Bed Bath & Beyond Inc. Business & Strategy Update

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August 31, 2022
Forward Looking Statements

This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, including, but not limited to, our progress and anticipated progress towards our long-term objectives, as well as more generally the status of our future liquidity and financial condition and our outlook for our 2022 Fiscal second quarter and 2022 Fiscal year. Many of these forward-looking statements can be identified by use of words such as may, will, expect, anticipate, approximate, estimate, assume, continue, model, project, plan, goal, preliminary, and similar words and phrases, although the absence of those words does not necessarily mean that statements are not forward-looking. Our actual results and future financial condition may differ materially from those expressed in any such forward-looking statements as a result of many factors. Such factors include, without limitation: general economic conditions including the recent supply chain disruptions, labor shortages, wage pressures, rising inflation and the ongoing military conflict between Russia and Ukraine; challenges related to our relationships with our suppliers, including the failure of our suppliers to supply us with the necessary volume and type of products; the impact of cost-saving measures; our inability to generate sufficient cash to service all of our indebtedness or our ability to access additional capital; our inability to complete our expected credit financings; changes to our credit rating or the terms on which vendors or others will provide us credit; the impact of strategic changes, including the reaction of customers to such changes; a challenging overall macroeconomic environment and a highly competitive retailing environment; risks associated with the ongoing COVID-19 pandemic and the governmental responses to it, including its impacts across our businesses on demand and operations, as well as on the operations of our suppliers and other business partners, and the effectiveness of our and governmental actions taken in response to these risks; changing consumer preferences, spending habits and demographics; demographics and other macroeconomic factors that may impact the level of spending for the types of merchandise sold by us; challenges in executing our omni-channel and transformation strategy, including our ability to establish and profitably maintain the appropriate mix of digital and physical presence in the markets we serve; our ability to successfully execute our store fleet optimization strategies, including our ability to achieve anticipated cost savings and to not exceed anticipated costs; our ability to execute on any additional strategic transactions and realize the benefits of any acquisitions, partnerships, investments or divestitures; disruptions to our information technology systems, including but not limited to security breaches of systems protecting consumer and employee information or other types of cybercrimes or cybersecurity attacks; damage to our reputation in any aspect of our operations; the cost of labor, merchandise, logistical costs and other costs and expenses; potential supply chain disruption due to trade restrictions or otherwise, and other factors such as natural disasters, pandemics, political instability, labor disturbances, product recalls, financial or operational instability of suppliers or carriers, and other items; inflation and the related increases in costs of materials, labor and other costs; inefficient management of relationships and dependencies on third-party service providers; our ability to attract and retain qualified employees in all areas of the organization; unusual weather patterns and natural disasters, including the impact of climate change; uncertainty and disruptions in financial markets; volatility in the price of our common stock and its effect, and the effect of other factors on our capital allocation strategy; changes to statutory, regulatory and other legal requirements or deemed noncompliance with such requirements; changes to accounting rules, regulations and tax laws, or new interpretations of existing accounting standards or tax laws; new, or developments in existing, litigation, claims or assessments; and a failure of our business partners to adhere to appropriate laws, regulations or standards. Except as required by law, we do not undertake any obligation to update our forward-looking statements. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. These assumptions could prove inaccurate.

Any forward-looking statement we make in this presentation or elsewhere speaks only as of the date on which we make it. The risks identified above are not exhaustive, and you should be aware that there may be other risks that could adversely affect our business and financial performance. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. In any event, these and other important factors may cause actual results to differ materially from those indicated by our forward-looking statements. We have no duty, and do not intend, to update or revise the forward-looking statements we make in this presentation or elsewhere, except as may be required by law. In light of these risks and uncertainties, you should keep in mind that the future events or circumstances described in any forward-looking statement we make in this presentation or elsewhere might not occur.
Agenda

- Key Messages
- Liquidity Update
- Profitability and Cash Flow
- Organizational Structure
- Serving Our Customers at Bed Bath & Beyond
- Accelerating buybuy BABY
- Partnering with our Vendors
- Interim Financial Update
- Close
Key Messages

We are making sweeping changes to serve our customers, drive growth and profitability, and deliver business returns

▪ **Enhancing liquidity** with financing commitments for more than $500M via expanded $1.13B ABL facility and new $375M FILO loan as we work towards sustainable improvements to our balance sheet and cash flows

▪ Continuing to evaluate opportunities to augment capital structure; Filing of Form S-3

▪ Right-sizing our cost structure through fleet optimization and workforce reductions as we lower SG&A and CapEx and prioritize returns on investment

▪ **Significant, strategic changes** are already underway to regain dominance as the destination for customers, with the products they want and experiences they seek

▪ Accelerating buybuy BABY strategy under BBBY portfolio to drive growth; continue to monitor business and value creation

▪ Realigning executive leadership and streamlining our organizational structure to focus on immediate priorities and important changes to strategy and operations
Executing on Capital Structure Objectives and Enhancing Liquidity

- Secured commitments for more than $500M of incremental liquidity
  - Expanded ABL facility of $1.13B
  - $375M in the form of a first-in, last out ("FILO") loan
- Enhanced liquidity to support immediate priorities, including rebalancing assortment and inventory to drive traffic, vendor support
- Filed S-3 to facilitate raising incremental equity capital
  - Preparing initiation of an at the market offering program ("ATM") for up to 12M shares of common stock
  - Provides optionality to augment liquidity, invest in business or reduce leverage/interest expense
- Focused on further strengthening long-term capital structure
  - Additional new capital preserves flexibility to execute on long-term capital structure objectives
  - Evaluating options to further enhance capital structure, reduce debt and interest expense

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1 Based on approximately $130M of outstanding LCs and $550M of borrowings as of Q2'2022
2 Pro forma based on Q2'2022 ending liquidity plus FILO loan and ABL commitment increase
Cost Optimization to Drive Profitability and Cash Flow

▪ Right-Sizing Cost Structure and Store Fleet to Drive Savings of Approximately $250M in FY22
  o Reduction in force initiated, including approximately 20% across corporate and supply chain
  o Approx. 150+ lower-producing Bed Bath & Beyond banner stores identified for closure (already underway); and related store staffing

▪ Lower Capital Expenditures Planned for FY22 at Approximately $250M versus Original Plan of $400M
  o Focus on strategic investments in technology, capabilities and services, and store maintenance
  o Expansion of digital offerings and services
  o Strategic reevaluation of original store remodel plans and returns given changes in customer shopping and service preferences
  o Future remodels and new store openings to remain paused for FY22
  o Immediate actions anticipated to impact Q2 with sequential improvement in Free Cash Flow
Leadership and Structural Changes to Drive Key Focus Areas

- Organizational alignment and elevation of leaders to drive growth in Bed Bath & Beyond and buybuy BABY banners
  - Mara Sirhal to EVP, Brand President – Bed Bath & Beyond
  - Patty Wu to EVP, Brand President – buybuy BABY
- Streamlined senior leadership team will assume additional responsibilities
- Overall program designed to drive simplification, eliminate unnecessary layers, and reflect changes in our business as it relates to:
  - Sales volume
  - Store footprint
  - Rebalanced future Owned Brands development and support
  - Execution of the fundamentals and deferral of longer-term strategic tests and initiatives

Reporting to CEO

Mara Sirhal
EVP, Brand President – Bed Bath & Beyond

Patty Wu
EVP, Brand President – buybuy BABY
Drive Traffic and Sales at BED BATH & BEYOND Banner with Unique Assortment, Newness and Discovery

- **Lead with Customer Preference**
  - Bringing back popular National Brands to increase traffic and regain dominance as a HOME destination
    - Increase inventory penetration by approx. 20pp
    - Bring customers more of their favorite National Brands and product while leveraging value and promotion
    - Capitalize on our market position to be bring innovation to customers through emerging Direct-to-Consumer brands or exclusive products
- **Build Stronger Relationships with Customers**
  - Welcome Rewards™: 5M total members, including a 20% increase in new members since launch (approx. 1M new sign-ups)
- **Reducing breadth and depth of Owned Brands**
  - Exiting third of Owned Brands labels and lowering inventory penetration by approx. 20pp
Accelerating the Growth and Value of buybuy BABY

- Priority is to drive buybuy BABY expansion and value within the BBBY portfolio through organic growth strategies

- Expand on our category leadership and become a solution platform for parents from pre-natal to pre-school:
  - Leverage associate expertise to guide expectant parents and help them care for themselves and their babies
  - Focus on content, strategic partnerships, lifestyle partners and expert influencers to become a lifestyle destination for parents
  - Rebuild registry and build on Welcome Rewards™ to start our customer journey early

- Creation of Brand President role to focus on growth and unlock further value

- Board of Directors’ Strategy Committee will continue to monitor business developments, preserve optionality and flexibility, and oversee go-forward direction and value creation
Support for our Supplier and Vendor Partners

- Resetting and Refreshing Our Relationships
  - Increase the presence of our National and Direct-to-Consumer brands
  - Prioritize our suppliers across our broad portfolio of products
  - Regular communication from CEO and Brand Presidents has occurred and will continue
  - High engagement with top suppliers with strong support, particularly across our largest partners
  - Merchandising leaders have been in close touch with partners to ensure continuous support.
  - Additional engagement planned this week following today’s announcements
  - Vendor Partner Summit planned for Fall 2022
Financial Update (Interim’)

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<th>Preliminary Expectations</th>
<th>Q2’22 Interim Update</th>
<th>Fiscal 2022</th>
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<td>Net Sales</td>
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<td>Comp Sales vs. LY</td>
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<td>Free Cash Flow</td>
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<td>Approx. 26% Decline</td>
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<td>Usage of Approx. $325M (vs. usage of approx. $500M last quarter)</td>
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<td>Decline in 20% Range; Improvement in 2H vs. 1H</td>
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<td>Approx. $250M below LY reflecting Cost Optimization in 2H22</td>
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<td>Approx. $250M vs. originally planned $400M</td>
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Key Assumptions:

- Approx. 150 store closures initiated in FY22

¹ The Company has not yet completed its quarterly financial close and will provide its full financial results for the second quarter at a later time. Until that time, the preliminary results described in this press release are estimates only and remain subject to change and finalization based on management’s ongoing review of results of the quarter and completion of all quarter-end close and audit review processes.
In Closing

- The changes we are making are aimed at serving our customers, driving growth and profitability, and delivering on business returns:
  - We are committed to enhancing our liquidity and bolstering our long-term capital structure
  - Structural changes to our store fleet and expected lower capex spending will strengthen our financial positioning
  - New organization and strategic changes to focus on immediate priorities and unlocking value in Bed Bath & Beyond and buybuy BABY banners
  - Strategic refocus on driving traffic and sales through the return of popular National brands and adjusting inventory of our Owned Brands
  - Immediate focus on providing customers with the experiences they seek
Non-GAAP Information

This presentation contains certain non-GAAP information, including Adjusted SG&A and Free Cash Flow. Free Cash Flow is defined as operating cash flow less capital expenditures. Non-GAAP information is intended to provide visibility into the Company’s core operations and excludes special items, including non-cash impairment charges related to certain store-level assets and tradenames, loss on sale of businesses, loss on the extinguishment of debt, charges recorded in connection with the restructuring and transformation initiatives, which includes accelerated markdowns and inventory reserves related to the planned assortment transition to Owned Brands and costs associated with store closures related to the Company’s fleet optimization and the income tax impact of these items. The Company’s definition and calculation of non-GAAP measures may differ from that of other companies. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company’s reported GAAP financial results. The Company is not providing a reconciliation of its forward looking quarter ended August 27, 2022 non-GAAP preliminary expected results or its fiscal year 2022 guidance with respect to Adjusted SG&A and Free Cash Flow because it does not currently have sufficient information to accurately estimate all of the variables and individual adjustments for such reconciliation. As such, the Company cannot estimate on a forward-looking basis without unreasonable effort the impact these variables and individual adjustments will have on its reported results.