LTI Plan") and 2022 Long-Term Incentive Plan ("2022 LTI Plan") contain both service and performance conditions. The Company recognizes share-based compensation expense only for the portion of the restricted share awards that are considered probable of vesting. Shares are considered granted, and the service inception date begins, when a mutual understanding of the key terms and conditions between the Company and the employees have been established. The fair value of these awards is determined based on the closing price of the shares on the grant date. The probability of restricted share awards granted with future performance conditions is evaluated at each reporting period and compensation expense is adjusted based on the probability assessment.

During fiscal years 2022 and 2021, the Company recognized $1.0 million and $0.9 million, respectively, of compensation expense associated with the shares granted.

Revenue Recognition

Sales associated with product orders are recognized and recorded when products are shipped. Products are shipped FOB- Shipping Point. UBAM's sales are generally paid at the time the product is ordered. Sales which have been paid for but not shipped are classified as deferred revenue on the balance sheet. Sales associated with consignment inventory are recognized when reported and payment associated with the sale has been remitted. Transportation revenue represents the amount billed to the customer for shipping the product and is recorded when the product is shipped.

Estimated allowances for sales returns are recorded as sales are recognized. Management uses a moving average calculation to estimate the allowance for sales returns. We are not responsible for product damaged in transit. Damaged returns are primarily received from the retail customers of our Publishing division. Those damages occur in the stores, not in shipping to the stores, and we typically do not offer credit for damaged returns. It is industry practice to accept non-damaged returns from retail customers. Management has estimated and included a reserve for sales returns of $0.2 million for the fiscal years ended February 28, 2022 and February 28, 2021.

Allowance for Doubtful Accounts

We maintain an allowance for estimated losses resulting from the inability of our customers to make required payments and a reserve for vendor share markdowns, when applicable (collectively "allowance for doubtful accounts"). An estimate of uncollectible amounts is made by management based upon historical bad debts, current customer receivable balances, age of customer receivable balances, customers' financial conditions and current economic trends. Management has estimated and included an allowance for doubtful accounts of $0.3 million for the fiscal years ended February 28, 2022 and February 28, 2021.

Inventory

Our inventory contains over 2,000 titles, each with different rates of sale depending upon the nature and popularity of the title. Almost all of our product line is saleable as the books are not topical in nature and remain current in content today as well as in the future. Most of our products are printed in China, Europe, Singapore, India, Malaysia and Dubai typically resulting in a four to six-month lead-time to have a title printed and delivered to us.

Certain inventory is maintained in a noncurrent classification. Management continually estimates and calculates the amount of noncurrent inventory. Noncurrent inventory arises due to occasional purchases of titles in quantities in excess of what will be sold within the normal operating cycle, due to the minimum order requirements of our suppliers. Noncurrent inventory was estimated by management using the current year turnover ratio by title and anticipated sales of specific titles. Inventory in excess of 2½ years of anticipated sales is classified as noncurrent inventory. Noncurrent inventory balances prior to valuation allowances were $2.4 million and $0.9 million at February 28, 2022 and February 28, 2021, respectively. Noncurrent inventory valuation allowances were $0.4 million and $0.2 million at February 28, 2022 and February 28, 2021, respectively.

Consultants that meet certain eligibility requirements may request and receive inventory on consignment. We believe allowing our consultants to have consignment inventory greatly increases their ability to be successful in making effective presentations at home shows, book fairs and other events; in summary, having consignment inventory leads to additional sales opportunities. Approximately 6.4% of our active consultants have maintained consignment inventory at the end of fiscal year 2022. Consignment inventory is stated at cost, less an estimated reserve for consignment inventory that is not expected to be sold or returned to the Company. The total cost of inventory on consignment with consultants was $1.4 million and $1.1 million at February 28, 2022 and February 28, 2021, respectively.

Inventories are presented net of a valuation allowance, which includes reserves for inventory obsolescence and reserves for consigned inventory that is not expected to be sold or returned to the Company. Management estimates the inventory obsolescence allowance for both current and noncurrent inventory, which is based on management's identification of slow-moving inventory. Management has estimated a valuation allowance for both current and noncurrent inventory, including the reserve for consigned inventory, of $0.9 million and $0.7 million at February 28, 2022 and February 28, 2021, respectively.

Our principal supplier, based in England, generally requires a minimum re-order of 6,500 or more of a title in order to get a solo print run. Smaller orders would require a shared print run with the supplier's other customers, which can result in lengthy delays to receive the ordered title. Anticipating customer preferences and purchasing habits requires historical analysis of similar titles in the same series. We then place the initial order or re-order based upon this analysis. These factors and historical analysis have led our management to determine that 2½ years represents a reasonable estimate of the normal operating cycle for our products.

New Accounting Pronouncements

See the New Accounting Pronouncements section of Note 1 to our financial statements, included in Part IV, Item 15 of this report, for further details of recent accounting pronouncements.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company and are not required to provide this information.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by Item 8 begins at page 25.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

Item 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

An evaluation was performed of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to the Securities Exchange Act of 1934 (the "Exchange Act") Rule 13a-15(a) as of February 28, 2022. This evaluation was conducted under the supervision and with the participation of our management, including our Chief Executive Officer (Principal Executive Officer) and our Chief Financial Officer and Corporate Secretary (Principal Financial and Accounting Officer).

Based on that evaluation, these officers concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed in reports that we file or submit under the Exchange Act is accumulated and communicated to them, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized, and reported in accordance with the time periods specified in SEC rules and forms. It should be noted that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events.

Changes in Internal Control over Financial Reporting

During the fourth quarter of the fiscal year covered by this report on Form 10-K, there have been no changes in our internal control over financial reporting that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13(a) thru 15(f) of the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of our internal control over financial reporting based on the framework set forth in the 2013 *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Based on our evaluation under the 2013 COSO Framework and applicable SEC rules, our management concluded that our internal control over financial reporting was effective as of February 28, 2022. Our internal control over financial reporting as of February 28, 2022 has been audited by HoganTaylor LLP, an independent registered public accounting firm, as stated in their report, which is included in this Form 10-K.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Educational Development Corporation

Opinion on the Internal Control Over Financial Reporting

We have audited Educational Development Corporation's (the Company) internal control over financial reporting as of February 28, 2022, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of February 28, 2022, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the balance sheets of the Company as of February 28, 2022 and 2021, the related statements of earnings, shareholders' equity and cash flows for the years then ended, and the related notes to the financial statements and our report dated May 5, 2022 expressed an unqualified opinion.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ HOGANTAYLOR LLP

Tulsa, Oklahoma
May 5, 2022

Item 9B. OTHER INFORMATION

None

Item 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

(a) Identification of Directors

The information required by this Item 10 is furnished by incorporation by reference to the information under the caption "Election of Directors" in our definitive Proxy Statement to be filed in connection with the Annual Meeting of Shareholders to be held on July 6, 2022.

(b) Identification of Executive Officers

The information required by this Item 10 is furnished by incorporation by reference to the information under the caption "Executive Officers of the Registrant" in our definitive Proxy Statement to be filed in connection with the Annual Meeting of Shareholders to be held on July 6, 2022.

(c) Compliance with Section 16 (a) of the Exchange Act

The information required by this Item 10 is furnished by incorporation by reference to the information under the caption "Section 16 (a) Beneficial Ownership Reporting Compliance" in our definitive Proxy Statement to be filed in connection with the Annual Meeting of Shareholders to be held on July 6, 2022.

Item 11. EXECUTIVE COMPENSATION

The information required by this Item 11 is furnished by incorporation by reference to the information under the caption "Executive Compensation" in our definitive Proxy Statement to be filed in connection with the Annual Meeting of Shareholders to be held on July 6, 2022.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item 12 is furnished by incorporation by reference to the information under the captions "Security Ownership of Certain Beneficial Owners and Management" and "Compensation Plans" in our definitive Proxy Statement to be filed in connection with the Annual Meeting of Shareholders to be held on July 6, 2022.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

None

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item 14 is furnished by incorporation by reference to the information under the caption "Independent Registered Public Accountants" in our definitive Proxy Statement to be filed in connection with the Annual Meeting of Shareholders to be held on July 6, 2022.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

1. Financial Statements

Schedules have been omitted as such information is either not required or is included in the financial statements.

2. Exhibits

*3.1 Restated Certificate of Incorporation dated April 26, 1968 and Certificate of Amendment thereto dated June 21, 1968 are incorporated herein by reference to Exhibit 1 to Registration Statement on Form 10-K (File No. 0-04957).

*3.2 Certificate of Amendment of Restated Certificate of Incorporation dated August 27, 1977 is incorporated herein by reference to Exhibit 20.1 to Form 10-K for fiscal year ended February 28, 1981 (File No. 0-04957).

*3.3 By-Laws, as amended, are incorporated herein by reference to Exhibit 20.2. to Form 10-K for fiscal year ended February 28, 1981 (File No. 0-04957).

*3.4 Certificate of Amendment of Restated Certificate of Incorporation dated November 17, 1986 is incorporated herein by reference to Exhibit 3.3 to Form 10-K for fiscal year ended February 28, 1987 (File No. 0-04957).

3.5 Certificate of Amendment of Restated Certificate of Incorporation dated March 22, 1996 is incorporated herein by reference to Exhibit 3.4 to Form 10-K for fiscal year ended February 28, 1997 (File No. 0-04957).

3.6 Certificate of Amendment of Restated Certificate of Incorporation dated July 15, 2002 is incorporated herein by reference to Exhibit 10.30 to Form 10-K dated February 28, 2003 (File No. 0-04957).

3.7 Certificate of Amendment of Restated Certificate of Incorporation dated August 15, 2018 is incorporated herein by reference to Exhibit 3.1 to Form 8-K dated August 21, 2018 (File No. 0-04957).

*4.1 Specimens of Common Stock Certificates are incorporated herein by reference to Exhibits 3.1 and 3.2 to Registration Statement on Form 10-K (File No. 0-04957) filed June 29, 1970.

*10.1 Usborne Agreement-Contractual agreement by and between the Company and Usborne Publishing Limited dated November 25, 1988 is incorporated herein by reference to Exhibit 10.12 to Form 10-K dated February 28, 1989 (File No. 0-04957).

*10.2 Party Plan-Contractual agreement by and between the Company and Usborne Publishing Limited dated March 14, 1989 is incorporated herein by reference to Exhibit 10.13 to Form 10-K dated February 28, 1989 (File No. 0-04957).

*10.3 Amendment dated January 1, 1992 to Usborne Agreement - Contractual agreement by and between the Company and Usborne Publishing Limited is incorporated herein by reference to Exhibit 10.13 to Form 10-K dated February 29, 1992 (File No. 0-04957).

10.4 Educational Development Corporation 2002 Incentive Stock Option Plan is incorporated herein by reference to Exhibit A to definitive proxy statement on Schedule 14A dated May 23, 2002 (File No. 0-04957).

10.5 Amendment dated November 12, 2002 to Usborne Agreement – Contractual agreement by and between us and Usborne Publishing Limited is incorporated herein by reference to Exhibit 10.32 to Form 10-K dated February 28, 2003 (File No. 0-04957).

10.6 Employment Agreement between Randall W. White and the Company dated February 28, 2004 incorporated herein by reference to Exhibit 10.8 to Form 10-K dated February 28, 2005 (File No. 0-04957).

10.7 Purchase and Sale Agreement dated December 1, 2015 by and between the Company and Hilti, Inc., Tulsa, OK incorporated herein by reference to Exhibit 10.8 to Form 10-K dated February 28, 2019 (File No. 0-04957).

10.8 Lease Agreement dated December 1, 2015 by and between the Company and Hilti, Inc., Tulsa, OK incorporated herein by reference to Exhibit 10.9 to Form 10-K dated February 28, 2019 (File No. 0-04957).

10.9 Amended and Restated Loan Agreement dated February 15, 2021 by and between the Company and MidFirst Bank, Tulsa, OK is incorporated herein by reference to Exhibit 10.10 to form 10-K dated February 28, 2021 (File No. 0-04957)

10.10 First Amendment to the Amended and Restated Loan Agreement, dated April 1, 2021 by and between the Company and MidFirst Bank, Tulsa, OK is incorporated herein by reference to Exhibit 10.11 to Form 10-K dated February 28, 2021 (File No. 0-04957).

10.11 Second Amendment to the Amended and Restated Loan Agreement, dated July 16, 2021 by and between the Company and MidFirst Bank, Tulsa, OK is incorporated herein by reference to Exhibit 10.1 to Form 10-Q dated August 31, 2021 (File No. 0-04957).

10.12 Third Amendment to the Amended and Restated Loan Agreement, dated August 31, 2021 by and between the Company and MidFirst Bank, Tulsa, OK is incorporated herein by reference to Exhibit 10.2 to Form 10-Q dated August 31, 2021 (File No. 0-04957).

10.13 Fourth Amendment to the Amended and Restated Loan Agreement, dated November 19, 2021 by and between the Company and MidFirst Bank, Tulsa, OK is incorporated herein by reference to Exhibit 10.01 to Form 8-K dated November 24, 2021 (File No. 0-04957).

**10.14 Fifth Amendment to the Amended and Restated Loan Agreement, dated April 11, 2022 by and between the Company and MidFirst Bank, Tulsa, OK.

**23.1 Consent of Independent Registered Public Accounting Firm.

**31.1 Certification of the Chief Executive Officer of Educational Development Corporation pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

**31.2 Certification of the Chief Financial Officer and Corporate Secretary (Principal Financial and Accounting Officer) of Educational Development Corporation pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

**32.1 Certification pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

*Paper Filed

**Filed Herewith

Item 16. FORM 10-K SUMMARY

Not applicable

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EDUCATIONAL DEVELOPMENT CORPORATION

Date: May 5, 2022

By /s/ Craig M. White
Craig M. White
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 5, 2022

By /s/ Dan E. O'Keefe
Dan E. O'Keefe
Chief Financial Officer and Corporate Secretary
(Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Date: May 5, 2022

/s/ Craig M. White
Craig M. White, Director
President and Chief Executive Officer
(Principal Executive Officer)

May 5, 2022

/s/ Randall W. White
Randall W. White, Director
Chairman of the Board

May 5, 2022

/s/ John A. Clerico
John A. Clerico, Director

May 5, 2022

/s/ Dr. Kara Gae Neal
Dr. Kara Gae Neal, Director

May 5, 2022

/s/ Joshua J. Peters
Joshua J. Peters, Director

May 5, 2022

/s/ Dan E. O'Keefe
Dan E. O'Keefe
Chief Financial Officer and Corporate Secretary
(Principal Financial and Accounting Officer)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Educational Development Corporation

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Educational Development Corporation (the Company) as of February 28, 2022 and 2021, the related statements of earnings, shareholders' equity and cash flows for the years then ended, and the related notes to the financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of February 28, 2022 and 2021, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of February 28, 2022, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report dated May 5, 2022, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ HOGANTAYLOR LLP

We have served as the Company's auditor since 2005.

Tulsa, Oklahoma
May 5, 2022

EDUCATIONAL DEVELOPMENT CORPORATION
BALANCE SHEETS
AS OF FEBRUARY 28,

	2022	2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 361,200	$ 1,812,200
Accounts receivable, less allowance for doubtful accounts of $336,700 (2022) and $331,900 (2021)	3,638,800	3,346,700
Inventories - net	71,553,600	51,762,400
Prepaid expenses and other assets	960,500	1,219,300
Total current assets	76,514,100	58,140,600
INVENTORIES - net	2,055,300	685,300
PROPERTY, PLANT AND EQUIPMENT - net	30,484,000	29,951,000
DEFERRED INCOME TAX ASSET	118,700	-
OTHER ASSETS	761,600	73,600
TOTAL ASSETS	$ 109,933,700	$ 88,850,500
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 12,411,800	$ 19,674,300
Line of credit	17,723,500	5,245,300
Deferred revenues	681,600	2,475,900
Current maturities of long-term debt	2,542,200	533,500
Accrued salaries and commissions	1,890,200	3,488,000
Dividends payable	870,700	835,100
Income taxes payable	241,900	130,200
Other current liabilities	3,897,900	5,533,000
Total current liabilities	40,259,800	37,915,300
LONG-TERM DEBT - net of current maturities and debt issuance costs	22,409,500	10,451,200
DEFERRED INCOME TAX LIABILITY	-	89,900
OTHER LONG-TERM LIABILITIES	498,900	134,300
Total liabilities	63,168,200	48,590,700
COMMITMENTS AND CONTINGENCIES – See Note 9		
SHAREHOLDERS' EQUITY:		
Common stock, $0.20 par value; Authorized 16,000,000 shares; Issued 12,702,080 shares; Outstanding 8,707,247 (2022) and 8,346,600 (2021) shares	2,540,400	2,482,000
Capital in excess of par value	12,246,600	10,863,900
Retained earnings	44,525,100	39,683,000
	59,312,100	53,028,900
Less treasury stock, at cost	(12,546,600)	(12,769,100)
Total shareholders' equity	46,765,500	40,259,800
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 109,933,700	$ 88,850,500

See notes to financial statements.

EDUCATIONAL DEVELOPMENT CORPORATION
STATEMENTS OF EARNINGS
FOR THE YEARS ENDED FEBRUARY 28,

	2022	2021
GROSS SALES	$ 187,466,800	$ 255,589,600
Less discounts and allowances	(59,109,300)	(74,814,700)
Transportation revenue	13,871,300	23,860,200
NET REVENUES	142,228,800	204,635,100
COST OF GOODS SOLD	44,297,500	60,037,000
Gross margin	97,931,300	144,598,100
OPERATING EXPENSES:		
Operating and selling	23,010,400	36,123,700
Sales commissions	44,377,500	69,977,200
General and administrative	20,302,200	22,541,500
Total operating expenses	87,690,100	128,642,400
INTEREST EXPENSE	916,400	561,000
OTHER INCOME	(1,911,100)	(1,836,100)
EARNINGS BEFORE INCOME TAXES	11,235,900	17,230,800
INCOME TAXES	2,929,100	4,606,800
NET EARNINGS	$ 8,306,800	$ 12,624,000
BASIC AND DILUTED EARNINGS PER SHARE:		
Basic	$ 1.03	$ 1.51
Diluted	$ 0.98	$ 1.50
WEIGHTED AVERAGE NUMBER OF COMMON AND EQUIVALENT SHARES OUTSTANDING:		
Basic	8,039,843	8,352,474
Diluted	8,452,340	8,426,724
Dividends per share	$ 0.40	$ 0.32

See notes to financial statements.

EDUCATIONAL DEVELOPMENT CORPORATION
STATEMENTS OF SHAREHOLDERS' EQUITY
AS OF FEBRUARY 28 (29),

	Common Stock (par value $0.20 per share)				Treasury Stock		
	Number of Shares Issued	Amount	Capital in Excess of Par Value	Retained Earnings	Number of Shares	Amount	Shareholders' Equity
BALANCE - February 29, 2020	12,410,080	$ 2,482,000	$ 9,843,900	$ 29,732,200	4,061,429	$ (12,665,300)	$ 29,392,800
Purchases of treasury stock	-	-	-	-	22,565	(163,800)	(163,800)
Sales of treasury stock	-	-	57,800	-	(26,828)	83,600	141,400
Dividends declared ($0.32/share)	-	-	-	(2,673,200)	-	-	(2,673,200)
Forfeiture of restricted share awards	-	-	23,600	-	6,314	(23,600)	-
Share-based compensation expense (see Note 10)	-	-	938,600	-	-	-	938,600
Net earnings	-	-	-	12,624,000	-	-	12,624,000
BALANCE - February 28, 2021	12,410,080	$ 2,482,000	$ 10,863,900	$ 39,683,000	4,063,480	$ (12,769,100)	$ 40,259,800
Sales of treasury stock	-	-	418,200	-	(63,647)	198,900	617,100
Issuance of restricted share awards for vesting	292,000	58,400	(82,000)	-	(5,000)	23,600	-
Dividends declared ($0.40/share)	-	-	-	(3,464,700)	-	-	(3,464,700)
Share-based compensation expense (see Note 10)	-	-	1,046,500	-	-	-	1,046,500
Net earnings	-	-	-	8,306,800	-	-	8,306,800
BALANCE - February 28, 2022	12,702,080	2,540,400	12,246,600	44,525,100	3,994,833	(12,546,600)	46,765,500

See notes to financial statements.

EDUCATIONAL DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED FEBRUARY 28,

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 8,306,800	$ 12,624,000
Adjustments to reconcile net earnings to net cash provided by/(used in) operating activities:		
Depreciation and amortization	2,126,700	1,633,200
Deferred income taxes	(208,600)	(903,400)
Provision for doubtful accounts	115,800	139,800
Provision for inventory valuation allowance	235,700	198,600
Share-based compensation expense	1,046,500	938,600
Changes in assets and liabilities:		
Accounts receivable	(407,900)	(519,400)
Inventories, net	(21,396,900)	(21,542,300)
Prepaid expenses and other assets	(209,200)	(260,100)
Accounts payable	(6,201,300)	8,952,000
Accrued salaries and commissions, and other liabilities	(2,868,300)	4,502,000
Deferred revenues	(1,794,300)	1,702,800
Income taxes payable	111,700	351,900
Total adjustments	(29,450,100)	(4,806,300)
Net cash provided by/(used in) operating activities	(21,143,300)	7,817,700
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(3,717,200)	(4,145,300)
Purchases of other assets	(223,700)	-
Net cash used in investing activities	(3,940,900)	(4,145,300)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on term debt	(1,277,700)	(9,274,400)
Proceeds from term debt	15,244,700	1,447,400
Sales of treasury stock	617,100	141,400
Purchases of treasury stock	-	(163,800)
Net borrowings under line of credit	12,478,200	5,245,300
Dividends paid	(3,429,100)	(2,255,500)
Net cash provided by/(used in) financing activities	23,633,200	(4,859,600)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,451,000)	(1,187,200)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,812,200	2,999,400
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 361,200	$ 1,812,200
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash paid for interest	$ 890,000	$ 582,000
Cash paid for income taxes	$ 2,970,000	$ 4,806,900
NON-CASH TRANSACTIONS:		
Accrued capital expenditures	$ -	$ 1,061,200

See notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business—Educational Development Corporation ("we," "our," "us," or "the Company") distributes books and publications through our Usborne Books & More ("UBAM") and EDC Publishing ("Publishing") divisions to individual consumers, book, toy and gift stores, libraries and home educators located throughout the United States ("U.S."). We are the exclusive U.S. trade co-publisher of books and related items published by Usborne Publishing Limited ("Usborne"), an England-based publishing company, our largest supplier. We also publish books and related items through our ownership of Kane Miller Book Publisher ("Kane Miller").

Estimates—Our financial statements were prepared in conformity with accounting principles generally accepted in the United States of America, which requires management to make estimates and assumptions that affect the amounts and disclosures in the financial statements. Actual results could differ from these estimates.

Reclassifications—Certain reclassifications have been made to the fiscal year 2021 balance sheet, statement of cash flows and footnotes to conform to the classifications used in fiscal year 2022. These reclassifications had no effect on net earnings.

Business Concentration—A significant portion of our inventory purchases are concentrated with Usborne. Purchases from them were approximately $42,596,300 and $50,772,900 for the years ended February 28, 2022 and February 28, 2021, respectively. Total inventory purchases for those same periods were approximately $64,670,700 and $72,359,900, respectively. As of February 28, 2022 and February 28, 2021, our outstanding accounts payable due to Usborne was $8,783,900 and $14,561,000, respectively.

A significant portion of our UBAM division sales are facilitated through the use of social media collaboration platforms that allow our consultants to interact in real-time, or near real-time, with customers. Consultants use these platforms to invite potential customers to "online parties," provide book recommendations, answer questions and provide links to other supporting online materials. When a customer is ready to purchase books from the online party, they are redirected from the social media platform to the consultant's e-commerce site where the order can be placed.

Cash and Cash Equivalents—Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits of $250,000. We have never experienced any losses related to these balances. The majority of payments due from banks for third party credit card transactions process within two business days. These amounts due are classified as cash and cash equivalents. Cash and cash equivalents also include demand and time deposits, money market funds and other marketable securities with maturities of three months or less when acquired.

Accounts Receivable—Accounts receivable are uncollateralized customer obligations due under normal trade terms, generally requiring payment within thirty days from the invoice date. Extended payment terms are offered at certain times of the year for orders that meet minimum quantities or amounts. During fiscal year 2021, extended payment terms were granted to customers that were negatively impacted by the COVID-19 pandemic. Delinquency fees are not assessed. Payments of accounts receivable are allocated to the specific invoices identified on the customers' remittance advice. Accounts receivable are carried at original invoice amount less an estimated reserve made for returns and discounts based on quarterly review of historical rates of returns and expected discounts to be taken. The carrying amount of accounts receivable is reduced, if needed, by a valuation allowance that reflects management's best estimate of the amounts that will not be collected.

Management periodically reviews accounts receivable balances and, based on an assessment of historical bad debts, current customer receivable balances, age of customer receivable balances, customers' financial conditions and current economic trends, estimates the portion of the balance that will not be collected. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation account based on its assessment of the current status of the individual accounts. Balances which remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Recoveries of accounts receivable previously written off are recorded as income when received.

Management has estimated an allowance for doubtful accounts of $336,700 and $331,900 as of February 28, 2022 and February 28, 2021, respectively.

Inventories—Inventories are stated at the lower of cost or net realizable value. Cost is determined using the average costing method. We present a portion of our inventory as a noncurrent asset. Occasionally we purchase book inventory in quantities in excess of what will be sold within the normal operating cycle due to the minimum order requirements of our primary supplier. These excess quantities are included in noncurrent inventory. We estimate noncurrent inventory using the current year turnover ratio by title and anticipated sales of specific titles. For inventory that has at least twelve months of sales history, inventory in excess of 2½ years of anticipated sales is classified as noncurrent inventory.

The Company assumes title and responsibility for inventory purchased according to the contract language with our suppliers and the individual shipment terms for the order. The majority of Usborne and Kane Miller orders pass title at FOB-Port of Shipment. The Company maintains insurance for the value of the inventory once the title has been passed until it is received at our warehouse ("inventory in transit").

Consultants that meet certain eligibility requirements may request and receive inventory on consignment. Consignment inventory is stated at the lower of cost or net realizable value, less an estimated reserve for consignment inventory that is not expected to be sold or returned to the Company. The total cost of inventory on consignment, excluding the estimated reserve, with consultants was $1,399,200 and $1,114,100 at February 28, 2022 and February 28, 2021, respectively. The Company has reserved for consignment inventory not expected to be sold or returned of $505,100 and $478,600 as of February 28, 2022 and February 28, 2021, respectively.

Inventories are presented net of a valuation allowance, which includes reserves for inventory obsolescence and consultant consignment inventory that is not expected to be sold or returned. Management estimates the allowance for both current and noncurrent inventory. The allowance is based on management's identification of slow-moving inventory and estimated consignment inventory that will not be sold or returned.

Property, Plant and Equipment—Property, plant and equipment are stated at cost and depreciated on a straight-line basis over their estimated useful life, as follows:

Building	30 years
Building improvements	5 – 15 years
Machinery and equipment	3 – 15 years
Capitalized software	4 years
Furniture and fixtures	3 years

Capitalized projects that are not placed in service are recorded as in progress and are not depreciated until the related assets are placed in service.

Impairment of Long-Lived Assets—We review the value of long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable based on estimated future cash flows. Such indicators include, among others, the nature of the asset, the projected future economic benefit of the asset, historical and future cash flows and profitability measurements. If the carrying value of an asset exceeds the future undiscounted cash flows expected from the asset, we recognize an impairment charge for the excess of the carrying value of the asset over its estimated fair value. Determination as to whether and how much an asset is impaired involves management estimates and can be impacted by other uncertainties. No impairment was noted during fiscal years 2022 or 2021.

Income Taxes—We account for income taxes using the liability method. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and the tax basis of assets and liabilities using the current tax laws and rates. A valuation allowance is established when necessary to reduce net deferred tax assets to the amounts that are "more likely than not" to be realized.

Revenue Recognition—Revenue is derived from the sales of children's books and related products which are generally capable of being distinct and accounted for as a single performance obligation to deliver tangible goods. Substantially all of our books are sold to end consumers through our UBAM division and retail outlets through our Publishing division. Refer to Note 13 – Business Segments for revenue by segment. Revenues of both divisions are recognized at shipping point, which is the point in time the customer obtains control of the products and risk of loss and rewards of ownership have been transferred. Products are shipped FOB-Shipping Point. Sales taxes that are collected from customers and remitted to governmental authorities are accounted for as a pass-through liability, and therefore are excluded from net sales.

The majority of UBAM's sales contracts have a single performance obligation and are short-term in nature. UBAM's sales are generally collected at the time the product is ordered. Sales which have been paid for but not shipped are classified as deferred revenue on the balance sheets. Sales associated with consignment inventory are recognized when reported by the consignee and payment associated with the sale has been collected. Transportation revenue represents the amount billed to the customer for shipping the product and is recorded when the product is shipped.

Certain UBAM sales contracts associated with the hostess award programs include sales incentives, such as discounted products. These incentives provide a separate performance obligation in the contract and material right to the customer. The transaction price is allocated to the material right based on its relative standalone selling price and is recognized in revenue as the performance obligations are satisfied, which occurs at shipping point or at the expiration of the material right. As the products included as sales incentives are shipped with the associated products ordered, there is no deferral required. Revenues allocated to the material right are recognized in gross sales, discounts and allowances and cost of goods sold in our statements of earnings.

The majority of Publishing's sales contracts have a single performance obligation and are short-term in nature. Publishing's sales may be collected at the time the product is shipped or the customers may be given payment terms based primarily on their credit worthiness and payment history.

Estimated allowances for sales returns, which reduce net revenues and cost of goods sold, are recorded as sales are recognized. Management uses a moving average calculation to estimate the allowance for sales returns. We are not responsible for product damaged in transit. Damaged returns are primarily from retail stores. These returns result from damage that occurs in the stores, not in shipping to the stores. It is industry practice to accept non-damaged returns from retail customers. Management has estimated sales returns of approximately $201,500 as of both February 28, 2022 and February 28, 2021, which is included in other current liabilities on the Company's balance sheets. In addition, Management has recorded an asset for the expected value of non-damaged inventories to be returned. The estimated value of returned products of $100,800 is included in other current assets on the Company's balance sheets as of both February 28, 2022 and February 28, 2021.

The Company generally expenses sales commissions in the same period that the revenue is recognized. These costs are recorded within operating expenses. The Company does not disclose the value of unsatisfied performance obligations for contracts with an unexpected length of one year or less.

Advertising Costs—Advertising costs are expensed as incurred. Advertising expenses, included in general and administrative expenses in the statements of earnings, were $765,100 and $1,181,300 for the years ended February 28, 2022 and February 28, 2021, respectively.

Shipping and Handling Costs—We classify shipping and handling costs as operating and selling expenses in the statements of earnings. Shipping and handling costs include postage, freight, handling costs, as well as shipping materials and supplies. These costs were $22,005,600 and $34,167,000 for the years ended February 28, 2022 and February 28, 2021, respectively.

Earnings per Share—Basic earnings per share ("EPS") is computed by dividing net earnings by the weighted average number of common shares outstanding during the period. Diluted EPS is based on the combined weighted average number of common shares outstanding and dilutive potential common shares issuable which include, where appropriate, the assumed exercise of options and the assumed vesting of granted restricted share awards. In computing Diluted EPS, we have utilized the treasury stock method.

The computation of weighted average common and common equivalent shares used in the calculation of basic and diluted EPS is shown below:

	Year Ended February 28,	
	2022	2021
Earnings per share:		
Net earnings applicable to common shareholders	$ 8,306,800	$ 12,624,000
Shares:		
Weighted average shares outstanding-basic	8,039,843	8,352,474
Issuance of nonvested restricted shares	412,497	74,250
Weighted average shares outstanding-diluted	8,452,340	8,426,724
Diluted earnings per share:		
Basic	$ 1.03	$ 1.51
Diluted	$ 0.98	$ 1.50

Share-Based Compensation—We account for share-based compensation whereby share-based payment transactions with employees, such as stock options and restricted stock, are measured at estimated fair value at the date of grant. For awards subject to service conditions, compensation expense is recognized over the vesting period on a straight-line basis. Awards subject to performance conditions are attributed separately for each vesting tranche of the award and are recognized ratably from the service inception date to the vesting date for each tranche. Forfeitures are recognized when they occur.

New Accounting Pronouncements—The Financial Accounting Standards Board ("FASB") periodically issues new accounting standards in a continuing effort to improve standards of financial accounting and reporting. We have reviewed the recently issued pronouncements and concluded that the following recently issued accounting standard updates ("ASU") apply to us:

In December 2019, the FASB published ASU 2019-12: Income Taxes (Topic 740), which simplifies the accounting for income taxes. Topic 740 addresses a number of topics including but not limited to the removal of certain exceptions currently included in the standard related to intra-period allocation when there are losses, in addition to calculation of income taxes when current year-to-date losses exceed anticipated loss for the year. The amendment also simplifies accounting for certain franchise taxes and disclosure of the effect of enacted change in tax laws or rates. Topic 740 was adopted by the Company at the beginning of fiscal year 2022 and did not have a material impact on our financial statements and disclosures.

In March 2020, the FASB issued ASU 2020-04: Reference Rate Reform (Topic 848) Facilitation of the Effects of Reference Rate Reform on Financial Reporting. This update provides optional guidance for a limited period of time to ease potential accounting impacts associated with transitioning away from reference rates that are expected to be discontinued, such as London Interbank Offered Rate (LIBOR). This ASU includes practical expedients for contract modifications due to reference rate reform. Generally, contract modifications related to reference rate reform may be considered an event that does not require remeasurement or reassessment of a previous accounting determination at the modification date. This ASU is effective March 12, 2020 through December 31, 2022. The Company's debt agreements include the use of alternate rates when LIBOR is not available. We do not expect the change from LIBOR to an alternate rate will have a material impact to our financial statements and, to the extent we enter into modifications of agreements that are impacted by the LIBOR phase-out, we apply such guidance to those contract modifications.

2. INVENTORIES

Inventories consist of the following:

	February 28, 2022	February 28, 2021
Current:		
Book inventory	$ 72,064,400	$ 52,276,200
Inventory valuation allowance	(510,800)	(513,800)
Inventories net - current	$ 71,553,600	$ 51,762,400
Noncurrent:		
Book inventory	$ 2,437,600	$ 894,300
Inventory valuation allowance	(382,300)	(209,000)
Inventories net - noncurrent	$ 2,055,300	$ 685,300

Inventory in transit totaled $2,732,400 and $6,467,400 at February 28, 2022 and February 28, 2021, respectively.

Book inventory quantities in excess of what we expect will be sold within the normal operating cycle, based on 2 ½ years of anticipated sales, are included in noncurrent inventory.

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	February 28, 2022	February 28, 2021
Land	$ 4,107,200	$ 4,107,200
Building	20,424,900	20,373,900
Building improvements	2,274,100	1,949,200
Machinery and equipment	14,223,500	8,289,400
Furniture and fixtures	110,800	110,800
Capitalized software	1,151,900	866,500
Property, plant and equipment - in progress	496,900	4,436,300
Total property, plant and equipment	42,789,300	40,133,300
Less accumulated depreciation	(12,305,300)	(10,182,300)
Property, plant and equipment-net	$ 30,484,000	$ 29,951,000

During fiscal year 2021, the Company placed into service UBAM platform upgrades that the consultants use to monitor their business and continued its development of a new platform for customers to place orders. In fiscal year 2022, the Company put into production two new pick-pack-ship lines to increase the Company's daily shipping capacity.

4. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

	February 28, 2022	February 28, 2021
Accrued royalties	$ 873,800	$ 1,423,400
Accrued UBAM incentives	1,610,800	1,695,000
Accrued freight	191,400	265,700
Sales tax payable	499,900	986,400
Allowance for expected inventory returns	201,500	201,500
Other	520,500	961,000
Total other current liabilities	$ 3,897,900	$ 5,533,000

5. INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The tax effects of significant items comprising our net deferred tax assets and liabilities are as follows:

	February 28, 2022	February 28, 2021
Deferred tax assets:		
Allowance for doubtful accounts	$ 90,900	$ 89,600
Inventory overhead capitalization	203,500	127,700
Inventory valuation allowance	137,900	138,700
Inventory valuation allowance – noncurrent	103,200	56,400
Allowance for sales returns	27,200	27,200
Accruals	953,600	754,200
Total deferred tax assets	1,516,300	1,193,800
Deferred tax liabilities:		
Property, plant and equipment	(1,397,600)	(1,283,700)
Total deferred tax liabilities	(1,397,600)	(1,283,700)
Net deferred income tax assets (liabilities)	$ 118,700	$ (89,900)

The components of income tax expense are as follows:

	February 28, 2022	February 28, 2021
Current:		
Federal	$ 2,663,900	$ 3,236,400
State	623,700	901,600
	3,287,600	4,138,000
Deferred:		
Federal	(304,400)	382,100
State	(54,100)	86,700
	(358,500)	468,800
Total income tax expense	$ 2,929,100	$ 4,606,800

The following reconciles our expected income tax rate to the U.S. federal statutory income tax rate:

	February 28, 2022	February 28, 2021
U.S. federal statutory income tax rate	21.0%	21.0%
U.S. state and local income taxes–net of federal benefit	5.5%	5.5%
Other	(0.4)%	0.2%
Total income tax expense	26.1%	26.7%

We file our tax returns in the U.S. and certain state jurisdictions in which we have nexus. We are no longer subject to income tax examinations by tax authorities for fiscal years before 2017.

Based upon a review of our income tax filing positions, we believe that our positions would be sustained upon an audit and do not anticipate any adjustments that would result in a material change to our financial position. Therefore, no reserves for uncertain income tax positions have been recorded. We classify interest and penalties associated with income taxes as a component of income tax expense on the statements of earnings.

6. EMPLOYEE BENEFIT PLAN

The Company has created the Educational Development Corporation Employee 401(k) Plan (“EDC 401(k) Plan”) as a benefit plan for employees offering retirement investment options as well as profit sharing with its employees, in the form of matching contributions. The EDC 401(k) Plan includes, as an investment option, the ability to purchase shares of the Company’s stock which the Plan Administrator acquires directly from the NASDAQ. This plan incorporates the provisions of Section 401(k) of the Internal Revenue Code that allow favorable tax treatments on investments. The EDC 401(k) Plan is available to all employees that meet specific age and length of service requirements. The Company’s matching contributions are discretionary and approved annually at a meeting of the EDC 401(k) Plan’s Trustees and Company’s management. Matching contributions made to the Plan by the Company totaled $161,300 and $126,800 during the years ended February 28, 2022 and February 28, 2021, respectively.

7. LEASES

We have both lessee and lessor arrangements. Our leases are evaluated at inception or at any subsequent modification. Depending on the terms, leases are classified as either operating or finance leases if we are the lessee, or as operating, sales-type or direct financing leases if we are the lessor, as appropriate under Accounting Standards Codification (“ASC”) 842 - Leases. Our lessee arrangement includes two rental agreements where we have the exclusive use of dedicated office space in San Diego, California, as well as warehouse and office space in Layton, Utah, and both qualify as an operating lease. Our lessor arrangements include three rental agreements for warehouse and office space in Tulsa, Oklahoma, and each qualify as an operating lease under ASC 842.

In accordance with ASC 842, we have made an accounting policy election to not apply the standard to lessee arrangements with a term of one year or less and no purchase option that is reasonably certain of exercise. We will continue to account for these short-term arrangements by recognizing payments and expenses as incurred, without recording a lease liability and right-of-use asset.

We have also made an accounting policy election for both our lessee and lessor arrangements to combine lease and non-lease components. This election is applied to all of our lease arrangements as our non-lease components are not material and do not result in significant timing differences in the recognition of rental expenses or income.

Operating Leases – Lessee

We recognize a lease liability, reported in other liabilities on the balance sheets, for each lease based on the present value of remaining minimum fixed rental payments (which includes payments under any renewal option that we are reasonably certain to exercise), using a discount rate that approximates the rate of interest we would have to pay to borrow on a collateralized basis over a similar term. We also recognize a right-of-use asset, reported in other assets on the balance sheets, for each lease, valued at the lease liability, adjusted for prepaid or accrued rent balances existing at the time of initial recognition. The lease liability and right-of-use asset are reduced over the term of the lease as payments are made and the assets are used.

	February 28, 2022	February 28, 2021
Operating lease assets:		
Right-of-use assets	$ 495,800	$ 34,100
Operating lease liabilities:		
Current lease liabilities	$ 111,000	$ 13,700
Long-term lease liabilities	$ 384,800	$ 20,400
Remaining lease term (months)	57.0	31.0
Discount Rate	3.06%	4.60%

Minimum fixed rental payments are recognized on a straight-line basis over the life of the lease as costs and expenses in our statements of earnings. Variable and short-term rental payments are recognized as costs and expenses as they are incurred.

	February 28, 2022	February 28, 2021
Fixed lease costs	$ 35,300	$ 13,200

Future minimum rental payments under operating leases with initial terms greater than one year as of February 28, 2022, are as follows:

Years ending February 28 (29),	
2023	$ 110,400
2024	111,600
2025	112,900
2026	114,300
2027	86,600
Total future minimum rental payments	535,800
Present value discount	(40,000)
Total operating lease liability	$ 495,800

The following table provides further information about our operating leases reported in our financial statements:

	February 28, 2022	February 28, 2021
Operating cash flows – operating leases	$ 35,300	$ 13,200

Operating Leases – Lessor

In connection with the 2015 purchase of our 400,000 square-foot facility on 40-acres, we entered into a 15-year lease with the seller, a non-related third party, who leases 181,300 square feet, or 45.3% of the facility. The lessee pays $119,100 per month, through the lease anniversary date of December 2022, with a 2.0% annual increase adjustment on each anniversary date thereafter. The lease terms allow for one five-year extension, which is not a bargain renewal option, at the expiration of the 15-year term. Revenues associated with the lease are being recorded on a straight-line basis over the initial lease term and are reported in other income in the statements of earnings. We recognize variable rental payments as revenue in the period in which the changes in facts and circumstances, on which the variable lease payments are based, occur.

On April 4, 2020, we executed an amendment to one of our existing leases that abated rental payments for the months of May, June and July 2020. The amendment also extended the term of the lease for three additional months. This amendment represents a lease modification and, as such, we have adjusted our fixed rental income on a straight-line basis over the remaining term starting May 1, 2020.

Future minimum payments receivable under operating leases with terms greater than one year are estimated as follows:

Years ending February 28 (29),		
2023	$	1,573,200
2024		1,577,900
2025		1,547,100
2026		1,524,300
2027		1,554,800
Thereafter		6,536,200
Total	$	14,313,500

The cost of the leased space was approximately $10,834,300 and $10,826,400 as of February 28, 2022 and February 28, 2021, respectively. The accumulated depreciation associated with the leased assets was $2,603,300 and $2,216,700 as of February 28, 2022 and February 28, 2021, respectively. Both the leased assets and accumulated depreciation are included in property, plant and equipment-net on the balance sheets.

8. DEBT

Debt consists of the following:

	February 28,			
	2022		**2021**	
Line of credit	$	17,723,500	$	5,245,300
Advancing term loan #1	$	4,782,600	$	-
Advancing term loan #2		9,868,400		-
Term loan #1		10,349,100		10,984,700
Total long-term debt		25,000,100		10,984,700
Less current maturities		(2,542,200)		(533,500)
Less debt issue cost		(48,400)		-
Long-term debt, net	$	22,409,500	$	10,451,200

The Company executed an Amended and Restated Loan Agreement on February 15, 2021 (as amended the "Loan Agreement") with MidFirst Bank ("the Bank"), which replaced the prior loan agreement and includes multiple loans. Term Loan #1 Tranche A ("Term Loan #1"), originally totaling $13.4 million, was part of the prior loan agreement. Term Loan #1 had a fixed interest rate of 4.23% with principal and interest payable monthly and a stated maturity date of December 1, 2025. On April 1, 2021, the Company executed the First Amendment to the Loan Agreement which reduced the fixed interest rate on Term Loan #1 to 3.12% and removed the prepayment premium from the Loan Agreement. Term Loan #1 is secured by the primary office, warehouse and land.

The Loan Agreement also provides a $20.0 million revolving loan ("line of credit") through August 15, 2022 with interest payable monthly at the Bank-adjusted LIBOR Index plus a tiered pricing rate based on the Company's Adjusted Funded Debt to EBITDA Ratio, with a minimum rate of 3.00% (the effective rate was 3.40% at February 28, 2022). On July 16, 2021, the Company executed the Second Amendment to the Loan Agreement which increased the Maximum Revolving Principal Amount from $15.0 million to $20.0 million. On August 31, 2021, the Company executed the Third Amendment to the Loan Agreement which modified the advance rates used in the borrowing base certificate. Available credit under the revolving line of credit was approximately $2,276,500 and $9,570,200 at February 28, 2022 and February 28, 2021, respectively.

In addition, the Loan Agreement provides a $6.0 million Advancing Term Loan #1 to be used to finance planned equipment purchases. The Advancing Term Loan #1 required interest-only payments through July 15, 2021, at which time it was converted to a 60-month amortizing term loan maturing July 15, 2026. The Advancing Term Loan #1 accrues interest at the Bank-adjusted LIBOR Index plus a tiered pricing rate based on the Company's Adjusted Funded Debt to EBITDA Ratio, with a minimum rate of 3.00% (the effective rate was 3.40% at February 28, 2022).

On November 19, 2021, the Company executed the Fourth Amendment to the Loan Agreement which established Advancing Term Loan #2 in the principal amount of $10.0 million, amended the definition of LIBO Rate and LIBOR Margin and added Benchmark Replacement Provisions. The Advancing Term Loan #2 is a 120-month amortizing loan maturing November 19, 2031 and accrues interest at the Bank-adjusted LIBOR Index plus a tiered pricing rate based on the Company's Adjusted Funded Debt to EBITDA Ratio, with a minimum rate of 3.00% (the effective rate was 3.40% at February 28, 2022).

Adjusted Funded Debt is defined as all long-term and short-term bank debt less the outstanding balance of Term Loan #1. EBITDA is defined in the Loan Agreement as net income plus interest expense, income tax expense (benefit) and depreciation and amortization expenses. The Adjusted Funded Debt to EBITDA ratio includes Adjusted Funded Debt to trailing twelve months EBITDA, reduced by specific rental income received from a third party, see Note 7. The $20.0 million line of credit is limited to advance rates on eligible receivables and eligible inventory levels.

The advancing term loans and the line of credit accrue interest at a tiered rate based on our Adjusted Funded Debt to EBITDA ratio. The variable interest pricing tiers are as follows:

Pricing Tier	Adjusted Funded Debt to EBITDA Ratio	LIBOR Margin (bps)
I	> 2.50	325.00
II	> 2.00 but ≤ 2.50	300.00
III	> 1.50 but ≤ 2.00	275.00
IV	≤ 1.50	250.00

The Loan Agreement contains a provision for our use of the Bank's letters of credit. The Bank agrees to issue or obtain issuance of commercial or stand-by letters of credit provided that no letters of credit will have an expiry date later than August 15, 2022, and that the sum of the line of credit plus the letters of credit would not exceed the borrowing base in effect at the time. We had no letters of credit outstanding as of February 28, 2022.

The Loan Agreement also contains provisions that require the Company to maintain specified financial ratios and limits any additional debt with other lenders. Additionally, the Loan Agreement places limitations on the amount of dividends that may be distributed and the total value of stock that can be repurchased using advances from the line of credit.

The following table reflects aggregate future maturities of long-term debt during the next five fiscal years as follows:

Years ending February 28 (29),		
2023	$	2,542,200
2024		2,591,800
2025		2,638,500
2026		10,489,800
2027		1,518,700
Thereafter		5,219,100
Total	$	25,000,100

9. COMMITMENTS AND CONTINGENCIES

As of February 28, 2022, the Company had outstanding purchase commitments for inventory totaling $11,407,500, which will be received and payments due during fiscal year 2023. Of these inventory commitments, $6,635,300 were with Usborne, $4,687,700 with various Kane Miller publishers and the remaining $84,500 with other suppliers.

10. SHARE-BASED COMPENSATION

We account for share-based compensation whereby share-based payment transactions with employees, such as stock options and restricted stock, are measured at estimated fair value at the date of grant. For awards subject to service conditions, compensation expense is recognized over the vesting period on a straight-line basis. Awards subject to performance conditions are attributed separately for each vesting tranche of the award and are recognized ratably from the service inception date to the vesting date for each tranche. Forfeitures are recognized when they occur. The probability of restricted share awards granted with future performance conditions is evaluated at each reporting period and share awards are updated and compensation expense is adjusted based on updated information.

In July 2018, our shareholders approved the Company's 2019 Long-Term Incentive Plan ("2019 LTI Plan"). The 2019 LTI Plan established up to 600,000 shares of restricted stock available to be granted to certain members of management based on exceeding specified net revenues and pre-tax performance metrics during fiscal years 2019, 2020 or 2021. The Company exceeded all defined metrics during these fiscal years and 600,000 shares were granted to members of management according to the Plan. The granted shares under the 2019 LTI Plan "cliff vest" after five years from the fiscal year that the defined metrics were exceeded.

In July 2021, our shareholders approved the Company's 2022 Long-Term Incentive Plan ("2022 LTI Plan"). The 2022 LTI Plan establishes up to 300,000 shares of restricted stock available to be granted to certain members of management based on exceeding specified net revenues and pre-tax performance metrics during fiscal years 2022 and 2023. The number of restricted shares to be distributed depends on attaining the performance metrics defined by the 2022 LTI Plan and may result in the distribution of a number of shares that is less than, but not greater than, the number of restricted shares outlined in the terms of the 2022 LTI Plan. Restricted shares granted under the 2022 LTI Plan "cliff vest" after five years from the fiscal year that the defined metrics were exceeded.

During fiscal year 2019, the Company granted 308,000 restricted shares under the 2019 LTI Plan with an average grant-date fair value of $9.94 per share. In the third quarter of fiscal year 2021, 5,000 of these restricted shares were forfeited. These shares were made available to be reissued to remaining participants upon forfeiture. The remaining compensation expense for the outstanding awards, totaling approximately $653,500, will be recognized ratably over the remaining vesting period of approximately 12 months as of February 28, 2022.

During fiscal year 2021, the Company granted 297,000 restricted shares under the 2019 LTI Plan, including the 5,000 aforementioned shares that were previously forfeited and held in Treasury, with an average grant-date fair value of $6.30 per share. The remaining compensation expense of these awards, totaling approximately $1,178,400, will be recognized ratably over the remaining vesting period of approximately 36 months as of February 28, 2022.

As of February 28, 2022, no shares have been granted under the 2022 LTI Plan.

A summary of compensation expense recognized in connection with restricted share awards as follows:

	Year Ended February 28,	
	2022	2021
Share-based compensation expense	$ 1,046,500	$ 938,600

The following table summarizes stock award activity during fiscal year 2022 under the 2019 LTI Plan:

	Shares		Weighted Average Fair Value (per share)
Outstanding at February 28, 2021	600,000	$	8.14
Granted	-		-
Vested	-		-
Forfeited	-		-
Outstanding at February 28, 2022	600,000	$	8.14

As of February 28, 2022, total unrecognized share-based compensation expense related to unvested restricted shares was $1,831,900, which we expect to recognize over a weighted-average period of 27.4 months.

11. STOCK REPURCHASE PLAN

In April 2008, the Board of Directors authorized us to repurchase up to an additional 1,000,000 shares of our common stock under the plan initiated in 1998 ("amended 2008 plan"). On February 4, 2019, the Board of Directors replaced the amended 2008 plan with a new plan which authorized us to repurchase up to 800,000 shares of outstanding common stock in the open market or in privately negotiated transactions, and to utilize any derivative or similar instrument to effect share repurchase transactions (including without limitation, accelerated share repurchase contracts, equity forward transactions, equity swap transactions, floor transactions or other similar transactions or any combination of the foregoing transactions). This plan has no expiration date.

During fiscal year 2022, there were no repurchases under the 2019 stock repurchase plan. During fiscal year 2021, we purchased 22,565 shares at an average price of $7.27 per share totaling approximately $163,800 under the 2019 stock repurchase plan. The maximum number of shares that may be repurchased in the future is 514,594.

12. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following is a summary of the quarterly results of operations for the years ended February 28, 2022 and February 28, 2021:

		Net Revenues		Gross Margin		Net Earnings		Basic Earnings Per Share		Diluted Earnings Per Share
2022										
First quarter	$	40,807,900	$	28,778,000	$	3,438,100	$	0.43	$	0.41
Second quarter		32,994,400		22,495,500		1,898,200		0.23		0.22
Third quarter		45,112,300		31,215,000		2,646,600		0.33		0.31
Fourth quarter		23,314,200		15,442,800		323,900		0.04		0.04
Total year	$	142,228,800	$	97,931,300	$	8,306,800	$	1.03	$	0.98
2021										
First quarter	$	38,291,700	$	26,896,200	$	1,931,100	$	0.23	$	0.23
Second quarter		59,250,100		41,940,600		4,255,000		0.51		0.51
Third quarter		66,750,300		47,152,500		4,269,600		0.51		0.51
Fourth quarter		40,343,000		28,608,800		2,168,300		0.26		0.25
Total year	$	204,635,100	$	144,598,100	$	12,624,000	$	1.51	$	1.50

13. BUSINESS SEGMENTS

We have two reportable segments: Publishing and UBAM. These reportable segments offer different methods of distribution to different types of customers. They are managed separately based on the fundamental differences in their operations. Our Publishing segment markets its products to retail accounts, which include book, school supply, toy and gift stores and museums, through commissioned sales representatives, trade and specialty wholesalers and our internal tele-sales group. Our UBAM segment markets its products through a network of independent sales consultants using a combination of internet sales, direct sales, home shows and book fairs.

The accounting policies of the segments are the same as those of the rest of the Company. We evaluate segment performance based on earnings before income taxes of the segments, which is defined as segment net revenues reduced by cost of sales and direct expenses. Corporate expenses, depreciation, interest expense and income taxes are not allocated to the segments but are listed in the “Other” row below. Corporate expenses include the executive department, accounting department, information services department, general office management, warehouse operations and building facilities management. Our assets and liabilities are not allocated on a segment basis.

Information by industry segment for the years ended February 28, 2022 and February 28, 2021 is set forth below:

NET REVENUES

	2022	2021
Publishing	$ 13,250,300	$ 8,625,800
UBAM	128,978,500	196,009,300
Total	$ 142,228,800	$ 204,635,100

EARNINGS (LOSS) BEFORE INCOME TAXES

	2022	2021
Publishing	$ 3,639,800	$ 2,571,600
UBAM	24,437,500	32,820,600
Other	(16,841,400)	(18,161,400)
Total	$ 11,235,900	$ 17,230,800

14. FINANCIAL INSTRUMENTS

The following methods and assumptions are used in estimating the fair-value disclosures for financial instruments:

- The carrying amounts reported in the balance sheets for cash and cash equivalents, accounts receivable and accounts payable approximate fair value due to the short-term maturity of these instruments.

- The estimated fair value of our term notes payable is estimated by management to approximate $24,521,600 and $11,078,800 as of February 28, 2022 and February 28, 2021, respectively. Management's estimates are based on the obligations' characteristics, including floating interest rate, maturity, and collateral.

15. DEFERRED REVENUES

The Company's UBAM division receives payments on orders in advance of shipment. Any payments received prior to our fiscal year end that were not shipped as of February 28, 2022 and February 28, 2021 are recorded as deferred revenues on the balance sheets. We received approximately $681,600 and $2,475,900 as of February 28, 2022 and February 28, 2021, respectively, in payments for sales orders which were, or will be, shipped out subsequent to the fiscal year end.

16. SUBSEQUENT EVENTS

On April 11, 2022, the Company executed the Fifth Amendment to the Loan Agreement which temporarily increased the maximum revolving principal amount from $20.0 million to $25.0 million. The temporary increase period began on April 11, 2022 and ends on September 15, 2022, at which time the maximum revolving principal will automatically revert back to $20.0 million. It also extended the termination date on the revolving loan from August 15, 2022 to April 11, 2023. Furthermore, this amendment defines the Benchmark Replacement, as the use of LIBO Rates have been discontinued, and now uses SOFR ("Secured Overnight Financing Rate") which is published by the Chicago Mercantile Exchange. SOFR Margin, based upon the Adjusted Funded Debt to EBITDA Ratio increased across all four pricing tiers by 5 basis points. Lastly, the Adjusted Funded Debt Test Default changed to 3.50:1.00 for calendar months ending before May 31, 2022, and 2.75:1.00 thereafter.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements (No. 33-60188, 333-100659 and 333-231817) on Form S-8 of Educational Development Corporation of our reports dated May 5, 2022, relating to the financial statements and the effectiveness of internal control over financial reporting of Educational Development Corporation, appearing in this Annual Report on Form 10-K of Educational Development Corporation for the year ended February 28, 2022.

/s/ HOGANTAYLOR LLP

Tulsa, Oklahoma
May 5, 2022

Exhibit 31.1

CERTIFICATION

I, Craig M. White, certify that:

1. I have reviewed this Annual Report on Form 10-K of Educational Development Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2022

/s/ Craig M. White
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Dan E. O'Keefe, certify that:

1. I have reviewed this Annual Report on Form 10-K of Educational Development Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2022

/s/ Dan E. O'Keefe
Chief Financial Officer and Corporate Secretary
(Principal Financial and Accounting Officer)

Exhibit 32.1

Certification Pursuant to 18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

In connection with the Annual Report of Educational Development Corporation (the "Company") on Form 10-K for the year ending February 28, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 5, 2022

By /s/ Craig M. White
Craig M. White
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 5, 2022

By /s/ Dan E. O'Keefe
Dan E. O'Keefe
Chief Financial Officer and Corporate Secretary
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to, and will be retained by, the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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Directors

Randall W. White
Executive Chairman
Educational Development Corporation

John A. Clerico
Co-Founder and Chairman
ChartMark Investments, Inc.

Dr. Kara Gae Neal
Director, School of Urban Education
The University of Tulsa

Joshua J. Peters
Chief Investment Officer and Principal
Zenith Sterling Advisors, LLC

Craig M. White
President and Chief Executive Officer
Educational Development Corporation

Officers

Craig M. White
President and Chief Executive Officer

Dan O'Keefe
Chief Financial Officer and

Heather Cobb
Chief Sales & Marketing Officer

Corporate Data

Notice of Annual Meeting
July 6, 2022, 10:00 a.m.
Educational Development Corporation
Executive Conference Room
5402 S. 122nd East Avenue
Tulsa, Oklahoma 74146

Form 10-K
Educational Development Corporation's Form 10-K filed with the Securities and Exchange Commission is available upon request. Write to:

Craig M. White, President
Educational Development Corporation
5402 S. 122nd East Avenue
Tulsa, Oklahoma 74146

Transfer Agent
American Stock Transfer and Trust Company
New York, New York

Auditors
HoganTaylor LLP
Tulsa, Oklahoma

Corporate Offices
5402 S. 122nd East Avenue
Tulsa, Oklahoma 74146-2230
Phone 918.622.4522
Fax 918.665.7919
www.edcpub.com

Listed on NASDAQ

Our Mission

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.**

Educational Development Corporation
Usborne & Kane Miller Books

5402 S. 122nd East Avenue • Tulsa, Oklahoma 74146-2230