BNED
ELEVATING EDUCATION

—— Barnes & Noble Education. Inc. ——

LETTER TO SHAREHOLDERS

To our shareholders,

We are excited to kick off fiscal year 2025 with a much stronger foundation for future growth and profitability.

On June 10, 2024, we closed on our milestone equity investment and bank refinancing. These transactions significantly improved our balance sheet by raising $95 million of new equity capital and converting approximately $34 million of second-lien debt into equity. We also entered into a new four-year, $325 million credit facility.

As a result of these transactions, we have seen a significant boost in confidence on the part of our campus partners and vendors. Moving forward, we anticipate a significant ongoing reduction in interest costs, bank amendment fees, and legal and advisory expenses that have weighed on the business over the past two years.

We have also made important organizational changes. We recently appointed Jonathan Shar as our new Chief Executive Officer. We also appointed five new members to our Board of Directors: Chairman William C. Martin, Emily Hoffman, Sean Madnani, Elias Nader and Eric Singer, with William C. Martin and Eric Singer overseeing a new Strategy and Operational Review Committee of the Board. We are also pleased to welcome returning directors Denise Warren and Kate Walker.

We plan to strategically invest in innovation and improve the experiences and value we bring to our customers and partner institutions, including continuing the growth of First Day Complete and our general merchandise business. We are also focused on productivity and cost efficiencies, while also making investments in technology. Our goal is to drive material improvements in profitability and to further build upon the strong financial foundation that we have recently attained.

We are deeply grateful for the support of our campus partners, vendors and strategic partners, as well as our BNED team members for their dedication, commitment and the role they play in our company's success.

We want to thank our shareholders for the fresh confidence they've shown in Barnes & Noble Education. We look forward to executing our business plan in 2025 and beyond.

Sincerely,

Jonathan Shar
Chief Executive Officer

William C. Martin
Chairman of the Board

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 April 27, 2024 OR

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

Commission File Number: 1-37499

BARNES & NOBLE EDUCATION, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**46-0599018**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
120 Mountain View Blvd. Basking Ridge NJ	**07920**
(Address of Principal Executive Offices)	**(Zip Code)**

Registrant's Telephone Number, Including Area Code: (908) 991-2665

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

Title of Class	Trading Symbol	Name of Exchange on which registered
Common Stock, $0.01 par value per share	BNED	New York Stock Exchange
Rights to Purchase Series A Junior Participating Preferred Stock	BNED	New York Stock Exchange

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 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, a smaller reporting company, or an emerging growth company. See definition 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	☐	Emerging Growth Company	☐
Non-Accelerated Filer	☒	Smaller reporting 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 ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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 voting and non-voting stock held by non-affiliates of the registrant was approximately $45 million based upon the closing market price of $0.97 per share of Common Stock on the New York Stock Exchange as of October 28, 2023. As of June 21, 2024, 26,208,036 shares of Common Stock, par value $0.01 per share, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the 2024 Annual Meeting of Stockholders are incorporated by reference into Part III.

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES

INDEX TO FORM 10-K

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and information relating to us and our business that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this communication, the words "anticipate," "believe," "estimate," "expect," "intend," "plan," "will," "forecasts," "projections," and similar expressions, as they relate to us or our management, identify forward-looking statements. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this Form 10-K may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

Such statements reflect our current views with respect to future events, the outcome of which is subject to certain risks, including, among others:

- the amount of our indebtedness and ability to comply with covenants applicable to current and/or any future debt financing;
- our ability to satisfy future capital and liquidity requirements;
- our ability to continue as a going concern;
- our ability to access the credit and capital markets at the times and in the amounts needed and on acceptable terms;
- our ability to maintain adequate liquidity levels to support ongoing inventory purchases and related vendor payments in a timely manner;
- our ability to attract and retain employees;
- the pace of equitable and inclusive access adoption in the marketplace is slower than anticipated and our ability to successfully convert the majority of our institutions to our *BNC First Day*® equitable and inclusive access course material models or successfully compete with third parties that provide similar equitable and inclusive access solutions;
- the United States Department of Education has recently proposed regulatory changes that, if adopted as proposed, could impact equitable and inclusive access models across the higher education industry;
- the strategic objectives, successful integration, anticipated synergies, and/or other expected potential benefits of various strategic and restructuring initiatives may not be fully realized or may take longer than expected;
- dependency on strategic service provider relationships, such as with VitalSource Technologies, Inc. and the Fanatics Retail Group Fulfillment, LLC ("Fanatics") and Fanatics Lids College, Inc. D/B/A "Lids" ("Lids") (collectively referred to herein as the "F/L Relationship"), and the potential for adverse operational and financial changes to these strategic service provider relationships, may adversely impact our business;
- non-renewal of managed bookstore, physical and/or online store contracts and higher-than-anticipated store closings;
- decisions by K-12 schools, colleges and universities to outsource their physical and/or online bookstore operations or change the operation of their bookstores;
- general competitive conditions, including actions our competitors and content providers may take to grow their businesses;
- the risk of changes in price or in formats of course materials by publishers, which could negatively impact revenues and margin;
- changes to purchase or rental terms, payment terms, return policies, the discount or margin on products or other terms with our suppliers;
- product shortages, including decreases in the used textbook inventory supply associated with the implementation of publishers' digital offerings and direct to student textbook consignment rental programs;
- work stoppages or increases in labor costs;
- possible increases in shipping rates or interruptions in shipping services;
- a decline in college enrollment or decreased funding available for students;
- decreased consumer demand for our products, low growth or declining sales;

- the general economic environment and consumer spending patterns;
- trends and challenges to our business and in the locations in which we have stores;
- risks associated with operation or performance of MBS Textbook Exchange, LLC's point-of-sales systems that are sold to college bookstore customers;
- technological changes, including the adoption of artificial intelligence technologies for educational content;
- risks associated with counterfeit and piracy of digital and print materials;
- risks associated with the potential loss of control over personal information;
- risks associated with the potential misappropriation of our intellectual property;
- disruptions to our information technology systems, infrastructure, data, supplier systems, and customer ordering and payment systems due to computer malware, viruses, hacking and phishing attacks, resulting in harm to our business and results of operations;
- disruption of or interference with third party service providers and our own proprietary technology;
- risks associated with the impact that public health crises, epidemics, and pandemics, such as the COVID-19 pandemic, have on the overall demand for Barnes & Noble Education, Inc. products and services, our operations, the operations of our suppliers, service providers, and campus partners, and the effectiveness of our response to these risks;
- lingering impacts that public health crises may have on the ability of our suppliers to manufacture or source products, particularly from outside of the United States;
- changes in applicable domestic and international laws, rules or regulations, including, without limitation, U.S. tax reform, changes in tax rates, laws and regulations, as well as related guidance;
- changes in and enactment of applicable laws, rules or regulations or changes in enforcement practices including, without limitation, with regard to artificial intelligence or consumer data privacy rights, which may restrict or prohibit our use of consumer personal information for texts, emails, interest based online advertising, or similar marketing and sales activities;
- adverse results from litigation, governmental investigations, tax-related proceedings, or audits;
- changes in accounting standards; and
- the other risks and uncertainties detailed in the section titled "Risk Factors" in *Part I - Item 1A* of this Form 10-K.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those described as anticipated, believed, estimated, expected, intended or planned. Subsequent written and oral 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. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this Form 10-K.

AVAILABILITY OF INFORMATION

Our website address is www.bned.com and our Investor Relations website address is investor.bned.com. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are filed with the U.S. Securities and Exchange Commission (SEC), which maintains an Internet site at www.sec.gov to access such reports. We are subject to the informational requirements of the Exchange Act and file or furnish reports, proxy statements, and other information with the SEC. Such reports and other information filed by the Company with the SEC are available free of charge on our website at investor.bned.com when such reports are available on the SEC's website. We use our investor.bned.com website as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Accordingly, investors should monitor investor.bned.com, in addition to following our press releases, SEC filings and public conference calls and webcasts.

The contents of the websites referred to above are not incorporated into this filing. Further, our references to the URLs for these websites are intended to be inactive textual references only.

PART I

Item 1. *BUSINESS*

Unless the context otherwise indicates, references to "we," "us," "our" and "the Company" refer to Barnes & Noble Education, Inc. or "BNED", a Delaware corporation. References to "Barnes & Noble College" or "BNC" refer to our subsidiary Barnes & Noble College Booksellers, LLC. References to "MBS" refer to our subsidiary MBS Textbook Exchange, LLC.

Our fiscal year is comprised of 52 or 53 weeks, ending on the Saturday closest to the last day of April. "Fiscal 2024" means the 52 weeks ended April 27, 2024,"Fiscal 2023" means the 52 weeks ended April 29, 2023, and "Fiscal 2022" means the 52 weeks ended April 30, 2022.

OVERVIEW

General

Barnes & Noble Education, Inc. ("BNED") is one of the largest contract operators of physical and virtual bookstores for college and university campuses and K-12 institutions across the United States. We are also one of the largest textbook wholesalers and inventory management hardware and software providers. We operate 1,245 physical, virtual, and custom bookstores and serve more than 5.8 million students, delivering essential educational content, tools and general merchandise within a dynamic omnichannel retail environment.

The strengths of our business include our ability to compete by developing new products and solutions to meet market needs, our large operating footprint with direct access to students and faculty, our well-established, deep relationships with academic partners and stable, long-term contracts and our well-recognized brands. We provide product and service offerings designed to address the most pressing issues in higher education, including equitable access, enhanced convenience and improved affordability through innovative course material delivery models designed to drive improved student experiences and outcomes. We offer our *BNC First Day*® equitable and inclusive access programs, consisting of *First Day Complete* and *First Day*, which provide faculty required course materials on or before the first day of class at below market rates, as compared to the total retail price for the same course materials if purchased separately (a la carte), and students are billed the below market rate directly by the institution as a course charge or included in tuition. During the 52 weeks ended April 27, 2024, *BNC First Day* total revenue increased by $127 million, or 37%, to $474 million compared to $347 million during the prior year period. These programs have allowed us to reverse historical long-term trends in course materials revenue declines, which has been observed at those schools where such programs have been adopted, and improve predictability of our future results. In Fiscal 2024, the growth of our *BNC First Day* programs offset the declines in a la carte courseware sales and closed store sales. We are moving quickly to accelerate our *First Day Complete* strategy. Many institutions adopted *First Day Complete* in Fiscal 2024, and we plan to continue to scale the number of schools adopting *First Day Complete* in Fiscal 2025 and beyond.

We expect to continue to introduce scalable and advanced solutions focused largely on the student and customer experience, expand our e-commerce capabilities and accelerate such capabilities through our service providers, Fanatics Retail Group Fulfillment, LLC ("Fanatics") and Fanatics Lids College, Inc. D/B/A "Lids" ("Lids") (collectively referred to herein as the "F/L Relationship"), win new accounts, and expand our revenue opportunities through strategic relationships. We expect gross comparable store general merchandise sales to increase over the long term, as our product assortments continue to emphasize and reflect changing consumer trends, and we evolve our presentation concepts and merchandising of products in stores and online, which we expect to be further enhanced and accelerated through the F/L Relationship. Fanatics and Lids, acting on our behalf as our service providers, provide unparalleled product assortment, e-commerce capabilities and powerful digital marketing tools to drive increased value for customers and accelerate growth of our logo general merchandise business.

The *Barnes & Noble* brand (licensed from our former parent) along with our subsidiary brands, *BNC* and *MBS,* are synonymous with innovation in bookselling and campus retailing, and are widely recognized and respected brands in the United States. Our large college footprint, reputation, and credibility in the marketplace not only support our marketing efforts to universities, students, and faculty, but are also important to our relationship with leading publishers who rely on us as one of their primary distribution channels.

Financing Arrangements

On June 10, 2024, subsequent to the end of Fiscal 2024, we completed various transactions, including an equity rights offering, private equity investment, Term Loan debt conversion, and Credit Facility refinancing, to substantially deleverage our consolidated balance sheet. These transactions raised additional capital for repayment of indebtedness and provide additional flexibility for working capital needs, which will also allow us to strategically invest in innovation and continue to execute our strategic initiatives, including but not limited to the growth of our *First Day Complete* program. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 17. Subsequent Events.*

Segments

We identify our segments in accordance with the way our business is managed (focusing on the financial information distributed) and the manner in which our chief operating decision maker allocates resources and assesses financial performance.

We have two reportable segments: Retail and Wholesale. Additionally, unallocated shared-service costs, which include various corporate level expenses and other governance functions, are not allocated to a specific reporting segment and continue to be presented as "Corporate Services". The following discussion provides information regarding the two segments.

RETAIL SEGMENT

General

The *Retail Segment* operates 1,245 college, university, and K-12 school bookstores, comprised of 707 physical bookstores and 538 virtual bookstores. Our bookstores typically operate under agreements with the colleges, universities, or K-12 schools to be the official bookstore and the exclusive seller of course materials and supplies, including physical and digital products. The majority of the physical campus bookstores have school-branded e-commerce websites, which we operate independently or along with our merchant service providers, and which offer students access to required and recommended course materials and affinity products, including emblematic apparel and gifts.

The Retail Segment offers existing and prospective clients the flexibility of physical, virtual or custom store solutions. Students have access to the right course materials at the right time, combined with a superior in-house customer service department to help with ordering, delivery, and digital content inquiries. At certain institutions, students also have the flexibility of using financial aid, and proprietary campus debit cards for their course material purchases.

The Retail Segment offers our *BNC First Day®* equitable and inclusive access programs, consisting of *First Day Complete* and *First Day*, which provide faculty required course materials on or before the first day of class at below market rates, as compared to the total retail price for the same course materials if purchased separately (a la carte), and students are billed the below market rate, directly by the institution as a course charge or included in tuition. We have entered into several agreements with major publishers, including Cengage Learning, McGraw-Hill Education and Pearson Education, to distribute their digital content through *BNC First Day*. In Fiscal 2024, *BNC First Day* total sales increased by 37% from the prior year. See *BNC First Day Inclusive Access Programs* discussion below. In addition to *BNC First Day* programs, the Retail Segment offers a suite of digital content and services to colleges and universities, including a variety of open education resources ("OER") course material.

In Fiscal 2024, in the Retail Segment, we signed contracts for 46 new physical and virtual bookstores for estimated first year annual sales of approximately $35 million, which is generally fully achieved as the store becomes fully-operational in their first full year of operations. In Fiscal 2024, we closed 167 stores in the Retail Segment, with estimated annual sales of $109 million. The Company's strategic initiative is to close under-performing and less profitable stores. Many institutions have adopted *First Day Complete* in Fiscal 2024 and we plan to continue to scale the number of schools adopting *First Day Complete* in Fiscal 2025 and beyond. These programs have allowed us to reverse historical long-term trends in course materials revenue declines as the growth of our *BNC First Day* programs offsets declines in a la carte courseware sales and closed store sales.

Currently, we estimate that approximately 27% of college and university affiliated bookstores in the United States are operated by their respective institutions. We anticipate that schools will continue to outsource their campus bookstore, and we intend to aggressively pursue profitable new business opportunities to grow our Retail business footprint. We evaluate each new contract based on established profitability measures to ensure we maintain a portfolio of profitable accounts. Our ability to offer existing and prospective clients physical, virtual and custom store solutions is a key element of our competitive strategy.

BNC First Day Equitable and Inclusive Access Programs

We provide product and service offerings designed to address the most pressing issues in higher education, including equitable access, enhanced convenience and improved affordability through innovative course material delivery models designed to drive improved student experiences and outcomes. We offer our *BNC First Day®* equitable and inclusive access programs, consisting of *First Day Complete* and *First Day*, which provide faculty required course materials on or before the first day of class at below market rates, as compared to the total retail price for the same course materials if purchased separately (a la carte), and students are billed the below market rate directly by the institution as a course charge or included in tuition.

- *First Day Complete* is adopted by an institution and includes all or the majority of undergraduate classes (and on occasion graduate classes), providing students both physical and digital materials. The *First Day Complete* model drives substantially greater unit sales and sell-through for the bookstore.
- *First Day* is adopted by a faculty member for a single course, and students receive primarily digital course materials through their school's learning management system ("LMS").

Offering course materials through our equitable and inclusive access *First Day Complete* and *First Day* models is an important strategic initiative of ours to meet the market demands of substantially reduced pricing to students, as well as the opportunity to improve student outcomes, while, at the same time, increasing our market share, revenue and relative gross profits of course material sales given the higher volumes of units sold in such models as compared to historical sales models that rely on individual student marketing and sales. These programs have allowed us to reverse historical long-term trends in course materials revenue declines, which has been observed at those schools where such programs have been adopted, and improve predictability of our future results. In Fiscal 2024, the growth of our *BNC First Day* programs offset the declines in a la carte courseware sales and closed store sales. We are moving quickly to accelerate our *First Day Complete* strategy. Many institutions adopted *First Day Complete* in Fiscal 2024, and we plan to continue to scale the number of schools adopting *First Day Complete* in Fiscal 2025 and beyond.

The following table summarizes our *BNC First Day* sales for the 52 weeks ended April 27, 2024 and April 29, 2023:

Dollars in millions	52 weeks ended			
	April 27, 2024	April 29, 2023	$ Increase	% Change
First Day Complete Sales	$ 292.7	$ 197.8	$ 94.9	48%
First Day Sales	$ 181.2	$ 148.9	$ 32.3	22%
Total *BNC First Day* Sales	$ 473.9	$ 346.7	$ 127.2	37%

First Day Complete	Spring 2024	Spring 2023	# Increase	% Change
Number of campus stores	160	116	44	38%
Estimated enrollment [(a)]	805,000	580,000	225,000	39%

(a) Total undergraduate and graduate student enrollment as reported by National Center for Education Statistics (NCES) as of October 26, 2023.

Relationship with Fanatics and Lids

In December 2020, we entered into the F/L Relationship. Fanatics and Lids, acting on our behalf as our service providers, provide unparalleled product assortment, e-commerce capabilities and powerful digital marketing tools to drive increased value for customers and accelerate growth of our logo general merchandise business. Fanatics operates as our service provider, including processing consumer personal information on our behalf, using their cutting-edge e-commerce and technology expertise to offer our campus store websites expanded product selection, a world-class online and mobile experience, and a progressive direct-to-consumer platform. Coupled with Lids, the leading standalone brick and mortar retailer focused exclusively on licensed fan and alumni products, our campus stores have improved access to trend and sales performance data on licensees, product styles, and design treatments.

We maintain our relationships with campus partners and remain responsible for staffing and managing the day-to-day operations of our campus bookstores. We also work closely with our campus partners to ensure that each campus store maintains unique aspects of in-store merchandising, including localized product assortments and specific styles and designs that reflect each campus's brand. We leverage Fanatics' e-commerce technology and expertise for the operational management of the emblematic merchandise and gift sections of our campus store websites. Lids manages in-store assortment planning and merchandising of emblematic apparel, headwear, and gift products for our partner campus stores, and Lids owns the inventory it manages, relieving us of the obligation to finance inventory purchases from working capital. As the logo and emblematic general merchandise sales are fulfilled by Lids and Fanatics, we recognize commission revenue earned for these sales on a net basis in our consolidated financial statements, as compared to the recognition of logo and emblematic general merchandise sales on a gross basis prior to April 2021.

Contracts

Physical and Custom Campus Bookstore Solutions

We operate 707 physical campus bookstores. Our physical bookstores are typically operated under management agreements with the college or university to be the official college or university bookstore and the exclusive seller of course materials and supplies, including physical and digital products sold in-store, online or through learning management systems. We pay the school a percentage of sales for the right to be the official college or university bookstore and the use of the premises; approximately half of our agreements do not have any minimum guaranteed amount to be paid to our partners. In addition, we have the non-exclusive right to sell all items typically sold in a college bookstore both in-store and online. We also have the ability to integrate the store's systems with the colleges and university's systems in order to accept student financial aid, university debit cards and other forms of payment. Our decentralized management structure empowers local teams to make decisions based on the local campus needs and fosters collaborative working relationships with our partners.

For those on-campus stores with a limited store footprint, we also offer solutions for institutions to provide general merchandise products at the physical on-campus store, with course materials offered virtually and fulfilled direct-to-student (either to an individual address or a central campus pick-up point).

The physical bookstore management contracts with colleges and universities typically include five-year terms with renewal options and are typically cancellable by either party without penalty with 90 to 120 days' notice. Our campus bookstores have an average relationship tenure of 15 years. From Fiscal 2021 through Fiscal 2024, approximately 82% of these contracts were renewed or extended, often before their termination dates.

Virtual Campus Bookstore Solutions

We operate 538 virtual campus bookstores. Our virtual bookstores generally operate under a contract as the institution's official source of course materials with exclusive rights to book lists and access to online programs that link course materials to the courses offered by the school. Our virtual-only solutions typically ship course materials directly to students, but also have the ability to offer ship-to-campus options.

Virtual bookstore agreements typically have terms between three and five years, with automatic renewal periods. For the past three years, we have retained approximately 90% of our contracts annually, with the majority of the contracts automatically renewed as per the contract terms or renewed before their expiration dates. We pay the school a percentage of sales for the right to be the official college or university bookstore.

We also operate *Textbooks.com*℠ which is one of the largest e-commerce sites for new, used, and digital textbooks. This division is primarily for direct-to-student sales.

Customers and Distribution Network

As of April 27, 2024, we operate 707 physical college and university bookstore operations and 538 virtual bookstore operations (350 K-12 virtual stores or 65% and 188 Higher Education virtual stores or 35%) located in the United States, in 50 states and the District of Columbia. Our Retail new business sales team is organized by specific territory and can offer all solutions (physical, virtual or custom store solutions) to public, state, private, community college, trade and technical, for-profit, online education institutions, within their respective territories.

Product and Service Offerings

We offer a broad suite of affordable course materials, including new and used print textbooks (which are available for sale or rent), digital textbooks and publisher-hosted digital courseware, at our physical and virtual bookstores, as well as offered directly to students through *Textbooks.com*. We offer a robust used textbook selection, unique guaranteed buyback program, dynamic pricing, and marketplace offerings.

Our physical and virtual bookstores provide a comprehensive e-commerce experience and a broad suite of affordable course materials. Additionally, our physical campus stores are social and academic hubs through which students can access affordable course materials, along with emblematic apparel and gifts, trade books, technology, school supplies, café offerings, convenience food and beverages, and graduation products. The majority of physical campus stores also have school-branded e-commerce sites which we operate independently or along with our merchant service providers, and which offer the same products as the on campus stores plus additional items.

Product and service offerings include:

- *Course Material Sales and Rentals*. Sales and rentals of course materials are a core revenue driver, and our faculty and student platforms operate as a seamless extension of our partner schools' registration, student information and learning management systems. Students can purchase course materials, including new and used print (available for sale or rent), eTextbooks, and publisher digital courseware platforms. We work directly with faculty to ensure the course materials they have chosen for their courses are available in all required formats before the start of classes. Our wholesale distribution channel enables our Retail Segment to optimize textbook sourcing, so they are able to more efficiently source and distribute a comprehensive inventory of affordable course materials to customers. *BNC's Adoption & Insights Portal* ("AIP") is an innovative platform that provides enhanced support for faculty and academic leadership to research, submit and monitor course material selections, further driving affordability and student success.
- *Equitable and Inclusive Access.* As discussed above, we offer our *BNC First Day*® equitable and inclusive access programs, consisting of *First Day Complete* and *First Day*, which provide faculty required course materials on or before the first day of class at below market rates, as compared to the total retail price for the same course materials if purchased separately (a la carte), and students are billed the below market rate directly by the institution as a course charge or included in tuition. We have contracted with VitalSource Technologies, Inc. ("VitalSource") to use their technology to power our *BNC First*

Day inclusive access platform, for digitally formatted courseware, from all major publishers, including Cengage Learning, McGraw-Hill Education and Pearson Education, allowing us to accelerate and optimize *BNC First Day* implementations. The seamless delivery is made possible by our *BNC First Day* technology and publishers' technology integrations with campus systems. These initiatives provide students, faculty and institutions greater access to more affordable course materials. *First Day* is offered on a class-by-class basis, as adopted by the individual instructors on a campus, as compared to *First Day Complete*, an institution adopts the program for all or the vast majority of undergraduate (and on occasion graduate) courses. In Fiscal 2024, *BNC First Day* programs' total sales increased by 37% from the prior year. *First Day Complete* offers the delivery of both digital and physical course materials priced at below market rates, as compared to the total retail price for the same course materials if purchased separately (a la carte). Offering course materials through our equitable and inclusive access programs is an important strategic initiative of ours to meet the market demands of substantially reduced pricing to students while, at the same time, increasing our market share, revenue and relative gross margins of course materials sales given the higher volumes of units sold in such models as compared to historical sales models that rely on individual student marketing and sales.

- *eTextbooks.* We have contracted with VitalSource, a global leader in building, enhancing and delivering digital content, on our digital reading platform and digital content catalog. The strategic relationship with VitalSource allows us to use its technology to power our *BNC First Day* platform, as well as our a la carte digital course material platform and catalog, for digitally formatted course materials, allowing us to accelerate and optimize *BNC First Day* implementations.
- *General Merchandise*. For our physical campus bookstores and custom store solutions, we drive general merchandise sales through both in-store and online channels and feature collegiate and athletic apparel, other custom-branded school spirit products, lifestyle and wellness products, technology products, supplies, graduation products and convenience items. We continue to see growth in general merchandise sales, which has been further bolstered through our F/L Relationship, as discussed above. We continue to enhance the user experience and product mix offered through our next generation e-commerce platform. In Fiscal 2024, Retail Gross Comparable Store Sales for general merchandise increased by $6.6 million, or 1.2%.

  We operate 48 True Spirit apparel and spirit shop e-commerce websites, through our F/L Relationship, which are virtual stores that appeal specifically to the alumni and sports fan base. We also operate pop-up retail locations at major sporting events, such as football and basketball games, for our partner colleges and universities. The True Spirit e-commerce websites for athletic branded merchandise and the physical pop-up retail locations build our partner schools' brands through alumni and athletics, fostering school spirit and capturing the excitement of collegiate sports. We utilize event driven direct marketing strategies for events, such as tournaments and playoffs or homecoming events, to target an online population of students, alumni and sports fans, with emails, social media posts, and search engine marketing.
- *Cafés and Convenience Stores.* At our physical campus locations, we operate 63 customized cafés, featuring Starbucks Coffee®, as well as regional coffee roasters, and 19 stand-alone convenience stores. Our Café locations and convenience marketplaces offer diverse grab-and-go options including organic, vegan, gluten-free and regional fresh food products. These offerings increase traffic and time spent in our physical stores. As market needs change, we are adapting our model to include more grab-and-go pre-packed fresh food items, simplified menus to reduce food waste and new technology to reduce operating complexity and make the customer experience more efficient.
- *Brand Marketing Programs.* Through our unique relationship with students, colleges and universities, and our premier locations on campus and online, we operate as a media channel for brands looking to target the college demographic, and derive revenue from these marketing programs. We also focus on promoting lifestyle products to students and faculty by promoting various brands to connect on a much more personal level. We create strategic, integrated campaigns which include research, email, social media, display advertising, on-campus events, signage, and sampling. Our client list includes brands such as Clinique, College Ave, Dell, DoorDash, HelloFresh, Hewlett-Packard, and Wall Street Journal. Revenue from these services have high margin rates due to the relatively low incremental cost structure to provide these services.

Merchandising and Supply Chain Management

Our purchasing procedures vary based on type of bookstore (physical or virtual) and by product type (i.e., course materials, general merchandise or trade books).

Course Materials and Trade Books

Purchases are made at the bookstore level with strategic corporate oversight to determine purchase quantities and maintain appropriate inventory levels. After titles are adopted for an upcoming term, we determine how much inventory to purchase based on several factors, including student enrollment and the previous term's course material sales history. For physical campus bookstores, we use an automated sourcing system to determine if another store has the necessary new or used textbooks on hand and may transfer the inventory to the appropriate store.

The Retail Segment fulfillment order is directed first to our wholesale business before other sources of inventory are utilized. Our wholesale business significantly increases our textbook supply at competitive prices, as well as our ability to liquidate non-returnable inventory. Through this close inventory management, we consolidate textbook units from multiple Retail Segment stores and other non-traditional wholesale sources into fewer, but larger, store shipments, reducing our shipping expenses and providing for efficiency of store handling, which puts our books on the stores' shelves faster. Our broad wholesale distribution channel and warehousing systems also drive inventory efficiencies by using real-time information regarding title availability, edition status and market prices, allowing the Retail Segment to optimize its course material sourcing and purchasing processes.

After internal sourcing, the bookstore purchases remaining inventory needs from outside suppliers and publishers. Out of stock inventory is minimized by managing inventory through our Wholesale Segment. For course material sales and rentals, we utilize sophisticated inventory management platforms to manage pricing and inventory across all stores. Our primary suppliers of new textbooks are publishers, including Pearson Education, Cengage Learning, McGraw-Hill Education, Macmillan Learning, and John Wiley & Sons. Both unsold textbooks and trade books are generally returnable to publishers for full credit. We also receive a supply of used textbooks from students, through returns of previously rented and purchased books. We offer a “Cash for Books” program in which students can sell their books back to the physical or virtual bookstore at the end of the semester, typically in December and May. Students typically receive up to 50% of the price they originally paid for the book if it has been adopted for a future class or the current wholesale price if it has not.

The larger physical bookstores feature an expanded selection of trade books (general reading). Merchants meet with publishers on a regular basis to identify new titles and trends to support this changing business.

General Merchandise

General merchandise vendors and product selection is driven by our central merchant organization that is responsible for curating the overall product assortment, as well as in conjunction with Fanatics and Lids through our F/L Relationship for logo and emblematic general merchandise assortment in-store and online, respectively. Benchmarks are established across school type, region and the demographics of each of our schools to allow for store level insights and customization for a product assortment that is unique to address the needs of each school that we serve. Our ability to support and promote our partner schools’ brands strengthens our relationships with the administration, faculty, alumni, fans, parents and students.

Our ability to source school supplies and general merchandise sold in our campus bookstores, including technology-related products and emblematic clothing, is impacted by the broader macro-economic global supply chain.

Customer Engagement and Marketing

Campus Community

Our campus relationships and contractual agreements allow us to seamlessly integrate into the college and university community. With direct access to our customer base through both physical and digital channels, we drive awareness, revenue and loyalty for the schools that we serve. We actively market and promote to all segments of our customer base for our physical and virtual bookstores, as well as *Textbooks.com*. We develop fully-integrated marketing programs to drive engagement with the students, parents, alumni and fans to promote all of our product and services, with a focus on academic course material needs, as well as school spirit, supply, graduation and technology categories. *Textbooks.com* marketing strategies target an online population of students, lifelong learners, parents and general textbook shoppers through a variety of channels including email, search engine marketing and affiliate marketing.

We have robust research capabilities that keep us ahead of the rapidly changing needs and behaviors of our customers, which allow us to proactively respond with relevant and dynamic solutions. Our *Barnes & Noble College Insights*® platform, which gives us the ability to reach approximately 7 million active students, parents, and alumni via email, and our on-campus activities and opportunities with students and faculty, help to guide and inform our strategies and direction. In addition, we expect to benefit from the F/L Relationship for insights on logo and emblematic merchandise, brand selection and style preferences, as Lids may be able to identify certain retail trends for similar age demographics at their more than 1,100 Lids retail locations. We believe Lids has its finger on the pulse of the buyer behavior of the 12-20 year old student consumer to identify and act on trends prior to other retailers.

Our customizable technology delivers a seamless experience providing students and faculty with the ability to research, locate and purchase the most affordable course materials. Our platforms include single sign-on (“SSO”), student information system integration, registration integration, learning management system integration, real-time financial aid platform, point of sale platform and course fee solutions. Through our fully-integrated purchasing process, students can purchase their course materials in-store, online, or when registering for classes.

Faculty and School Administrators

We support faculty and academic leadership with our proprietary online platform which allows for seamless content research, discovery and course material adoption, enabling them to offer course materials that are both relevant and affordable for their students.

Seasonality

Our retail business is highly seasonal, particularly with respect to textbook sales and rentals, with the major portion of sales and operating profit realized during the second and third fiscal quarters when college students generally purchase and rent textbooks for the upcoming semesters and lowest in the first and fourth fiscal quarters. Our quarterly results also may fluctuate depending on the timing of the start of the various schools' semesters, the revenue impact of accounting principles with respect to the recognition of revenue associated with our equitable and inclusive access programs, the ability to secure inventory on a timely basis, as well as shifts in our fiscal calendar dates. These shifts in timing may affect the comparability of our results across periods.

Retail product revenue is recognized when the customer takes physical possession of our products, which occurs either at the point of sale for products purchased at physical locations or upon receipt of our products by our customers for products ordered through our websites and virtual bookstores. Revenue from the sale of digital textbooks, which contains a single performance obligation, is recognized when the customer accesses the digital content as product revenue in our consolidated financial statements. Revenue from the rental of physical textbooks is deferred and recognized over the rental period based on the passage of time commencing at the point of sale, when control of the product transfers to the customer and is recognized as rental income in our consolidated financial statements. Depending on the product mix offered under the *BNC First Day* offerings, revenue recognized is consistent with our policies for product, digital and rental sales, net of an anticipated opt-out or return provision.

Given the growth of *BNC First Day* programs, the timing of cash collection from our school partners may shift to periods subsequent to when the revenue is recognized. When a school adopts our *BNC First Day* equitable and inclusive access offerings, cash collection from the school generally occurs after the institution's drop/add dates, which is later in the working capital cycle, particularly in our third quarter given the timing of the Spring Term and our quarterly reporting period, as compared to direct-to-student point-of-sale transactions where cash is generally collected during the point-of-sale transaction or within a few days from the credit card processor. As a higher percentage of our sales shift to *BNC First Day* equitable and inclusive access offerings, we are focused on efforts to better align the timing of our cash outflows to course material vendors and cash inflows from collections from schools. As the concentration of digital product sales increases, revenue will be recognized earlier during the academic term as digital textbook revenue is recognized when the customer accesses the digital content compared to: (i) the rental of physical textbook where revenue is recognized over the rental period, and (ii) a la carte courseware sales where revenue is recognized when the customer takes physical possession of our products, which occurs either at the point of sale for products purchased at physical locations or upon receipt of our products by our customers for products ordered through our websites and virtual bookstores.

WHOLESALE SEGMENT

General

The *Wholesale Segment* is comprised of the wholesale and virtual retail fulfillment, and support operations of our MBS subsidiary. The Wholesale Segment enables the Company to generate more value from the textbook marketplace through inventory and procurement synergies. Since our acquisition of MBS in 2017, we have achieved certain operational and cost synergies by our ongoing integration of various activities and functions, such as new business sales, inventory management, customer support, and information technology support, amongst other activities.

We are one of the largest textbook wholesalers in the country, providing a comprehensive selection of new and used textbooks at a lower cost of supply to approximately 2,750 physical bookstores, including our Retail Segment's 707 physical campus bookstores. Our wholesale business also sources and distributes new and used textbooks to our 538 virtual bookstores. Additionally, through our Wholesale Segment, we sell hardware and a software suite of applications that provides inventory management and point-of-sale solutions to approximately 325 college bookstores.

Our Wholesale business provides a competitive advantage for our *First Day Complete* program, relative to other equitable access programs in the industry, as we are able to source more used physical textbooks for our *First Day Complete* program directly from our Wholesale Segment at a lower cost. Additionally, our Wholesale Segment serves as a key consolidation and staging platform for individual student orders or *First Day Complete* local distribution, pre-timed shipping for bulk deliveries and direct-to-customer fulfillment for our Retail Segment bookstores' orders where the bookstore cannot fulfill the order locally.

Product and Service Offerings

Product and Service offerings include:

- *Wholesale Textbook Distribution.* Our large inventory of used textbooks consists of approximately 235,000 unique textbook titles in stock, and utilizes a highly automated distribution facility that is capable of processing over 21 million textbooks annually.

  Additionally, we are a national distributor for rental textbooks offered through McGraw-Hill Education's consignment rental program (which includes approximately 1,136 titles) and Pearson Education's consignment rental program (which includes approximately 922 titles). Through our centrally located, advanced distribution center, we offer seamless integration of these consignment rental programs and centralized administration and distribution to 1,450 stores, including the Retail Segment stores. These consignment rental programs are available to our wholesale customers, including institutionally run and contract managed campus bookstores, as well as our physical and virtual bookstores.

- *Wholesale Inventory Management, Hardware and POS Software.* We sell hardware and a software suite of applications that provides inventory management and point-of-sale solutions to approximately 325 college bookstores. We provide on-site installation for point-of-sale terminals and servers, and offer technical assistance through user training and our support center facility. The cost savings and ease of deployment ensure clients get the most out of their management systems and create strong customer loyalty.

Supply Chain Management

Our Wholesale Segment serves as the hub of BNED's physical book ecosystem. Since the demand for used textbooks has historically been greater than the available supply, our financial results are highly dependent upon Wholesale's ability to build its textbook inventory from suppliers in advance of the selling season. Our relationships with institutional bookstores, other bookstore operators, book dealers, publishers, and other distributors and wholesalers secures a supply of high demand new and used textbooks, which is critical to the success of the wholesale business. The products that we sell originate from a wide variety of domestic and international vendors. Our ability to source new and used textbooks is also impacted by the broader macro-economic global supply chain. A primary supplier of used textbooks are students, through the return of previously rented and purchased books to their campus bookstore.

Through our proprietary Database Buying Guide, we have access to the best maintained, most accurate, and most complete source of college textbook information available - a key asset that allows us to develop superior supply and demand insights and risk management capabilities. Our broad wholesale distribution channel and warehousing systems also drives inventory efficiencies, allowing us to optimize our textbook sourcing, distribution and liquidation processes for BNC's retail stores. We leverage our wholesale distribution channel and warehousing systems to optimize our low-cost physical textbook availability for use in our retail programs, including *First Day Complete*.

Customer Marketing Strategies

We have developed deep relationships with our wholesale customer base as a result of our substantial inventory of used textbooks, a comprehensive catalog of textbooks, and superior service and systems support. We continue to maintain a portfolio of profitable accounts, given the demand for used and new textbooks has historically been greater than the available supply.

Seasonality

Our wholesale business is highly seasonal, as a major portion of quarterly sales and operating profit is realized during the first, second and third fiscal quarters, when textbooks are sold for retail distribution.

COMPETITION

We operate within a competitive and rapidly changing business environment, and each of our lines of business face competition for the products and services they offer. As it relates to our full-service campus bookstore operations, Follett Corporation is the primary competitor for institutional contracts. We also compete with other vendors, including eCampus, BBA Solutions, University Gear Shop, Valore Campus, Textbook Brokers, Texas Book Company, BibliU, Slingshot, Akademos, and on occasion, Ambassador Educational Solutions for virtual store operations. We also face competition from direct-to-student course material channels, including Amazon, Chegg.com, publishers (e.g., Cengage Learning, Pearson Education and McGraw-Hill Education) that bypass the retail distribution channel by selling directly to students and institutions and other third-party websites and/or local bookstores. We face competition from eTextbook/digital content providers VitalSource Technologies, Inc., and Red Shelf, which offer independent bookstores a catalog of digital content and distribution services and also have direct-to-student selling channels for digital materials. VitalSource recently acquired Akademos, providing a distribution solution for print materials.

Competitors for institutional contracts for our cafe and convenience general merchandise offerings include Sodexo and Aramark. Our general merchandise business also faces competition from direct-to-student sales from Walmart, Amazon, Dick's

Sporting Goods, Fanatics, Lids, and other third-party online retailers, physical and online office supply stores and local and national retailers that offer college-themed and other general merchandise.

Competitors for our wholesale new and used textbook inventory and distribution include Amazon, GoTextbooks, Valore Books, and Texas Book Company.

TRENDS AND OTHER BUSINESS CONDITIONS AFFECTING OUR BUSINESS

The market for educational materials continues to undergo significant change. As tuition and other costs rise, colleges and universities face increasing pressure to attract and retain students and provide them with innovative, affordable educational content and tools that support their educational development. Current trends, competition and other factors affecting our business include:

- *Overall Capital Markets, Economic Environment, College Enrollment and Consumer Spending Patterns.* Our business is affected by capital markets, the overall economic environment, funding levels at colleges and universities, by changes in enrollments at colleges and universities, and spending on course materials and general merchandise.
    - *Capital Market Trends*: We may require additional capital in the future to sustain or grow our business, including implementation of our strategic initiatives. The future availability of financing will depend on a variety of factors, such as economic and market conditions, and the availability of credit. These factors have and could continue to materially adversely affect our costs of borrowing, and our financial position and results of operations would be adversely impacted. Volatility in global financial markets may also limit our ability to access the capital markets at a time when we would like, or need, to raise capital, which could have an impact on our ability to react to changing economic and business conditions.
    - *Economic Environment:* Retail general merchandise sales are subject to short-term fluctuations driven by the broader retail environment and other economic factors, such as interest rate fluctuations and inflationary considerations. Broader macro-economic global supply chain issues could impact our ability to source textbooks, school supplies and general merchandise sold in our campus bookstores, including technology-related products and emblematic clothing. Union and labor market issues may also impact our ability to provide services and products to our customers. A significant reduction in U.S. economic activity could lead to decreased consumer spending.
    - *Enrollment Trends:* The growth of our business depends on our ability to attract new customers and to increase the level of engagement by our current customers. In the Fall of 2023 and Spring of 2024, we observed increased year-over-year enrollment trends. Enrollment trends, specifically at community colleges, generally correlate with changes in the economy and unemployment factors, e.g., low unemployment tends to lead to low enrollment and higher unemployment rates tend to lead to higher enrollment trends, as students generally enroll to obtain skills that are in demand in the workforce. Additionally, enrollment trends are impacted by the dip in the United States birth rate resulting in fewer students at the traditional 18-24 year-old college age. Online degree program enrollments continue to grow, which impacts the level of in-store traffic for general merchandise sales, just as for cafe and convenience products.
- *Increased Use of Open Educational Resources ("OER"), Online and Digital Platforms as Companions or Alternatives to Traditional Course Materials, Including Artificial Intelligence ("AI") Technologies.* Students and faculty can now choose from a wider variety of educational content and tools than ever before, delivered across both print and digital platforms.
- *Increasing Costs Associated with Defending Against Security Breaches and Other Data Loss, Including Cyber-Attacks.* We are increasingly dependent upon information technology systems, infrastructure and data. Cyber-attacks are increasing in their frequency, sophistication and intensity, and have become increasingly difficult to detect. We continue to invest in data protection, including insurance, and information technology to prevent or minimize these risks and, to date, we have not experienced any material service interruptions and are not aware of any material breaches.
- *Distribution Network Evolving.* The way course materials are distributed and consumed is changing significantly, a trend that is expected to continue. The market for course materials, including textbooks and supplemental materials, is intensely competitive and subject to rapid change.
    - *Disintermediation*. We are experiencing growing competition from alternative media and alternative sources of textbooks and other course materials. In addition to the official physical or virtual campus bookstore, course materials are also sold through off-campus bookstores, e-commerce outlets, digital platform companies, and publishers, including Cengage Learning, McGraw-Hill Education and Pearson Education, bypassing the bookstore distribution channel by selling or renting directly to students and educational institutions, including student-to-student transactions over the Internet, and multi-title subscription access.

- *Suppliers, Supply Chain and Inventory.* The products that we sell originate from a wide variety of domestic and international vendors. During Fiscal 2024, our four largest retail suppliers, excluding our wholesale business which fulfills orders for all our physical and virtual bookstores, accounted for approximately 28% of our merchandise purchased, with the largest supplier accounting for approximately 7% of our merchandise purchased. Since the demand for used textbooks has historically been greater than the available supply, our financial results are highly dependent upon Wholesale's ability to build its textbook inventory from suppliers in advance of the selling season. Some textbook publishers have begun to supply textbooks pursuant to consignment or rental programs which could impact used textbook supplies in the future. Additionally, Wholesale is a national distributor for rental textbooks offered through McGraw-Hill Education's and Pearson Education's consignment rental program. We do not have long-term arrangements with most of our suppliers to guarantee availability of merchandise, content or services, particular payment terms or the extension of credit limits. If our current suppliers were to stop selling merchandise, content or services to us on acceptable terms, including as a result of one or more supplier bankruptcies due to poor economic conditions or refusal by such suppliers to ship products to us due to delayed or extended payment windows as a result of our own liquidity constraints, we may be unable to procure the same merchandise, content or services from other suppliers in a timely and efficient manner and on acceptable terms, or at all. Additionally, delayed or incomplete publisher shipments of physical textbook orders, or delays in receiving digital courseware access codes, could have an adverse impact on sales, including our *BNC First Day Complete* equitable access program, which relies upon timely receipt of inventory in advance of class start dates each academic term. The broader macro-economic global supply chain issues may also impact our ability to source school supplies and general merchandise sold in our campus bookstores, including technology-related products and emblematic clothing.
- *Price Competition.* In addition to the competition in the services we provide to our customers, our textbook and other course materials business faces significant price competition. Students purchase textbooks and other course materials from multiple providers, are highly price sensitive, and can easily shift spending from one provider or format to another.
- *First Day Complete* and *First Day* Models*.* Offering course materials sales through our equitable and inclusive access *First Day Complete* and *First Day* models is a key, and increasingly important, strategic initiative of ours to meet the market demands of substantially reduced pricing to students. Our *First Day Complete* and *First Day* programs contribute to improved student outcomes, while increasing our market share, revenue and relative gross profits of course materials sales given the higher volumes of units sold in such models as compared to historical sales models that rely on individual student marketing and sales. These programs have allowed us to reverse historical long-term trends in course materials revenue declines as the growth of our *BNC First Day* programs offsets declines in a la carte courseware sales and closed store sales. We are moving quickly to accelerate our *First Day Complete* strategy. Many institutions adopted *First Day Complete* in Fiscal 2024, and we plan to continue to scale the number of schools adopting *First Day Complete* in Fiscal 2025 and beyond. We cannot guarantee that we will be able to achieve these plans within these timeframes or at all. Additionally, the United States Department of Education has recently proposed regulatory changes that, if adopted as proposed, could impact equitable and inclusive access models across the higher education industry.

- *A Large Number of Traditional Campus Bookstores Have Yet to be Outsourced.*
  - *Outsourcing Trends.* We continue to see the trend towards outsourcing in the campus bookstore market and also continue to see a variety of business models being pursued for the provision of course materials (such as equitable and inclusive access programs and publisher subscription models) and general merchandise.
  - *New and Existing Bookstore Contracts*. We expect awards of new accounts resulting in new physical and virtual store openings will continue to be an important driver of future growth in our business. We also expect that certain less profitable or non-essential bookstores we operate may close, as we focus on the profitability of our stores. In Fiscal 2024, the growth of our *BNC First Day* programs offset the declines in a la carte courseware sales and closed store sales. We are moving quickly and decisively to accelerate our *First Day Complete* strategy.

GOVERNMENT LAWS AND REGULATIONS

We are subject to a number of laws and regulations that affect companies conducting business on the Internet and in the education industry, many of which are still evolving and could be interpreted in ways that could harm our business. For example, we often cannot be certain how existing laws and regulations, or new laws and regulations, will apply in the e-commerce and online context, including, but not limited to such topics as privacy, antitrust, credit card fraud, advertising, taxation, sweepstakes, promotions, content regulation, financial aid, scholarships, student matriculation and recruitment, quality of products and services and intellectual property ownership and infringement.

Numerous laws and regulatory schemes have been adopted at the national and state level in the United States, and in some cases internationally, that have a direct impact on our business and operations. For example:

The Controlling and Assault of Non-Solicited Pornography and Marketing Act of 2003 ("CAN-SPAM Act") and similar laws adopted by most U.S. states, which pertain directly or indirectly to commercial email, regulate unsolicited commercial emails, create criminal penalties for emails containing fraudulent headers and control other abusive online marketing practices. Similarly, the U.S. Federal Trade Commission ("FTC") has guidelines that impose responsibilities on us with respect to communications with consumers and impose fines and liability for failure to comply with rules with respect to advertising or marketing practices they may deem misleading or deceptive.

The Telephone Consumer Protection Act of 1991 ("TCPA") restricts telemarketing and the use of automated telephone equipment. The TCPA limits the use of automatic dialing systems, artificial or prerecorded voice messages, SMS text messages and fax machines. It also applies to unsolicited text messages advertising the commercial availability of goods or services. Additionally, a number of states have enacted statutes that address telemarketing. For example, some states, such as California, Illinois and New York, have created do-not-call lists. Other states, such as Oregon and Washington, have enacted "no rebuttal statutes" that require the telemarketer to end the call when the consumer indicates that he or she is not interested in the product being sold. Restrictions on telephone marketing, including calls and text messages, are enforced by the FTC, the Federal Communications Commission, states and through the availability of statutory damages and class action lawsuits for violations of the TCPA.

The Restore Online Shopper Confidence Act ("ROSCA"), and similar state laws, impose requirements and restrictions on online services that automatically charge payment cards on a periodic basis to renew a subscription service, if the consumer does not cancel the service.

Laws and regulations related to the Program Participation Agreement of the U.S. Department of Education, which define the terms and conditions that an institution must meet to begin and continue participation in the Title IV federal student aid programs, and other similar laws regulate the recruitment of students to colleges and other institutions of higher learning.

The Digital Millennium Copyright Act ("DMCA") provides relief for claims of circumvention of copyright protected technologies and includes a safe harbor intended to reduce the liability of online service providers for hosting, listing or linking to third-party content that infringes copyrights of others.

The Communications Decency Act provides that online service providers will not be considered the publisher or speaker of content provided by others, such as individuals who post content on an online service provider's website.

The Company is subject to certain laws relating to the collection, use, retention, security and transfer of personal information. In many cases, these laws and regulations apply to not only third-party transfers of personal information, but also may impact transfers of personal information among the company and its affiliates. In the absence of a federal comprehensive consumer data privacy law, 16 U.S. states have enacted comprehensive consumer privacy laws as of April 29, 2024, including California, Colorado, Connecticut, Delaware, Indiana, Iowa, Kentucky, Montana, Nebraska, New Hampshire, New Jersey, Oregon, Tennessee, Texas, Utah and Virginia.

HUMAN CAPITAL

Overview

As of April 27, 2023, we had approximately 3,750 domestic employees, of which approximately 2,400 were full-time and the remaining were regularly scheduled part-time employees, and approximately 120 full-time international employees. In addition, we employed approximately 5,000 temporary and seasonal domestic employees during peak periods during Fiscal 2024. Of our approximate 2,520 full-time employees, 2,250 work in our Retail Segment, 250 work in our Wholesale Segment, and 20 work in corporate support functions. Our employees are not represented by unions, except for 9 employees, in locations with existing collective bargaining agreements and approximately 40 employees at a single location for which an initial collective bargaining agreement is pending negotiations. We believe that our relationship with our employees is good.

Personnel recruitment and training

We believe our continued success is dependent in part on our ability to attract, retain and motivate quality employees. Our success depends on our ability to promote and recruit qualified corporate personnel, regional and store managers and full-time and part-time store employees. Regional managers are primarily responsible for recruiting new store managers, while store managers are responsible for the hiring and training of store employees. Many of our part-time retail store employees are students attending the colleges and universities we serve. To attract and retain motivated and talented people, we look for opportunities to promote from within the Company.

We are always actively recruiting talented people with a passion for education for our retail stores and corporate offices, including our part-time and seasonal roles, and to be a part of our work study/internship program. To find our pool of talent, we network internally and externally via our talent acquisition team, through agency relationships and current employees whom we mobilize as "talent scouts" and brand ambassadors.

We are committed to diversity in the workplace as we believe our company's talent should reflect the faculty, students and communities we serve on each of our campuses. As we aim to hire a truly diverse overall workforce, we have formed partnerships with Historically Black Colleges and Universities ("HBCUs") and Hispanic Serving Institutions ("HSIs") and are looking to continue developing relationships with veteran agencies and organizations that support individuals with disabilities to assist with the recruitment of these individuals.

We invest in our employees through structured training programs that offer all employees opportunities for development. We create, manage, or offer a large collection of courses for employees that cover a range of subjects such as goal setting, how to be an effective leader, situational leadership, and effective communication.

Student employees have the opportunity to participate in our Aspiring Leaders Management Development Program, which is geared toward our Campus Store Team Members and Supervisors that show interest in developing their managerial skills as well as learning more about the ins and outs of running one of our unique campus bookstores. Learning and Development has created a comprehensive and interactive program for those interested in joining.

As a major employer of Millennials and Generation Z employees, Barnes & Noble College has become an "employer of choice" among students nationwide and our wholesale operations also offer employment opportunities to students.

Compensation and benefits

We are committed to providing competitive pay and benefits to our employees. Corporate and store management, including store directors, regional managers and store managers, are compensated with base pay plus annual bonuses based on financial metrics. We also offer equity awards to employees in several levels of management. Non-management employees are compensated on an hourly basis in addition to periodic contests and rewards. Many of our employees participate in one of our various incentive programs, which provide the opportunity to receive additional compensation based upon department or Company performance.

We also provide our eligible employees the opportunity to participate in a 401(k)-retirement savings plan which includes an annual end of fiscal year discretionary Company match. We offer a competitive benefits package for eligible employees and an employee discount on merchandise purchased from our stores.

In addition, we offer an employee assistance program that provides employees and their family members immediate support and guidance, including access to free short-term licensed counseling services, as well as assessments and referrals for further services. Employees have 24-hour access by phone and through an interactive website to find information and resources for hundreds of everyday work and life issues, search for clinicians, submit online service requests and participate in interactive, customizable self-improvement programs.

Diversity, Equity and Inclusion ("DEI")

We are focused on creating an inclusive culture and a diverse employee base to better serve our diverse customer base. We provide programming to our employees on diversity, equity and inclusion topics. Approximately 66% of our full-time and part-time domestic employees identify as women and approximately 33% identify as ethnically diverse.

We have required all employees to complete training aimed at preventing harassment and discrimination. To establish our DEI program, we engaged an outside consultant to evaluate current practices and impressions and assist us in educating employees on aspects of diversity and inclusion about which they may not have been aware.

We have developed a DEI blueprint to help fulfill our company's mission and purpose to elevate lives through education and build a stronger sense of belonging by actively engaging employees and collaborating closely with the campuses we serve. We understand that to affirm our mission and values, we must commit to a set of DEI best practices that will help us recognize changing demographics and shifting needs of the institutions, students, faculty and communities we serve in order to actively respond and adapt as needed.

Our DEI program is managed by Corporate Communications and our Chief Human Resources Officer and overseen by our Board of Directors. The following is an overview of the DEI initiatives we have undertaken:

- Ensuring our commitment to DEI is clear to our employees and the constituents we serve by promoting the DEI statement we developed in Fiscal 2022;
- Continuing to update DEI policies as a fundamental element in the way we do business;
- Partnering with Billie Jean King Enterprises from January 2022 through March 2023 to help establish DEI programming and initiatives;
- Utilizing internal channels, including employee portals, to celebrate cultural themes, and calendars to help drive a greater sense of belonging for all employees across our company;
- Providing DEI learning and development opportunities including training on Diversity Awareness, Inclusive Leadership and Confronting Unconscious Bias;

- Launching our Company's Employee Resource Group ("ERG") program, with a company-wide ERG survey, internal learning session, providing ongoing support for the first two ERGs: Gender Equity and Community Pride 365 as well as internal communications on the programming and the groups' initiatives;
- Partnering with our campus clients to explore new ways to increase our role as a model of diverse and inclusive business operations;
- Promoting campus partner activities; and
- In recent years, we have hosted external webinars featuring partner institutions and industry experts on how to serve the evolving needs of students and their communities. Discussions have included equitable access, solutions for the future workforce, how to better serve a diverse student population, Hispanic Serving Institutions and students with intellectual and developmental disabilities, and mental health and wellness.

Safety

Employee safety is a top priority. We have developed policies to ensure the safety of each employee and compliance with Occupational Safety and Health Administration standards.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The following sets forth information regarding our executive officers, including their positions (ages as of June 21, 2024):

Name	Age	Position
Jonathan Shar	55	Chief Executive Officer
Michael C. Miller	52	Executive Vice President, Corporate Development & Affairs, Chief Legal Officer, and Secretary
Kevin F. Watson	58	Executive Vice President, Chief Financial Officer
Seema C. Paul	60	Senior Vice President, Chief Accounting Officer

Jonathan Shar, age 55, was appointed Chief Executive Officer in June 2024. Previously, Mr. Shar served as our Executive Vice President, BNED Retail and President, Barnes & Noble College Booksellers, LLC since October 2021. Prior to that, he served as Executive Vice President, Retail. Mr. Shar has overall responsibility for the growth and profitability of the Company, including the development and implementation of client-focused solutions that deliver innovation and increased value to the higher education marketplace; and providing strategic direction and operational leadership across the Company. Mr. Shar also leads strategy and execution for merchandising, marketing, and business development, serving the higher education and K-12 markets. Previously, Mr. Shar served as Senior Vice President, Revenue and Product Development for the Company. Prior to joining BNED in 2018, Mr. Shar was Chief Marketing Officer at Akademos, Inc., an e-commerce and digital marketing company that provides online bookstore services, from 2014 to 2018. He previously was the General Manager of NOOK Digital Content at Barnes & Noble, Inc. where he oversaw business development, product development and marketing for the Global NOOK Newsstand, NOOK Video and NOOK Apps digital businesses. Prior to his nearly five years with NOOK, he served as Senior Vice President and General Manager at CNNMoney, responsible for the CNNMoney website and mobile franchise. Prior to that, he was Vice President of Consumer Marketing at Sports Illustrated Group and Director of Consumer Marketing for FORTUNE Magazine Group.

Michael C. Miller, age 52, serves as our Executive Vice President, Corporate Development & Affairs, Chief Legal Officer, and Corporate Secretary. Previously, Mr. Miller served as Executive Vice President, Corporate Strategy and General Counsel. Mr. Miller joined Barnes & Noble Education in April 2017. Before joining the Company, he served as Executive Vice President, General Counsel and Secretary of Monster Worldwide, Inc. from December 2008 through December 2016, as Vice President and Deputy General Counsel from July 2008 to December 2008, and as Vice President and Associate General Counsel from October 2007 to July 2008. Prior to Monster, Mr. Miller was Senior Counsel for Motorola, Inc. from February 2007 to September 2007. From June 2002 to January 2007, he served in various capacities as Senior Corporate Counsel for Symbol Technologies, Inc. Prior to joining Symbol, Mr. Miller was associated with both Sullivan & Cromwell, LLP and Winthrop, Stimson, Putnam & Roberts in New York.

Kevin F. Watson, age 58, was appointed as Executive Vice President, Chief Financial Officer in September 2023. In this role, Mr. Watson is responsible for the company's financial management, including leading the accounting, treasury, tax, financial planning and operations, internal audit and investor relations teams. Prior to joining BNED, he was Executive Vice President and Chief Financial Officer for Paraco Gas Corporation. At Paraco, he oversaw the financial management of the Company, including accounting, tax, internal audit, human resources, information technology, supply chain, business intelligence, risk management, and mergers and acquisitions. Before joining Paraco Gas in 2018, he served as a senior financial executive for Cablevision Systems Corporation, PanAmSat Corporation and Entex IT Services, as well as various finance roles at MCI Telecommunications and Prudential Securities, Inc. Mr. Watson holds a Bachelor of Business Administration in Finance from Iona University.

Seema C. Paul, age 60, has served as our Senior Vice President, Chief Accounting Officer since July 2015. In this role she manages the external reporting, technical accounting, and corporate accounting functions of the Company. Prior to joining the Company, Ms. Paul held positions of increasing responsibility at Covanta Holding Corporation, including Corporate Controller from July 2014 to July 2015, Senior Director-External Reporting & Technical Accounting from June 2013 to July 2014, Director-External Reporting from January 2011 to May 2013 and Manager-External Reporting from August 2005 to December 2010. Ms. Paul is a Certified Public Accountant and has held various senior financial roles with several large companies, including Net2Phone, Sybase, Inc. and Liberty Mutual Insurance Company.

Item 1A. *RISK FACTORS*

The risks and uncertainties set forth below, as well as other risks and uncertainties described elsewhere in this Annual Report on Form 10-K including in our consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" or in other filings by BNED with the SEC, could adversely affect our business, financial condition, results of operations and the trading price of our common stock. Additional risks and uncertainties that are not currently known to us or that are not currently believed by us to be material may also harm our business operations and financial results. Because of the following risks and uncertainties, as well as other factors affecting our financial condition and operating results, past financial performance should not be considered to be a reliable indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods.

Risks Relating to our Business and Industry

We are dependent upon access to the capital markets, bank credit facilities, and short-term vendor financing for liquidity needs.

We must have sufficient sources of liquidity to fund working capital requirements. The combination of cash-on-hand, cash flow received from operations, funds available under our credit agreements and short-term vendor financing must be sufficient to meet our normal working capital and debt service requirements for at least the next twelve months. If these sources of liquidity do not satisfy our requirements, we may not operate as a going concern and will need to seek additional financing, such as recently completed Transactions detailed in *Part II - Item 8. Financial Statements and Supplementary Data - Note 17. Subsequent Events*. In addition, we may require additional capital in the future to sustain or grow our business, including implementation of our strategic initiatives. The future availability of financing will depend on a variety of factors, such as economic and market conditions, and the availability of credit. Additional financing may not be available to us on favorable terms when required or at all. Failure to secure adequate financing when required could lead to going concern issues, the consequences of which would have a severe negative impact upon our business. These factors could also materially adversely affect our costs of borrowing, and our financial position and results of operations would be adversely impacted. Volatility in global financial markets may also limit our ability to access the capital markets at a time when we would like, or need, to raise capital, which could have an impact on our ability to react to changing economic and business conditions. Accordingly, if the economy worsens, our business, results of operations and financial condition could be materially and adversely affected. If we raise additional funds through the issuance of equity, equity-linked, or debt securities, those securities may have rights, preferences or privileges senior to the rights of our common stock, and our stockholders may experience substantial dilution. There can be no assurances that such financing can or will be obtained at any time in the future if needed.

In addition, as noted above, our liquidity is dependent in part on the availability of funds under our credit agreements. If we are not able to comply with the covenants under our credit agreements, we may need to seek consents, waivers and/or amendments to our credit agreements from our lenders to avoid an event of default thereunder. Although we have been successful in negotiating consents, waivers and/or amendments to our credit agreements, we may be unsuccessful in negotiating any further consents, waivers and/or amendments to any such agreements as we may deem necessary. Further, the terms of any such consents, waivers and/or amendments may be less favorable than the current terms of our credit agreements or may impose additional restrictions on the operations of our business. Under such circumstances, our business and liquidity could be materially and adversely affected. See *Part II - Item 8. Financial Statements and Supplementary Data - Note 2. Summary of Significant Accounting Policies.*

We face significant competition for our products and services, and we expect such competition to increase.

We operate within a competitive and rapidly changing business environment, in general, and each of our lines of business faces competition for the products and services they offer. We face competition from other college bookstore operators and educational content providers, including Follett Corporation, a contract operator of campus bookstores; Textbook Brokers, a bookstore management and operations provider; Slingshot; BibliU; and BBA Solutions, a college textbook retailer. Our online/virtual course material store operations also face competition from eCampus, an online provider of course materials, and Akademos, a virtual bookstore and marketplace for academic institutions, and on occasion, Ambassador Educational Solutions. We also face competition from other third-party sellers and local bookstores, as well as direct-to-student platforms including, bn.com, the e-commerce platform of Barnes & Noble, Inc.; Chegg.com, an online textbook rental company; publishers, including Cengage Learning, Pearson Education and McGraw-Hill Education, which bypass the traditional retail distribution channel by selling directly to students and institutions. We face competition from e-Textbook/digital content providers, VitalSource Technologies, Inc., and Red Shelf. Our wholesale business competes with Amazon, GoTextbooks, and Texas Book Company. Competitors that compete with our general merchandise offerings include Amazon, Sodexo and Aramark, online retailers, physical and online office supply stores and local and national retailers that offer college themed and other general merchandise. Students often purchase from multiple textbook providers, are highly price sensitive, and can easily shift spending from one provider or format to another. As a consequence, in addition to being competitive in the services we provide to our customers, our textbook business faces significant price competition. Some of our competitors have adopted, and may continue to adopt, aggressive pricing policies and devote substantial resources to marketing, website and systems development. In addition, a variety of business models are being pursued for the provision of print and digital textbooks, some of which may be more profitable or successful than our business model, including our *BNC First Day* equitable and include access models. Furthermore, the market for course materials is diluted from counterfeiting and piracy of digital and print copies or illegal copies of selected chapters made by students or others; user-generated and faculty-created content; and sharing or non-purchase of required course materials by students.

We have encountered and will continue to encounter these risks and, if we do not manage them successfully, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our business depends on our ability to attract and retain talented employees, including senior management.

Management believes that our continued success will depend to a significant extent upon the efforts and abilities of certain of our executive officers and senior management, many of whom have significant experience and strong commercial relationships in our industry and capital market relationships. The loss of any of these individuals could harm our business, financial condition and results of operations. We do not maintain "key man" life insurance on any of our officers or other employees. Experienced management and technical, marketing and support personnel in our industry are in high demand, and competition for their talents is intense.

In addition, changes we make to our current and future work environments may not meet the needs or expectations of our employees or may be perceived as less favorable compared to other companies' policies, which could negatively impact our ability to hire and retain qualified personnel. The loss of any of our executive officers or other key employees, the failure to successfully transition key roles, or the inability to hire, train, retain, and manage qualified personnel, could harm our business.

We also rely on a significant number of personnel to operate our stores, fulfillment network, and carry out our other operations. Failure to successfully hire, train, manage, and retain sufficient personnel to meet our needs can strain our operations, increase payroll and other costs, and harm our business and reputation. In addition, changes in laws and regulations applicable to employees, independent contractors, and temporary personnel could increase our payroll costs, decrease our operational flexibility, and negatively impact how we are able to staff our operations and supplement our workforce.

We are also subject to labor union efforts to organize groups of our employees from time to time. These organizational efforts, if successful, decrease our operational flexibility, which could adversely affect our operating efficiency. In addition, our response to any organizational efforts could be perceived negatively and harm our business and reputation.

We may not be able to enter into new managed bookstore contracts or successfully retain or renew our managed bookstore contracts on profitable terms.

An important part of our business strategy for our retail operation is to expand sales for our bookstore operations by being awarded additional contracts to manage physical and/or virtual bookstores for colleges, universities, and K-12 schools, across the United States. Our ability to obtain those additional contracts is subject to a number of factors that we are not able to control. In addition, the anticipated strategic benefits of new and additional college and university bookstores may not be realized at all or may not be realized within the time frames contemplated by management. In particular for the operation of physical bookstores, contracts for additional managed stores may involve a number of special risks, including adverse short-term effects on operating results, diversion of management's attention and other resources, standardization of accounting systems, dependence on retaining, hiring and training key personnel, unanticipated problems or legal liabilities, and actions of our competitors and customers. Because certain terms of any contract are generally fixed for the initial term of the contract and involve judgments and estimates that may not be accurate, including for reasons outside of our control, we have contracts that are not profitable and may have such contracts in the future. The retail price charged to the consumer for textbooks is set by our contracts with colleges and universities to be a maximum markup based on the publishers' costs and as colleges continue to focus on affordability those prices have been reduced, which has negatively impacted our revenue and margin and further reductions could continue to have a negative impact.

In addition, we may face significant competition in retaining existing physical and virtual store contracts and when renewing those contracts as they expire. Our physical bookstore contracts are typically for five years with renewal options, and most contracts are cancellable by either party without penalty with 90 to 120 days notice. Our virtual bookstore contracts are typically for three to five years, and most are cancellable without penalty with notice. Despite the lower startup and ongoing operating expense associated with virtual stores, the loss of such contracts could impact revenue and profitability. We may not be successful in retaining our current contracts, renewing our current contracts or renewing our current contracts on terms that provide us the opportunity to improve or maintain the profitability of managing stores that are the subject matter of such contracts.

We face the risk of disruption of supplier relationships.

The products that we sell originate from a wide variety of domestic and international vendors. During Fiscal 2024, our four largest retail suppliers, excluding our wholesale business which fulfills orders for all our physical and virtual bookstores, accounted for approximately 28% of our merchandise purchased, with the largest supplier accounting for approximately 7% of our merchandise purchased. Our wholesale business sources over 95% of its inventory from two primary channels, approximately 55% from third-party suppliers and approximately 40% from retail bookstores (including our retail bookstores). While we believe that our relationships with our suppliers are good, suppliers may modify the terms of these relationships due to general economic conditions or otherwise or, especially with respect to wholesale inventory, publishers could terminate distribution to wholesalers, including our wholesale business.

We do not have long-term arrangements with most of our suppliers to guarantee availability of merchandise, content or services, particular payment terms or the extension of credit limits. If our current suppliers were to stop selling merchandise, content or services to us on acceptable terms, including as a result of one or more supplier bankruptcies due to poor economic conditions or refusal by such suppliers to ship products to us due to delayed or extended payment windows as a result of our own liquidity constraints, we may be unable to procure the same merchandise, content or services from other suppliers in a timely and efficient manner and on acceptable terms, or at all. Additionally, delayed or incomplete publisher shipments of physical textbook orders, or delays in receiving digital courseware access codes, could have an adverse impact on sales, including our *BNC First Day Complete* equitable access program, which relies upon timely receipt of inventory in advance of class start dates each academic term.

Furthermore, certain of our merchandise is sourced indirectly from outside the United States. Political or financial instability, merchandise quality issues, product safety concerns, trade restrictions, work stoppages, tariffs, foreign currency exchange rates, transportation capacity and costs, inflation, civil unrest, natural disasters, public health crises, epidemics, and pandemics, and other factors relating to foreign trade are beyond our control and could disrupt our supply of foreign-sourced merchandise.

We face the risk of fluctuating inventory supplies as a consequence of changes in the way publishers distribute course materials.

Our traditional retail and wholesale businesses are dependent on the continued supply of textbooks. The publishing industry generally has suffered recently due to, among other things, changing consumer preferences away from the print medium and the economic climate. A significant disruption in this industry generally or a significant unfavorable change in our relationships with key suppliers could adversely impact our business. In addition, any significant change in the terms that we have with our key suppliers, including purchase or rental terms, payment terms, return policies, the discount or margin on products or changes to the distribution model of textbooks, could adversely affect our financial condition and liquidity. For example, some textbook publishers have proposed to supply textbooks on consignment terms, instead of selling to us, which would eliminate those titles from the used textbook inventory supply. With respect to our wholesale business, the demand for used and new textbooks is typically greater than the available supply, and our wholesale business is highly dependent upon its ability to build its textbook inventory from publishers and suppliers in advance of the selling season. These publisher and supplier relationships are not generally governed by long-term contracts and publishers and suppliers could choose not to sell to us. Any negative impact on our ability to build our textbook inventory could have an adverse impact on financial results.

In response to changes in the market over the last few years, we have also significantly increased our textbook rental business, offering students a lower cost alternative to purchasing textbooks, which is also subject to certain inventory risks, such as textbooks not being resold or re-rented due to textbooks being returned late or in poor condition, faculty members not continuing to adopt or use certain textbooks, or, as discussed below, changes in the way publishers supply textbooks to us.

Some textbook publishers rent textbooks on consignment terms directly to students. Accordingly, we have entered into agreements with a number of textbook publishers to administer their consignment rental programs with distributors and their direct to student textbook consignment rental programs. These programs, if successful, will result in a substantial decrease in the supply of those titles from the used textbook inventory supply, which impacts our wholesale business.

Our wholesale business is a national distributor for rental textbooks offered through McGraw-Hill Educations consignment rental program (which includes approximately 1,136 titles) and Pearson Education's consignment rental program (which includes approximately 922 titles). Through its centrally located, advanced distribution center, our wholesale business offers the seamless integration of these consignment rental programs and centralized administration and distribution to approximately 1,450 stores, including our Retail Segment stores. These consignment rental programs are available to our wholesale customers, including institutionally run and contract-managed campus bookstores, as well as our physical and virtual bookstores.

In addition, the profit margins associated with the traditional distribution model are fairly predictable and constant, but the move to a model of increased consignment rental programs combined with pressure to provide more affordable course materials to students could result in lower profit margins for a substantial part of our wholesale and retail business.

Our wholesale business may not be able to manage its inventory levels effectively, which may lead to excess inventory or inventory obsolescence.

Our wholesale business sources new textbooks from publishers and new and used textbooks from other suppliers to resell to its customers. If it is unable to appropriately manage its inventory and anticipate the release of new editions of titles, faculty's change in choice of titles, return rate, or use of alternative educational material, our wholesale business could be exposed to risks of excess inventory and less marketable or obsolete inventory. This may lead to excess or obsolete inventory that might have to be sold at a deep discount, which may impact its revenues and profit margin and may have a negative impact on our financial condition and results of operations.

Shipping is a critical part of our business and changes in, or disruptions to, our shipping arrangements have in the past and may in the future adversely affect our business, financial condition and results of operations.

We rely on a limited number of shipping companies to deliver inventory to us and deliver completed orders to our customers. An inability to negotiate acceptable terms with these companies or performance problems, staffing limitations, union strikes, or other difficulties experienced by these companies or by our own transportation systems, including as a result of labor market constraints and related costs, could negatively impact our operating results and customer experience. In addition, our ability to receive inbound inventory efficiently and ship completed orders to customers also may be negatively affected by natural or human-caused disasters (including public health crises) or extreme weather (including as a result of climate change), geopolitical events and security issues, labor or trade disputes, and similar events.

We currently rely on a limited number of third-party global providers to deliver inventory to us and deliver completed orders to our customer. If we are not able to negotiate acceptable pricing and other terms with these providers, or if these providers experience performance problems or other difficulties in processing our orders or delivering our products to customers, it could negatively impact our results of operations and our customers' experience. Furthermore, changes to the terms of our shipping arrangements or the imposition of surcharges or surge pricing have in the past and may in the future adversely impact our margins and profitability. We have from time to time experienced increased shipping costs as a result, and these costs may continue to increase in the future. We may not be able to or choose to pass such increases on to our customers in the future.

Any future pandemic, epidemic or outbreak of an infectious disease may also continue to adversely affect workforces and supply chains globally, potentially impacting the operations of our third-party shipping providers, which could negatively impact our business and results of operations.

Our ability to receive inbound inventory efficiently and ship merchandise to customers, including at costs to which we are accustomed, may also be negatively affected by other factors beyond our and/or these providers' control, including pandemic, weather, fire, flood, power loss, earthquakes, acts of war, or terrorism or other events specifically impacting other shipping providers, such as labor disputes or shortages, financial difficulties, system failures and other disruptions to the operations of the shipping companies on which we rely. For example, a strike by employees of any of our third-party global providers or a port worker strike, work slow-down or other transportation disruption could significantly disrupt our business. We have in the past experienced, and may in the future experience, shipping delays for reasons outside of our control.

Our business is dependent on the overall economic environment, college enrollment and consumer spending patterns.

A deterioration of the current economic environment could have a material adverse effect on our financial condition and operating results, as well as our ability to fund our growth and strategic business initiatives. Our business is affected by funding levels at colleges and universities and by changes in enrollments at colleges and universities, changes in student enrollments and lower spending on course materials and general merchandise. The growth of our business depends on our ability to attract new students and to increase the level of engagement by current student customers. To the extent we are unable to attract new students or students spend less generally, our business could be adversely affected.

Our business is seasonal.

Our business is seasonal, particularly with respect to textbook sales and rentals, with sales and rentals attributable to our retail businesses generally highest in the second and third fiscal quarters, when college students purchase textbooks for the upcoming semesters, and lowest in the first and fourth fiscal quarters. Sales attributable to our wholesale business are generally highest in our first, second and third quarters as it sells textbooks for retail distribution.

Given the growth of *BNC First Day* programs, the timing of cash collection from our school partners may shift to periods subsequent to when the revenue is recognized. When a school adopts our *BNC First Day* equitable and inclusive access offerings, cash collection from the school generally occurs after the institution's drop/add dates, which is later in the working capital cycle, particularly in our third quarter given the timing of the Spring Term and our quarterly reporting period, as compared to direct-to-student point-of-sale transactions where cash is generally collected during the point-of-sale transaction or within a few days from the credit card processor. As a higher percentage of our sales shift to *BNC First Day* equitable and inclusive access offerings, we are focused on efforts to better align the timing of our cash outflows to course material vendors and cash inflows from collections from schools. As the concentration of digital product sales increases, revenue will be recognized earlier during the academic term as digital textbook revenue is recognized when the customer accesses the digital content compared to: (i) the rental of physical textbook where revenue is recognized over the rental period, and (ii) a la carte courseware sales where revenue is recognized when the customer takes physical possession of our products, which occurs either at the point of sale for products purchased at physical locations or upon receipt of our products by our customers for products ordered through our websites and virtual bookstores.

Our quarterly cash flows also may fluctuate depending on the timing of the start of the various schools' semesters, as well as shifts in our fiscal calendar dates. These shifts in timing may affect the comparability of our results across periods. Less than satisfactory net sales during our peak fiscal quarters could have a material adverse effect on our financial condition or operating results for the year, and our results of operations from those quarters may not be sufficient to cover any losses that may be incurred in the other fiscal quarters of the year.

Our international operations could result in additional risks.

Our operations are substantially limited to the United States; however, we have operations in India, and contract with service providers outside the United States and may continue to expand internationally in accordance with applicable laws and regulations. Such international expansion may result in additional risks that are not present domestically and could adversely affect our business or our results of operations, including compliance with additional United States laws and regulations and those of other nations applicable to international operations; cultural and language differences; currency fluctuations between the U.S. dollar and foreign currencies, which are harder to predict in the current adverse global economic climate; restrictions on the repatriation of earnings; potentially adverse tax consequences and limitations on our ability to utilize losses generated in our foreign operations; different legal and regulatory requirements and other barriers to conducting business; and different or less stable political and economic environments. Further, conducting business abroad subjects us to increased legal and regulatory compliance and oversight. For example, in connection with our international operations, we are subject to laws prohibiting certain payments to governmental officials, such as the Foreign Corrupt Practices Act. A failure to comply with applicable laws and regulations could result in regulatory enforcement actions, as well as substantial civil and criminal penalties assessed against us and our employees.

The impact of public health crises, epidemics, and pandemics, could have a material adverse effect on our business, financial condition, results of operations, stock price, and liquidity.

Public health crises, epidemics, and pandemics, related governmental reactions and economic conditions may have a negative impact on our business, liquidity, results of operations, and stock price due to the occurrence of some, or all, of the following events or circumstances:

- the closing or limited operations of our campus retail stores;
- reductions in government funding of education could negatively impact the budgets of public educational institutions and K-12 schools, which could impact the demand for our products and services;
- our inability to realize our expected return on textbooks in our print textbook library as educators transition to online curriculums and the lack of supply of used textbooks as a result of limited on-campus buyback opportunities;
- disruptions to the operations of our logistics and distribution suppliers, which could impact our ability to timely deliver our print textbooks to students;
- our vendors' inability to fill our textbook or general merchandise orders due to disruptions to their operations, supply chains or overwhelming demand from their own customers;
- system interruptions that slow our website or make our website unavailable as our third-party software and service providers experience increased usage;
- a significant reduction in U.S. economic activity and increased unemployment, which could lead to decreased enrollment and consumer spending;
- the potential negative impact on the health of our employees, particularly if a significant number of them are impacted, could affect our ability to ensure business continuity during the period of disruption related to the pandemic; and
- governmental orders have forced many of our on-site and management office employees to work remotely, which may adversely impact our ability to effectively manage our business and maintain our financial reporting processes and related controls, as well as introduce operational risk, including an increased vulnerability to potential cyber security attacks.

Risks Relating to our Strategic Plan

Our results also depend on the successful implementation of our strategic initiatives, including implementation of our BNC First Day equitable and inclusive access course material models. We may not be able to implement this strategy successfully, on a timely basis, or at all.

In response to our changing business environment and to adapt to industry trends, we are focused on offering course materials sales through our equitable and inclusive access *First Day Complete* and *First Day* models to meet the market demands of reducing costs to students and contributing to improved student outcomes, while increasing our market share, revenue and relative gross profits of course materials sales given the higher volumes of units sold in such models as compared to historical sales models that rely on individual student marketing and sales. These programs have allowed us to reverse historical long-term trends in course materials revenue declines, which has been observed at those schools where such programs have been adopted. We are moving quickly to accelerate our *First Day Complete* strategy. Many institutions adopted *First Day Complete* in Fiscal 2024, and we plan to continue to scale the number of schools adopting *First Day Complete* in Fiscal 2025 and beyond. We cannot guarantee that we will be able to achieve these plans within these timeframes or at all. While we believe we have the capital resources, experience, management resources and internal systems to successfully implement our *BNC First Day* equitable and inclusive access models across our client portfolio, we may not be successful in implementing this strategy. The implementation of this strategy is a complex process and relies on leveraging our services and relationships to help accelerate the adoption of our *First Day Complete* strategy. The success of our future operating results will be dependent upon rapid customer adoption of *BNC First Day* equitable and inclusive access models and our ability to scale our business to meet customer demand appropriately. If colleges and universities, faculty and students are not receptive to our *BNC First Day* equitable and inclusive access models or these models do not meet the expectations of these constituencies, there could be a negative impact on the implementation of our strategy. To successfully execute this strategy, we need to continue to further evolve the focus of our organization towards the delivery of cost effective and unique solutions for our customers. Any failure to successfully execute this strategy could adversely affect our operating results.

Part of our strategy includes the successful execution of strategic acquisitions and relationships, including our service provider relationships with VitalSource Technologies, Inc. ("VST") and with the F/L Relationship which may not be successful.

As part of our strategy, we will continue to seek, and may, in the future acquire, businesses or business operations, or enter into other business transactions to grow our business and expand our product and service offerings. We may not be able to identify suitable candidates for additional business combinations and strategic investments, obtain financing on acceptable terms for such transactions, obtain necessary regulatory approvals, if any, or otherwise consummate such transactions on acceptable terms, or at all. In addition, we compete for acquisitions with other potential acquirers, some of which may have greater financial or operational resources than we do. Any strategic acquisitions or investments that we are able to identify and complete may also involve a number of risks, including our inability to successfully or profitably integrate, operate, maintain and manage our newly acquired operations or employees; the diversion of our management's attention from our existing business to integrate operations and personnel; possible material adverse effects on our results of operations during the integration process; becoming subject to contingent or other liabilities, including liabilities arising from events or conduct predating the acquisition that were not known to us at the time of the acquisition; and our possible inability to achieve the intended objectives of the transaction, including the inability to achieve cost savings and synergies. Acquisitions may also have unanticipated tax, legal, regulatory and accounting ramifications, including recording goodwill and non-amortizable intangible assets that are subject to impairment testing on a regular basis and potential periodic impairment charges and incurring amortization expenses related to certain intangible assets.

A strategic service provider relationship between two independent businesses is a complex, costly, and time-consuming process that will require significant management attention and resources. Realizing the benefits of our strategic business relationship with VST and with the F/L Relationship, will depend in part on our ability to work with our strategic service providers to integrate our systems, simplify the customer experience, offer compelling solutions to our customers, and maintain financially beneficial terms. Setting up and maintaining the operations and processes of these strategic relationships may cause us to incur significant costs, disrupt our business and, if implemented ineffectively, would limit the expected benefits to us. The failure to successfully and timely implement and operate our strategic relationships could harm our ability to realize the anticipated benefits of these relationships and could adversely affect our results of operations.

We intend to offer new products and solutions to students to grow our business. If our efforts are not successful, our business and financial results would be adversely affected.

In the future, we may invest in new products and services and other initiatives to generate revenues, but there is no guarantee these approaches will be successful. Development of new products and services create integration risk, while development of new products and services and enhancements to existing products and services involve significant time, labor and expense, and are also subject to risks and challenges, including managing the length of the development cycle, entry into new markets, integration into our existing business, legal and regulatory compliance, evolution in sales and marketing methods, and maintenance and protection of intellectual property and proprietary rights. If we are not successful with our new products and services, we may not be able to maintain or increase our revenues as anticipated or recover any associated development costs, and our financial results could be adversely affected.

Risks Relating to Data Privacy, Information Technology and Cybersecurity

We face potential data privacy and information security risks with respect to unencrypted, non-deidentified personal information.

Our business involves the receipt, storage, processing and transmission of personal information about customers and employees. In accordance with our published privacy policies, we may share non-deidentified personal information about such persons between our affiliates and with certain vendors and third parties that assist with certain aspects of our business pursuant to written agreements. Also, in connection with our student financial aid platform and the processing of college and university debit cards, we have access to certain student personal information that has been provided to us by the colleges and universities we serve. Our handling and use of personal information is subject to applicable federal and state privacy and information security laws and regulations, and industry standards, such as the Payment Card Industry Data Security Standard. As an entity that provides services to institutions of higher education, we are contractually bound to handle certain personal information from student education records in accordance with the requirements of Family Educational Rights and Privacy Act ("FERPA"). Privacy and information security laws, regulations, and applicable industry standards are evolving rapidly, and our on-going compliance with them may result in cost increases due to necessary systems changes and the development of new processes, which may be difficult to timely implement. If we fail to materially comply with these applicable laws, regulations and industry standards, we could be subject to increased legal risk. In addition, even if we materially comply with all applicable laws, regulations and industry standards, and even though we have taken significant steps to protect non-deidentified personal information, e.g., encrypting such personal information in transit and at rest, we could experience a data security breach, and our reputation could be damaged, possibly resulting in a material breach of contract with one or more of our clients, litigation, and/or lost future sales or decreased usage of credit and debit card products. Further, in the event that we disclose unencrypted, non-deidentified student information in violation of our contractual FERPA obligations, the U.S. Department of Education could require a client to suspend our access to their student information. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. A party that is able to circumvent our security measures could misappropriate our proprietary information or our customers' and employees' personal information, and cause interruption in our operations. Any compromise of our data security could result in a violation of applicable laws, regulations or industry standards, significant legal and financial exposure beyond the scope or limits of insurance coverage, increased operating costs associated with remediation, equipment acquisitions or disposal, and added personnel, and a loss of confidence in our security measures, which could harm our business or affect investor confidence. Data security breaches may also result from non-malicious and non-technical means (for example, inadvertent actions by an employee).

Our business is subject to a variety of domestic and international laws, rules, policies and other obligations regarding data protection.

Although most of our personnel and consumers are in the United States, we do have some personnel and consumers located outside the United States. These international operations may subject us to a complex array of international laws and regulations relating to the collection, use, retention, disclosure, security and transfer of personally identifiable information. Many jurisdictions have passed laws in this area, and other jurisdictions are considering imposing additional restrictions. The interpretation and application of data protection laws in the United States and elsewhere are rapidly evolving. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our current data practices. Complying with applicable international laws and regulations could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business.

Further, although we continue to implement internal controls and procedures designed to protect our proprietary and confidential information, and non-deidentified customer and employee personal data, including sensitive personal data, in order to comply with privacy and information security laws and regulations, our facilities and systems may be vulnerable to security breaches and other data loss, including cyber-attacks. Such a security breach or data loss could lead to negative publicity, damage to our reputation, exposure to litigation and liability, theft, modification or destruction of proprietary information and personal data, damage to or inaccessibility of critical systems, manufacture of defective products, production downtimes, operational disruptions and remediation and other significant costs, which could adversely affect our reputation, financial condition and results of operations.

Computer malware, viruses, hacking and phishing attacks could harm our business and results of operations.

We are increasingly dependent upon information technology systems, infrastructure and data. Our computer systems may be vulnerable to service interruption or destruction, malicious intrusion, ransomware and cyber-attacks. Cyber-attacks are increasing in their frequency, sophistication and intensity, and have become increasingly difficult to detect. Cyber-attacks could include the deployment of harmful malware, denial-of service, social engineering, ransomware and other means to affect service reliability and threaten data confidentiality, integrity and availability. Our key business service providers and vendors face similar risks, and a security breach of their systems could adversely affect our security posture. While we continue to invest in data protection and information security technology to prevent or minimize these risks and, to date, we have not experienced any material service interruptions and are not aware of any material breaches, there can be no assurance that our efforts will prevent service interruptions, or identify breaches in our systems, that could adversely affect our business and operations and/or result in the loss of critical or sensitive information, which could result in financial, legal, business or reputational harm.

Defects, errors, installation difficulties or performance issues with our point-of-sales and other systems could expose us to potential liability, harm our reputation and negatively impact our business.

Our wholesale business sells and services point-of-sales systems to its college bookstore customers. These systems are complex and incorporate third-party hardware and software. Despite testing and quality control, we cannot be certain that defects or errors will not be found in these systems. In addition, because these systems are installed in different environments, we may experience difficulty or delay in installation. Our products may be integrated with other components or software, and, in the event that there are defects or errors, it may be difficult to determine the origin of defects or errors. Additionally, any difficulty or failure in the operation of these systems could cause business disruption for our customers. If any of these risks materialize, they could result in additional costs and expenses, exposure to liability claims, diversion of technical and other resources to engage in remediation efforts, loss of customers or negative publicity, each of which could impact our business and operating results.

We rely upon third party web service providers to operate certain aspects of our service, and any disruption of or interference with such services would impact our operations and our business would be materially and adversely impacted.

Amazon Web Services ("AWS") and other third-party web service providers provide a distributed computing infrastructure platform for business operations, or what is commonly referred to as a "cloud" computing service. We have architected our software and computer systems so as to utilize data processing, storage capabilities, and other services provided by AWS and other providers.

We rely on third-party software and service providers, including AWS, to provide systems, storage and services, including user log in authentication, for our website. Any technical problem with, cyber-attack on, or loss of access to such third parties' systems, servers or technologies could result in the inability of our students to rent or purchase print textbooks, interfere with access to our digital content and other online products and services or result in the theft of end-user personal information.

Our reliance on AWS or other third-party providers makes us vulnerable to any errors, interruptions, or delays in their operations. Any disruption in the services provided by AWS could harm our reputation or brand, adversely impact consumers, and/or cause us to lose revenues or incur substantial recovery costs and distract management from operating our business.

Any disruption of or interference with our use of AWS or other third-party service providers would impact our operations and our business would be materially and adversely impacted.

AWS may terminate its agreement with us upon 30 days' notice. Upon expiration or termination of our agreement with AWS, we may not be able to replace the services provided to us in a timely manner or on terms and conditions, including service levels and cost, that are favorable to us, and a transition from one vendor to another vendor could subject us to operational delays and inefficiencies until the transition is complete.

Risks Relating to Applicable Laws and Regulations

Laws and regulations have been and may be enacted in the future that restrict or prohibit the use of emails or similar marketing activities that we currently rely on.

Our marketing and sales efforts are centered around an active digital community, which includes engaged email subscribers, text messaging, interest-based online advertising, recurring billing and our continuous dialogue with customers on our school-customized social media channels. For example, the following laws and regulations may apply:

- the CAN-SPAM Act of 2003 and similar laws adopted by most U.S. states pertaining directly or indirectly to commercial email regulate unsolicited commercial emails, create civil and criminal penalties for emails containing fraudulent headers and control other abusive online marketing practices;

- the U.S. Federal Trade Commission (the "FTC") has guidelines that impose responsibilities on companies with respect to communications with consumers and impose fines and liability for failure to comply with rules with respect to advertising or marketing or sales practices they may deem misleading or deceptive;

- the Telephone Consumer Protection Act of 1991 ("TCPA") restricts telemarketing and the use of automated telephone equipment. The TCPA limits the use of automatic dialing systems, artificial or prerecorded voice messages and SMS text messages. It also applies to unsolicited text messages advertising the commercial availability of goods or services. Additionally, a number of states have enacted statutes that address telemarketing. For example, some states, such as California, Illinois and New York, have created do-not-call lists. Other states, such as Oregon and Washington, have enacted "no rebuttal statutes" that require the telemarketer to end the call when the consumer indicates that he or she is not interested in the product being sold. Restrictions on telephone marketing, including calls and text messages, are enforced by the FTC, the Federal Communications Commission, states and through the availability of statutory damages and class action lawsuits for violations of the TCPA;

- The Restore Online Shopper Confidence Act ("ROSCA"), and similar state laws, impose requirements and restrictions on online services that automatically charge payment cards on a periodic basis to renew a subscription service, if the consumer does not cancel the service;

- In the absence of a federal comprehensive data privacy law, 16 U.S. states have enacted comprehensive consumer privacy laws as of April 29, 2024, e.g., the California Consumer Privacy Act ("CCPA"), which became effective on January 1, 2020, with enforcement commencing on July 1, 2020. CCPA, as amended, provides California consumers the right to know what personal data companies collect, how it is used, and the right to access, delete and opt out of sale of their personal information to third parties. It also expands the definition of personal information and gives consumers increased privacy rights and protections for that information. The California Privacy Rights Act ("CPRA") took effect on December 16, 2020, and became fully operative on January 1, 2023. CPRA amends and adds to CCPA by strengthening rights of California consumers, further restricting business use of consumer personal information, and establishing a new government agency for enforcement. Other states enacting comprehensive consumer privacy laws include Colorado, Connecticut, Delaware, Indiana, Iowa, Kentucky, Montana, Nebraska, New Hampshire, New Jersey, Oregon, Tennessee, Texas, Utah and Virginia.

Even if no applicable laws or regulations are further enacted, we may discontinue use or support of these activities if we become concerned that consumers deem them intrusive, or they otherwise adversely affect our goodwill and brand. If our marketing activities are curtailed, our ability to attract new customers may be adversely affected.

Our business could be impacted by changes in federal, state, local or international laws, rules or regulations.

We are subject to laws and regulations applicable to our business. These laws and regulations may cover taxation, data privacy, information security, our access to student financial aid, pricing and availability of educational materials, competition and/or antitrust, content, copyrights, distribution, college distribution, mobile communications, electronic contracts and other communications, consumer protection, artificial intelligence, the provision of online payment services, unencumbered Internet access to our services, the design and operation of websites and mobile application (including complying with the Americans with Disabilities Act), digital content (including governmental investigations and litigation relating to the agency pricing model for digital content distribution), the characteristics and quality of products and services and labor and employee benefits (including the costs associated with complying with the Patient Protection and Affordable Care Act or any legislation enacted in connection with repeal of the Affordable Care Act). Changes in applicable federal, state, local or international laws, rules or regulations relating to these matters could increase regulatory compliance requirements in addition to increasing our costs of doing business or otherwise impact our business. For example, changes in federal and state minimum wage laws could raise the wage requirements for certain of our employees at our retail locations, which would increase our selling costs and may cause us to reexamine our wage structure for such employees.

Changes in tax laws and regulations might adversely impact our businesses or financial performance.

We collected sales tax on the majority of the products and services that we sold in our respective prior fiscal years that were subject to sales tax, and we generally have continued the same policies for sales tax within the current fiscal year. While management believes that the financial statements included elsewhere in this Form 10-K reflect management's best current estimate of any potential additional sales tax liability based on current discussions with taxing authorities, we cannot assure you that the outcome of any discussions with any taxing authority will not result in the payment of sales taxes for prior periods or otherwise, or that the amount of any such payments will not be materially in excess of any liability currently recorded. In the future, our businesses may be subject to claims for not collecting sales tax on the products and services we currently sell for which sales tax is not collected. In addition, our provision for income taxes and our obligation to pay income tax is based on existing federal, state and local tax laws. Changes to these laws, in particular as they relate to depreciation, amortization and cost of goods sold, could have a significant impact on our income tax provision, our projected cash tax liability, or both.

Risks Relating to Intellectual Property

We rely on third-party digital content and applications, which may not be available to us on commercially reasonable terms or at all.

We contract with certain third parties to offer their digital content. Our licensing arrangements with these third parties do not guarantee the continuation or renewal of these arrangements on reasonable terms, if at all. Some third-party content providers currently, or in the future, may offer competing products and services, and could take action to make it more difficult or impossible for us to license our content in the future. Other content owners, providers or distributors may seek to limit our access to, or increase the total cost of, such content. If we are unable to offer a wide variety of content at reasonable prices with acceptable usage rules, our business may be materially adversely affected.

We rely heavily on proprietary technology and sophisticated equipment to manage certain aspects of our business, including to manage textbook inventory, process deliveries and returns of the textbooks and manage warehousing and distribution.

We use a proprietary system to source, distribute and manage inventory of textbooks and to manage other aspects of our operations, including systems to consider the market pricing for textbooks, general availability of textbook titles and other factors to determine how to buy textbooks and set prices for textbooks and other content in real time. We have invested significant amounts of resources in the hardware and software to develop this system. We rely on the expertise of our engineering and software development teams to maintain and enhance the equipment and software used for our distribution operations. We cannot be sure that the maintenance and enhancements we make to our distribution operations will achieve the intended results or otherwise be of value to students. If we are unable to maintain and enhance our technology to manage textbook sourcing, distribution and inventory, it could disrupt our business operations and have a material adverse impact on our results.

Our wholesale business is also dependent on sophisticated equipment and related software technology for the warehousing and distribution of the vast majority of used textbooks supplied to our retail business and others, which is located at MBS' warehouse facility in Columbia, Missouri. Our ability to efficiently manage our wholesale business depends significantly on the reliability and capacity of these systems. The failure of these systems to operate effectively, problems with maintenance, upgrading or transitioning to replacement systems, especially if such events were to occur during peak periods, could adversely affect our operations, the ability to serve our customers and our results of operations. In addition, substantially all of our wholesale inventory is located in the Columbia warehouse facility. We could experience significant interruption in the operation of this facility or damage or destruction of our inventory due to physical damage to the facility caused by natural disasters, accidents or otherwise. If a material portion of our inventory were to be damaged or destroyed, we would likely incur significant financial loss, including loss of revenue and harm to our customer relationships.

We may not be able to adequately protect our intellectual property rights or may be accused of infringing upon intellectual property rights of third parties.

We regard our trademarks, service marks, copyrights, patents, trade dress, trade secrets, proprietary technology and similar intellectual property as important to our success, and we rely on trademark, copyright and patent law, domain name regulations, trade secret protection and confidentiality or license agreements to protect our proprietary rights, including our use of the *Barnes & Noble* trademark. Laws and regulations may not adequately protect our trademarks and similar proprietary rights. We may be unable to prevent third parties from acquiring domain names that are similar to, infringe upon or diminish the value of our trademarks and other proprietary or licensed rights.

We may not be able to discover or determine the extent of any unauthorized use of our proprietary rights. The protection of our intellectual property may require the expenditure of significant financial and managerial resources. Moreover, the steps we take to protect our intellectual property may not adequately protect our rights or prevent third parties from infringing or misappropriating our proprietary rights. We also cannot be certain that others will not independently develop or otherwise acquire equivalent or superior technology or other intellectual property rights.

Other parties also may claim that we infringe their proprietary rights. Because of the changes in Internet commerce and digital content businesses, current extensive patent coverage, and the rapid rate of issuance of new patents, it is possible that certain of our products, content and business methods may unknowingly infringe existing patents or intellectual property rights of others. Successful intellectual property infringement claims against us could result in monetary liability or a material disruption in the conduct of our business. We cannot be certain that our products, content and business methods do not or will not infringe valid patents, trademarks, copyrights or other intellectual property rights held by third parties. We expect that infringement claims in our markets will increase in number. We may be subject to legal proceedings and claims from time to time relating to the intellectual property of others in the ordinary course of our business. If we were found to have infringed the intellectual property rights of a third party, we could be liable to that party for license fees, royalty payments, lost profits or other damages, and the owner of the intellectual property might be able to obtain injunctive relief to prevent us from using the technology or software in the future. If the amounts of these payments were significant or we were prevented from incorporating certain technology or software into our products, our business could be significantly harmed.

We may incur substantial expenses in defending against these third-party infringement claims, regardless of their merit. As a result, due to the diversion of management time, the expense required to defend against any claim and the potential liability associated with any lawsuit, any significant litigation could significantly harm our business, financial condition and results of operations.

Our digital content offerings depend in part on effective digital rights management technology to control access to digital content. If the digital rights management technology that we use is compromised or otherwise malfunctions, we could be subject to claims, and content providers may be unwilling to include their content in our service.

In addition, the publishing industry has been, and we expect in the future will continue to be, the target of counterfeiting and piracy. We have entered into agreements with major textbook publishers to implement the textbook industry's Anti-Counterfeit Best Practices. These best practices were developed as a mechanism to assist publishers and distributors in the eradication of counterfeit copies of textbooks in the marketplace. While we have agreed to implement the Anti-Counterfeit Best Practices and have in place our anti-counterfeit policies and procedures (which include removing from distribution suspected counterfeit titles) for preventing the proliferation of counterfeit textbooks, we may inadvertently purchase counterfeit textbooks, which may unknowingly be included in the textbooks we offer for sale or rent to students or we may purchase such textbooks through our buyback program. As such, we may be subject to allegations of selling counterfeit books. We have in the past and may continue to receive communications from publishers alleging that certain textbooks sold or rented by us are counterfeit. When receiving such communications, we cooperate, and will continue to cooperate in the future, with such publishers in identifying fraudulent textbooks and removing them from our inventory. We may implement measures in an effort to protect against these potential liabilities that could require us to spend substantial resources. Any costs incurred as a result of liability or asserted liability relating to sales of counterfeit textbooks could harm our business, reputation and financial condition.

We do not own the Barnes & Noble trademark and instead rely on a license of that trademark and certain other trademarks, which license imposes limits on what those trademarks can be used to do.

In connection with the Spin-Off, Barnes & Noble, Inc. granted us an exclusive, perpetual, fully paid up, non-transferable and non-assignable license to use the trademarks "Barnes & Noble College," "B&N College," "Barnes & Noble Education" and "B&N Education" and the non-exclusive, perpetual, fully paid up, non-transferable and non-assignable license to use the marks "Barnes & Noble," "B&N" and "BN," solely in connection with the contract management of college and university bookstores and other bookstores associated with academic institutions and related websites, as well as education products and services (including digital education products and services) and related websites. These restrictions may materially limit our ability to use the licensed marks in the expansion of our operations in the future. In addition, we are reliant on Barnes & Noble, Inc. to maintain the licensed trademarks.

Risks Relating to our Common Stock and the Securities Market

We are not in compliance with the NYSE's minimum share price requirement and thus are at risk of the NYSE delisting shares of our Common Stock, which would have an adverse impact on the trading volume, liquidity and market price of shares of our Common Stock.

On February 27, 2024, we received a letter from NYSE notifying us that, for the last 30 consecutive business days, the bid price of our common stock had closed below $1.00 per share, the minimum closing bid price required by the continued listing requirements of Rule 802.01C of the NYSE Listed Company Manual. Pursuant to Rule 802.01C of the NYSE Listed Company Manual, a company will be considered to be below compliance standards if the average closing price of a security fell below $1.00 over a period of 30 consecutive trading days. A company can regain compliance with the minimum share price requirement at any time during the six-month cure period if, on the last trading day of any calendar month during the cure period, the company has (i) a closing share price of at least $1.00 and (ii) an average closing share price of at least $1.00 over the 30 trading-day period ending on the last trading day of that month. In the event that at the expiration of the six-month cure period, both a $1.00 closing share price on the last trading day of the cure period and a $1.00 average closing share price over the 30 trading-day period ending on the last trading day of the cure period are not attained, the NYSE will commence suspension and delisting procedures. We have taken remedial actions to cure such deficiency. On June 11, 2024, we completed a reverse stock split of the Company's outstanding shares of common stock at a ratio of 1-for-100 (the "Reverse Stock Split"), which was previously approved by stockholders at a special meeting held on June 5, 2024. In connection with the Reverse Stock Split, every 100 shares of the common stock issued and outstanding was converted into one share of the Company's common stock. However, we cannot assure you that we will be able to cure this deficiency or comply with other NYSE continued listing standards. A delisting of shares of our Common Stock from the NYSE could negatively impact us as it would likely reduce the liquidity and market price of shares of our Common Stock, reduce the number of investors willing to hold or acquire shares of our Common Stock, and negatively impact our ability to access equity markets and obtain financing.

Three of our stockholders collectively own over 72% of the Company's outstanding shares, and their interests could differ from the interests of our other stockholders.

As of June 10, 2024, Immersion Corporation ("Immersion"), Fanatics and VitalSource respectively own 42.0%, 17.1% and 12.3% of the Company's outstanding shares of Common Stock.

Based on the foregoing, Immersion, TopLids and Vital have considerable influence or collective veto control regarding the outcome of any transaction or action that requires stockholder approval, including the election of our Board of Directors, mergers, acquisitions, amendments to our charter and various corporate governance actions.

Our Board of Directors is composed of seven members, four of whom are executives and members of the Board of Directors of Immersion Corporation. Immersion has agreed to maintain at least three directors on our Board of Directors that satisfy the independence standard under NYSE rules applicable to audit committee members. However, Immersion through its stock ownership may have significant influence over the election of all Board members, inclusive of the independent directors.

Each of Immersion, TopLids and Vital may have interests different than those of other stockholders. For example, they may delay or prevent a change of control of us, even if such a change of control would benefit other stockholders, or pursue strategies that are different from the wishes of other investors. The significant concentration of stock ownership may adversely affect the trading price of our Common Stock due to investors' perception that conflicts of interest may exist or arise.

The future sales, or the perception of future sales, of shares by existing stockholders may adversely affect the market price of our Common Stock.

Sales of a substantial number of shares of Common Stock in the public market could occur at any time. If our existing stockholders sell substantial amounts of Common Stock in the public market, or the market perceives that they intend to do so, the market price of our Common Stock could decline. The registration of shares of Common Stock for resale creates the possibility of a significant increase in the supply of our Common Stock in the market. The increased supply, coupled with the potential disparity in purchase prices, may lead to heightened selling pressure, which could negatively affect the public trading price of our Common Stock.

Our stock price may fluctuate significantly.

We cannot predict the prices at which our Common Stock may trade. The market price of our Common Stock may fluctuate widely, depending on many factors, some of which may be beyond our control, including:

- actual or anticipated fluctuations in our operating results due to factors related to our businesses;
- success or failure of our business strategies;
- our quarterly or annual earnings or those of other companies in our industries;
- our ability to obtain financing as needed, when needed, and on favorable terms;
- the terms of any financing through the issuance of additional equity or equity-linked securities;
- announcements by us or our competitors of significant acquisitions or dispositions;
- changes in accounting standards, policies, guidance, interpretations or principles;
- the failure of securities analysts to cover our Common Stock;
- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- the operating and stock price performance of other comparable companies;
- investor perception of our Company and the higher education industry;
- overall market fluctuations;
- results from any material litigation or government investigation;
- changes in laws and regulations (including tax laws and regulations) affecting our business;
- changes in capital gains taxes and taxes on dividends affecting stockholders; and
- general economic conditions and other external factors.

Stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations could adversely affect the trading price of our Common Stock.

Provisions in our Amended and Restated Certificate of Incorporation and Amended and Restated By-laws and of Delaware law may prevent or delay an acquisition of the Company, which could affect the trading price of our Common Stock.

Our Amended and Restated Certificate of Incorporation and our Amended and Restated By-laws contain provisions which, together with applicable Delaware law, may discourage, delay or prevent a merger or acquisition that our stockholders consider favorable, including provisions that:

- authorize the issuance of "blank check" preferred stock that could be issued by our Board of Directors to increase the number of outstanding shares of capital stock, making a takeover more difficult and expensive;
- provide special meetings of the stockholders may be called only by or at the direction of a majority of our Board or the chairman of our Board of Directors; and
- require advance notice to be given by stockholders for any stockholder proposals or director nominations.

In addition, Section 203 of the General Corporation Law of the State of Delaware, or the DGCL, may affect the ability of an "interested stockholder" to engage in certain business combinations, for a period of three years following the time that the stockholder becomes an "interested stockholder".

These provisions may discourage, delay or prevent certain types of transactions involving an actual or a threatened acquisition or change in control of the Company, including unsolicited takeover attempts, even though the transaction may offer our stockholders the opportunity to sell their Common Stock at a price above the prevailing market price.

Our stockholder rights plan, or "poison pill," includes terms and conditions that could discourage a takeover or other transaction that stockholders may consider favorable.

In order to provide the Board with time to make informed decisions that are in the best long-term interests of the Company and its stockholders, on April 16, 2024, our Board adopted a stockholders rights plan, such plan which could discourage, delay or prevent an acquisition of the Company at a premium price. The rights plan provides for preferred stock purchase rights attached to each share of our Common Stock, which will cause substantial dilution to a person or group acquiring 10% or more of our stock if the acquisition is not approved by our Board of Directors. As a result, the overall effect of the rights plan may be to render more difficult or discourage a merger, tender or exchange offer or other business combination involving our Company that is not approved by the Board of Directors even if the offer may be considered beneficial by some stockholders. The Rights will expire no later than January 31, 2025.

Our Amended and Restated By-laws designate courts in the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our Amended and Restated By-laws provide that, subject to limited exceptions, the state and federal courts of the State of Delaware are the sole and exclusive forum for (a) any derivative action or proceeding brought on our behalf, (b) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (c) any action asserting a claim arising pursuant to any provision of the DGCL, our Amended and Restated Certificate of Incorporation or our Amended and Restated By-laws or (d) any other action asserting a claim that is governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of our capital stock will be deemed to have notice of and to have consented to these provisions. This provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees.

Alternatively, if a court were to find this provision of our Amended and Restated By-laws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions.

Item 1B. *UNRESOLVED STAFF COMMENTS*

None.

Item 1C. CYBERSECURITY

Cybersecurity Risk Management and Strategic Approach

The company's information security program is meticulously crafted, integrating administrative, technical, and physical safeguards. Embracing a risk-based approach, we proactively mitigate cybersecurity risks to ensure the confidentiality, integrity, and availability of our information systems and data assets. This comprehensive framework extends to overseeing service-provider relationships, aligning with the specific risks associated with each engagement.

Deploying a multi-tiered defense strategy, we fortify our defenses with layers of controls designed to identify, protect against, detect, respond to, and recover from cybersecurity incidents. Central to this effort is our Cyber Security Team, entrusted with the critical task of swiftly detecting, mitigating, and remediating cybersecurity threats. Guided by our documented incident response plans, we orchestrate a swift and decisive response, engaging functional areas, internal escalations, and stakeholders as dictated by the nature and severity of the incident.

Key to our cybersecurity resilience, we strategically leverage third-party expertise and tools to augment our defenses, ensuring a proactive stance against evolving threats. Rigorous assessments by third-party auditors validate the alignment of specific components of our technology environment with industry standards such as the Payment Card Industry Data Security Standards, ensuring robust compliance and resilience.

Industry standards such as the National Institute of Standards and Technology's Framework for Improving Critical Infrastructure Cybersecurity inform our program and are the basis our compliance commitment. Regular maturity assessments, conducted by external experts, ensure that our cybersecurity program remains at the forefront of industry best practices, tailored to our unique operational landscape.

Although cybersecurity threats are an inherent part of the digital landscape, we stand resilient. While past incidents have been swiftly addressed without material impact on our operations or financial standing, we remain vigilant. Our Enterprise Risk Management program recognizes the ongoing nature of cybersecurity risks and our commitment to mitigating potential impacts on our operations, business strategy, and financial health.

Cybersecurity Governance

Our Board of Directors, Audit Committee and Legal team oversee the cybersecurity processes of identifying and mitigating cybersecurity risks. Reporting directly to our Chief Information Officer, our Chief Information Security Officer ("CISO") leads the charge, ensuring that our cybersecurity posture remains robust and adaptive. Through quarterly updates to the Audit Committee and periodic briefings to the Board of Directors, senior management keeps governance structures informed and aligned with our evolving cybersecurity landscape.

With over a decade of dedicated service to BNED, our current CISO brings a wealth of experience and expertise to the organization, including over three decades of Information Technology ("IT") experience. The last two decades have focused on IT security and innovative ways to manage and lead a security team. Previously, the CISO was the Director of IT Security and Infrastructure at The Children's Place Inc. The CISO is experienced in deploying a Zero Trust framework, Identity and Access Management programs, Email and Web Gateways, managing IT compliance for SOX, PCI, and ADA and has developed and introduced new information security and computer risk management programs based on National Institute of Standards and Technology (NIST) Cybersecurity Framework across numerous platforms for multiple retail chains.

Supported by a dynamic leadership team comprised of seasoned professionals, our cybersecurity initiatives are not just policies; they're a testament to our commitment to securing customer information and upholding our privacy promises. Embedded in our Code of Conduct & Ethics and reinforced through our security awareness training program, cybersecurity awareness is not just a task; it's a shared responsibility, woven into the fabric of our corporate culture.

Item 2. *PROPERTIES*

Facilities

We lease various office space in New Jersey, New York, Missouri, and India and we lease warehouse space in Missouri.

For our physical campus retail operations, we typically have the exclusive right to operate the official physical school bookstore on college campuses through multi-year management service agreements with our schools. In turn, we pay the school a percentage of store sales and, in some cases, a minimum fixed guarantee. These contracts with colleges and universities are typically five years with renewal options, but can range from one to 15 years, and are typically cancellable by either party without penalty with 90 to 120 days' notice.

As of April 27, 2024, these contracts for the 707 physical stores that we operate expire as follows:

Contract Terms to Expire During (12 months ending on or about April 30)	Number of Physical Campus Stores
2025	79
2026	91
2027	69
2028	53
2029	39
2030 and later	376

Item 3. ***LEGAL PROCEEDINGS***

We are involved in a variety of claims, suits, investigations and proceedings that arise from time to time in the ordinary course of our business, including actions with respect to contracts, intellectual property, taxation, employment, benefits, personal injuries and other matters. We record a liability when we believe that it is both probable that a loss has been incurred and the amount of loss can be reasonably estimated. Based on our current knowledge, we do not believe that there is a reasonable possibility that the final outcome of any pending or threatened legal proceedings to which we or any of our subsidiaries are a party, either individually or in the aggregate, will have a material adverse effect on our future financial results. However, legal matters are inherently unpredictable and subject to significant uncertainties, some of which are beyond our control. As such, there can be no assurance that the final outcome of these matters will not materially and adversely affect our business, financial condition, results of operations or cash flows.

Item 4. ***MINE SAFETY DISCLOSURES***

Not applicable.

PART II

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

As of April 27, 2024, our authorized capital stock consisted of 200,000,000 shares of common stock, par value $0.01 per share, and 5,000,000 shares of preferred stock, par value $0.01 per share. Our common stock trades on the New York Stock Exchange ("NYSE") under the symbol "BNED."

On October 5, 2023, our shareholders approved an amendment and restatement of the Equity Incentive Plan to increase the number of shares available for issuance by an additional 4,500,000 of our Common Stock. We have reserved an aggregate of 17,909,345 shares of common stock for future grants in accordance with the Barnes & Noble Education Inc. Equity Incentive Plan. See *Item 8. Financial Statements and Supplementary Data - Note 12. Long-Term Incentive Compensation Expense*.

On June 5, 2024, our shareholders approved an amendment to our Amended and Restated Certificate of Incorporation, as amended, to increase the aggregate number of authorized shares of Common Stock from 200,000,000 shares to 10,000,000,000 shares.

On June 10, 2024, subsequent to the end of Fiscal 2024, we completed various transactions, including an equity rights offering, private equity investment, Term Loan debt conversion, and Credit Facility refinancing, to substantially deleverage our consolidated balance sheet. These transactions raised additional capital for repayment of indebtedness and provide additional flexibility for working capital needs, which will also allow us to strategically invest in innovation and continue to execute our strategic initiatives, including but not limited to the growth of our *First Day Complete* program. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 17. Subsequent Events.* Because the rights issuance was offered to all existing stockholders at an exercise price that was less than the fair value of our Common Stock, as of such time, the weighted average shares outstanding and basic and diluted earnings (loss) per share were adjusted retroactively to reflect the bonus element of the rights offering for all periods presented by a factor of 5.03.

On June 11, 2024, we completed a reverse stock split of the Company's outstanding shares of common stock at a ratio of 1-for-100 (the "Reverse Stock Split"), which was previously approved by stockholders at a special meeting held on June 5, 2024. In connection with the Reverse Stock Split, every 100 shares of the common stock issued and outstanding was converted into one share of the Company's common stock. No change will be made to the trading symbol for the Company's shares of Common Stock, "BNED," in connection with the Reverse Stock Split. The Reverse Stock Split is part of the Company's plan to regain compliance with the minimum bid price requirement of $1.00 per share required to maintain continued listing on the NYSE.

Weighted average shares for both basic and diluted, prior to giving effect to the bonus element of the rights offering and the Reverse Stock Split was 52,935,533 for the 52 weeks ended April 27, 2024.

Holders

As of April 27, 2024, there were approximately 672 registered holders of record of our common stock. A substantially greater number of holders of our common stock are "street name" or beneficial holders, whose shares of record are held by banks, brokers, and other financial institutions.

Repurchase of Shares

On December 14, 2015, our Board of Directors authorized a stock repurchase program of up to $50 million, in the aggregate, of our outstanding common stock. The stock repurchase program is carried out at the direction of management (which may include a plan under Rule 10b5-1 of the Securities Exchange Act of 1934). The stock repurchase program may be suspended, terminated, or modified at any time. Any repurchased shares will be held as treasury stock and will be available for general corporate purposes. During Fiscal 2024 and 2023, we did not repurchase shares under the stock repurchase program. As of April 27, 2024, approximately $26.7 million remains available under the stock repurchase program.

During the years ended April 27, 2024 and April 29, 2023, we also repurchased 147,885 shares and 347,808 shares, respectively, of our common stock in connection with employee tax withholding obligations for vested stock awards.

Dividends

We paid no other dividends to common stockholders during the years ended April 27, 2024 and April 29, 2023. We do not intend to pay dividends on our common stock in the foreseeable future and dividend payments are not permitted under current or future financing arrangements.

On April 16, 2024, our Board of Directors approved the adoption of a short-term stockholder rights plan and declared a dividend distribution of one preferred share purchase right on each outstanding share of the Company's common stock. Each right will entitle stockholders to buy one one-thousandth of a share of our preferred stock at an established exercise price. The dividend was payable to holders of record as of the close of business on April 29, 2024. The rights will be exercisable only if a person or group acquires 10% or more of our outstanding common stock and various other criteria are met (the “Distribution Date”). Until the Distribution Date, the rights will not be exercisable; the rights will not be evidenced by separate rights certificates; and the rights will be transferable by, and only in connection with, the transfer of common stock. The rights will expire no later than January 31, 2025.

Item 6. ***SELECTED FINANCIAL DATA [RESERVED]***

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

Unless the context otherwise indicates, references to "we," "us," "our" and "the Company" refer to Barnes & Noble Education, Inc. or "BNED", a Delaware corporation. References to "Barnes & Noble College" or "BNC" refer to our subsidiary Barnes & Noble College Booksellers, LLC. References to "MBS" refer to our subsidiary MBS Textbook Exchange, LLC.

Our fiscal year is comprised of 52 or 53 weeks, ending on the Saturday closest to the last day of April. "Fiscal 2024" means the 52 weeks ended April 27, 2024, "Fiscal 2023" means the 52 weeks ended April 29, 2023.

Overview

Description of Business

Barnes & Noble Education, Inc. ("BNED") is one of the largest contract operators of physical and virtual bookstores for college and university campuses and K-12 institutions across the United States. We are also one of the largest textbook wholesalers and inventory management hardware and software providers. We operate 1,245 physical, virtual, and custom bookstores and serve more than 5.8 million students, delivering essential educational content, tools and general merchandise within a dynamic omnichannel retail environment. For a discussion of our business, see *Part I - Item 1. Business.*

The strengths of our business include our ability to compete by developing new products and solutions to meet market needs, our large operating footprint with direct access to students and faculty, our well-established, deep relationships with academic partners and stable, long-term contracts and our well-recognized brands. We provide product and service offerings designed to address the most pressing issues in higher education, including equitable access, enhanced convenience and improved affordability through innovative course material delivery models designed to drive improved student experiences and outcomes. We offer our *BNC First Day®* equitable and inclusive access programs, consisting of *First Day Complete* and *First Day*, which provide faculty required course materials on or before the first day of class at below market rates, as compared to the total retail price for the same course materials if purchased separately (a la carte), and students are billed the below market rate directly by the institution as a course charge or included in tuition. During the 52 weeks ended April 27, 2024, *BNC First Day* total revenue increased by $127 million, or 37%, to $474 million compared to $347 million during the prior year period. These programs have allowed us to reverse historical long-term trends in course materials revenue declines, which has been observed at those schools where such programs have been adopted, and improve predictability of our future results. In Fiscal 2024, the growth of our *BNC First Day* programs offset the declines in a la carte courseware sales and closed store sales. We are moving quickly to accelerate our *First Day Complete* strategy. Many institutions adopted *First Day Complete* in Fiscal 2024, and we plan to continue to scale the number of schools adopting *First Day Complete* in Fiscal 2025 and beyond.

We expect to continue to introduce scalable and advanced solutions focused largely on the student and customer experience, expand our e-commerce capabilities and accelerate such capabilities through our service providers, Fanatics Retail Group Fulfillment, LLC ("Fanatics") and Fanatics Lids College, Inc. D/B/A "Lids" ("Lids") (collectively referred to herein as the "F/L Relationship"), win new accounts, and expand our revenue opportunities through strategic relationships. We expect gross comparable store general merchandise sales to increase over the long term, as our product assortments continue to emphasize and reflect changing consumer trends, and we evolve our presentation concepts and merchandising of products in stores and online, which we expect to be further enhanced and accelerated through the F/L Relationship. Fanatics and Lids, acting on our behalf as our service providers, provide unparalleled product assortment, e-commerce capabilities and powerful digital marketing tools to drive increased value for customers and accelerate growth of our logo general merchandise business.

The *Barnes & Noble* brand (licensed from our former parent) along with our subsidiary brands, *BNC* and *MBS,* are synonymous with innovation in bookselling and campus retailing, and are widely recognized and respected brands in the United States. Our large college footprint, reputation, and credibility in the marketplace not only support our marketing efforts to universities, students, and faculty, but are also important to our relationship with leading publishers who rely on us as one of their primary distribution channels.

BNC First Day Equitable and Inclusive Access Programs

We provide product and service offerings designed to address the most pressing issues in higher education, including equitable access, enhanced convenience and improved affordability through innovative course material delivery models designed to drive improved student experiences and outcomes. We offer our *BNC First Day®* equitable and inclusive access programs, consisting of *First Day Complete* and *First Day*, which provide faculty required course materials on or before the first day of class at below market rates, as compared to the total retail price for the same course materials if purchased separately (a la carte), and students are billed the below market rate directly by the institution as a course charge or included in tuition.

- *First Day Complete* is adopted by an institution and includes all or the majority of undergraduate classes (and on occasion graduate classes), providing students both physical and digital materials. The *First Day Complete* model drives substantially greater unit sales and sell-through for the bookstore.

- *First Day* is adopted by a faculty member for a single course, and students receive primarily digital course materials through their school's learning management system ("LMS").

Offering course materials through our equitable and inclusive access *First Day Complete* and *First Day* models is an important strategic initiative of ours to meet the market demands of substantially reduced pricing to students, as well as the opportunity to improve student outcomes, while, at the same time, increasing our market share, revenue and relative gross profits of course material sales given the higher volumes of units sold in such models as compared to historical sales models that rely on individual student marketing and sales. These programs have allowed us to reverse historical long-term trends in course materials revenue declines, which has been observed at those schools where such programs have been adopted, and improve predictability of our future results. In Fiscal 2024, the growth of our *BNC First Day* programs offset the declines in a la carte courseware sales and closed store sales. We are moving quickly to accelerate our *First Day Complete* strategy. Many institutions adopted *First Day Complete* in Fiscal 2024, and we plan to continue to scale the number of schools adopting *First Day Complete* in Fiscal 2025 and beyond.

The following table summarizes our *BNC First Day* sales for the 52 weeks ended April 27, 2024 and April 29, 2023:

Dollars in millions	52 weeks ended			
	April 27, 2024	April 29, 2023	$ Increase	% Change
First Day Complete Sales	$ 292.7	$ 197.8	$ 94.9	48%
First Day Sales	$ 181.2	$ 148.9	$ 32.3	22%
Total *BNC First Day* Sales	$ 473.9	$ 346.7	$ 127.2	37%

First Day Complete	Spring 2024	Spring 2023	# Increase	% Change
Number of campus stores	160	116	44	38%
Estimated enrollment (a)	805,000	580,000	225,000	39%

(a) Total undergraduate and graduate student enrollment as reported by National Center for Education Statistics (NCES) as of October 26, 2023.

Relationship with Fanatics and Lids

In December 2020, we entered into the F/L Relationship. Fanatics and Lids, acting on our behalf as our service providers, provide unparalleled product assortment, e-commerce capabilities and powerful digital marketing tools to drive increased value for customers and accelerate growth of our logo general merchandise business. Fanatics operates as our service provider, including processing consumer personal information on our behalf, using their cutting-edge e-commerce and technology expertise to offer our campus store websites expanded product selection, a world-class online and mobile experience, and a progressive direct-to-consumer platform. Coupled with Lids, the leading standalone brick and mortar retailer focused exclusively on licensed fan and alumni products, our campus stores have improved access to trend and sales performance data on licensees, product styles, and design treatments.

We maintain our relationships with campus partners and remain responsible for staffing and managing the day-to-day operations of our campus bookstores. We also work closely with our campus partners to ensure that each campus store maintains unique aspects of in-store merchandising, including localized product assortments and specific styles and designs that reflect each campus's brand. We leverage Fanatics' e-commerce technology and expertise for the operational management of the emblematic merchandise and gift sections of our campus store websites. Lids manages in-store assortment planning and merchandising of emblematic apparel, headwear, and gift products for our partner campus stores, and Lids owns the inventory it manages, relieving us of the obligation to finance inventory purchases from working capital. As the logo and emblematic general merchandise sales are fulfilled by Lids and Fanatics, we recognize commission revenue earned for these sales on a net basis in our consolidated financial statements, as compared to the recognition of logo and emblematic general merchandise sales on a gross basis prior to April 2021.

Financing Arrangements

On June 10, 2024, subsequent to the end of Fiscal 2024, we completed various transactions, including an equity rights offering, private equity investment, Term Loan debt conversion, and Credit Facility refinancing, to substantially deleverage our consolidated balance sheet. These transactions raised additional capital for repayment of indebtedness and provide additional flexibility for working capital needs, which will also allow us to strategically invest in innovation and continue to execute our strategic initiatives, including but not limited to the growth of our *First Day Complete* program. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 17. Subsequent Events.*

Cost Savings Initiative

During Fiscal 2023, we implemented a significant cost reduction program designed to streamline our operations, maximize productivity and drive profitability. We reduced our workforce, eliminated duplicate administrative headcounts at all levels, implemented improved system development processes to reduce maintenance costs, reduced capital expenditures, and evaluated operating contractual obligations for cost savings. Over the course of Fiscal 2024, we have achieved annualized savings of approximately $30 million to $35 million from the Fiscal 2023 cost savings initiatives. Additionally, during Fiscal 2024, Management's implemented further cost savings measures, including reduction of gross capital expenditures, amounting to approximately $29 million in savings.

Segments

We have two reportable segments: Retail and Wholesale. Additionally, unallocated shared-service costs, which include various corporate level expenses and other governance functions, are not allocated to a specific reporting segment and continue to be presented as "Corporate Services". The following discussion provides information regarding the three segments.

Retail Segment

The *Retail Segment* operates 1,245 college, university, and K-12 school bookstores, comprised of 707 physical bookstores and 538 virtual bookstores. Our bookstores typically operate under agreements with the colleges, universities, or K-12 schools to be the official bookstore and the exclusive seller of course materials and supplies, including physical and digital products. The majority of the physical campus bookstores have school-branded e-commerce websites, which we operate independently or along with our merchant service providers, and which offer students access to required and recommended course materials and affinity products, including emblematic apparel and gifts. The Retail Segment offers our *BNC First Day*® equitable and inclusive access programs, consisting of *First Day Complete* and *First Day*, which provide faculty required course materials on or before the first day of class at below market rates, as compared to the total retail price for the same course materials if purchased separately (a la carte), and students are billed the below market rate directly by the institution as a course charge or included in tuition. Additionally, the Retail Segment offers a suite of digital content and services to colleges and universities, including a variety of open educational resource-based courseware.

During the 52 weeks ended April 27, 2024, we opened 46 stores and closed 167 stores in the Retail Segment with estimated net annual sales of $(74) million. The Company's strategic initiative is to close under-performing and less profitable stores. Many institutions adopted *First Day Complete* in Fiscal 2024, and we plan to continue to scale the number of schools adopting *First Day Complete* in Fiscal 2025 and beyond. These programs have allowed us to reverse historical long-term trends in course materials revenue declines as the growth of our *BNC First Day* programs offsets declines in a la carte courseware sales and closed store sales.

Wholesale Segment

The *Wholesale Segment* is comprised of our wholesale textbook business and is one of the largest textbook wholesalers in the country. The Wholesale Segment centrally sources, sells, and distributes new and used textbooks to approximately 2,750 physical bookstores (including our Retail Segment's 707 physical bookstores) and sources and distributes new and used textbooks to our 538 virtual bookstores. Additionally, the Wholesale Segment sells hardware and a software suite of applications that provides inventory management and point-of-sale solutions to approximately 325 college bookstores.

Corporate Services represents unallocated shared-service costs which include corporate level expenses and other governance functions, including executive functions, such as accounting, legal, treasury, information technology, and human resources.

Seasonality

Our business is highly seasonal. For example, our retail business is seasonal, particularly with respect to textbook sales and rentals, with the major portion of sales and operating profit realized during the second and third fiscal quarters when college students generally purchase and rent textbooks for the upcoming semesters and lowest in the first and fourth fiscal quarters. Our quarterly results also may fluctuate depending on the timing of the start of the various schools' semesters, the revenue impact of accounting principles with respect to the recognition of revenue associated with our equitable and inclusive access programs, the ability to secure inventory on a timely basis, as well as shifts in our fiscal calendar dates. These shifts in timing may affect the comparability of our results across periods. Sales attributable to our wholesale business are generally highest in our first, second and third quarters, as it sells textbooks and other course materials for retail distribution.

Retail product revenue is recognized when the customer takes physical possession of our products, which occurs either at the point of sale for products purchased at physical locations or upon receipt of our products by our customers for products ordered through our websites and virtual bookstores. Revenue from the sale of digital textbooks, which contains a single performance obligation, is recognized when the customer accesses the digital content as product revenue in our consolidated financial statements. Revenue from the rental of physical textbooks is deferred and recognized over the rental period based on the passage of time commencing at the point of sale, when control of the product transfers to the customer and is recognized as rental income in our consolidated financial statements. Depending on the product mix offered under the *BNC First Day* offerings, revenue recognized is consistent with our policies for product, digital and rental sales, net of an anticipated opt-out or return provision.

Given the growth of *BNC First Day* programs, the timing of cash collection from our school partners may shift to periods subsequent to when the revenue is recognized. When a school adopts our *BNC First Day* equitable and inclusive access offerings, cash collection from the school generally occurs after the institution's drop/add dates, which is later in the working capital cycle, particularly in our third quarter given the timing of the Spring Term and our quarterly reporting period, as compared to direct-to-student point-of-sale transactions where cash is generally collected during the point-of-sale transaction or within a few days from the credit card processor. As a higher percentage of our sales shift to *BNC First Day* equitable and inclusive access offerings, we are focused on efforts to better align the timing of our cash outflows to course material vendors and cash inflows from collections from schools. As the concentration of digital product sales increases, revenue will be recognized earlier during the academic term as digital textbook revenue is recognized when the customer accesses the digital content compared to: (i) the rental of physical textbooks where revenue is recognized over the rental period, and (ii) a la carte courseware sales where revenue is recognized when the customer takes physical possession of our products, which occurs either at the point of sale for products purchased at physical locations or upon receipt of our products by our customers for products ordered through our websites and virtual bookstores.

Trends and Other Factors Affecting Our Business

For a discussion of our trends and other factors affecting our business, see *Part I - Item 1. Business.*

Results of Operations

Elements of Results of Operations

Our consolidated financial statements reflect our consolidated financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States ("GAAP"). The results of operations reflected in our consolidated financial statements are presented on a consolidated basis. All material intercompany accounts and transactions have been eliminated in consolidation.

During the fourth quarter of Fiscal 2023, assets related to our DSS Segment met the criteria for classification as Assets Held for Sale and Discontinued Operations. Certain assets and liabilities associated with the DSS Segment are presented in our consolidated balance sheets as current "Assets Held for Sale" and current "Liabilities Held for Sale". The results of operations related to the DSS Segment are included in the consolidated statements of operations as "Loss from discontinued operations, net of tax." The cash flows of the DSS Segment are also presented separately in our consolidated statements of cash flows.

Our sales are primarily derived from the sale of course materials, which include new, used, rental and digital textbooks. Additionally, at college and university bookstores which we operate, we sell general merchandise, including emblematic apparel and gifts, trade books, computer products, school and dorm supplies, convenience and café items and graduation products. Our rental income is primarily derived from the rental of physical textbooks. We also derive revenue from other sources, such as sales of inventory management, hardware and point-of-sale software, and other services.

Our cost of sales primarily includes costs such as merchandise costs, textbook rental amortization, warehouse costs related to inventory management and order fulfillment, insurance, certain payroll costs, and management service agreement costs, including rent expense, related to our college and university contracts and other facility related expenses.

Our selling and administrative expenses consist primarily of store payroll and store operating expenses. Selling and administrative expenses also include long-term incentive plan compensation expense and general office expenses, such as merchandising, procurement, field support, and finance and accounting. Shared-service costs such as human resources, legal, treasury, information technology, and various other corporate level expenses and other governance functions, are not allocated to a specific reporting segment and are recorded in Corporate Services as discussed in the *Overview - Segments* discussion above.

Results of Operations Summary - Continuing Operations [a]

For a detailed discussion of Fiscal 2024 and year-over-year comparison to Fiscal 2023, see *Results of Operations - Continuing Operations - 52 weeks ended April 27, 2024 compared with the 52 weeks ended April 29, 2023* below.

Dollars in thousands	52 weeks ended April 27, 2024	52 weeks ended April 29, 2023 [a]
Sales:		
Product sales and other	$ 1,430,456	$ 1,406,655
Rental income	136,679	136,553
Total sales	$ 1,567,135	$ 1,543,208
Gross Profit	$ 356,776	$ 349,439
Net loss from continuing operations	$ (62,481)	$ (90,140)
Adjusted Earnings (non-GAAP) - Continuing Operations [b]	$ (35,906)	$ (74,003)
Adjusted EBITDA (non-GAAP) - Continuing Operations [b]		
Retail	$ 54,488	$ 10,640
Wholesale	9,360	3,239
Corporate Services	(19,679)	(22,000)
Eliminations	1,033	(25)
Total Adjusted EBITDA (non-GAAP) [b]	$ 45,202	$ (8,146)

(a) During the fourth quarter of Fiscal 2023, assets related to our *Digital Student Solutions ("DSS") Segment* met the criteria for classification as Assets Held for Sale and Discontinued Operations. Net Loss from Continuing Operations excludes the results of operations related to the DSS Segment for all years reported above.

(b) Adjusted Earnings, Adjusted EBITDA, and Adjusted EBITDA by Segment are non-GAAP financial measures. See *Use of Non-GAAP Measures* discussion below.

The following table sets forth, for the periods indicated, the percentage relationship that certain items bear to total sales:

Continuing Operations	52 weeks ended April 27, 2024	52 weeks ended April 29, 2023
Sales:		
Product sales and other	91.3 %	91.2 %
Rental income	8.7	8.8
Total sales	100.0	100.0
Cost of sales (exclusive of depreciation and amortization expense):		
Product and other cost of sales [a]	79.4	79.6
Rental cost of sales [a]	54.9	54.4
Total cost of sales	77.2	77.4
Gross margin	22.8	22.6
Selling and administrative expenses	19.9	23.2
Depreciation and amortization expense	2.6	2.7
Impairment loss (non-cash)	0.5	0.4
Restructuring and other charges	1.2	0.7
Operating loss from continuing operations	(1.4)%	(4.3)%

(a) Represents the percentage these costs bear to the related sales, instead of total sales.

Results of Operations - Discontinued Operations

During the fourth quarter of Fiscal 2023, assets related to our *Digital Student Solutions ("DSS") Segment* met the criteria for classification as Assets Held for Sale and Discontinued Operations and is no longer a reportable segment. Certain assets and liabilities associated with the DSS Segment are presented in our consolidated balance sheets as "Assets Held for Sale" and "Liabilities Held for Sale". The results of operations related to the DSS Segment are included in the consolidated statements of operations as "Loss from discontinued operations, net of tax." The cash flows of the DSS Segment are also presented separately in our consolidated statements of cash flows.

On May 31, 2023, we completed the sale of these assets related to our DSS Segment for cash proceeds of $20 million, net of certain transaction fees, severance costs, escrow, and other considerations. During the 52 weeks ended April 27, 2024, we recorded a Gain on Sale of Business of $3.5 million in Loss from Discontinued Operations, Net, related to the sale. Net cash proceeds from the sale were used for debt repayment and to provide additional funds for working capital needs under our Credit Facility.

	52 weeks ended	
Dollars in thousands	April 27, 2024	April 29, 2023
Total sales	$ 2,784	$ 35,353
Cost of sales [(a)]	76	7,156
Gross profit [(a)]	2,708	28,197
Selling and administrative expenses	3,029	34,137
Depreciation and amortization	3	3,155
Gain on sale of business	(3,545)	—
Impairment loss (non-cash) [(b)]	610	—
Restructuring costs [(c)]	3,308	1,848
Transaction costs	13	381
Operating loss	(710)	(11,324)
Income tax expense	20	398
Loss from discontinued operations, net of tax	$ (730)	$ (11,722)

(a) Cost of sales and Gross margin for the DSS Segment includes amortization expense (non-cash) related to content development costs of $0 million and $6.6 million for the 52 weeks ended April 27, 2024 and April 29, 2023, respectively.

(b) During the 52 weeks ended April 27, 2024, we recognized an impairment loss (non-cash) of $0.6 million (both pre-tax and after-tax), comprised of $0.1 million and $0.5 million of property and equipment and operating lease right-of-use assets, respectively, on the consolidated statement of operations as part of discontinued operations.

(c) During the 52 weeks ended April 27, 2024, we recognized restructuring and other charges of $3.3 million, comprised of severance and other employee termination costs, on the consolidated statement of operations as part of discontinued operations.

Results of Operations - Continuing Operations
- 52 weeks ended April 27, 2024 compared with the 52 weeks ended April 29, 2023

	52 weeks ended, April 27, 2024 [(a)]				
Dollars in thousands	Retail	Wholesale	Corporate Services	Eliminations	Total
Sales:					
Product sales and other	$ 1,378,238	$ 112,631	$ —	$ (60,413)	$ 1,430,456
Rental income	136,679	—	—	—	136,679
Total sales	1,514,917	112,631	—	(60,413)	1,567,135
Cost of sales (exclusive of depreciation and amortization expense):					
Product and other cost of sales	1,106,987	89,832	—	(61,443)	1,135,376
Rental cost of sales	74,983	—	—	—	74,983
Total cost of sales	1,181,970	89,832	—	(61,443)	1,210,359
Gross profit	332,947	22,799	—	1,030	356,776
Selling and administrative expenses	278,459	13,439	19,679	(3)	311,574
Depreciation and amortization expense	35,294	5,228	38	—	40,560
Impairment loss (non-cash)	7,166	—	—	—	7,166
Restructuring and other charges	571	(813)	19,651	—	19,409
Operating income (loss) from continuing operations	$ 11,457	$ 4,945	$ (39,368)	$ 1,033	$ (21,933)

	52 weeks ended, April 29, 2023 [(a)]				
Dollars in thousands	Retail	Wholesale	Corporate Services	Eliminations	Total
Sales:					
Product sales and other	$ 1,355,173	$ 106,366	$ —	$ (54,884)	$ 1,406,655
Rental income	136,553	—	—	—	136,553
Total sales	1,491,726	106,366	—	(54,884)	1,543,208
Cost of sales (exclusive of depreciation and amortization expense):					
Product and other cost of sales	1,086,095	88,091	—	(54,704)	1,119,482
Rental cost of sales	74,287	—	—	—	74,287
Total cost of sales	1,160,382	88,091	—	(54,704)	1,193,769
Gross profit	331,344	18,275	—	(180)	349,439
Selling and administrative expenses	320,730	15,036	22,000	(155)	357,611
Depreciation and amortization expense	36,737	5,373	53	—	42,163
Impairment loss (non-cash)	6,008	—	—	—	6,008
Restructuring and other charges	2,964	916	6,223	—	10,103
Operating loss from continuing operations	$ (35,095)	$ (3,050)	$ (28,276)	$ (25)	$ (66,446)

(a) During the fourth quarter of Fiscal 2023, assets related to our *Digital Student Solutions ("DSS") Segment* met the criteria for classification as Assets Held for Sale and Discontinued Operations. Operating Loss from Continuing Operations excludes the results of operations related to the DSS Segment for all years reported above.

Sales

The following table summarizes our sales:

Dollars in thousands	52 weeks ended April 27, 2024	52 weeks ended April 29, 2023	$ Increase	% Change
Product sales and other	$ 1,430,456	$ 1,406,655	$ 23,801	1.7%
Rental income	136,679	136,553	$ 126	0.1%
Total Sales	$ 1,567,135	$ 1,543,208	$ 23,927	1.6%

Our total sales increased by $23.9 million, or 1.6%, to $1,567.1 million during the 52 weeks ended April 27, 2024 from $1,543.2 million during the 52 weeks ended April 29, 2023 which is primarily related to higher course material sales, primarily at our *BNC First Day* programs, and higher graduation product sales, offset by declines in a la carte courseware sales, including lower sales resulting from closed stores. The components of the sales variances for the 52-week period are reflected in the table below.

Sales variances	52 weeks ended April 27, 2024
Dollars in millions	
Retail Sales	
New stores	$ 33.4
Closed stores	(72.4)
Comparable stores [(a)]	62.8
Textbook rental deferral	(1.1)
Service revenue [(b)]	0.7
Other [(c)]	(0.2)
Retail Sales subtotal:	$ 23.2
Wholesale Sales	$ 6.3
Eliminations [(d)]	$ (5.6)
Total sales variance:	$ 23.9

(a) Logo general merchandise sales for the Retail Segment are recognized on a net basis as commission revenue in the consolidated financial statements. For Retail Gross Comparable Store Sales details, see below.

(b) Service revenue includes brand marketing programs, shipping and handling, and revenue from other programs.

(c) Other includes inventory liquidation sales to third parties, marketplace sales and certain accounting adjusting items related to return reserves, and other deferred items.

(d) Eliminates Wholesale sales and service fees to Retail and Retail commissions earned from Wholesale. See discussion of intercompany activities and eliminations below.

Retail

The following is a store count summary for physical stores and virtual stores.

	Fiscal 2024			Fiscal 2023		
Number of Stores:	Physical	Virtual	Total	Physical	Virtual	Total
Beginning of period	774	592	1,366	805	622	1,427
Opened	23	23	46	36	30	66
Closed	90	77	167	67	60	127
End of period	707	538	1,245	774	592	1,366

During the 52 weeks ended April 27, 2024, we opened 46 stores and closed 167 stores in the Retail Segment, with estimated net annual sales of $(74) million. The Company's strategic initiative is to close under-performing and less profitable stores. Many institutions adopted *First Day Complete* in Fiscal 2024, and we plan to continue to scale the number of schools adopting *First Day Complete* in Fiscal 2025 and beyond.

Generally, sales are impacted by revenue from net new/closed stores, conversion to *BNC First Day* programs, increased campus traffic, and an increase in the number of on campus activities and events, such as graduations, athletic events, alumni events and prospective student campus tours.

Retail total sales increased by $23.2 million, or 1.6%, to $1,514.9 million during the 52 weeks ended April 27, 2024 from $1,491.7 million during the 52 weeks ended April 29, 2023.

- Product sales and other increased by $23.1 million, or 1.7%, to $1,378.2 million during the 52 weeks ended April 27, 2024 from $1,355.1 million during the 52 weeks ended April 29, 2023.
    - Course material product sales increased by $44.0 million, or 4.7%, to $972.0 million during the 52 weeks ended April 27, 2024, compared to $927.9 million in the prior year period. The increase was primarily due to the growth of our *BNC First Day* programs, which increased by $127.2 million, or 36.7%, to $473.9 million, offset by a decline of $83.1 million in a la carte courseware sales, including lower sales resulting from closed stores.

Dollars in millions	52 weeks ended			
	April 27, 2024	April 29, 2023	$ Increase	% Change
First Day Complete Sales	$ 292.7	$ 197.8	$ 94.9	48%
First Day Sales	$ 181.2	$ 148.9	$ 32.3	22%
Total *BNC First Day* Sales	$ 473.9	$ 346.7	$ 127.2	37%

First Day Complete	Spring 2024	Spring 2023	# Increase	% Change
Number of campus stores	160	116	44	38%
Estimated enrollment [(a)]	805,000	580,000	225,000	39%

(a) Total undergraduate and graduate student enrollment as reported by National Center for Education Statistics (NCES) as of October 26, 2023.

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    - General merchandise product net sales decreased by $21.4 million, or 5.6%, to $364.1 million, compared to $385.5 million in the prior year period, primarily due to closed stores, and lower cafe and convenience, trade, and supply product sales, offset by higher graduation product sales and higher emblematic product sales. Retail Gross Comparable Store Sales for general merchandise increased by $6.6 million, or 1.2%, compared to the prior year period as discussed below.
    - Service and other revenue increased by $0.4 million, or 1%, to $42.2 million, compared to $41.8 million in the prior year period, primarily due to higher other income for non-return rental penalty fees, offset by lower partnership marketing and marketplace sales.
- Rental income for course materials increased by $0.1 million, or 0.1%, to $136.7 million during the 52 weeks ended April 27, 2024 from $136.6 million during the 52 weeks ended April 29, 2023, primarily due to the growth of our *BNC First Day* programs, offset by closed stores and the shift to digital products.

<u>*Retail Gross Comparable Store Sales*</u>

To supplement the Total Sales table presented above, the Company uses Retail Gross Comparable Store Sales as a key performance indicator. Retail Gross Comparable Store Sales includes sales from physical and virtual stores that have been open for an entire fiscal year period and does not include sales from permanently closed stores for all periods presented. For Retail Gross Comparable Store Sales, sales for logo general merchandise fulfilled by Lids, Fanatics and digital agency sales are included on a gross basis in Retail Gross Comparable Store Sales compared to a net basis as commission revenue in our consolidated financial statements.

We believe the current Retail Gross Comparable Store Sales calculation method reflects management's view that such comparable store sales are an important measure of the growth in sales when evaluating how established stores have performed over time. We present this metric as additional useful information about the Company's operational and financial performance and to allow greater transparency with respect to important metrics used by management for operating and financial decision-making. Retail Gross Comparable Store Sales are also referred to as "same-store" sales by others within the retail industry and the method of calculating comparable store sales varies across the retail industry. As a result, our calculation of comparable store sales is not necessarily comparable to similarly titled measures reported by other companies and is intended only as supplemental information and is not a substitute for net sales presented in accordance with GAAP.

The increase in course material sales was primarily due to the growth of *BNC First Day* equitable and inclusive access programs (as discussed above), offset by declines in a la carte courseware sales. The decrease in general merchandise sales are primarily related to lower logo product sales, as well as lower trade books and cafe and convenience product sales, offset by higher graduation and supplies product sales.

Retail Gross Comparable Store Sales variances for Retail by category for the 52-week period are as follows:

Dollars in millions	52 weeks ended			
	April 27, 2024		April 29, 2023	
Textbooks (Course Materials)	$ 70.4	7.2%	$ 4.1	0.4%
General Merchandise	6.6	1.2%	43.9	8.6%
Total Retail Gross Comparable Store Sales	$ 77.0	5.0%	$ 48.0	3.2%

Wholesale

Wholesale sales increased by $6.3 million, or 5.9%, to $112.6 million during the 52 weeks ended April 27, 2024 from $106.3 million during the 52 weeks ended April 29, 2023. The increase is primarily due to lower returns and allowances of $8.0 million, partially offset by a decline in gross sales of $1.7 million from lower customer demand resulting from a shift in buying patterns from physical textbooks to digital products, and lower demand from other third-party clients.

Cost of Sales and Gross Margin

Our cost of sales decreased as a percentage of sales to 77.2% during the 52 weeks ended April 27, 2024 compared to 77.4% during the 52 weeks ended April 29, 2023. Our gross margin increased by $7.3 million, or 2.1%, to $356.8 million, or 22.8% of sales, during the 52 weeks ended April 27, 2024 from $349.5 million, or 22.6% of sales, during the 52 weeks ended April 29, 2023. The variances by segment are discussed by segment below.

Retail

The following table summarizes the Retail cost of sales:

	52 weeks ended		52 weeks ended	
Dollars in thousands	April 27, 2024	% of Related Sales	April 29, 2023	% of Related Sales
Product and other cost of sales	$ 1,106,987	80.3%	$ 1,086,095	80.1%
Rental cost of sales	74,983	54.9%	74,287	54.4%
Total Cost of Sales	$ 1,181,970	78.0%	$ 1,160,382	77.8%

The following table summarizes the Retail gross margin:

	52 weeks ended		52 weeks ended	
Dollars in thousands	April 27, 2024	% of Related Sales	April 29, 2023	% of Related Sales
Product and other gross margin	$ 271,251	19.7%	$ 269,078	19.9%
Rental gross margin	61,696	45.1%	62,266	45.6%
Gross Margin	$ 332,947	22.0%	$ 331,344	22.2%

For the 52 weeks ended April 27, 2024, the Retail gross margin as a percentage of sales remained flat at 22.2% as discussed below:

- Product and other gross margin decreased (20 basis points) driven primarily by lower margin rates for course materials due to higher markdowns, including markdowns related to closed stores (155 basis points), partially offset by lower contract costs as a percentage of sales related to our college and university contracts as a result of the shift to digital, the adoption of our *BNC First Day* models, and lower renewals for under-performing school contracts (85 basis points) and favorable product sales mix, including higher margin *First Day Complete* course material sales (50 basis points).

- Retail Rental gross margin as a percentage of sales decreased (30 basis points), driven primarily by lower rental margin rates, higher markdowns, partially offset by lower contract costs as a percentage of sales related to our college and university contracts as a result of the shift to digital, the adoption of our *BNC First Day* models, and lower renewals for under-performing school contracts, and a favorable rental sales mix.

Wholesale

The cost of sales and gross margin for Wholesale were $89.8 million, or 79.8% of sales, and $22.8 million, or 20.2% of sales, respectively, during the 52 weeks ended April 27, 2024. The cost of sales and gross margin for Wholesale were $88.1 million, or 82.8% of sales, and $18.3 million, or 17.2% of sales, respectively, during the 52 weeks ended April 29, 2023. The increase gross margin was primarily due to lower returns and allowances of $5.3 million, partially offset by higher cost of product of $0.8 million.

Intercompany Eliminations

During the 52 weeks ended April 27, 2024 and 52 weeks ended April 29, 2023, sales eliminations were $60.4 million and $54.9 million, respectively. These sales eliminations represent the elimination of Wholesale sales and fulfillment service fees to Retail and the elimination of Retail commissions earned from Wholesale.

During the 52 weeks ended April 27, 2024 and 52 weeks ended April 29, 2023, the cost of sales eliminations were $61.4 million and $54.7 million, respectively. These cost of sales eliminations represent (i) the recognition of intercompany profit for Retail inventory that was purchased from Wholesale in a prior period that was subsequently sold to external customers during the current period and the elimination of Wholesale service fees charged for fulfillment of inventory for virtual store sales, net of (ii) the elimination of intercompany profit for Wholesale inventory purchases by Retail that remain in ending inventory at the end of the current period.

During the 52 weeks periods ended April 27, 2024 and 52 weeks ended April 29, 2023, the gross margin eliminations were $1.0 million and $(0.2) million, respectively. The gross margin eliminations reflect the net impact of the sales eliminations and cost of sales eliminations during the above mentioned reporting periods.

Selling and Administrative Expenses

	52 weeks ended		52 weeks ended	
Dollars in thousands	April 27, 2024	% of Sales	April 29, 2023	% of Sales
Selling and Administrative Expenses	$ 311,574	19.9%	$ 357,611	23.2%

During the 52 weeks ended April 27, 2024, selling and administrative expenses decreased by $46.0 million, or 12.9%, to $311.6 million from $357.6 million during the 52 weeks ended April 29, 2023. The variances by segment are discussed by segment below.

Retail

For Retail, selling and administrative expenses decreased by $42.3 million, or 13.2%, to $278.4 million during the 52 weeks ended April 27, 2024 from $320.7 million during the 52 weeks ended April 29, 2023. This decrease was primarily due to a $15.0 million decrease in closed stores payroll and related operating costs, cost savings initiatives comprised of a $19.3 million decrease in comparable store payroll expense and related operating costs and a $10.9 million decrease in corporate payroll expense, infrastructure and product development costs, partially offset by a $2.9 million increase in new store payroll expense and related operating costs.

Wholesale

For Wholesale, selling and administrative expenses decreased by $1.6 million, or 10.6%, to $13.4 million during the 52 weeks ended April 27, 2024 from $15.0 million during the 52 weeks ended April 29, 2023. The decrease was primarily due to cost savings initiatives comprised of lower payroll expense of $1.8 million, partially offset by higher operating expenses of $0.2 million.

Corporate Services

Corporate Services' selling and administrative expenses decreased by $2.3 million, or 10.6%, to $19.7 million during the 52 weeks ended April 27, 2024 from $22.0 million during the 52 weeks ended April 29, 2023. The decrease was primarily due to cost savings initiatives comprised of lower payroll expense of $1.5 million and lower operating costs of $0.8 million.

Depreciation and Amortization Expense

Dollars in thousands	April 27, 2024 (52 weeks ended)	% of Sales	April 29, 2023 (52 weeks ended)	% of Sales
Depreciation and Amortization Expense	$ 40,560	2.6%	$ 42,163	2.7%

Depreciation and amortization expense decreased by $1.6 million to $40.6 million during the 52 weeks ended April 27, 2024 from $42.2 million during the 52 weeks ended April 29, 2023. Capital expenditures decreased by $11.0 million during the 52 weeks ended April 27, 2024 compared to the prior year period and depreciable assets and intangibles were lower due to the store impairment loss recognized during Fiscal 2024 and Fiscal 2023.

Impairment loss (non-cash)

We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with *ASC 360-10, Accounting for the Impairment or Disposal of Long-Lived Assets*. For information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 2. Summary of Significant Accounting Policies* and *Note 6. Fair Value Measurements*.

During the 52 weeks ended April 27, 2024, we evaluated certain of our store-level long-lived assets in the Retail segment for impairment. Based on the results of the impairment tests, we recognized an impairment loss (non-cash) of $7.2 million (both pre-tax and after-tax), comprised of $0.4 million, $3.6 million, and $3.2 million of property and equipment, operating lease right-of-use assets, and amortizable intangibles, respectively, on the consolidated statement of operations.

During the 52 weeks ended April 29, 2023, we evaluated certain of our store-level long-lived assets in the Retail segment for impairment. Based on the results of the impairment tests, we recognized an impairment loss (non-cash) of $6.0 million (both pre-tax and after-tax), comprised of $0.7 million, $1.7 million, and $3.6 million of property and equipment, operating lease right-of-use assets, and amortizable intangibles, respectively, on the consolidated statement of operations.

Restructuring and other charges

During the 52 weeks ended April 27, 2024, we recognized restructuring and other charges totaling $19.4 million, comprised primarily of $19.6 million, primarily for costs primarily associated with professional service costs for restructuring and process improvements (see next paragraph below) and $1.1 million for severance and other employee termination and benefit costs associated with elimination of various positions as part of cost reduction objectives, partially offset by a $1.3 million in an actuarial gain related to a frozen retirement benefit plan (non-cash).

Pursuant to the July 28, 2023 Credit Agreement amendment, the Board established a committee consisting of three independent directors to explore, consider, solicit expressions of interest or proposals for, respond to any communications, inquiries or proposals regarding, and advise as to all strategic alternatives to effect a "Specified Liquidity Transaction" (as defined in the Credit Agreement). Restructuring and other expenses include costs associated with the costs of this committee, as well as other related professional service costs. On June 10, 2024, subsequent to the end of Fiscal 2024, we completed various transactions, including an equity rights offering, private equity investment, Term Loan debt conversion, and Credit Facility refinancing, to substantially deleverage our consolidated balance sheet. These transactions raised additional capital for repayment of indebtedness and provide additional flexibility for working capital needs. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 17. Subsequent Events.*

During the 52 weeks ended April 29, 2023, we recognized restructuring and other charges totaling $10.1 million, comprised primarily of $4.4 million for severance and other employee termination and benefit costs associated with elimination of various positions as part of cost reduction objectives, and $5.7 million, primarily for costs primarily associated with professional service costs for restructuring and process improvements.

Operating Loss

Dollars in thousands	April 27, 2024 (52 weeks ended)	% of Sales	April 29, 2023 (52 weeks ended)	% of Sales
Operating Loss	$ (21,933)	(1.4)%	$ (66,446)	(4.3)%

Our operating loss was $(21.9) million during the 52 weeks ended April 27, 2024 compared to operating loss of $(66.4) million during the 52 weeks ended April 29, 2023. The improvements in operating results were due to the matters discussed above.

For the 52 weeks ended April 27, 2024, excluding the $19.4 million of restructuring and other charges and the $7.2 million impairment loss (non-cash), all discussed above, operating income was $4.6 million (or 0.3% of sales).

For the 52 weeks ended April 29, 2023, excluding the $10.1 million of restructuring and other charges and the $6.0 million impairment loss (non-cash), all discussed above, operating loss was $(50.3) million (or (3.3)% of sales).

Interest Expense, Net

Dollars in thousands	52 weeks ended April 27, 2024	52 weeks ended April 29, 2023
Interest Expense, Net	$ 40,365	$ 22,683

Net interest expense increased by $17.7 million to $40.4 million during the 52 weeks ended April 27, 2024 from $22.7 million during the 52 weeks ended April 29, 2023. Interest expense increased primarily due to higher borrowings, higher interest rates and $10.0 million resulting from increased amortization of deferred financing costs. The following table disaggregates interest expense for the 52-week period:

Dollars in thousands	52 weeks ended April 27, 2024	52 weeks ended April 29, 2023
Interest Incurred		
Credit Facility	$ 24,409	$ 16,994
Term Loan	3,984	3,078
Total Interest Incurred	$ 28,393	$ 20,072
Amortization of Deferred Financing Costs		
Credit Facility	$ 11,910	$ 1,948
Term Loan	1,240	1,181
Total Amortization of Deferred Financing Costs	$ 13,150	$ 3,129
Interest Income, net of expense	$ (1,178)	$ (518)
Total Interest Expense	$ 40,365	$ 22,683

Cash interest paid during the 52 weeks ended April 27, 2024 and April 29, 2023 was $24.9 million and $19.0 million, respectively.

Income Tax Expense

Dollars in thousands	52 weeks ended April 27, 2024	52 weeks ended Effective Rate	52 weeks ended April 29, 2023	52 weeks ended Effective Rate
Income Tax Expense	$ 183	(0.3)%	$ 1,011	(1.1)%

We recorded an income tax expense of $0.2 million on a pre-tax loss of $(62.3) million during the 52 weeks ended April 27, 2024, which represented an effective income tax rate of (0.3)% and an income tax expense of $1.0 million on a pre-tax loss of $(89.1) million during the 52 weeks ended April 29, 2023, which represented an effective income tax rate of (1.1)%.

The effective tax rate for the 52 weeks ended April 27, 2024 is materially consistent with the prior year comparable period.

Net Loss from Continuing Operations

Dollars in thousands	52 weeks ended April 27, 2024	52 weeks ended April 29, 2023
Net Loss from Continuing Operations	$ (62,481)	$ (90,140)

As a result of the factors discussed above, we reported a net loss from continuing operations of $(62.5) million during the 52 weeks ended April 27, 2024, compared with a net loss of $(90.1) million during the 52 weeks ended April 29, 2023. Adjusted Earnings (non-GAAP) - Continuing Operations is $(35.9) million during the 52 weeks ended April 27, 2024, compared with $(74.0) million during the 52 weeks ended April 29, 2023. See *Adjusted Earnings (non-GAAP)* discussion below.

Use of Non-GAAP Measures - Adjusted Earnings, Adjusted EBITDA, Adjusted EBITDA by Segment, and Free Cash Flow

To supplement our results prepared in accordance with generally accepted accounting principles ("GAAP"), we use the measure of Adjusted Earnings, Adjusted EBITDA, Adjusted EBITDA by Segment, and Free Cash Flow, which are non-GAAP financial measures under Securities and Exchange Commission (the "SEC") regulations. We define Adjusted Earnings as net income (loss) from continuing operations adjusted for certain reconciling items that are subtracted from or added to net income (loss) from continuing operations. We define Adjusted EBITDA as net income (loss) from continuing operations plus (1) depreciation and amortization; (2) interest expense and (3) income taxes, (4) as adjusted for items that are subtracted from or added to net income (loss) from continuing operations. We define Free Cash Flow as Cash Flows from Operating Activities less capital expenditures, cash interest and cash taxes.

To properly and prudently evaluate our business, we encourage you to review our consolidated financial statements included elsewhere in this Form 10-K, the reconciliation of Adjusted Earnings to net income (loss) from continuing operations, the reconciliation of consolidated Adjusted EBITDA to consolidated net income (loss) from continuing operations, and the reconciliation of Adjusted EBITDA by Segment to net income (loss) from continuing operations by segment, the most directly comparable financial measure presented in accordance with GAAP, set forth in the tables below. All of the items included in the reconciliations below are either (i) non-cash items or (ii) items that management does not consider in assessing our on-going operating performance.

These non-GAAP financial measures are not intended as substitutes for and should not be considered superior to measures of financial performance prepared in accordance with GAAP. In addition, our use of these non-GAAP financial measures may be different from similarly named measures used by other companies, limiting their usefulness for comparison purposes.

We review these non-GAAP financial measures as internal measures to evaluate our performance at a consolidated level and at a segment level and manage our operations. We believe that these measures are useful performance measures which are used by us to facilitate a comparison of our on-going operating performance on a consistent basis from period-to-period. We believe that these non-GAAP financial measures provide for a more complete understanding of factors and trends affecting our business than measures under GAAP can provide alone, as they exclude certain items that management believes do not reflect the ordinary performance of our operations in a particular period. Our Board of Directors and management also use Adjusted EBITDA and Adjusted EBITDA by Segment, at a consolidated and at a segment level, as one of the primary methods for planning and forecasting expected performance, for evaluating on a quarterly and annual basis actual results against such expectations, and as a measure for performance incentive plans. Management also uses Adjusted EBITDA by Segment to determine segment capital allocations. We believe that the inclusion of Adjusted Earnings, Adjusted EBITDA, and Adjusted EBITDA by Segment provides investors useful and important information regarding our operating results, in a manner that is consistent with management's evaluation of business performance. We believe that Free Cash Flow provides useful additional information concerning cash flow available to meet future debt service obligations and working capital requirements and assists investors in their understanding of our operating profitability and liquidity as we manage the business to maximize margin and cash flow.

For a discussion regarding the Seasonality of our business, see *Management Discussion and Analysis - Seasonality* discussion above.

Consolidated Adjusted Earnings (non-GAAP) - Continuing Operations

	52 weeks ended	
Dollars in thousands	April 27, 2024	April 29, 2023
Net loss from continuing operations [(a)]	$ (62,481)	$ (90,140)
Reconciling items, after-tax *(below)*	26,575	16,137
Adjusted Earnings (non-GAAP)	$ (35,906)	$ (74,003)
Reconciling items, pre-tax		
Impairment loss (non-cash) [(b)]	$ 7,166	$ 6,008
Content amortization (non-cash) [(c)]	—	26
Restructuring and other charges [(b)]	19,409	10,103
Reconciling items [(d)]	$ 26,575	$ 16,137

Consolidated Adjusted EBITDA (non-GAAP) - Continuing Operations

	52 weeks ended	
Dollars in thousands	April 27, 2024	April 29, 2023
Net loss from continuing operations [(a)]	$ (62,481)	$ (90,140)
Add:		
Depreciation and amortization expense	40,560	42,163
Interest expense, net	40,365	22,683
Income tax expense (benefit)	183	1,011
Impairment loss (non-cash) [(b)]	7,166	6,008
Content amortization (non-cash) [(c)]	—	26
Restructuring and other charges [(b)]	19,409	10,103
Adjusted EBITDA (Non-GAAP) - Continuing Operations	$ 45,202	$ (8,146)
Adjusted EBITDA (Non-GAAP) - Discontinued Operations	$ (321)	$ 654
Adjusted EBITDA (Non-GAAP) - Total	$ 44,881	$ (7,492)

(a) During the fourth quarter of Fiscal 2023, assets related to our *Digital Student Solutions ("DSS") Segment* met the criteria for classification as Assets Held for Sale and Discontinued Operations. Net Loss from Continuing Operations excludes the results of operations related to the DSS Segment for all years reported above.

(b) See *Management Discussion and Analysis - Results of Operations* discussion above.

(c) Amortization expense (non-cash) related to content development costs are included in cost of goods sold on our consolidated statements of operations.

(d) There is no pro forma income tax effect of the non-GAAP items.

The following is Adjusted EBITDA - Continuing Operations by Segment for Fiscal 2024 and Fiscal 2023:

Adjusted EBITDA - by Segment	**52 weeks ended April 27, 2024**				
Dollars in thousands	Retail	Wholesale	Corporate Services[(a)]	Eliminations	Total
Net income (loss) from continuing operations [(b)]	$ 11,457	$ 4,945	$ (79,916)	$ 1,033	$ (62,481)
Add:					
Depreciation and amortization expense	35,294	5,228	38	—	40,560
Interest expense, net	—	—	40,365	—	40,365
Income tax expense	—	—	183	—	183
Impairment loss (non-cash) [(c)]	7,166	—	—	—	7,166
Restructuring and other charges [(c)]	571	(813)	19,651	—	19,409
Adjusted EBITDA (non-GAAP)	$ 54,488	$ 9,360	$ (19,679)	$ 1,033	$ 45,202

Adjusted EBITDA - by Segment

Dollars in thousands	52 weeks ended April 29, 2023				
	Retail	Wholesale	Corporate Services[a]	Eliminations	Total
Net loss from continuing operations [b]	$ (35,095)	$ (3,050)	$ (51,970)	$ (25)	$ (90,140)
Add:					
Depreciation and amortization expense	36,737	5,373	53	—	42,163
Interest expense, net	—	—	22,683	—	22,683
Income tax expense	—	—	1,011	—	1,011
Impairment loss (non-cash) [c]	6,008	—	—	—	6,008
Content amortization (non-cash) [d]	26	—	—	—	26
Restructuring and other charges [c]	2,964	916	6,223	—	10,103
Adjusted EBITDA (non-GAAP)	$ 10,640	$ 3,239	$ (22,000)	$ (25)	$ (8,146)

(a) Interest expense is reflected in Corporate Services as it is primarily related to our Credit Agreement and Term Loan Agreement which fund our operating and financing needs across the organization. Income taxes are reflected in Corporate Services as we record our income tax provision on a consolidated basis.

(b) During the fourth quarter of Fiscal 2023, assets related to our *Digital Student Solutions ("DSS") Segment* met the criteria for classification as Assets Held for Sale and Discontinued Operations. Net Loss from Continuing Operations excludes the results of operations related to the DSS Segment for all years reported above.

(c) See *Management Discussion and Analysis - Results of Operations* discussion above.

(d) Amortization expense (non-cash) related to content development costs are included in cost of goods sold on our consolidated statements of operations.

Adjusted EBITDA (non-GAAP) - Discontinued Operations

	52 weeks ended	
	April 27, 2024	April 29, 2023
Loss from discontinued operations [a]	$ (730)	$ (11,722)
Add:		
Depreciation and amortization expense	3	3,155
Income tax expense	20	398
Content amortization (non-cash)	—	6,594
Gain on sale of business	(3,545)	—
Impairment loss (non-cash)	610	—
Restructuring and other charges	3,308	1,848
Transaction costs	13	381
Adjusted EBITDA (Non-GAAP) - Discontinued Operations	$ (321)	$ 654

(a) During the fourth quarter of Fiscal 2023, assets related to our *Digital Student Solutions ("DSS") Segment* met the criteria for classification as Assets Held for Sale and Discontinued Operations. Net Loss from Continuing Operations excludes the results of operations related to the DSS Segment for all years reported above. For additional information, see *Note 2. Summary of Significant Accounting Policies.*

Free Cash Flow (non-GAAP) - Continuing Operations

Dollars in thousands	52 weeks ended April 27, 2024	52 weeks ended April 29, 2023
Net cash flows (used in) provided by operating activities from continuing operations [(a)]	$ (1,545)	$ 90,513
Less:		
Capital expenditures [(b)]	14,070	25,092
Cash interest	24,943	19,024
Cash taxes (refund) paid	(7,293)	(16,005)
Free Cash Flow (non-GAAP)	$ (33,265)	$ 62,402

(a) See *Liquidity and Capital Resources - Sources and Uses of Cash Flow* discussion below.

Given the growth of our *BNC First Day* programs, the timing of cash collection from our school partners may shift to periods subsequent to when the revenue is recognized. When a school adopts our *BNC First Day* equitable and inclusive access offerings, cash collection from the school generally occurs after the institution's drop/add dates, which is later in the working capital cycle, particularly in our third quarter given the timing of the Spring Term and our quarterly reporting period, as compared to direct-to-student point-of-sale transactions where cash is generally collected during the point-of-sale transaction or within a few days from the credit card processor. As a higher percentage of our sales shift to *BNC First Day* equitable and inclusive access offerings, we are focused on efforts to better align the timing of our cash outflows to course material vendors and cash inflows from collections from schools.

(b) Purchases of property and equipment are also referred to as capital expenditures. Our investing activities consist principally of capital expenditures for contractual capital investments associated with renewing existing contracts, new store construction, and enhancements to internal systems and our website. The following table provides the components of total purchases of property and equipment:

Capital Expenditures - Continuing Operations

Dollars in thousands	52 weeks ended April 27, 2024	52 weeks ended April 29, 2023
Physical store capital expenditures	$ 5,813	$ 13,068
Product and system development	6,670	10,030
Other	1,587	1,994
Total Capital Expenditures	$ 14,070	$ 25,092

Liquidity and Capital Resources

During Fiscal 2024, our primary sources of cash are net cash flows from operating activities, funds available under our Credit Agreement, Term Loan Agreement, and short-term vendor financing. Our liquidity is highly dependent on the seasonal nature of our business, particularly with respect to course material sales, as sales are generally highest in the second and third fiscal quarters, when college students purchase textbooks for the upcoming Fall and Spring semesters, respectively. As of April 27, 2024, we had $28.6 million of cash on hand, including $18.1 million of restricted cash primarily related to segregated funds for commission due to Lids for logo merchandise sales as per the F/L Relationship-related agreements.

Going Concern evaluation in conjunction with the issuance of the April 27, 2024 Consolidated Financial Statements

The accompanying consolidated financial statements are prepared in accordance with U.S. GAAP applicable to a going concern. This presentation contemplates the realization of assets and the satisfaction of liabilities in the normal course of business and does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of the uncertainties described below.

Pursuant to ASC 205-40, *Presentation of Financial Statements — Going Concern (“ASC 205-40”)*, management must evaluate whether there are conditions and events, considered in aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date that these consolidated financial statements are issued.

Our primary sources of cash are net cash flows from operating activities and funds available under our Credit Facility. Our liquidity is highly dependent on the seasonal nature of our business, particularly with respect to course material sales, as sales are generally highest in the second and third fiscal quarters, when college students generally purchase textbooks for the upcoming Fall and Spring semesters, respectively. The tightening of our available credit commitments, including the elimination and repayment of our seasonal borrowing facility (FILO Facility) of $40.0 million, has had a significant impact on our liquidity during Fiscal 2023 and Fiscal 2024, including our ability to make timely vendor payments and school commission payments. Our recurring losses and projected cash needs, combined with our current liquidity levels and the maturity of our Credit Facility and Term Loan, which were originally scheduled to become due on December 28, 2024 and April 7, 2025, respectively, raised substantial doubt about our ability to continue as a going concern beyond twelve months from the issuance of our third quarter financial statements as of March 12, 2024 as disclosed in our previously filed Quarterly Report on Form 10-Q.

On June 10, 2024, subsequent to the end of Fiscal 2024, we completed various transactions, including an equity rights offering, private equity investment, Term Loan debt conversion, and Credit Facility refinancing, to substantially deleverage our consolidated balance sheet. These transactions raised additional capital for repayment of indebtedness and provide additional flexibility for working capital needs, which will also allow us to strategically invest in innovation and continue to execute our strategic initiatives, including but not limited to the growth of our *First Day Complete* program. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 7. Debt and Note 17. Subsequent Events.*

As a result of the equity rights offering, private equity investment, Term Loan debt conversion, and Credit Facility refinancing, all executed on June 10, 2024, Management concluded that substantial doubt about the Company's ability to continue as a going concern no longer exists.

Sources and Uses of Cash Flow - Continuing Operations

Dollars in thousands	Fiscal 2024	Fiscal 2023
Net cash flows (used in) provided by operating activities from continuing operations	$ (1,545)	$ 90,513
Net cash flows used in investing activities from continuing operations	(13,992)	(24,501)
Net cash flows (used in) financing activities from continuing operations	(5,699)	(49,675)
Net change in cash, cash equivalents, and restricted cash from continuing operations	$ (21,236)	$ 16,337

As of April 27, 2024 and April 29, 2023, we had cash of $10.5 million and $14.2 million, respectively. As of April 27, 2024 and April 29, 2023, we had restricted cash of $18.1 million and $16.7 million, respectively, comprised of $17.1 million and $15.8 million, respectively, in prepaid and other current assets in the consolidated balance sheet primarily related to segregated funds for commission due to Lids for logo merchandise sales as per the Lids service provider merchandising agreement and $1.0 million and $0.9 million, respectively, in other noncurrent assets in the consolidated balance sheets related to amounts held in trust for future distributions related to employee benefit plans.

Cash Flow from Operating Activities from Continuing Operations

Our business is highly seasonal. For our retail operations, cash flows from operating activities are typically a source of cash in the second and third fiscal quarters, when students generally purchase and rent textbooks and other course materials for the upcoming semesters based on the typical academic semester. Given the growth of our *BNC First Day* programs, the timing of cash collection from our school partners may shift to periods subsequent to when the revenue is recognized. When a school adopts our *BNC First Day* equitable and inclusive access offerings, cash collection from the school generally occurs after the institution's drop/add dates, which is later in the working capital cycle, particularly in our third quarter given the timing of the Spring Term and our quarterly reporting period, as compared to direct-to-student point-of-sale transactions where cash is generally collected during the point-of-sale transaction or within a few days from the credit card processor. As a higher percentage of our sales shift to *BNC First Day* equitable and inclusive access offerings, we are focused on efforts to better align the timing of our cash outflows to course material vendors and cash inflows from collections from schools. For our wholesale operations, cash flows from operating activities are typically a source of cash in the second and third fiscal quarters, as payments are received from the summer and winter selling season when our wholesale business sell textbooks and other course materials for retail distribution. For both retail and wholesale, cash flows from operating activities are typically a use of cash in the fourth fiscal quarter, when sales volumes are materially lower than the other quarters. Our quarterly cash flows also may fluctuate depending on the timing of the start of the various schools' semesters, as well as shifts in our fiscal calendar dates. These shifts in timing may affect the comparability of our results across periods.

Cash flows used in operating activities from continuing operations during Fiscal 2024 were $(1.5) million compared to cash flows provided by operating activities from continuing operations of $90.5 million during Fiscal 2023. The increase in cash flows used in operating activities from continuing operations of $92.1 million was primarily due to the timing of payables ($63.1 million) to vendors for inventory purchases and expenses, all of which were delayed resulting from lower borrowing base availability under our credit facility, lower accounts receivables collections ($55.1 million) compared to the prior year, and higher payments for interest expense ($5.9 million), offset by higher earnings ($27.7 million).

<u>Cash Flow from Investing Activities from Continuing Operations</u>

Cash flows used in investing activities from continuing operations during Fiscal 2024 were $(14.0) million compared to $(24.5) million during Fiscal 2023. The decrease in cash used in investing activities is primarily due to lower capital expenditures and contractual capital investments, enhancements to internal systems and websites, and new store construction. Capital expenditures totaled $(14.1) million and $(25.1) million during Fiscal 2024 and Fiscal 2023, respectively.

<u>Cash Flow from Financing Activities from Continuing Operations</u>

Cash flows used in financing activities from continuing operations during Fiscal 2024 were $(5.7) million compared to $(49.7) million during Fiscal 2023. Our cash flow used in financing from continuing operations decreased due to a decrease in net borrowings during the year, offset by an increase in deferred financing costs paid.

Financing Arrangements

		As of	
	Maturity Date [(a)]	April 27, 2024	April 29, 2023
Credit Facility	December 28, 2024	$ 164,947	$ 154,154
Term Loan	April 7, 2025	32,653	30,000
sub-total		197,600	184,154
Less: Deferred financing costs, Term Loan [(b)]		(1,263)	(2,003)
Total debt		$ 196,337	$ 182,151
Balance Sheet classification:			
Long-term borrowings		$ 196,337	$ 182,151

(a) On June 10, 2024, subsequent to the end of Fiscal 2024, we completed various transactions, including amending and extending the maturity date of the Credit Facility to June 9, 2028 and converting all outstanding principal and interest amounts owed under our Term Loan Credit Agreement into shares of our Common Stock. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 17. Subsequent Events.*

(b) For additional information on deferred financing costs, see *Deferred Financing Costs* below.

June 2024 Equity and Debt Transactions

On June 10, 2024, subsequent to the end of Fiscal 2024, we completed various transactions, including an equity rights offering, private equity investment, Term Loan debt conversion, and Credit Facility refinancing, to substantially deleverage our consolidated balance sheet. These transactions raised additional capital for repayment of indebtedness and provide additional flexibility for working capital needs, which will also allow us to strategically invest in innovation and continue to execute our strategic initiatives, including but not limited to the growth of our *First Day Complete* program. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 17. Subsequent Events.*

Credit Facility

As of April 27, 2024, we are party to a credit agreement (the “Credit Agreement”), which was amended from time to time including on April 16, 2024, March 12, 2024, December 12, 2023, October 10, 2023, July 28, 2023, May 24, 2023, March 8, 2023, March 31, 2021, and March 1, 2019, under which the lenders originally committed to provide us with a 5 year asset-backed revolving credit facility in an aggregate committed principal amount of $400.0 million (the “Credit Facility”) effective from the March 1, 2019 amendment. The agreement included an incremental first in, last out seasonal loan facility (the “FILO Facility”) for a $100.0 million maintaining the maximum availability under the Credit Agreement at $500.0 million. As of July 31, 2022, the FILO Facility was repaid and eliminated according to its terms and future commitments under the FILO Facility were reduced to $0. Proceeds from the Credit Facility are used for general corporate purposes, including seasonal working capital needs. The Credit Facility is secured by substantially all of the inventory, accounts receivable and related assets of the borrowers under the Credit Facility. This is considered an all asset lien (inclusive of proceeds from tax refunds payable to the Company and a pledge of equity from subsidiaries, exclusive of real estate). For information regarding the Credit Agreement amendments, deferred financing costs and terms, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 7. Debt.*

As of April 27, 2024, and through the date of this filing, we were in compliance with all debt covenants under the Credit Agreement.

During the 52 weeks ended April 27, 2024, we borrowed $563.0 million and repaid $552.2 million under the Credit Agreement, with $164.9 million of outstanding borrowings as of April 27, 2024 under the Credit Facility. During the 52 weeks ended April 29, 2023, we borrowed $590.3 million and repaid $631.8 million under the Credit Agreement, with $154.2 million of outstanding borrowings as of April 29, 2023, comprised entirely of borrowings under the Credit Facility and $0 under the FILO Facility, which was repaid on August 1, 2022. As of both April 27, 2024 and April 29, 2023, we have issued $3.6 million and $2.1 million, respectively, in letters of credit under the Credit Facility.

Term Loan

As of April 27, 2024, we are party to a Term Loan Credit Agreement (the "Term Loan Credit Agreement") with TopLids LendCo, LLC and Vital Fundco, LLC to incur the Term Loan Facility, which was amended on March 8, 2023 and July 28, 2023. The Term Loan Credit Agreement matures on April 7, 2025. The proceeds of the Term Loans were used to finance working capital, and to pay fees and expenses related to the Term Loan Facility. For information regarding the Term Loan Credit Agreement amendments, deferred financing costs and terms, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 7. Debt.*

During the 52 weeks ended April 27, 2024, we incurred $2.7 million for interest in kind on the Term Loan Credit Agreement and repaid $0 under the Term Loan Credit Agreement, with $32.7 million of outstanding borrowings as of April 27, 2024. During the 52 weeks ended April 29, 2023, we borrowed $30.0 million and repaid $0 under the Term Loan Credit Agreement, with $30.0 million of outstanding borrowings as of April 29, 2023.

Deferred Financing Costs

The debt issuance costs have been deferred and are presented as noted below in the consolidated balance sheets and are subsequently amortized ratably over the term of respective debt.

Dollars in thousands		As of	
Balance Sheet Location	Maturity Date/ Amortization Term [(a)]	April 27, 2024	April 29, 2023
Credit Facility - Prepaid and Other Current Assets	December 28, 2024	$ —	$ 3,776
Credit Facility - Other noncurrent assets		12,897	1,259
Credit Facility - sub-total		12,897	5,035
Term Loan - Contra Debt	April 7, 2025	1,263	2,003
Total deferred financing costs		$ 14,160	$ 7,038

(a) On June 10, 2024, subsequent to the end of Fiscal 2024, we completed various transactions, including amending and extending the maturity date of the Credit Facility to June 9, 2028 and converting all outstanding principal and interest amounts owed under our Term Loan Credit Agreement into shares of our Common Stock. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 17. Subsequent Events.*

Interest Expense

The following table presents interest expense on the consolidated statement of operations and cash interest paid:

	52 weeks ended	
	April 27, 2024	April 29, 2023
Interest Incurred		
Credit Facility	$ 24,409	$ 16,994
Term Loan	3,984	3,078
Total Interest Incurred	$ 28,393	$ 20,072
Amortization of Deferred Financing Costs		
Credit Facility	$ 11,910	$ 1,948
Term Loan	1,240	1,181
Total Amortization of Deferred Financing Costs	$ 13,150	$ 3,129
Interest Income, net of expense	$ (1,178)	$ (518)
Total Interest Expense	$ 40,365	$ 22,683
Cash Interest Paid	$ 24,943	$ 19,024

Income Tax Implications on Liquidity

As of April 27, 2024, we recognized a current income tax receivable for net operating loss carrybacks in prepaid and other current assets on the consolidated balance sheet. We received refunds of $15.8 million refund in Fiscal 2023, an $8.5 million refund (including $0.9 million in interest) in Fiscal 2024 and we expect to receive additional refunds of approximately $2.4 million in Fiscal 2025.

Share Repurchases

On December 14, 2015, our Board of Directors authorized a stock repurchase program of up to $50 million, in the aggregate, of our outstanding common stock. The stock repurchase program is carried out at the direction of management (which may include a plan under Rule 10b5-1 of the Securities Exchange Act of 1934). The stock repurchase program may be suspended, terminated, or modified at any time. Any repurchased shares will be held as treasury stock and will be available for general corporate purposes. During Fiscal 2024 and Fiscal 2023, we did not purchase shares under the stock repurchase program. As of April 27, 2024, approximately $26.7 million remains available under the stock repurchase program.

During Fiscal 2024 and Fiscal 2023, we also repurchased 147,885 shares and 347,808 shares, respectively, of our common stock in connection with employee tax withholding obligations for vested stock awards.

Contractual Obligations

The following table sets forth our contractual obligations as of June 21, 2024 (in millions):

	Payments Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
New Credit Facility [(a)]	$ 325.0	$ —	$ —	$ 325.0	$ —
Lease obligations (excluding imputed interest) [(b)]	271.7	111.6	73.4	48.7	38.0
Purchase obligations [(c)]	18.6	12.1	6.5	—	—
Other long-term liabilities reflected on the balance sheet under GAAP [(d)]	—	—	—	—	—
Total	$ 615.3	$ 123.7	$ 79.9	$ 373.7	$ 38.0

(a) On June 10, 2024, subsequent to the end of Fiscal 2024, we completed various transactions, including an equity rights offering, private equity investment, Term Loan debt conversion, and Credit Facility refinancing, to substantially deleverage our consolidated balance sheet. These transactions raised additional capital for repayment of indebtedness and provide additional flexibility for working capital needs, which will also allow us to strategically invest in innovation and continue to execute our strategic initiatives, including but not limited to the growth of our *First Day Complete* program. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 17. Subsequent Events.*

(b) Our contracts for physical bookstores with colleges and universities are typically five years with renewal options, but can range from one to 15 years, and are typically cancelable by either party without penalty with 90 to 120 days' notice. Annual projections are based on current minimum guarantee amounts. In approximately 50% of our contracts with colleges and universities that include minimum guarantees, the minimum guaranteed amounts adjust annually to equal less than the prior year's commission earned. See *Part II - Item 8. Financial Statements and Supplementary Data — Note 8. Leases*.
(c) Includes information technology contracts.
(d) Other long-term liabilities excludes expected payments related to employee benefit plans.

Certain Relationships and Related Party Transactions

See *Part II - Item 8. Financial Statements and Supplementary Data — Note 10. Related Party Transactions*.

Critical Accounting Policies and Estimates

The accompanying consolidated financial statements are prepared in accordance with U.S. GAAP applicable to a going concern. This presentation contemplates the realization of assets and the satisfaction of liabilities in the normal course of business and does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of the uncertainties described below. Pursuant to ASC 205-40, *Presentation of Financial Statements — Going Concern ("ASC 205-40")*, management must evaluate whether there are conditions and events, considered in aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that these consolidated financial statements are issued. In accordance with ASC 205-40, management's analysis can only include the potential mitigating impact of management's plans that have not been fully implemented as of the issuance date of these consolidated financial statements if (a) it is probable that management's plans will be effectively implemented on a timely basis, and (b) it is probable that the plans, when implemented, will alleviate the relevant conditions or events that raise substantial doubt about the Company's ability to continue as a going concern.

In preparing our consolidated financial statements in accordance with GAAP, we are required to use judgment in making estimates and assumptions that affect the amounts reported in our consolidated financial statements and related notes. In preparing these financial statements, management has made its best estimates and judgments with respect to certain amounts included in the financial statements, giving due consideration to materiality. We do not believe there is a great likelihood that materially different amounts would be reported related to the accounting policies described below. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates.

Revenue Recognition and Deferred Revenue

Product sales and rentals

The majority of our revenue is derived from the sale of products through our bookstore locations, including virtual bookstores, and our bookstore affiliated e-commerce websites, and contains a single performance obligation. Revenue from sales of our products is recognized at the point in time when control of the products is transferred to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for the products. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 3. Revenue.*

Retail product revenue is recognized when the customer takes physical possession of our products, which occurs either at the point of sale for products purchased at physical locations or upon receipt of our products by our customers for products ordered through our websites and virtual bookstores. Wholesale product revenue is recognized upon shipment of physical textbooks at which point title passes and risk of loss is transferred to the customer. Additional revenue is recognized for shipping charges billed to customers and shipping costs are accounted for as fulfillment costs within cost of goods sold.

Revenue from the sale of digital textbooks, which contains a single performance obligation, is recognized when the customer accesses the digital content as product revenue in our consolidated financial statements. A software feature is embedded within the content of our digital textbooks, such that upon expiration of the term the customer is no longer able to access the content. While the sale of the digital textbook allows the customer to access digital content for a fixed period of time, once the digital content is delivered to the customer, our performance obligation is complete.

Revenue from the rental of physical textbooks is deferred and recognized over the rental period based on the passage of time commencing at the point of sale, when control of the product transfers to the customer and is recognized as rental income in our consolidated financial statements. Rental periods are typically for a single semester and are always less than one year in duration. We offer a buyout option to allow the purchase of a rented physical textbook at the end of the rental period if the customer desires to do so. We record the buyout purchase when the customer exercises and pays the buyout option price which is determined at the time of the buyout. In these instances, we accelerate any remaining deferred rental revenue at the point of sale.

Revenue recognized for our *BNC First Day* offerings is consistent with our policies outlined above for product, digital and rental sales, net of an anticipated opt-out or return provision. Given the growth of *BNC First Day* programs, the timing of cash collection from our school partners may shift to periods subsequent to when the revenue is recognized. When a school adopts our *BNC First Day* equitable and inclusive access offerings, cash collection from the school generally occurs after the institution's drop/add dates, which is later in the working capital cycle, particularly in our third quarter given the timing of the Spring Term and our quarterly reporting period, as compared to direct-to-student point-of-sale transactions where cash is generally collected during the point-of-sale transaction or within a few days from the credit card processor.

We estimate returns based on an analysis of historical experience. A provision for anticipated merchandise returns is provided through a reduction of sales and cost of goods sold in the period that the related sales are recorded.

For sales and rentals involving third-party products, we evaluate whether we are acting as a principal or an agent. Our determination is based on our evaluation of whether we control the specified goods or services prior to transferring them to the customer. There are significant judgments involved in determining whether we control the specified goods or services prior to transferring them to the customer including whether we have the ability to direct the use of the good or service and obtain substantially all of the remaining benefits from the good or service. For those transactions where we are the principal, we record revenue on a gross basis, and for those transactions where we are an agent to a third-party, we record revenue on a net basis.

Effective in April 2021, as contemplated by the F/L Relationship related merchandising agreement and e-commerce agreement, we began to transition the fulfillment of our logo general merchandise sales to Lids and Fanatics. As the logo general merchandise sales are fulfilled by Lids and Fanatics, we recognize commission revenue earned for these sales on a net basis in our consolidated financial statements, as compared to the recognition of logo general merchandise sales on a gross basis in the periods prior to the transition.

We do not have gift card or customer loyalty programs. We do not treat any promotional offers as expenses. Sales tax collected from our customers is excluded from reported revenues. Our payment terms are generally 30 days and do not extend beyond one year.

Service and other revenue

Service and other revenue is primarily derived from brand marketing services which includes promotional activities and advertisements within our physical bookstores and web properties performed on behalf of third-party customers, shipping and handling, non-return rental penalty fees, and revenue from other programs.

Merchandise Inventories

Merchandise inventories, which consist of finished goods, are stated at the lower of cost or market. Market value of our inventory, which is all purchased finished goods, is determined based on its estimated net realizable value, which is generally the selling price less normally predictable costs of disposal and transportation.

Cost is determined primarily by the retail inventory method for our Retail Segment. Our textbook and trade book inventories, for Retail and Wholesale Segments, are valued using the LIFO method and the related reserve was not material to the recorded amount of our inventories. There were no LIFO adjustments in Fiscal 2024 and Fiscal 2023.

Reserves for non-returnable inventory are based on our history of liquidating non-returnable inventory. Reserve calculations are sensitive to certain significant assumptions, including markdowns, sales below cost, inventory aging and expected demand. We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions used to calculate the non-returnable inventory reserve. However, if assumptions based on our history of liquidating non-returnable inventory are incorrect, we may be exposed to losses or gains that could be material. A 10% change in actual non-returnable inventory would have affected pre-tax earnings by approximately $6.2 million in Fiscal 2024.

For our physical bookstores, we also estimate and accrue shortage for the period between the last physical count of inventory and the balance sheet date. Shortage rates are estimated and accrued based on historical rates and can be affected by changes in merchandise mix and changes in actual shortage trends. We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions used to calculate shortage rates. However, if our estimates regarding shortage rates are incorrect, we may be exposed to losses or gains that could be material. A 10 basis point change in actual shortage rates would have affected pre-tax earnings by approximately $1.0 million in Fiscal 2024.

Textbook Rental Inventories

Physical textbooks out on rent are categorized as textbook rental inventories. At the time a rental transaction is consummated, the book is removed from merchandise inventories and moved to textbook rental inventories at cost. The cost of the book is amortized down to its estimated residual value over the rental period. The related amortization expense is included in cost of goods sold. At the end of the rental period, upon return, the book is removed from textbook rental inventories and recorded in merchandise inventories at its amortized cost. We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions used to calculate rental cost of goods sold. However, if our estimates regarding residual value are incorrect, we may be exposed to losses or gains that could be material. A 10% change in rental cost of goods sold would have affected pre-tax earnings by approximately $3.7 million in Fiscal 2024.

Evaluation of Other Long-Lived Assets Impairment

As of April 27, 2024, our other long-lived assets include property and equipment, operating lease right-of-use assets, amortizable intangibles, and other noncurrent assets of $52.9 million, $202.5 million, $94.2 million, and $24.7 million, respectively, on our consolidated balance sheet.

We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and consider market participants in accordance with *Accounting Standards Codification ("ASC") 360-10, Accounting for the Impairment or Disposal of Long-Lived Assets*. We evaluate the long-lived assets of the reporting units for impairment at the lowest asset group level for which individual cash flows can be identified. When evaluating long-lived assets for potential impairment, we first compared the carrying amount of the asset group to the estimated future undiscounted cash flows. The impairment loss calculation compares the carrying amount of the assets to the fair value based on estimated discounted future cash flows. If required, an impairment loss is recorded for that portion of the asset's carrying value in excess of fair value.

Our business has been significantly negatively impacted by the COVID-19 pandemic, as many schools adjusted their learning models and on-campus activities. Although most academic institutions have since reopened, some are providing alternatives to traditional in-person instruction, including online and hybrid learning options and significantly reduced classroom sizes. Enrollment trends have been negatively impacted overall by COVID-19 concerns at physical campuses. While many athletic conferences resumed their sport activities, other events, such as parent and alumni weekends and prospective student campus tour activities, some may still be curtailed or offer a virtual option. These combined events continue to impact the Company's course materials and general merchandise business.

During Fiscal 2024, we evaluated certain of our store-level long-lived assets in the Retail segment for impairment. Based on the results of the impairment tests, we recognized an impairment loss (non-cash) of $7.2 million (both pre-tax and after-tax), comprised of $0.4 million, $3.6 million, and $3.2 million of property and equipment, operating lease right-of-use assets, and amortizable intangibles, respectively, on the consolidated statement of operations.

During Fiscal 2023, we evaluated certain of our store-level long-lived assets in the Retail segment for impairment. Based on the results of the impairment tests, we recognized an impairment loss (non-cash) of $6.0 million (both pre-tax and after-tax), comprised of $0.7 million, $1.7 million, and $3.6 million of property and equipment, operating lease right-of-use assets, and amortizable intangibles, respectively, on the consolidated statement of operations.

The fair value of the impaired long-lived assets were determined using an income approach (Level 3 input), using the Company's best estimates of the amount and timing of future discounted cash flows, based on historical experience, market conditions, current trends and performance expectations. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 6. Fair Value Measurements*.

The impairment analysis process requires significant estimation to determine recoverability of each asset group and to determine the fair value of asset groups that were not recoverable, as well as the fair values of certain operating right-of-use assets included within the asset groups that were not recoverable. The significant assumptions used included annual revenue growth rates, gross margin rates and the estimated relationship of selling and administrative costs to revenue used to estimate the projected cash-flow directly related to the future operation of the stores as well as the weighted average cost of capital used to calculate the fair value. Significant assumptions used to determine the fair values of certain operating right-of-use assets included the current market rent and discount rate. These assumptions are subjective in nature and are affected by expectations about future market or economic conditions (including the effects of the global pandemic).

We do not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions used to calculate long-lived asset impairment losses. However, if actual results are not consistent with estimates and assumptions used in estimating future cash flows and asset fair values, we may be exposed to losses that could be material. A 10% decrease in our estimated discounted cash flows would not have materially affected the results of our operations in Fiscal 2024.

Income Taxes

Deferred income tax balances reflect the effects of temporary differences between the carrying amounts of assets and liabilities and their tax basis and are stated at enacted tax rates expected to be in effect when taxes are actually paid or recovered. FASB guidance on accounting for income taxes requires that deferred tax assets be evaluated for future realization and reduced by a valuation allowance to the extent we believe a portion will not be realized. We consider many factors when assessing the likelihood of future realization of our deferred tax assets, including our recent earnings experience and expectations of future taxable income by taxing jurisdiction, the carryforward periods available to us for tax reporting purposes and other relevant factors. The actual realization of deferred tax assets may differ significantly from the amounts we have recorded.

During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. Accounting for income taxes requires a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if available evidence indicates it is more likely than not that the tax position will be fully sustained upon review by taxing authorities, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount with a greater than 50 percent likelihood of being realized upon ultimate settlement. For tax positions that are 50 percent or less likely of being sustained upon audit, we do not recognize any portion of that benefit in the financial statements. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and which may not accurately anticipate actual outcomes. Our actual results could differ materially from our current estimates.

Recent Accounting Pronouncements

See *Part II - Item 8. Financial Statements and Supplementary Data - Note 2. Summary of Significant Accounting Policies - Recent Accounting Pronouncements* for information related to new accounting pronouncements.

Item 7A. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

Not applicable.

Item 8. ***FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA***

FINANCIAL STATEMENT INDEX

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Barnes & Noble Education, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Barnes & Noble Education, Inc. and subsidiaries (the Company) as of April 27, 2024 and April 29, 2023, the related consolidated statements of operations, equity and cash flows for each of the two years in the period ended April 27, 2024 and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at April 27, 2024 and April 29, 2023, and the results of its operations and its cash flows for each of the two years in the period ended April 27, 2024, in conformity with U.S. generally accepted accounting principles.

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 Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

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

The critical audit matters communicated below 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. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

	Non-Returnable Inventory Reserve
Description of the Matter	As described in Note 2 to the consolidated financial statements, the Company reserves for non-returnable inventory based on its history of liquidating non-returnable inventory. Auditing management's estimate of the reserves for non-returnable inventory involved especially subjective auditor judgment as such estimates are based on various factors that are affected by current and future market and economic conditions. In particular, the reserve calculations are sensitive to certain significant assumptions, including markdowns, sales below cost, inventory aging and expected demand.
How We Addressed the Matter in Our Audit	Our procedures included, among others, evaluating the significant assumptions, identified above, and testing the accuracy and completeness of the underlying data used in management's inventory reserve calculation. We recalculated the reserve using management's methodology and assumptions, and we evaluated the methodology and the significant assumptions for reasonableness by comparing them to the related actual historical activity and expected future market and economic conditions. We also analyzed the impact of reasonable changes to the significant assumptions on the recorded inventory reserves.

Long-Lived Asset Impairment

Description of the Matter

As described in Note 2 to the consolidated financial statements, the Company tests its long-lived assets for impairment if an event occurs or circumstances change that would indicate the carrying amount may not be recoverable. If the carrying amount of a long-lived asset (group) exceeds its fair value, the asset (group) is written down to its fair value and an impairment charge is recognized. During the fiscal year 2024, the Company recognized an impairment charge of $7.2 million related to long-lived assets at certain of its stores.

Auditing the Company's impairment of store long-lived assets was complex and highly judgmental due to the significant estimation required to determine recoverability of each asset group and to determine the fair value of asset groups that were not recoverable, as well as the fair values of certain operating right-of-use assets included within the asset groups that were not recoverable. The significant assumptions used included annual revenue growth rates, gross margin rates and the estimated relationship of selling and administrative costs to revenue used to estimate the projected cash-flow directly related to the future operation of the stores as well as the weighted average cost of capital used to calculate the fair value. Significant assumptions used to determine the fair values of certain operating right-of-use assets included the current market rent and discount rate. These assumptions are subjective in nature and are affected by expectations about future market or economic conditions.

How We Addressed the Matter in Our Audit

Our testing of the Company's impairment analysis included, among other procedures, evaluating the significant assumptions described above and the operating data used to calculate the estimated future cash flows of the stores and to determine fair values. We tested the completeness and accuracy of the data used by the Company in its analysis. We also compared the significant assumptions used to determine the projected cash flows to historical operating results of the stores, management’s expectations related to recovery from the pandemic and published third-party information regarding overall college and university enrollment trends; and, we obtained an understanding of the business initiatives supporting the assumptions used to estimate the future cash flows through inquiries of management and inspection of internal and external communications.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2015.

Iselin, New Jersey

July 1, 2024

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
(In thousands, except per share data)

	52 weeks ended	
	April 27, 2024	April 29, 2023
Sales:		
Product sales and other	$ 1,430,456	$ 1,406,655
Rental income	136,679	136,553
Total sales	1,567,135	1,543,208
Cost of sales (exclusive of depreciation and amortization expense):		
Product and other cost of sales	1,135,376	1,119,482
Rental cost of sales	74,983	74,287
Total cost of sales	1,210,359	1,193,769
Gross profit	356,776	349,439
Selling and administrative expenses	311,574	357,611
Depreciation and amortization expense	40,560	42,163
Impairment loss (non-cash)	7,166	6,008
Restructuring and other charges	19,409	10,103
Operating loss	(21,933)	(66,446)
Interest expense, net	40,365	22,683
Loss from continuing operations before income taxes	(62,298)	(89,129)
Income tax expense (benefit)	183	1,011
Loss from continuing operations, net of tax	(62,481)	(90,140)
Loss from discontinued operations, net of tax of $20 and 398, respectively	(730)	(11,722)
Net loss	$ (63,211)	$ (101,862)
Loss per share of Common Stock		
Basic and Diluted		
Continuing operations	$ (23.47)	$ (34.17)
Discontinued operations	$ (0.28)	$ (4.44)
Total Basic and Diluted Earnings per share	$ (23.75)	$ (38.61)
Weighted average shares of common stock outstanding - Basic and Diluted	2,662	2,638

See accompanying notes to consolidated financial statements.

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(In thousands, except per share data)

	As of	
	April 27, 2024	April 29, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 10,459	$ 14,219
Receivables, net	104,110	92,512
Merchandise inventories, net	344,037	322,979
Textbook rental inventories	32,992	30,349
Prepaid expenses and other current assets	39,158	49,512
Assets held for sale, current	—	27,430
Total current assets	530,756	537,001
Property and equipment, net	52,912	68,153
Operating lease right-of-use assets	202,522	246,972
Intangible assets, net	94,191	110,632
Deferred tax assets, net	—	132
Other noncurrent assets	24,703	17,889
Total assets	$ 905,084	$ 980,779
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 299,157	$ 267,923
Accrued liabilities	77,441	85,759
Current operating lease liabilities	102,206	99,980
Liabilities held for sale	—	8,423
Total current liabilities	478,804	462,085
Long-term deferred taxes, net	1,289	1,970
Long-term operating lease liabilities	142,193	184,754
Other long-term liabilities	15,882	19,068
Long-term borrowings	196,337	182,151
Total liabilities	834,505	850,028
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, $0.01 par value; authorized, 5,000 shares; 0 shares issued and 0 shares outstanding	—	—
Common stock, $0.01 par value; authorized, 200,000 shares; issued, 558 and 551 shares, respectively; outstanding, 532 and 526 shares, respectively	558	551
Additional paid-in capital	749,140	745,932
Accumulated deficit	(656,567)	(593,356)
Treasury stock, at cost	(22,552)	(22,376)
Total stockholders' equity	70,579	130,751
Total liabilities and stockholders' equity	$ 905,084	$ 980,779

See accompanying notes to consolidated financial statements.

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (In thousands)

	52 weeks ended	
	April 27, 2024	April 29, 2023
Cash flows from operating activities:		
Net loss	$ (63,211)	$ (101,862)
Less: Loss from discontinued operations, net of tax	(730)	(11,722)
Loss from continuing operations, net of tax	(62,481)	(90,140)
Adjustments to reconcile net loss from continuing operations to net cash flows from operating activities from continuing operations:		
Depreciation and amortization expense	40,560	42,163
Impairment loss (non-cash)	7,166	6,008
Merchandise inventory loss	—	—
Content amortization expense	—	26
Amortization of deferred financing costs	13,150	3,129
Non-cash interest expense (paid-in-kind)	2,652	—
Deferred taxes	(550)	409
Stock-based compensation expense	3,380	4,715
Changes in operating lease right-of-use assets and liabilities	24	5,912
Changes in other long-term assets and liabilities and other, net	(20,997)	2,711
Changes in other operating assets and liabilities, net:		
Receivables, net	(11,598)	43,489
Merchandise inventories	(21,058)	(29,125)
Textbook rental inventories	(2,643)	(737)
Prepaid expenses and other current assets	31,593	19,610
Accounts payable and accrued liabilities	19,257	82,343
Changes in other operating assets and liabilities, net	15,551	115,580
Net cash flows (used in) provided by operating activities from continuing operations	(1,545)	90,513
Net cash flows (used in) provided by operating activities from discontinued operations	(3,577)	1,157
Net cash flows (used in) provided by operating activities	$ (5,122)	$ 91,670
Cash flows from investing activities:		
Purchases of property and equipment	$ (14,070)	$ (25,092)
Changes in other noncurrent assets and other	78	591
Net cash flows used in investing activities from continuing operations	(13,992)	(24,501)
Net cash flows provided by (used in) investing activities from discontinued operations	21,395	(6,542)
Net cash flows provided by (used in) investing activities	$ 7,403	$ (31,043)
Cash flows from financing activities:		
Proceeds from borrowings	$ 563,023	$ 590,303
Repayments of borrowings	(552,230)	(631,849)
Payment of deferred financing costs	(16,316)	(7,265)
Purchase of treasury shares	(176)	(864)
Proceeds from the exercise of stock options, net	—	—
Net cash flows used in financing activities from continuing operations	(5,699)	(49,675)
Net cash flows provided by financing activities from discontinued operations	—	—
Net cash flows used in financing activities	$ (5,699)	$ (49,675)
Net (decrease) increase in cash, cash equivalents, and restricted cash	$ (3,418)	$ 10,952
Cash, cash equivalents, and restricted cash at beginning of period	31,988	21,036
Cash, cash equivalents, and restricted cash at end of period	28,570	31,988

Less: Cash and cash equivalents of discontinued operations at end of period	—	(1,057)
Cash, cash equivalents, and restricted cash of continuing operations at end of period	$ 28,570	$ 30,931
Supplemental cash flow information:		
Cash paid during the period for:		
Interest paid	$ 24,943	$ 19,024
Income taxes paid (net of refunds)	$ (7,293)	$ (15,216)

See accompanying notes to consolidated financial statements.

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Consolidated Statements of Equity
(In thousands)

	Common Stock		Additional Paid-In	Accumulated	Treasury Stock		Total
	Shares	Amount	Capital	Deficit	Shares	Amount	Equity
Balance at April 30, 2022	54,234	$ 542	$ 740,838	$ (491,494)	2,188	$ (21,512)	$ 228,374
Stock-based compensation expense			5,103				5,103
Vested equity awards	906	9	(9)				—
Shares repurchased for tax withholdings for vested stock awards					348	(864)	(864)
Net loss				(101,862)			(101,862)
Balance at April 29, 2023	55,140	$ 551	$ 745,932	$ (593,356)	2,536	$ (22,376)	$ 130,751
Stock-based compensation expense			3,215				3,215
Vested equity awards	700	7	(7)				—
Shares repurchased for tax withholdings for vested stock awards					148	(176)	(176)
Net loss				(63,211)			(63,211)
Reverse Stock Split	(55,282)	—	—	—	(2,657)	—	—
Balance at April 27, 2024	558	$ 558	$ 749,140	$ (656,567)	27	$ (22,552)	$ 70,579

See accompanying notes to consolidated financial statements.

Unless the context otherwise indicates, references in these Notes to the accompanying consolidated financial statements to "we," "us," "our" and "the Company" refer to Barnes & Noble Education, Inc., or "BNED", a Delaware corporation. References to "Barnes & Noble College" refer to our college bookstore business operated through our subsidiary Barnes & Noble College Booksellers, LLC. References to "MBS" refer to our virtual bookstore and wholesale textbook distribution business operated through our subsidiary MBS Textbook Exchange, LLC.

Note 1. Organization

Description of Business

Barnes & Noble Education, Inc. ("BNED") is one of the largest contract operators of physical and virtual bookstores for college and university campuses and K-12 institutions across the United States. We are also one of the largest textbook wholesalers and inventory management hardware and software providers. We operate 1,245 physical, virtual, and custom bookstores and serve more than 5.8 million students, delivering essential educational content, tools and general merchandise within a dynamic omnichannel retail environment.

The strengths of our business include our ability to compete by developing new products and solutions to meet market needs, our large operating footprint with direct access to students and faculty, our well-established, deep relationships with academic partners and stable, long-term contracts and our well-recognized brands. We provide product and service offerings designed to address the most pressing issues in higher education, including equitable access, enhanced convenience and improved affordability through innovative course material delivery models designed to drive improved student experiences and outcomes. We offer our *BNC First Day*® equitable and inclusive access programs, consisting of *First Day Complete* and *First Day*, which provide faculty required course materials on or before the first day of class. These programs have allowed us to reverse historical long-term trends in course materials revenue declines, which has been observed at those schools where such programs have been adopted, and improve predictability of our future results. See *BNC First Day Equitable and Inclusive Access Programs* discussion below.

We expect to continue to introduce scalable and advanced solutions focused largely on the student and customer experience, expand our e-commerce capabilities and accelerate such capabilities through our service providers, Fanatics Retail Group Fulfillment, LLC ("Fanatics") and Fanatics Lids College, Inc. D/B/A "Lids" ("Lids") (collectively referred to herein as the "F/L Relationship"), win new accounts, and expand our revenue opportunities through strategic relationships. We expect gross comparable store general merchandise sales to increase over the long term, as our product assortments continue to emphasize and reflect changing consumer trends, and we evolve our presentation concepts and merchandising of products in stores and online, which we expect to be further enhanced and accelerated through the F/L Relationship. Fanatics and Lids, acting on our behalf as our service providers, provide unparalleled product assortment, e-commerce capabilities and powerful digital marketing tools to drive increased value for customers and accelerate growth of our logo general merchandise business. See *Relationship with Fanatics and Lids* discussion below.

The *Barnes & Noble* brand (licensed from our former parent) along with our subsidiary brands, *BNC* and *MBS,* are synonymous with innovation in bookselling and campus retailing, and are widely recognized and respected brands in the United States. Our large college footprint, reputation, and credibility in the marketplace not only support our marketing efforts to universities, students, and faculty, but are also important to our relationship with leading publishers who rely on us as one of their primary distribution channels.

BNC First Day Equitable and Inclusive Access Programs

We provide product and service offerings designed to address the most pressing issues in higher education, including equitable access, enhanced convenience and improved affordability through innovative course material delivery models designed to drive improved student experiences and outcomes. We offer our *BNC First Day*® equitable and inclusive access programs, consisting of *First Day Complete* and *First Day*, which provide faculty required course materials on or before the first day of class. During the 52 weeks ended April 27, 2024, *BNC First Day* total revenue increased by $127,211, or 37%, to $473,863 compared to $346,652 during the prior year period.

- *First Day Complete* is adopted by an institution and includes all or the majority of undergraduate classes (and on occasion graduate classes), providing students both physical and digital materials. The *First Day Complete* model drives substantially greater unit sales and sell-through for the bookstore. In the Spring of 2024, 160 campus stores are utilizing *First Day*® *Complete* representing enrollment of nearly 805,000 undergraduate and post graduate students (as reported by National Center for Education Statistics as of October 26, 2023), an increase of approximately 39% compared to Spring of 2023. During the 52 weeks ended April 27, 2024, *First Day Complete* sales increased by $94,948, or 48.0%, to $292,704 as compared to $197,756 in the prior year period.

- *First Day* is adopted by a faculty member for a single course, and students receive primarily digital course materials through their school's learning management system ("LMS"). During the 52 weeks ended April 27, 2024, *First Day* sales increased by $32,263, or 21.7%, to 181,159 as compared to $148,896 in the prior year period.

Offering course materials through our equitable and inclusive access *First Day Complete* and *First Day* models is an important strategic initiative of ours to meet the market demands of substantially reduced pricing to students, as well as the opportunity to improve student outcomes, while, at the same time, increasing our market share, revenue and relative gross profits of course material sales given the higher volumes of units sold in such models as compared to historical sales models that rely on individual student marketing and sales. These programs have allowed us to reverse historical long-term trends in course materials revenue declines, which has been observed at those schools where such programs have been adopted, and improve predictability of our future results. In Fiscal 2024, the growth of our *BNC First Day* programs offset the declines in a la carte courseware sales and closed store sales. We are moving quickly to accelerate our *First Day Complete* strategy. Many institutions adopted *First Day Complete* in Fiscal 2024, and we plan to continue to scale the number of schools adopting *First Day Complete* in Fiscal 2025 and beyond.

Relationship with Fanatics and Lids

In December 2020, we entered into the F/L Relationship. Fanatics and Lids, acting on our behalf as our service providers, provide unparalleled product assortment, e-commerce capabilities and powerful digital marketing tools to drive increased value for customers and accelerate growth of our logo general merchandise business. Fanatics operates as our service provider, including processing consumer personal information on our behalf, using their cutting-edge e-commerce and technology expertise to offer our campus store websites expanded product selection, a world-class online and mobile experience, and a progressive direct-to-consumer platform. Coupled with Lids, the leading standalone brick and mortar retailer focused exclusively on licensed fan and alumni products, our campus stores have improved access to trend and sales performance data on licensees, product styles, and design treatments.

We maintain our relationships with campus partners and remain responsible for staffing and managing the day-to-day operations of our campus bookstores. We also work closely with our campus partners to ensure that each campus store maintains unique aspects of in-store merchandising, including localized product assortments and specific styles and designs that reflect each campus's brand. We leverage Fanatics' e-commerce technology and expertise for the operational management of the emblematic merchandise and gift sections of our campus store websites. Lids manages in-store assortment planning and merchandising of emblematic apparel, headwear, and gift products for our partner campus stores, and Lids owns the inventory it manages, relieving us of the obligation to finance inventory purchases from working capital.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The results of operations reflected in our consolidated financial statements are presented on a consolidated basis. All material intercompany accounts and transactions have been eliminated in consolidation. Our consolidated financial statements reflect our consolidated financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States ("GAAP"). Net income (loss) is equal to comprehensive income (loss) on our consolidated statement of operations. In the opinion of the Company's management, the accompanying consolidated financial statements of the Company contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly its consolidated financial position and the results of its operations and cash flows for the periods reported.

Our fiscal year is comprised of 52 or 53 weeks, ending on the Saturday closest to the last day of April. The fiscal year periods for each of the last three fiscal years consisted of the 52 weeks ended April 27, 2024 ("Fiscal 2024") and 52 weeks ended April 29, 2023 ("Fiscal 2023").

On June 10, 2024, subsequent to the end of Fiscal 2024, we completed various transactions, including an equity rights offering. Because the rights issuance was offered to all existing stockholders at an exercise price that was less than the fair value of our Common Stock, as of such time, the weighted average shares outstanding and basic and diluted earnings (loss) per share were adjusted retroactively to reflect the bonus element of the rights offering for all periods presented by a factor of 5.03. On June 11, 2024, subsequent to the end of Fiscal 2024, we completed a reverse stock split of our outstanding shares of common stock at a ratio of 1-for-100 in which every 100 shares of the common stock issued and outstanding was converted into one share of our common stock. The weighted average common shares and loss per common share reflect the bonus element resulting from the equity rights offering and the reverse stock split for all periods presented on the consolidated statements of operations. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 17. Subsequent Events.*

Liquidity and Going Concern Evaluation in conjunction with the issuance of the April 27, 2024 Consolidated Financial Statements

The accompanying consolidated financial statements are prepared in accordance with U.S. GAAP applicable to a going concern. This presentation contemplates the realization of assets and the satisfaction of liabilities in the normal course of business and does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of the uncertainties described below.

Pursuant to ASC 205-40, *Presentation of Financial Statements — Going Concern (“ASC 205-40”)*, management must evaluate whether there are conditions and events, considered in aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date that these consolidated financial statements are issued.

Our primary sources of cash are net cash flows from operating activities and funds available under our Credit Facility. Our liquidity is highly dependent on the seasonal nature of our business, particularly with respect to course material sales, as sales are generally highest in the second and third fiscal quarters, when college students generally purchase textbooks for the upcoming Fall and Spring semesters, respectively. The tightening of our available credit commitments, including the elimination and repayment of our seasonal borrowing facility (FILO Facility) of $40,000, has had a significant impact on our liquidity during Fiscal 2023 and Fiscal 2024, including our ability to make timely vendor payments and school commission payments. Our recurring losses and projected cash needs, combined with our current liquidity levels and the maturity of our Credit Facility and Term Loan, which were originally scheduled to become due on December 28, 2024 and April 7, 2025, respectively, raised substantial doubt about our ability to continue as a going concern beyond twelve months from the issuance of our third quarter financial statements as of March 12, 2024 as disclosed in our previously filed Quarterly Report on Form 10-Q.

On June 10, 2024, subsequent to the end of Fiscal 2024, we completed various transactions, including an equity rights offering, private equity investment, Term Loan debt conversion, and Credit Facility refinancing, to substantially deleverage our consolidated balance sheet. These transactions raised additional capital for repayment of indebtedness and provide additional flexibility for working capital needs.

Upon closing of the Transactions on June 10, 2024:

- We received gross proceeds of $95,000 of new equity capital through a $50,000 new equity investment (the “Private Investment”) led by Immersion Corporation (“Immersion”) and a $45,000 fully backstopped equity rights offering (the “Rights Offering”). The Transactions infused approximately $80,000 of net cash proceeds after transaction costs. The transaction resulted in Immersion obtaining controlling financial interest.
- Our existing Term Loan credit agreement lenders, TopLids LendCo, LLC and Vital Fundco, LLC, converted approximately $34,000 of outstanding principal and any accrued and unpaid interest into our common stock.
- We refinanced our Credit Facility providing access to a $325,000 facility maturing in 2028. The refinanced Credit Facility will meaningfully enhance our financial flexibility and reduce our annual interest expense.

As a result of the equity rights offering, private equity investment, Term Loan debt conversion, and Credit Facility refinancing, all executed on June 10, 2024, Management concluded that substantial doubt about the Company's ability to continue as a going concern no longer exists. For additional information related to the rights offering, new equity investment, Term Loan credit agreement debt conversion, and Credit Facility refinancing terms, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 7. Debt and Note 17. Subsequent Events.*

Seasonality

Our business is highly seasonal. For example, our retail business is seasonal, particularly with respect to textbook sales and rentals, with the major portion of sales and operating profit realized during the second and third fiscal quarters when college students generally purchase and rent textbooks for the upcoming semesters and lowest in the first and fourth fiscal quarters. Our quarterly results also may fluctuate depending on the timing of the start of the various schools’ semesters, the ability to secure inventory on a timely basis, as well as shifts in our fiscal calendar dates.

As the concentration of digital product sales increases, revenue will be recognized earlier during the academic term as digital textbook revenue is recognized when the customer accesses the digital content compared to: (i) the rental of physical textbook where revenue is recognized over the rental period, and (ii) ala carte courseware sales where revenue is recognized when the customer takes physical possession of our products, which occurs either at the point of sale for products purchased at physical locations or upon receipt of our products by our customers for products ordered through our websites and virtual bookstores.

These shifts in timing may affect the comparability of our results across periods. Sales attributable to our wholesale business are generally highest in our first, second and third quarters, as it sells textbooks and other course materials for retail distribution. See Revenue Recognition and Deferred Revenue discussion below.

Use of Estimates

In preparing financial statements in conformity with GAAP, we are required to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Discontinued Operations

During the fourth quarter of Fiscal 2023, assets related to our *Digital Student Solutions ("DSS") Segment* met the criteria for classification as Assets Held for Sale and Discontinued Operations and is no longer a reportable segment. Certain assets and liabilities associated with the DSS Segment are presented in our consolidated balance sheets as "Assets Held for Sale" and "Liabilities Held for Sale". The results of operations related to the DSS Segment are included in the consolidated statements of operations as "Loss from discontinued operations, net of tax." The cash flows of the DSS Segment are also presented separately in our consolidated statements of cash flows. All corresponding prior year periods presented in our financial statements and related information in the accompanying notes have been reclassified to reflect the Asset Held for Sale and Discontinued Operations presentation.

On May 31, 2023, we completed the sale of these assets related to our DSS Segment for cash proceeds of $20,000, net of certain transaction fees, severance costs, escrow, and other considerations. During the 52 weeks ended April 27, 2024, we recorded a Gain on Sale of Business of $3,545 in Loss from Discontinued Operations, Net, related to the sale. Net cash proceeds from the sale were used for debt repayment and provided additional funds for working capital needs under our Credit Facility. The following table summarizes the operating results of the discontinued operations for the periods indicated:

	52 weeks ended	
Dollars in thousands	April 27, 2024	April 29, 2023
Total sales	$ 2,784	$ 35,353
Cost of sales [(a)]	76	7,156
Gross profit [(a)]	2,708	28,197
Selling and administrative expenses	3,029	34,137
Depreciation and amortization	3	3,155
Gain on sale of business	(3,545)	—
Impairment loss (non-cash) [(b)]	610	—
Restructuring costs [(c)]	3,308	1,848
Transaction costs	13	381
Operating loss	(710)	(11,324)
Income tax expense	20	398
Loss from discontinued operations, net of tax	$ (730)	$ (11,722)

(a) Cost of sales and Gross margin for the DSS Segment includes amortization expense (non-cash) related to content development costs of $0 and $6,594 for the 52 weeks ended April 27, 2024 and April 29, 2023, respectively.

(b) During the 52 weeks ended April 27, 2024, we recognized an impairment loss (non-cash) of $610 (both pre-tax and after-tax), comprised of $119 and $491 of property and equipment and operating lease right-of-use assets, respectively, on the consolidated statement of operations as part of discontinued operations.

(c) During the 52 weeks ended April 27, 2024 and April 29, 2023, we recognized restructuring and other charges of $3,308 and $1,848, respectively, comprised of severance and other employee termination costs.

(Thousands of dollars, except share and per share data)

The following table summarizes the assets and liabilities of the Assets Held for Sale included in the consolidated balance sheets for the periods indicated:

	As of	
	April 27, 2024	April 29, 2023
Cash and cash equivalents	$ —	$ 1,057
Receivables, net	—	480
Prepaid expenses and other current assets	—	901
Property and equipment, net	—	19,523
Intangible assets, net	—	402
Goodwill	—	4,700
Deferred tax assets, net	—	130
Other noncurrent assets	—	237
Assets held for sale	$ —	$ 27,430
Accounts payable	$ —	$ 211
Accrued liabilities	—	8,212
Other long-term liabilities	—	—
Liabilities held for sale	$ —	$ 8,423

Cash and Cash Equivalents

We consider all short-term, highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

Restricted Cash

As of April 27, 2024, we had restricted cash of $18,111, comprised of $17,146 in prepaid and other current assets in the consolidated balance sheet related to segregated funds for commission due to Lids for logo merchandise sales as per the Lids service provider merchandising agreement and $965 in other noncurrent assets in the consolidated balance sheet related to amounts held in trust for future distributions related to employee benefit plans.

As of April 29, 2023, we had restricted cash of $16,712, comprised of $15,790 in prepaid and other current assets in the consolidated balance sheet related to segregated funds for commission due to Lids for logo merchandise sales as per the Lids service provider merchandising agreement and $922 in other noncurrent assets in the consolidated balance sheet related to amounts held in trust for future distributions related to employee benefit plans.

Accounts Receivable

Receivables represent customer, private and public institutional and government billings (colleges, universities and other financial aid providers), credit/debit card receivables, advances for book buybacks, advertising and other receivables due within one year. Components of accounts receivables are as follows:

	As of	
	April 27, 2024	April 29, 2023
Trade accounts	$ 75,026	$ 71,990
Advances for book buybacks	1,291	2,344
Credit/debit card receivables	9,075	4,733
Other receivables	18,718	13,445
Total receivables, net	$ 104,110	$ 92,512

Accounts receivable are presented on our consolidated balance sheets net of allowances. An allowance for doubtful accounts is determined through an analysis of the aging of accounts receivable and assessments of collectability based on historical trends, the financial condition of our customers and an evaluation of economic conditions. We write-off uncollectible trade receivables once collection efforts have been exhausted and record bad debt expenses related to textbook rentals that are not returned and we are unable to successfully charge the customer. Allowance for doubtful accounts were $867, and $1,156 as of April 27, 2024 and April 29, 2023, respectively.

Merchandise Inventories

Merchandise inventories, which consist of finished goods, are stated at the lower of cost or market. Market value of our inventory, which is all purchased finished goods, is determined based on its estimated net realizable value, which is generally the selling price less normally predictable costs of disposal and transportation. Reserves for non-returnable inventory are based on our history of liquidating non-returnable inventory, which includes certain significant assumptions, including markdowns, sales below cost, inventory aging and expected demand.

Cost is determined primarily by the retail inventory method for our Retail segment. Our textbook and trade book inventories, for Retail and Wholesale, are valued using the LIFO method and the related reserve was not material to the recorded amount of our inventories. There were no LIFO adjustments in Fiscal 2024 and Fiscal 2023.

For our physical bookstores, we also estimate and accrue shortage for the period between the last physical count of inventory and the balance sheet date. Shortage rates are estimated and accrued based on historical rates and can be affected by changes in merchandise mix and changes in actual shortage trends.

The Retail Segment fulfillment order is directed first to our wholesale business before other sources of inventory are utilized. The products that we sell originate from a wide variety of domestic and international vendors. After internal sourcing, the bookstore purchases textbooks from outside suppliers and publishers. The Retail Segment's four largest suppliers, excluding the supply sourced from our Wholesale Segment, accounted for approximately 26% of our merchandise purchased during the 52 weeks ended April 27, 2024. For our Wholesale Segment, the four largest suppliers, excluding textbooks purchased from students at our Retail Segment's bookstores, accounted for approximately 24% of merchandise purchases during the 52 weeks ended April 27, 2024.

Textbook Rental Inventories

Physical textbooks out on rent are categorized as textbook rental inventories. At the time a rental transaction is consummated, the book is removed from merchandise inventories and moved to textbook rental inventories at cost. The cost of the book is amortized down to its estimated residual value over the rental period. The related amortization expense is included in cost of goods sold. At the end of the rental period, upon return, the book is removed from textbook rental inventories and recorded in merchandise inventories at its amortized cost.

Cloud Computing Arrangements

Implementation costs incurred in a cloud computing arrangement (or hosting arrangement) that is a service contract are amortized to hosting expense over the term of the arrangement, beginning when the module or component of the hosting arrangement is ready for its intended use. Implementation costs are included in prepaid expenses and other assets in the consolidated balance sheets and amortized to selling and administrative expense in the consolidated statement of operations. Implementation costs incurred in cloud computing arrangements reflected in prepaid and other assets in the consolidated balance sheets were $6,367 and $9,359 as of April 27, 2024 and April 29, 2023, respectively. We had $4,286 and $6,460 of amortization of implementation costs in selling and administrative expense in the consolidated statement of operations, for the 52 weeks ended April 27, 2024 and April 29, 2023, respectively.

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method over estimated useful lives. Maintenance and repairs are expensed as incurred, however major maintenance and remodeling costs are capitalized if they extend the useful life of the asset. We had $27,281 and $29,401 of depreciation expense in the consolidated statement of operations for the 52 weeks ended April 27, 2024 and April 29, 2023, respectively.

Content development costs are primarily related to development of courseware. Content amortization is computed using the straight-line method over estimated useful lives. Amortization of content development costs is recorded to cost of goods sold. We had $0 and $26 of content amortization expense in the consolidated statement of operations for the 52 weeks ended April 27, 2024 and April 29, 2023, respectively.

(Thousands of dollars, except share and per share data)

Components of property and equipment are as follows:

	Useful Life	As of April 27, 2024	As of April 29, 2023
Property and equipment:			
Leasehold improvements	(a)	$ 106,764	$ 120,687
Machinery, equipment and display fixtures	3 - 5	246,206	253,763
Computer hardware and capitalized software costs	(b)	167,347	163,098
Office furniture and other	2 - 7	62,133	66,201
Content development costs [c]	3 - 5	—	2,519
Construction in progress		2,361	4,644
Total property and equipment		584,811	610,912
Less accumulated depreciation and amortization		531,899	542,759
Total property and equipment, net		$ 52,912	$ 68,153

(a) Leasehold improvements are capitalized and depreciated over the shorter of the lease term or the useful life of the improvements, ranging from 1 - 15 years.
(b) System costs are capitalized and amortized over their estimated useful lives, from the date the systems become operational. Purchased software is generally amortized over a period of between 2 - 5 years.
(c) Content development costs are fully depreciated and are generally depreciated over 3 - 5 years.

Intangible Assets

Amortizable intangible assets as of April 27, 2024 and April 29, 2023 are as follows:

		As of April 27, 2024		
Amortizable intangible assets	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Total
Customer relationships	6 - 10	$ 225,337	$ (132,138)	$ 93,199
Other [a]	1 - 3	3,500	(2,508)	992
		$ 228,837	$ (134,646)	$ 94,191

		As of April 29, 2023		
Amortizable intangible assets	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Total
Customer relationships	7 - 11	$ 239,955	$ (130,667)	$ 109,288
Technology	3	1,500	(1,500)	—
Other [a]	1 - 4	4,162	(2,818)	1,344
		$ 245,617	$ (134,985)	$ 110,632

(a) Other consists of recognized intangibles for non-compete agreements and trade names

All amortizable intangible assets are being amortized over their useful life on a straight-line basis.

<u>Aggregate Amortization Expense:</u>

For the 52 weeks ended April 27, 2024	$ 13,279
For the 52 weeks ended April 29, 2023	$ 12,761

(Thousands of dollars, except share and per share data)

Estimated Amortization Expense: (Fiscal Year)		
2025	$	9,757
2026	$	9,757
2027	$	9,699
2028	$	9,407
2029	$	9,407
After 2029	$	46,164

See *Impairment of Long-Lived Assets* below for discussion of impairment loss related to intangible assets.

Leases

We recognize lease assets and lease liabilities on the consolidated balance sheet for all operating lease arrangements based on the present value of future lease payments as required by *Accounting Standards Codification ("ASC") Topic 842, Leases*. We do not recognize lease assets or lease liabilities for short-term leases (i.e., those with a term of twelve months or less). We recognize lease expense on a straight-line basis over the lease term for contracts with fixed lease payments, including those with fixed annual minimums, or over a rolling twelve-month period for leases where the annual guarantee resets at the start of each contract year, in order to best reflect the pattern of usage of the underlying leased asset. We recognize lease expense related to our college and university contracts as cost of sales in our consolidated statement of operations and we recognize lease expense related to our various office spaces as selling and administrative expenses in our consolidated statement of operations. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 8. Leases*.

Impairment of Long-Lived Assets

As of April 27, 2024, our other long-lived assets include property and equipment, operating lease right-of-use assets, amortizable intangibles, and other noncurrent assets of $52,912, $202,522, $94,191, and $24,703, respectively, on our consolidated balance sheet. As of April 29, 2023, our other long-lived assets include property and equipment, operating lease right-of-use assets, amortizable intangibles, and other noncurrent assets of $68,153, $246,972, $110,632, and $17,889, respectively, on our consolidated balance sheet.

We review our long-lived assets for impairment whenever events or changes in circumstances, including but not limited to contractual changes, renewals or amendments are made to agreements with our college, university, or K-12 schools, indicate that the carrying amount of an asset may not be recoverable in accordance with *ASC 360-10, Accounting for the Impairment or Disposal of Long-Lived Assets*. We evaluate the long-lived assets of the reporting units for impairment at the lowest asset group level for which individual cash flows can be identified. When evaluating long-lived assets for potential impairment, we first compared the carrying amount of the asset group to the estimated future undiscounted cash flows. The impairment loss calculation compares the carrying amount of the assets to the fair value based on estimated discounted future cash flows. If required, an impairment loss is recorded for that portion of the asset's carrying value in excess of fair value.

Many college and universities are providing alternatives to traditional in-person instruction, including online and hybrid learning options. Additionally, enrollment trends have been negatively impacted at physical campuses. Many other events, such as parent and alumni weekends and prospective student campus tour activities, offer a virtual option. These combined events have reduced on-campus activity, as well as increased competition and disintermediation, continue to impact the Company's course materials and general merchandise business.

During Fiscal 2024, we evaluated certain of our store-level long-lived assets in the Retail segment for impairment. Based on the results of the impairment tests, we recognized an impairment loss (non-cash) of $7,166 (both pre-tax and after-tax), comprised of $405, $3,600, and $3,161 of property and equipment, operating lease right-of-use assets, and amortizable intangibles, respectively, on the consolidated statements of operations.

During Fiscal 2023, we evaluated certain of our store-level long-lived assets in the Retail segment for impairment. Based on the results of the impairment tests, we recognized an impairment loss (non-cash) of $6,008 (both pre-tax and after-tax), comprised of $708, $1,697, $3,599 and $4 of property and equipment, operating lease right-of-use assets, amortizable intangibles, and other noncurrent assets, respectively, on the consolidated statement of operations.

The fair value of the impaired long-lived assets were determined using an income approach (Level 3 input), using the Company's best estimates of the amount and timing of future discounted cash flows, based on historical experience, market conditions, current trends and performance expectations. The significant assumptions used in the income approach included annual revenue growth rates, gross margin rates and the estimated relationship of selling and administrative costs to revenue used to estimate the projected cash-flow directly related to the future operation of the stores as well as the weighted average cost of capital used to calculate the fair value. Significant assumptions used to determine the fair values of certain operating right-of-use assets included the current market rent and discount rate. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 6. Fair Value Measurements*.

Revenue Recognition and Deferred Revenue

Product sales and rentals

The majority of our revenue is derived from the sale of products through our bookstore locations, including virtual bookstores, and our bookstore affiliated e-commerce websites, and contains a single performance obligation. Revenue from sales of our products is recognized at the point in time when control of the products is transferred to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for the products. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 3. Revenue.*

Retail product revenue is recognized when the customer takes physical possession of our products, which occurs either at the point of sale for products purchased at physical locations or upon receipt of our products by our customers for products ordered through our websites and virtual bookstores. Wholesale product revenue is recognized upon shipment of physical textbooks at which point title passes and risk of loss is transferred to the customer. Additional revenue is recognized for shipping charges billed to customers and shipping costs are accounted for as fulfillment costs within cost of goods sold.

Revenue from the sale of digital textbooks, which contains a single performance obligation, is recognized when the customer accesses the digital content as product revenue in our consolidated financial statements. A software feature is embedded within the content of our digital textbooks, such that upon expiration of the term the customer is no longer able to access the content. While the sale of the digital textbook allows the customer to access digital content for a fixed period of time, once the digital content is delivered to the customer, our performance obligation is complete.

Revenue from the rental of physical textbooks is deferred and recognized over the rental period based on the passage of time commencing at the point of sale, when control of the product transfers to the customer and is recognized as rental income in our consolidated financial statements. Rental periods are typically for a single semester and are always less than one year in duration. We offer a buyout option to allow the purchase of a rented physical textbook at the end of the rental period if the customer desires to do so. We record the buyout purchase when the customer exercises and pays the buyout option price which is determined at the time of the buyout. In these instances, we accelerate any remaining deferred rental revenue at the point of sale.

Revenue recognized for our *BNC First Day* offerings is consistent with our policies outlined above for product, digital and rental sales, net of an anticipated opt-out or return provision. Given the growth of *BNC First Day* programs, the timing of cash collection from our school partners may shift to periods subsequent to when the revenue is recognized. When a school adopts our *BNC First Day* equitable and inclusive access offerings, cash collection from the school generally occurs after the institution's drop/add dates, which is later in the working capital cycle, particularly in our third quarter given the timing of the Spring Term and our quarterly reporting period, as compared to direct-to-student point-of-sale transactions where cash is generally collected during the point-of-sale transaction or within a few days from the credit card processor.

We estimate returns based on an analysis of historical experience. A provision for anticipated merchandise returns is provided through a reduction of sales and cost of goods sold in the period that the related sales are recorded.

For sales and rentals involving third-party products, we evaluate whether we are acting as a principal or an agent. Our determination is based on our evaluation of whether we control the specified goods or services prior to transferring them to the customer. There are significant judgments involved in determining whether we control the specified goods or services prior to transferring them to the customer including whether we have the ability to direct the use of the good or service and obtain substantially all of the remaining benefits from the good or service. For those transactions where we are the principal, we record revenue on a gross basis, and for those transactions where we are an agent to a third-party, we record revenue on a net basis.

Effective in April 2021, as contemplated by the F/L Relationship's merchandising agreement and e-commerce agreement, we began to transition the fulfillment of our logo general merchandise sales to Lids and Fanatics. As the logo and emblematic general merchandise sales are fulfilled by Lids and Fanatics, we recognize commission revenue earned for these sales on a net basis in our consolidated financial statements, as compared to the recognition of logo and emblematic general merchandise sales on a gross basis prior to April 2021.

We do not have gift card or customer loyalty programs. We do not treat any promotional offers as expenses. Sales tax collected from our customers is excluded from reported revenues. Our payment terms are generally 30 days and do not extend beyond one year.

Service and other revenue

Service and other revenue is primarily derived from brand marketing services which includes promotional activities and advertisements within our physical bookstores and web properties performed on behalf of third-party customers, shipping and handling, and revenue from other programs.

Brand marketing agreements often include multiple performance obligations which are individually negotiated with our customers. For these arrangements that contain distinct performance obligations, we allocate the transaction price based on the relative standalone selling price method by comparing the standalone selling price ("SSP") of each distinct performance obligation to the total value of the contract. The revenue is recognized as each performance obligation is satisfied, typically at a point in time for brand marketing service and overtime for advertising efforts as measured based upon the passage of time for contracts that are based on a stated period of time or the number of impressions delivered for contracts with a fixed number of impressions.

Cost of Sales

Our cost of sales primarily includes costs such as merchandise costs, textbook rental amortization, content development cost amortization, warehouse costs related to inventory management and order fulfillment, insurance, certain payroll costs, and management service agreement costs, including rent expense, related to our college and university contracts and other facility related expenses.

Selling and Administrative Expenses

Our selling and administrative expenses consist primarily of store payroll and store operating expenses. Selling and administrative expenses also include long-term incentive plan compensation expense and general office expenses, such as merchandising, procurement, field support, finance and accounting. Shared-service costs such as human resources, legal, treasury, information technology, and various other corporate level expenses and other governance functions, are not allocated to a specific reporting segment and are recorded in Corporate Services.

Long-Term Incentive Compensation

We have granted awards in accordance with the Barnes & Noble Education Inc. Equity Incentive Plan (the "Equity Incentive Plan"). Types of equity awards that can be granted under the Equity Incentive Plan include options, restricted stock, restricted stock units, performance shares, performance share units, and phantom share units. See *Part II - Item 8. Financial Statements and Supplementary Data - Note 12. Long-Term Incentive Compensation Expense* for additional information regarding expense recognition for each type of award.

Advertising Costs

The costs of advertising are expensed as incurred during the year pursuant to *ASC No. 720-35, Advertising Costs*. Advertising costs charged to selling and administrative expenses were $5,784 and $9,139 in the consolidated statement of operations for the 52 weeks ended April 27, 2024 and April 29, 2023, respectively.

Income Taxes

The provision for income taxes includes federal, state and local income taxes currently payable and those deferred because of temporary differences between the financial statement and tax basis of assets and liabilities. The deferred tax assets and liabilities are measured using the enacted tax rates and laws that are expected to be in effect when the differences reverse. We regularly review deferred tax assets for recoverability and establish a valuation allowance, if determined to be necessary. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 13. Income Taxes.*

Recent Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") issued *ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures* to improve annual income tax disclosure requirements, primarily to (1) disclose specific categories in the rate reconciliation (2) provide additional information for reconciling items that meet a quantitative threshold, and (3) enhance cash tax payment disclosures. This ASU, which can be applied either prospectively or retrospectively, is effective for annual periods beginning after December 15, 2024, with early adoption permitted. We are currently assessing this guidance and determining the impact on our consolidated financial statements.

(Thousands of dollars, except share and per share data)

In November 2023, the FASB issued *ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This guidance will be effective for the Company for the annual report for the fiscal year ending April 26, 2025 and subsequent interim periods. Early adoption is permitted, and retrospective adoption is required for all prior periods presented. We are currently assessing this guidance and determining the impact on our consolidated financial statements.

Note 3. Revenue

Revenue from sales of our products and services is recognized either at the point in time when control of the products is transferred to our customers or over time as services are provided in an amount that reflects the consideration we expect to be entitled to in exchange for the products or services.

See *Part II - Item 8. Financial Statements and Supplementary Data - Note 2. Summary of Significant Accounting Pronouncements* for additional information related to our revenue recognition policies and *Part II - Item 8. Financial Statements and Supplementary Data - Note 4. Segment Reporting* for a description of each segment's product and service offerings.

Disaggregation of Revenue

The following table disaggregates the revenue associated with our major product and service offerings.

	52 weeks ended	
	April 27, 2024	April 29, 2023
Retail		
Course Materials Product Sales	$ 971,950	$ 927,915
General Merchandise Product Sales [(a)]	364,097	385,499
Service and Other Revenue [(b)]	42,191	41,759
Retail Product and Other Sales sub-total	1,378,238	1,355,173
Course Materials Rental Income	136,679	136,553
Retail Total Sales	$ 1,514,917	$ 1,491,726
Wholesale Sales	$ 112,631	$ 106,366
Eliminations [(c)]	$ (60,413)	$ (54,884)
Total Sales	$ 1,567,135	$ 1,543,208

(a) Logo general merchandise sales for the Retail Segment are recognized on a net basis as commission revenue in the consolidated financial statements.

(b) Service and other revenue primarily relates to brand marketing programs and other service revenues.

(c) The sales eliminations represent the elimination of Wholesale sales and fulfillment service fees to Retail and the elimination of Retail commissions earned from Wholesale.

Contract Assets and Contract Liabilities

Contract assets represent the sale of goods or services to a customer before we have the right to obtain consideration from the customer. Contract assets consist of unbilled amounts at the reporting date and are transferred to accounts receivable when the rights become unconditional. Contract assets (unbilled receivables) were $0 as of both April 27, 2024 and April 29, 2023 on our consolidated balance sheets.

Contract liabilities represent an obligation to transfer goods or services to a customer for which we have received consideration and consists of our deferred revenue liability (deferred revenue). Deferred revenue consists of the following:

- advanced payments from customers related to textbook rental performance obligations, which are recognized ratably over the terms of the related rental period;
- unsatisfied performance obligations associated with partnership marketing services, which are recognized when the contracted services are provided to our partnership marketing customers; and

(Thousands of dollars, except share and per share data)

- unsatisfied performance obligations associated with the premium paid for the sale of treasury shares, which are expected to be recognized over the term of the merchandising contracts for Fanatics and Lids. respectively as discussed in *Part II - Item 8. Financial Statements and Supplementary Data - Note 5. Equity and Earnings Per Share - Sale of Treasury Shares.*

The following table presents changes in deferred revenue associated with our contract liabilities:

	52 weeks ended	
	April 27, 2024	April 29, 2023
Deferred revenue at the beginning of period	$ 15,356	$ 16,475
Additions to deferred revenue during the period	176,319	184,163
Reductions to deferred revenue for revenue recognized during the period	(176,783)	(185,282)
Deferred revenue balance at the end of period:	$ 14,892	$ 15,356
Balance Sheet classification:		
Accrued liabilities	$ 11,310	$ 11,218
Other long-term liabilities	3,582	4,138
Deferred revenue balance at the end of period:	$ 14,892	$ 15,356

As of April 27, 2024, we expect to recognize $11,310 of the deferred revenue balance within the next 12 months.

Note 4. Segment Reporting

During the fourth quarter of Fiscal 2023, assets related to our DSS Segment met the criteria for classification as Assets Held for Sale and Discontinued Operations and is no longer a reportable segment. On May 31, 2023, we completed the sale of these assets related to our DSS Segment. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 2. Summary of Significant Accounting Policies.*

We have two reportable segments: Retail and Wholesale. Additionally, unallocated shared-service costs, which include various corporate level expenses and other governance functions, are not allocated to a specific reporting segment and continue to be presented as "Corporate Services". We identify our segments in accordance with the way our business is managed (focusing on the financial information distributed) and the manner in which our chief operating decision maker allocates resources and assesses financial performance. The following summarizes the two segments. For additional information about this segment's operations, see *Part I - Item 1. Business.*

Retail Segment

The *Retail Segment* operates 1,245 college, university, and K-12 school bookstores, comprised of 707 physical bookstores and 538 virtual bookstores. Our bookstores typically operate under agreements with the colleges, universities, or K-12 schools to be the official bookstore and the exclusive seller of course materials and supplies, including physical and digital products. The majority of the physical campus bookstores have school-branded e-commerce websites, which we operate independently or along with our merchant service providers, and which offer students access to required and recommended course materials and affinity products, including emblematic apparel and gifts. The Retail Segment offers our *BNC First Day®* equitable and inclusive access programs, consisting of *First Day Complete* and *First Day*, which provide faculty required course materials on or before the first day of class. Additionally, the Retail Segment offers a suite of digital content and services to colleges and universities, including a variety of open educational resource-based courseware.

Wholesale Segment

The *Wholesale Segment* is comprised of our wholesale textbook business and is one of the largest textbook wholesalers in the country. The Wholesale Segment centrally sources, sells, and distributes new and used textbooks to approximately 2,750 physical bookstores (including our Retail Segment's 707 physical bookstores) and sources and distributes new and used textbooks to our 538 virtual bookstores. Additionally, the Wholesale Segment sells hardware and a software suite of applications that provides inventory management and point-of-sale solutions to approximately 325 college bookstores.

Corporate Services

Corporate Services represents unallocated shared-service costs which include corporate level expenses and other governance functions, including executive functions, such as accounting, legal, treasury, information technology, and human resources.

(Thousands of dollars, except share and per share data)

Intercompany Eliminations

The eliminations are primarily related to the following intercompany activities:

- The sales eliminations represent the elimination of Wholesale sales and fulfillment service fees to Retail and the elimination of Retail commissions earned from Wholesale, and
- These cost of sales eliminations represent (i) the recognition of intercompany profit for Retail inventory that was purchased from Wholesale in a prior period that was subsequently sold to external customers during the current period and the elimination of Wholesale service fees charged for fulfillment of inventory for virtual store sales, net of (ii) the elimination of intercompany profit for Wholesale inventory purchases by Retail that remain in ending inventory at the end of the current period.

Our international operations are not material, and the majority of the revenue and total assets are within the United States.

	As of	
	April 27, 2024	April 29, 2023
Total Assets		
Retail	$ 748,378	$ 785,900
Wholesale	143,390	160,868
Corporate Services	13,316	6,581
Sub-Total	905,084	953,349
Assets Held for Sale	—	27,430
Total Assets	$ 905,084	$ 980,779

	52 weeks ended	
	April 27, 2024	April 29, 2023
Capital Expenditures from Continuing Operations		
Retail	$ 12,483	$ 23,098
Wholesale	1,573	1,959
Corporate Services	14	35
Total Capital Expenditures	$ 14,070	$ 25,092

(Thousands of dollars, except share and per share data)

Summarized financial information for our reportable segments is reported below:

	52 weeks ended	
	April 27, 2024	April 29, 2023
Sales:		
Retail	$ 1,514,917	$ 1,491,726
Wholesale	112,631	106,366
Eliminations	(60,413)	(54,884)
Total Sales	$ 1,567,135	$ 1,543,208
Gross Profit		
Retail	$ 332,947	$ 331,344
Wholesale	22,799	18,275
Eliminations	1,030	(180)
Total Gross Profit	$ 356,776	$ 349,439
Selling and Administrative Expenses		
Retail	$ 278,459	$ 320,730
Wholesale	13,439	15,036
Corporate Services	19,679	22,000
Eliminations	(3)	(155)
Total Selling and Administrative Expenses	$ 311,574	$ 357,611
Depreciation and Amortization		
Retail	$ 35,294	$ 36,737
Wholesale	5,228	5,373
Corporate Services	38	53
Total Depreciation and Amortization	$ 40,560	$ 42,163
Impairment loss (non-cash) - Retail [a]	$ 7,166	$ 6,008
Restructuring and Other Charges [b]		
Retail	$ 571	$ 2,964
Wholesale	(813)	916
Corporate Services	19,651	6,223
Total Restructuring and Other Charges	$ 19,409	$ 10,103
Operating Income (Loss)		
Retail	$ 11,457	$ (35,095)
Wholesale	4,945	(3,050)
Corporate Services	(39,368)	(28,276)
Eliminations	1,033	(25)
Total Operating Loss	$ (21,933)	$ (66,446)
The following is a reconciliation of segment Operating Loss from Continuing Operations to consolidated Loss from Continuing Operations Before Income Taxes		
Total Operating Loss	$ (21,933)	$ (66,446)
Interest Expense, net	(40,365)	(22,683)
Total Loss from Continuing Operations Before Income Taxes	$ (62,298)	$ (89,129)

(a) See *Part II - Item 8. Financial Statements and Supplementary Data - Note 2. Summary of Significant Accounting Policies - Impairment of Long-Lived Assets.*

(b) See *Part II - Item 8. Financial Statements and Supplementary Data - Note 9. Supplementary Information.*

Note 5. Equity and Earnings Per Share

Equity

As of April 27, 2024, our authorized capital stock consists of 200,000,000 shares of common stock, par value $0.01 per share, and 5,000,000 shares of preferred stock, par value $0.01 per share. As of April 27, 2024, 55,840,166 shares and 53,156,369 shares of our common stock were issued and outstanding, respectively, and 0 shares of our preferred stock were both issued and outstanding. Our common stock trades on the New York Stock Exchange ("NYSE") under the symbol "BNED".

On October 5, 2023, our shareholders approved an amendment and restatement of the Equity Incentive Plan to increase the number of shares available for issuance by an additional 4,500,000 of our Common Stock. We have reserved an aggregate of 17,909,345 shares of common stock for future grants in accordance with the Barnes & Noble Education Inc. Equity Incentive Plan. See *Item 8. Financial Statements and Supplementary Data - Note 12. Long-Term Incentive Compensation Expense*.

On June 5, 2024, our shareholders approved an amendment to our Amended and Restated Certificate of Incorporation, as amended, to increase the aggregate number of authorized shares of Common Stock from 200,000,000 shares to 10,000,000,000 shares.

On June 10, 2024, subsequent to the end of Fiscal 2024, we completed various transactions, including an equity rights offering, private equity investment, Term Loan debt conversion, and Credit Facility refinancing, to substantially deleverage our consolidated balance sheet. These transactions raised additional capital for repayment of indebtedness and provide additional flexibility for working capital needs. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 17. Subsequent Events.*

On June 11, 2024, we completed a reverse stock split of the Company's outstanding shares of common stock at a ratio of 1-for-100 (the "Reverse Stock Split"), which was previously approved by stockholders at a special meeting held on June 5, 2024. In connection with the Reverse Stock Split, every 100 shares of the common stock issued and outstanding was converted into one share of the Company's common stock. The Reverse Stock Split reduced the number of shares of the Company's outstanding common stock from approximately 2,620,495,552 shares (as of June 11, 2024) to approximately 26,204,956 shares, subject to adjustment for rounding. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 17. Subsequent Events.*

The holders of our common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders. Holders of shares of our common stock do not have cumulative voting rights in the election of directors. The holders of our common stock will be entitled to share ratably in our assets legally available for distribution to our stockholders, subject to the prior distribution rights of preferred stock, if any, then outstanding. The holders of our common stock do not have preemptive rights or preferential rights to subscribe for shares of our capital stock.

Repurchase of Shares

On December 14, 2015, our Board of Directors authorized a stock repurchase program of up to $50,000, in the aggregate, of our outstanding common stock. The stock repurchase program is carried out at the direction of management (which may include a plan under Rule 10b5-1 of the Securities Exchange Act of 1934). The stock repurchase program may be suspended, terminated, or modified at any time. Any repurchased shares will be held as treasury stock and will be available for general corporate purposes. During Fiscal 2024 and Fiscal 2023, we did not purchase shares under the stock repurchase program. As of April 27, 2024, approximately $26,669 remains available under the stock repurchase program.

During Fiscal 2024 and Fiscal 2023, we also repurchased 147,885 shares and 347,808 shares of our common stock in connection with employee tax withholding obligations for vested stock awards, respectively.

Sale of Treasury Shares

In December 2020 (Fiscal 2021), we entered into a merchandising agreement with Fanatics and Lids which included a strategic equity investment in the Company. Fanatics, Inc. and Lids Holdings, Inc,. jointly as TopLids LendCo, LLC ("TopLids"), purchased an aggregate 2,307,692 of our common shares (issued from treasury shares) for $15,000, representing a share price of $6.50 per share. The premium price paid above the fair market value of our common stock at closing was approximately $4,131 and was recorded as a contract liability which is recognized over the term of the merchandising contracts for Fanatics and Lids ($211 and $211, respectively, in accrued liabilities, and $3,287 and $3,498, respectively, as of April 27, 2024 and April 29, 2023, in other long-term liabilities our consolidated balance sheet) which is expected to be recognized over the term of the merchandising contracts for Fanatics and Lids, as discussed in *Part II - Item 8. Financial Statements and Supplementary Data - Note 1. Organization - Relationship with Fanatics and Lids.* For information related to additional equity investments by TopLids subsequent to the end of Fiscal 2024, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 10. Related Party Transactions* and *Note 17 Subsequent Events*.

Dividends

We paid no other dividends to common stockholders during Fiscal 2024 and Fiscal 2023. We do not intend to pay dividends on our common stock in the foreseeable future and dividend payments are not permitted under current or future financing arrangements. See *Part II - Item 8. Financial Statements and Supplementary Data - Note 7 - Debt* and *Note 17. Subsequent Event* for details.

On April 16, 2024, our Board of Directors approved the adoption of a short-term stockholder rights plan and declared a dividend distribution of one preferred share purchase right on each outstanding share of the Company's common stock. Each right will entitle stockholders to buy one one-thousandth of a share of our preferred stock at an established exercise price. The dividend was payable to holders of record as of the close of business on April 29, 2024. The rights will be exercisable only if a person or group acquires 10% or more of our outstanding common stock and various other criteria are met (the "Distribution Date"). Until the Distribution Date, the rights will not be exercisable; the rights will not be evidenced by separate rights certificates; and the rights will be transferable by, and only in connection with, the transfer of common stock. The rights will expire no later than January 31, 2025.

Earnings Per Share

Basic EPS is computed based upon the weighted average number of common shares outstanding for the year. Diluted EPS is computed based upon the weighted average number of common shares outstanding for the year plus the dilutive effect of common stock equivalents using the treasury stock method and the average market price of our common stock for the year. We include participating securities (unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents) in the computation of EPS pursuant to the two-class method. Our participating securities consist solely of unvested restricted stock awards, which have contractual participation rights equivalent to those of stockholders of unrestricted common stock. The two-class method of computing earnings per share is an allocation method that calculates earnings per share for common stock and participating securities. During periods of net loss, no effect is given to the participating securities because they do not share in the losses of the Company. During Fiscal 2024 and Fiscal 2023, average shares of 32,304 and 47,404, respectively, were excluded from the diluted earnings per share calculation using the two-class method as their inclusion would have been antidilutive.

On June 10, 2024, subsequent to the end of Fiscal 2024, we completed various transactions, including an equity rights offering, private equity investment, Term Loan debt conversion, and Credit Facility refinancing, to substantially deleverage our consolidated balance sheet. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 17. Subsequent Events.* Because the rights issuance was offered to all existing stockholders at an exercise price that was less than the fair value of our Common Stock, as of such time, the weighted average shares outstanding and basic and diluted earnings (loss) per share were adjusted retroactively to reflect the bonus element of the rights offering for all periods presented by a factor of 5.03.

On June 11, 2024, we completed a reverse stock split of the Company's outstanding shares of common stock at a ratio of 1-for-100 (the "Reverse Stock Split"), which was approved by stockholders at a special meeting held on June 5, 2024. In connection with the Reverse Stock Split, every 100 shares of the common stock issued and outstanding was converted into one share of the Company's common stock. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 17. Subsequent Events.*

Weighted average shares for both basic and diluted, prior to giving effect to the bonus element of the rights offering and the Reverse Stock Split was 52,935,533 for the 52 weeks ended April 27, 2024. The weighted average common shares and loss per common share reflect the bonus element resulting from the equity rights offering and the Reverse Stock Split for all periods presented on the consolidated statements of operations.

The following is a reconciliation of the basic and diluted earnings per share calculation:

	52 weeks ended	
(shares in thousands)	April 27, 2024	April 29, 2023
Numerator for basic and diluted earnings per share:		
Loss from continuing operations, net of tax	$ (62,481)	$ (90,140)
Loss from discontinued operations, net of tax	(730)	(11,722)
Net loss available to common shareholders	$ (63,211)	$ (101,862)
Denominator for basic and diluted earnings per share:		
Basic and diluted weighted average shares of Common Stock	2,662	2,638
Loss per share of Common Stock:		
Basic and Diluted		
Continuing operations	$ (23.47)	$ (34.17)
Discontinued operations	(0.28)	(4.44)
Basic and diluted loss per share of Common Stock	$ (23.75)	$ (38.61)

Note 6. Fair Values Measurements

In accordance with *ASC No. 820, Fair Value Measurements and Disclosures*, the fair value of an asset is considered to be the price at which the asset could be sold in an orderly transaction between unrelated knowledgeable and willing parties. A liability's fair value is defined as the amount that would be paid to transfer the liability to a new obligor, not the amount that would be paid to settle the liability with the creditor. Assets and liabilities recorded at fair value are measured using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

Level 1—Observable inputs that reflect quoted prices in active markets

Level 2—Inputs other than quoted prices in active markets that are either directly or indirectly observable

Level 3—Unobservable inputs in which little or no market data exists, therefore requiring us to develop our own assumptions

Our financial instruments include cash and cash equivalents, receivables, accrued liabilities and accounts payable. The fair values of cash and cash equivalents, receivables, accrued liabilities and accounts payable approximates their carrying values because of the short-term nature of these instruments, which are all considered Level 1. The fair value of short-term and long-term debt approximates its carrying value.

Non-Financial Assets and Liabilities

Our non-financial assets include property and equipment, operating lease right-of-use assets, and intangible assets. Such assets are reported at their carrying values and are not subject to recurring fair value measurements. We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with *ASC 360-10, Accounting for the Impairment or Disposal of Long-Lived Assets*.

During the 52 weeks ended April 27, 2024 and April 29, 2023, we evaluated certain of our store-level long-lived assets in the Retail segment for impairment, and we recognized an impairment loss (non-cash) of $7,166 and $6,008, respectively, on the consolidated statement of operations. The fair value of the impaired long-lived assets were determined using an income approach (Level 3 input), using our best estimates of the amount and timing of future discounted cash flows, based on historical experience, market conditions, current trends and performance expectations. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 2. Summary of Significant Accounting Policies.*

(Thousands of dollars, except share and per share data)

The following table shows the fair values of our non-financial assets and liabilities that were required to be remeasured at fair value on a non-recurring basis for each respective period and the total impairments recorded as a result of the remeasurement process:

	52 weeks ended April 27, 2024			52 weeks ended April 29, 2023		
	Carrying Value Prior to Impairment	Fair Value	Impairment Loss (non-cash)	Carrying Value Prior to Impairment	Fair Value	Impairment Loss (non-cash)
Property and equipment, net	$ 460	$ 55	$ 405	$ 708	$ —	$ 708
Operating lease right-of-use assets	8,044	4,444	3,600	3,002	1,305	1,697
Intangible assets, net	3,860	699	3,161	3,599	—	3,599
Other noncurrent assets	—	—	—	4	—	4
Total	$ 12,364	$ 5,198	$ 7,166	$ 7,313	$ 1,305	$ 6,008

Non-Financial Liabilities

We granted phantom share units as long-term incentive awards which are settled in cash based on the fair market value of a share of common stock of the Company at each vesting date. The fair value of the liability for the cash-settled phantom share unit awards will be remeasured at the end of each reporting period through settlement to reflect current risk-free rate and volatility assumptions. As of April 27, 2024, we recorded a liability of $8 (Level 2 input) which is reflected in accrued liabilities on the consolidated balance sheet. As of April 29, 2023, we recorded a liability of $777 (Level 2 input) which is reflected in accrued liabilities ($734) and other long-term liabilities ($42) on the consolidated balance sheet. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 12. Long-Term Incentive Compensation Expense*.

Note 7. Debt

	Maturity Date [a]	As of April 27, 2024	As of April 29, 2023
Credit Facility	December 28, 2024	$ 164,947	$ 154,154
Term Loan	April 7, 2025	32,653	30,000
sub-total		197,600	184,154
Less: Deferred financing costs, Term Loan [b]		(1,263)	(2,003)
Total debt		$ 196,337	$ 182,151
Balance Sheet classification:			
Long-term borrowings		$ 196,337	$ 182,151

(a) On June 10, 2024, subsequent to the end of Fiscal 2024, we completed various transactions, including amending and extending the maturity date of the Credit Facility to June 9, 2028 and converting all outstanding principal and interest amounts owed under our Term Loan Credit Agreement into shares of our Common Stock. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 17. Subsequent Events.*

(b) For additional information, see *Deferred Financing Costs* below.

On June 10, 2024, subsequent to the end of Fiscal 2024, we completed various transactions, including an equity rights offering, private equity investment, Term Loan debt conversion, and Credit Facility refinancing, to substantially deleverage our consolidated balance sheet. These transactions raised additional capital for repayment of indebtedness and provide additional flexibility for working capital needs, which will also allow us to strategically invest in innovation and continue to execute our strategic initiatives, including but not limited to the growth of our *First Day Complete* program.

Upon closing of the Transactions on June 10, 2024:

- We received gross proceeds of $95,000 of new equity capital through a $50,000 new equity investment (the "Private Investment") led by Immersion Corporation ("Immersion") and a $45,000 fully backstopped equity rights offering (the "Rights Offering"). The Transactions infused approximately $80,000 of net cash proceeds after transaction costs. The transaction resulted in Immersion obtaining controlling financial interest.
- Our existing Term Loan credit agreement lenders, TopLids LendCo, LLC and Vital Fundco, LLC, converted approximately $34,000 of outstanding principal and any accrued and unpaid interest into our common stock.
- We refinanced our Credit Facility providing access to a $325,000 facility maturing in 2028. The refinanced Credit Facility will meaningfully enhance our financial flexibility and reduce our annual interest expense.

For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 17. Subsequent Events.*

Credit Facility

As of April 27, 2024, we are party to a credit agreement (the "Credit Agreement"), which was amended from time to time including on April 16, 2024, March 12, 2024, December 12, 2023, October 10, 2023, July 28, 2023, May 24, 2023, March 8, 2023, March 31, 2021, and March 1, 2019, under which the lenders originally committed to provide us with a 5 year asset-backed revolving credit facility in an aggregate committed principal amount of $400,000 (the "Credit Facility") effective from the March 1, 2019 amendment. We had the option to request an increase in commitments under the Credit Facility of up to $100,000, subject to certain restrictions. Proceeds from the Credit Facility are used for general corporate purposes, including seasonal working capital needs. The agreement included an incremental first in, last out seasonal loan facility (the "FILO Facility") for $100,000 maintaining the maximum availability under the Credit Agreement at $500,000. As of July 31, 2022, the FILO Facility was repaid and eliminated according to its terms and future commitments under the FILO Facility were reduced to $0.

On June 10, 2024, subsequent to the end of Fiscal 2024, we completed various transactions, including an equity rights offering, private equity investment, Term Loan debt conversion, and Credit Facility refinancing, to substantially deleverage our consolidated balance sheet. See *Part II - Item 8. Financial Statements and Supplementary Data - Note 17. Subsequent Events.*

The Credit Facility is secured by substantially all of the inventory, accounts receivable and related assets of the borrowers under the Credit Facility. This is considered an all asset lien (inclusive of proceeds from tax refunds payable to the Company and a pledge of equity from subsidiaries, exclusive of real estate).

As of April 27, 2024, and through the date of this filing, we were in compliance with all debt covenants under the Credit Agreement.

During the 52 weeks ended April 27, 2024, we borrowed $563,023 and repaid $552,230 under the Credit Agreement, with $164,947 of outstanding borrowings under the Credit Facility as of April 27, 2024. During the 52 weeks ended April 29, 2023, we borrowed $590,303 and repaid $631,849 under the Credit Agreement, with $154,154 of outstanding borrowings as of April 29, 2023, comprised entirely of borrowing under the Credit Facility and $0 under the FILO Facility, which was repaid on August 1, 2022. As of April 27, 2024 and April 29, 2023, we issued $3,575 and $2,059, respectively, in letters of credit under the Credit Facility.

The following is a summary of the various Credit Agreement amendments.

March 2023 Credit Agreement Amendment

On March 8, 2023, we amended our existing Credit Agreement to (i) extend the maturity date of the Credit Agreement by six months to August 29, 2024, (ii) reduce the commitments under the Credit Agreement by $20,000 to $380,000, (iii) increase the applicable margin with respect to the interest rate under the Credit Agreement to 3.375% per annum, in the case of interest accruing based on a Secured Overnight Financing Rate, and 2.375%, in the case of interest accruing based on an alternative base rate, in each case, without regard to a pricing grid, (iv) reduce advance rates with respect to the borrowing base (x) by 500 basis points upon the achievement of certain liquidity events, which may include a sale of equity interests or of assets (a "Specified Event"), or, if such a Specified Event shall not have occurred, no later than May 31, 2023 (see discussion below) and (y) by an additional 500 basis points on September 29, 2023, (v) amend certain negative covenants and add certain additional covenants, (vi) amend the financial maintenance covenant to require Availability (as defined in the Credit Agreement) to be at all times greater than the greater of 10% of the Aggregate Loan Cap (as defined in the Credit Agreement) and $32,500 and (vii) require repayment of the loans under the Credit Agreement upon a Specified Event. For additional information related to the

Credit Agreement amendment, see the Company's Report on Form 8-K dated March 8, 2023 and filed with the SEC on March 9, 2023.

As noted above, the amendment required the achievement of a Special Event by no later than May 31, 2023 (as such date may be extended pursuant to the terms of the Credit Agreement). See *Note 2. Summary of Significant Accounting Policies* for information related to the sale of our DSS segment on May 31, 2023.

We paid a fee of 0.25% of the outstanding principal amount of the commitments under the Credit Agreement on the amendment closing date and we will pay an additional fee of 1.00% of the outstanding principal amount of the commitments under the Credit Agreement on September 29, 2023 (see *July 2023 Credit Agreement Amendment* below for the change in payment terms)

During the 52 weeks ended April 29, 2023, we incurred debt issuance costs totaling $4,081 related to the March 2023 Credit Agreement amendment. The debt issuance costs have been deferred and are presented as prepaid and other current assets and other noncurrent assets in the consolidated balance sheets, and subsequently amortized ratably over the term of the Credit Agreement.

May 2023 Credit Agreement Amendment

On May 24, 2023, we amended our existing Credit Agreement to (i) increase the applicable margin with respect to the interest rate under the Credit Agreement to 3.75% per annum, in the case of interest accruing based on SOFR, and 2.75%, in the case of interest accruing based on an alternative base rate, in each case, without regard to a pricing grid, (ii) defer the reduction of advance rates used to calculate our borrowing capacity by an amount equal to 500 basis points previously required on May 31, 2023 to September 1, 2023, (iii) require cash flow reporting and variance testing commencing June 3, 2023 and (iv) defer partial prepayment of the term loan from the DSS segment sale proceeds to September 1, 2023. We did not incur debt issuance costs related to the May 2023 Credit Agreement amendment. For additional information related to the Credit Agreement amendment, see the Company's Report on Form 8-K dated May 24, 2023 and filed with the SEC on May 31, 2023.

July 2023 Credit Agreement Amendment

On July 28, 2023, we amended our existing Credit Agreement to (i) extend the maturity date of the Credit Agreement to December 28, 2024, (ii) reduce advance rates with respect to the borrowing base by 1000 basis points on September 2, 2024 (in lieu of the reductions previously contemplated for September 2023), (iii) subject to the conditions set forth in such amendment, add a CARES Act tax refund claim to the borrowing base, from April 1, 2024 through July 31, 2024, (iv) amend the financial maintenance covenant to require Availability (as defined in the Credit Agreement) at all times greater than the greater of (x) 10% of the Aggregate Loan Cap (as defined in the Credit Agreement) and (y) (A) $32,500 minus, subject to the conditions set forth in such amendment, (B) (a) $7,500 for the period of April 1, 2024 through and including April 30, 2024, (b) $2,500 for the period of May 1, 2024 through and including May 31, 2024 and (c) $0 at all other times, (v) add a minimum Consolidated EBITDA (as defined in the Credit Agreement) financial maintenance covenant, and (vi) amend certain negative and affirmative covenants and add certain additional covenants, all as more particularly set forth in such amendment. The amendment also requires that we appoint a Chief Restructuring Officer and that, by August 11, 2023, we (i) appoint two independent members to the board of directors of the Company from prospective candidates that have been previously disclosed to the Administrative Agent and the Lenders and (ii) appoint a committee of the board of directors of the Company to consist of three board members (two of whom will be the new independent directors). The committee's responsibilities will include, among other things, to explore, consider, solicit expressions of interest or proposals for, respond to any communications, inquiries or proposals regarding, and advise as to all strategic alternatives to effect a "Specified Liquidity Transaction" (as defined in the Credit Agreement). There can be no guarantee or assurances that any such transaction or transactions be consummated. We must pay (i) a fee of 0.50% of the outstanding principal amount of the commitments under the Credit Agreement March 2023 amendment (as defined in the Credit Agreement) on the closing date (in lieu of the deferred fee previously contemplated in connection with the March 2023 amendment (as defined in the Credit Agreement)) and (ii) a fee of 1.00% of the outstanding principal amount of the commitments under the Credit Agreement as of the closing date on the earlier to occur of September 2, 2024 and an Event of Default (as defined in the Credit Agreement). For additional information related to the Credit Agreement amendment, see the Company's Report on Form 8-K filed with the SEC on July 28, 2023.

During the 52 weeks ended April 27, 2024, we incurred debt issuance costs totaling $11,516 related to the July 2023 Credit Agreement amendment. The debt issuance costs have been deferred and are presented as prepaid and other current assets and other noncurrent assets in the consolidated balance sheets, and subsequently amortized ratably over the term of the Credit Agreement.

October 2023 Credit Agreement Amendment

On October 10, 2023, we amended our existing Credit Agreement to revise certain reporting requirements to the administrative agent and lenders under the Credit Agreement. The amendment introduced a Specified Liquidity Transaction Fee of $3,800 that would become due and payable at the earlier to occur of (a) January 31, 2024, to the extent a Specified Liquidity Transaction (as defined in the Credit Agreement) has not been consummated prior to such date (or such later date that is up to thirty days thereafter to the extent agreed to in writing by the Administrative Agent in its sole discretion) or (b) an Event of Default under the Credit Agreement. During the 52 weeks ended April 27, 2024, we incurred debt issuance costs totaling $1,428 related to the October 2023 Credit Agreement amendment. The debt issuance costs have been deferred and are presented as prepaid and other current assets and other noncurrent assets in the consolidated balance sheets, and subsequently amortized ratably over the term of the Credit Agreement.

December 2023 Credit Agreement Amendment

On December 12, 2023, we amended our existing Credit Agreement to, among other things: (i) amend the financial maintenance covenant to require Availability (as defined in the Credit Agreement) at all times to be greater than the greater of (x) 10% of the Aggregate Loan Cap (as defined in the Credit Agreement) and (y) (A) $32,500 or, subject to the satisfaction of certain conditions relating to the repayment of the Credit Agreement in full, (B) (a) $20,000 for the period of December 8, 2023 through January 12, 2024, (b) $25,000 for the period from January 26, 2024 through February 9, 2024, (c) $25,000 for the period of April 1, 2024 through April 30, 2024 and (d) $30,000 for the period of May 1, 2024 through May 31, 2024, and (ii) revise certain reporting requirements under the Credit Agreement. The amendment also revised the Specified Liquidity Transaction Fee introduced in the October 2023 Credit Agreement Amendment such that the $3,800 became due and was paid on January 31, 2024. During the 52 weeks ended April 27, 2024, we incurred debt issuance costs totaling $4,047 related to the December 2023 Credit Agreement amendment. The debt issuance costs have been deferred and are presented as prepaid and other current assets and other noncurrent assets in the consolidated balance sheets, and subsequently amortized ratably over the term of the Credit Agreement. For additional information related to the Credit Agreement amendment, see the Company's Report on Form 8-K dated December 12, 2023 and filed with the SEC on December 13, 2023.

March 2024 Credit Agreement Amendment

On March 12, 2024, we amended our existing Credit Agreement to, among other things, (i) revise certain reporting requirements under the Credit Agreement and (ii) set certain milestones for liquidity and refinancing contingency plans, with respect to which we must execute a binding commitment no later than April 3, 2024 (as may be extended by the administrative agent to April 10, 2024). During the 52 weeks ended April 27, 2024, we incurred debt issuance costs totaling $1,929 related to the March 2024 Credit Agreement amendment.

April 2024 Credit Agreement Amendment

On April 16, 2024, we amended our existing Credit Agreement to, among other things, revise certain milestones related to the previously-disclosed liquidity and refinancing contingency plans to align such milestones with the Transactions contemplated by the Purchase Agreement (as defined in *Note 17. Subsequent Events*) (the "Twelfth Amendment to Credit Agreement"), which milestones include (i) filing the Form S-1 no later than two (2) business days after the date of such amendment, (ii) obtaining receipt of support letters in support of the Transactions from persons owning not less than 20% of the outstanding voting stock of the Company by no later than May 3, 2024 (or such later date as agreed to in writing by the administrative agent in its sole discretion), (iii) obtaining receipt of the Securities and Exchange Commission ("SEC") approval with respect to such Form S-1 on or before May 24, 2024 (or such later date as agreed to in writing by the administrative agent in its sole discretion) and (iv) closing the Transactions contemplated by the Purchase Agreement on or before the date that is 25 days after the receipt of SEC approval with respect to the Form S-1. During the 52 weeks ended April 27, 2024, we incurred debt issuance costs totaling $851 related to the April 2024 Credit Agreement amendment.

On June 10, 2024, subsequent to the end of the quarter, we amended and extended the Credit Agreement to provide access to a $325,000 facility (the "ABL Facility") maturing in 2028. The refinanced ABL Facility will meaningfully enhance our financial flexibility and reduce our annual interest expense. For information on the refinanced Credit Agreement terms, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 17. Subsequent Events.*

Term Loan

On June 7, 2022, we entered into a Term Loan Credit Agreement (the "Term Loan Credit Agreement") with TopLids LendCo, LLC and Vital Fundco, LLC and we entered into an amendment to our existing Credit Agreement, which permitted us to incur the Term Loan Facility (as defined below). For additional information, see the Company's Report on Form 8-K dated June 7, 2022 and filed with the SEC on June 10, 2022.

The Term Loan Credit Agreement provides for term loans in an amount equal to $30,000 (the "Term Loan Facility" and, the loans thereunder, the "Term Loans") and matures on April 7, 2025. The proceeds of the Term Loans are being used to finance working capital, and to pay fees and expenses related to the Term Loan Facility. During the 52 weeks ended April 27, 2024, we incurred $2,652 for interest in kind on the Term Loans and repaid $0 under the Term Loan Credit Agreement, with $32,652 of outstanding borrowings as of April 27, 2024. During the 52 weeks ended April 29, 2023, we borrowed $30,000 and repaid $0 under the Term Loan Credit Agreement, with $30,000 of outstanding borrowings as of April 29, 2023.

The Term Loans accrue interest at a rate equal to 11.25%, payable quarterly. All interest on the Term Loan prior to July 29, 2023 was paid in cash. Subsequent to July 29, 2023, all interest incurred on the Term Loan was incurred in kind as permitted under the July 2023 Term Loan Amendment and is part of the outstanding debt balance. The Term Loans do not amortize prior to maturity.

The Term Loan Credit Agreement does not contain a financial covenant, but otherwise contains representations and warranties, covenants and events of default that are substantially the same as those in the Credit Agreement, including restrictions on the ability of the Company and its subsidiaries to incur additional debt, incur or permit liens on assets, make investments and acquisitions, consolidate or merge with any other company, engage in asset sales and make dividends and distributions. The Term Loan Facility is secured by second-priority liens on all assets securing the obligations under the Credit Agreement, which is all of the assets of the Company and the Guarantors, subject to customary exclusions and limitations set forth in the Term Loan Credit Agreement and the other loan documents executed in connection therewith.

The Credit Agreement amendment permitted us to incur the Term Loan Facility and also provides that, upon repayment of the Term Loan Credit Agreement (and, if applicable, any replacement credit facility thereof), we may incur second lien secured debt in an aggregate principal amount not to exceed $75,000.

On June 10, 2024, subsequent to the end of Fiscal 2024, we completed certain equity transactions to substantially deleverage our consolidated balance sheet, including converting all outstanding principal and interest amounts owed under our Term Loan Credit Agreement into shares of our Common Stock. For information on the Term Loan Credit Agreement conversion transaction subsequent to the end of Fiscal 2024, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 17. Subsequent Events.*

The following is a summary of the various Term Loan Credit Agreement amendments.

March 2023 Term Loan Credit Agreement Amendment

On March 8, 2023, we amended the Term Loan Credit Agreement to (i) extend the maturity date of the Term Loan Credit Agreement by six months to December 7, 2024, (ii) permit the application of certain proceeds to the repayment of the loans under Credit Agreement and (iii) amend certain negative covenants and add certain additional covenants to conform to the Credit Agreement. In addition, the amendment requires the achievement of a Specified Event (as described above) by no later than May 31, 2023 (as such date may be extended under the Credit Agreement, but no later than August 31, 2023 without consent from lenders under the Term Loan Credit Agreement). For additional information, see the Company's Report on Form 8-K dated March 8, 2023 and filed with the SEC on March 9, 2023.

During the 52 weeks ended April 29, 2023, we incurred debt issuance costs totaling $431 related to the March 2023 Term Loan Credit Agreement amendment. We paid a fee of $50 on the amendment closing date to the lenders under the Term Loan Credit Agreement. The debt issuance costs have been deferred and are presented as a reduction to long-term borrowings in the consolidated balance sheets, and subsequently amortized ratably over the term of the Term Loan Facility.

July 2023 Term Loan Credit Agreement Amendment

On July 28, 2023, we amended our Term Loan to (i) extend the maturity date of the Term Loan Agreement to April 7, 2025, (ii) allow for interest to be paid in kind until September 2, 2024, (iii) amend the 1.50% anniversary fee to recur on June 7 of each year that the Term Loan Agreement remains outstanding, with 2024 fee deferred to the earlier of September 2, 2024 and the Termination Date (as defined in the Term Loan Agreement) and (iv) amend certain negative covenants and affirmative and add certain additional covenants. We must pay a fee of $50 to the lenders under the Term Loan Agreement on the earlier of September 2, 2024 and the Termination Date (as defined in the Term Loan Agreement). For additional information, see the Company's Report on Form 8-K filed with the SEC on July 28, 2023.

During the 52 weeks ended April 27, 2024, we incurred debt issuance costs totaling $499 related to the July 2023 Term Loan Credit Agreement amendment. The debt issuance costs have been deferred and are presented as a reduction to long-term borrowings in the consolidated balance sheets, and subsequently amortized ratably over the term of the Term Loan Facility.

Deferred Financing Costs

The debt issuance costs have been deferred and are presented as noted below in the consolidated balance sheets and are subsequently amortized ratably over the term of respective debt.

Dollars in thousands		As of	
Balance Sheet Location	Maturity Date/ Amortization Term [(a)]	April 27, 2024	April 29, 2023
Credit Facility - Prepaid and Other Current Assets	December 28, 2024	$ —	$ 3,776
Credit Facility - Other noncurrent assets		12,897	1,259
Credit Facility - sub-total		12,897	5,035
Term Loan - Contra Debt	April 7, 2025	1,263	2,003
Total deferred financing costs		$ 14,160	$ 7,038

(a) On June 10, 2024, subsequent to the end of Fiscal 2024, we completed various transactions, including amending and extending the maturity date of the Credit Facility to June 9, 2028 and converting all outstanding principal and interest amounts owed under our Term Loan Credit Agreement into shares of our Common Stock. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 17. Subsequent Events.*

Interest Expense

The following table presents interest expense on the consolidated statement of operations and cash interest paid during the 52 week periods:

	52 weeks ended	
	April 27, 2024	April 29, 2023
Interest Incurred		
Credit Facility	$ 24,409	$ 16,994
Term Loan	3,984	3,078
Total Interest Incurred	$ 28,393	$ 20,072
Amortization of Deferred Financing Costs		
Credit Facility	$ 11,910	$ 1,948
Term Loan	1,240	1,181
Total Amortization of Deferred Financing Costs	$ 13,150	$ 3,129
Interest Income, net of expense	$ (1,178)	$ (518)
Total Interest Expense	$ 40,365	$ 22,683
Cash Interest Paid	$ 24,943	$ 19,024

Note 8. Leases

We recognize lease assets and lease liabilities on the consolidated balance sheets for substantially all lease arrangements based on the present value of future lease payments as required by *ASC 842, Leases* (Topic 842). Our portfolio of leases consists of operating leases comprised of operations agreements which grant us the right to operate on-campus bookstores at colleges and universities; real estate leases for office and warehouse operations; and vehicle leases. We do not have finance leases or short-term leases (i.e., those with a term of twelve months or less).

(Thousands of dollars, except share and per share data)

We recognize a right of use ("ROU") asset and lease liability in our consolidated balance sheets for leases with a term greater than twelve months. Options to extend or terminate a lease are included in the determination of the ROU asset and lease liability when it is reasonably certain that such options will be exercised. Our lease terms generally range from one year to fifteen years and a number of agreements contain minimum annual guarantees, many of which are adjusted at the start of each contract year based on the actual sales activity of the leased premises for the most recently completed contract year.

Payment terms are based on the fixed rates explicit in the lease, including minimum annual guarantees, and/or variable rates based on: i) a percentage of revenues or sales arising at the relevant premises ("variable commissions"), and/or ii) operating expenses, such as common area charges, real estate taxes and insurance. For contracts with fixed lease payments, including those with minimum annual guarantees, we recognize lease expense on a straight-line basis over the lease term or over the contract year in order to best reflect the pattern of usage of the underlying leased asset and our minimum obligations arising from these types of leases. Our lease agreements do not contain any material residual value guarantees, material restrictions or covenants.

We used our incremental borrowing rates to determine the present value of fixed lease payments based on the information available at the lease commencement date, as the rate implicit in the lease is not readily determinable. We utilized an estimated collateralized incremental borrowing rate as of the effective date or the commencement date of the lease, whichever is later.

The following table summarizes lease expense:

	52 weeks ended	
	April 27, 2024	April 29, 2023
Variable lease expense	$ 69,550	$ 69,570
Operating lease expense	122,963	135,037
Net lease expense	$ 192,513	$ 204,607

The decrease in lease expense is primarily due to lower commission rates related to the shift from physical to digital course materials, closed stores, and the impact of the timing due to contract renewals, partially offset by higher sales for contracts based on a percentage of sales.

The following table summarizes our minimum fixed lease obligations, excluding variable commissions, as of April 27, 2024:

	As of April 27, 2024
Fiscal 2025	$ 111,590
Fiscal 2026	42,360
Fiscal 2027	31,060
Fiscal 2028	25,875
Fiscal 2029	22,821
Thereafter	37,960
Total lease payments	271,666
Less: imputed interest	(27,267)
Operating lease liabilities at period end	$ 244,399

Future lease payment obligations related to leases that were entered into, but did not commence as of April 27, 2024, were not material.

(Thousands of dollars, except share and per share data)

The following summarizes additional information related to our operating leases:

	As of	
	April 27, 2024	April 29, 2023
Weighted average remaining lease term (in years)	4.6 years	5.3 years
Weighted average discount rate	4.8 %	4.7 %
Supplemental cash flow information:		
Cash payments for lease liabilities within operating activities	$ 123,115	$ 127,582
ROU assets obtained in exchange for lease liabilities from initial recognition	$ 85,572	$ 97,926

Note 9. <u>Supplementary Information</u>

Restructuring and Other Charges

During the 52 weeks ended April 27, 2024, we recognized restructuring and other charges totaling $19,409, comprised primarily of $19,651 for costs associated with professional service costs for restructuring (as discussed below) and process improvements, and $1,097 for severance and other employee termination and benefit costs associated with elimination of various positions as part of cost reduction objectives ($33 is included in accrued liabilities in the consolidated balance sheet as of April 27, 2024), partially offset by a $1,339 in an actuarial gain related to a frozen retirement benefit plan (non-cash).

Pursuant to the July 28, 2023 Credit Agreement amendment, the Board established a committee consisting of three independent directors to explore, consider, solicit expressions of interest or proposals for, respond to any communications, inquiries or proposals regarding, and advise as to all strategic alternatives to effect a "Specified Liquidity Transaction" (as defined in the Credit Agreement). Restructuring and other charges include costs associated with the costs of this committee, as well as other related legal and advisory professional service costs. On June 10, 2024, subsequent to the end of Fiscal 2024, we completed various transactions, including an equity rights offering, private equity investment, Term Loan debt conversion, and Credit Facility refinancing, to substantially deleverage our consolidated balance sheet. and provide additional flexibility for working capital needs. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 17. Subsequent Events.*

During the 52 weeks ended April 29, 2023, we recognized restructuring and other charges totaling $10,103, comprised primarily of $4,359 for severance and other employee termination and benefit costs associated with elimination of various positions as part of cost reduction objectives, ($1,712 is included in accrued liabilities in the consolidated balance sheet as of April 29, 2023), and $5,744 for costs primarily associated with professional service costs for restructuring and process improvements.

Note 10. <u>Related Party Transactions</u>

MBS Textbook Exchange, LLC

Prior to the acquisition of MBS on February 27, 2017, MBS was considered a related-party as it was majority-owned by Leonard Riggio, who is a principal owner holding substantial shares of our common stock, and other members of the Riggio family. Subsequent to the acquisition, the consolidated financial statements include the accounts of MBS and all material intercompany accounts and transactions have been eliminated in consolidation.

MBS leases its main warehouse and distribution facility located in Columbia, Missouri from MBS Realty Partners L.P. which is majority-owned by Leonard Riggio, with the remaining ownership by other sellers of MBS. The lease was originally entered into in 1991 and included a renewal option which extended the lease through September 1, 2023. Effective January 1, 2023, MBS amended the lease agreement to lower the rent and extend the term to December 31, 2024. Rent payments to MBS Realty Partners L.P. were approximately $690 and $1,150 during the 52 weeks ended April 27, 2024 and April 29, 2023, respectively.

TopLids LendCo, LLC

In December 2020 (Fiscal 2021), we entered into the F/L Relationship to execute a merchandising agreement with Fanatics and Lids which included a strategic equity investment in the Company. Fanatics, Inc. and Lids Holdings, Inc,. jointly as

TopLids LendCo, LLC ("TopLids"), purchased an aggregate 2,307,692 of our common shares. On June 7, 2022, we entered into a Term Loan Credit Agreement with TopLids LendCo, LLC and Vital Fundco, LLC (see discussion below). On June 10, 2024, subsequent to the end of Fiscal 2024, we completed various transactions, including an equity rights offering, private equity investment, Term Loan debt conversion, and Credit Facility refinancing, to substantially deleverage our consolidated balance sheet. TopLids will own more than 5% of our Common Stock outstanding following the closing of the transactions. Total commission revenue from the F/L Relationship was $126,886 and $145,416, during the 52 weeks ended April 27, 2024 and April 29, 2023, respectively. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 1. Organization, Note 5. Equity and Earnings Per Share, Note 7. Debt, and Note 17. Subsequent Events.*

VitalSource Technologies, Inc.

On June 7, 2022, we entered into a Term Loan Credit Agreement with TopLids LendCo, LLC (see discussion above) and Vital Fundco, LLC (a subsidiary of Vital Technologies, Inc. ("VitalSource")). We have contracted with VitalSource to provide digitally formatted courseware, from all major publishers. On June 10, 2024, subsequent to the end of Fiscal 2024, we completed various transactions, including an equity rights offering, private equity investment, Term Loan debt conversion, and Credit Facility refinancing, to substantially deleverage our consolidated balance sheet. VitalSource will own more than 5% of our Common Stock outstanding following the closing of the transactions. Total purchases from the VitalSource were $331,232 and $249,464, during the 52 weeks ended April 27, 2024 and April 29, 2023, respectively. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 1. Organization, Note 5. Equity and Earnings Per Share, Note 7. Debt, and Note 17. Subsequent Events.*

Note 11. Employee Benefit Plans

We sponsor defined contribution plans for the benefit of substantially all of the employees of BNC. MBS maintains a profit sharing plan covering substantially all full-time employees of MBS. For all plans, we are responsible to fund the employer contributions directly, if any. Total employee benefit expense for these plans was $1,687 and $4,391, during the 52 weeks ended April 27, 2024 and April 29, 2023, respectively. Commencing in September 2023, we revised the 401(k)-retirement savings plan to an annual end of plan year discretionary match, in lieu of the current pay period match.

Note 12. Long-Term Incentive Compensation Expense

We have reserved 17,909,345 shares of our common stock for future grants in accordance with the Barnes & Noble Education Inc. Equity Incentive Plan. Types of equity awards that can be granted under the Equity Incentive Plan include options, restricted stock ("RS"), restricted stock units ("RSU"), performance shares ("PS"), performance share units ("PSU"), and stock options. During the 52 weeks ended April 27, 2024, no equity share awards were granted to employees or board members.

We recognize compensation expense for restricted stock awards and performance share awards ratably over the requisite service period of the award, which is generally three years. We recognize compensation expense for these awards based on the number of awards expected to vest, which includes an estimated average forfeiture rate. We calculate the fair value of these awards based on the closing stock price on the date the award was granted. For those awards with market conditions, we have determined the grant date fair value using the Monte Carlo simulation model and compensation expense is recognized ratably over the requisite service period regardless of whether the market condition is satisfied.

Restricted Stock Awards

A RS award is an award of common stock that is subject to certain restrictions during a specified period. Restricted stock awards are generally subject to forfeiture if employment terminates prior to the release of the restrictions. The grantee cannot transfer the shares before the restricted shares vest. Shares of unvested restricted stock have the same voting rights as common stock, are entitled to receive dividends and other distributions thereon (although payment may be deferred until the shares have vested) and are considered to be currently issued and outstanding. Restricted stock awards will have a minimum vesting period of one year.

A RSU is a grant valued in terms of our common stock, but no stock is issued at the time of grant. Each restricted stock unit may be redeemed for one share of our common stock once vested. Restricted stock units are generally subject to forfeiture if employment terminates prior to the release of the restrictions. The grantee cannot transfer the units except in very limited circumstances and with the consent of the compensation committee. Shares associated with unvested restricted stock units have no voting rights but are entitled to receive dividends and other distributions thereon (although payment may be deferred until the units have vested). Restricted stock units generally vest over a period of three years, but will have a minimum vesting period of one year.

(Thousands of dollars, except share and per share data)

Phantom Shares

Phantom share units were granted to employees. Each phantom share represents the economic equivalent to one share of the Company's common stock and will be settled in cash based on the fair market value of a share of common stock at each vesting date in an amount not to exceed a specific value per share. The phantom shares vest and settle in three equal installments commencing one year after the date of grant. The fair value of the phantom shares was determined using the closing stock price on the date of the award less the fair value of the call option which was estimated using the Black-Scholes model. The fair value of the liability for the cash-settled phantom share unit awards will be remeasured at the end of each reporting period through settlement to reflect current risk-free rate and volatility assumptions.

As of April 27, 2024, we recorded a liability of $8 (Level 2 input) related to phantom share units grants which is reflected in accrued liabilities on the consolidated balance sheet. As of April 29, 2023, we recorded a liability of $777 (Level 2 input) related to phantom share units grants of which $734 and $42 is reflected in accrued liabilities and other long-term liabilities, respectively, on the consolidated balance sheet, respectively.

Stock Options

For stock options granted with an "at market" exercise price, we determined the grant fair value using the Black-Scholes model and for stock options granted with "a premium" exercise price, we determined the grant date fair value using the Monte Carlo simulation model. The fair value models for stock options use assumptions that include the risk-free interest rate, expected volatility, expected dividend yield and expected term of the options. The risk-free interest rate is based on United States Treasury yields in effect at the date of grant for periods corresponding to the expected stock option term. The expected stock option term represents the weighted average period of time that stock options granted are expected to be outstanding, based on vesting schedules and the contractual term of the stock options. Volatility is based on the historical volatility of the Company’s common stock over a period of time corresponding to the expected stock option term. The stock options are exercisable in four equal annual installments commencing one year after the date of grant and have a ten year term. Holders are not entitled to receive dividends (if any) prior to vesting and exercise of the options.

Long-Term Incentive Compensation Activity

On June 11, 2024, we completed a reverse stock split of the Company’s outstanding shares of common stock at a ratio of 1-for-100 (the “Reverse Stock Split”), which was approved by stockholders at a special meeting held on June 5, 2024. In connection with the Reverse Stock Split, every 100 shares of the common stock issued and outstanding was converted into one share of the Company’s common stock. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 17. Subsequent Events.* The following table presents a summary of awards activity related to our current Equity Incentive Plan and reflects the Reverse Stock Split for all periods presented:

	Restricted Stock Awards		Restricted Stock Units		Phantom Shares	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
Balance, April 29, 2023	118	$ 230.00	10,910	$ 533.00	6,021	$ 301.00
Granted	—	$ —	—	$ —	—	$ —
Vested	(118)	$ 230.00	(4,260)	$ 541.00	(5,048)	$ 253.00
Forfeited	—	$ —	(1,797)	$ 590.00	(505)	$ 273.00
Balance, April 27, 2024	—	$ —	4,853	$ 504.00	468	$ 850.00

(Thousands of dollars, except share and per share data)

	Stock Options		
	Number of Shares	Weighted Average Grant Date Fair Value	Weighted Average Exercise Price
Balance, April 29, 2023	27,623	$ 240.00	$ 521.00
Granted	—	$ —	$ —
Exercised [(a)]	—	$ —	$ —
Forfeited	—	$ —	$ —
Expired	(2,433)	$ 219.00	$ 490.00
Balance, April 27, 2024	25,190	$ 241.00	$ 524.00
Exercisable, April 27, 2024	15,369	$ 223.00	$ 498.00

(a) During the period ended April 27, 2024, no options were exercised with a total intrinsic value of $0.

The aggregate grant date fair value of stock options that vested during the 52 weeks ended April 27, 2024 and April 29, 2023 was $1,540 and $1,903, respectively.

Total fair value of vested share awards during the periods ended April 27, 2024 and April 29, 2023 was $4,405 and $8,851, respectively.

Long-Term Incentive Compensation Expense

We recognized compensation expense for long-term incentive plan awards in selling and administrative expenses as follows:

	52 weeks ended	
	April 27, 2024	April 29, 2023
Stock-based awards		
Restricted stock expense	$ 11	$ 172
Restricted stock units expense	2,041	2,813
Performance share units expense [(a)]	—	10
Stock option expense	1,328	1,720
Sub-total stock-based awards:	$ 3,380	$ 4,715
Cash settled awards		
Phantom share units expense	$ (154)	$ (299)
Total compensation expense for long-term incentive awards	$ 3,226	$ 4,416

(a) Long-term incentive compensation expense reflects cumulative adjustments to reflect changes to the expected level of achievement of the respective grants.

Total unrecognized compensation cost related to unvested awards as of April 27, 2024 was $2,352 and is expected to be recognized over a weighted-average period of 1.08 years.

Note 13. Income Taxes - Continuing Operations

For Fiscal 2024 and Fiscal 2023, we had no material revenue or expense in jurisdictions outside the United States other than India.

Impact of U.S. Tax Reform

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (The "CARES Act") was enacted. We have analyzed the provisions, which provide for a technical correction to allow for full expensing of qualified leasehold improvements, modifications to charitable contribution and net operating loss limitations ("NOLs"), modifications to the deductibility of business interest expense, as well as Alternative Minimum Tax ("AMT") credit acceleration. The most significant impact of the legislation for the Company was an income tax benefit of $7,164 for the carryback of NOLs to higher tax rate years, recorded in Fiscal 2021. As of April 29, 2024, we recognized a current income tax receivable for NOL carrybacks in prepaid and other current assets on the consolidated balance sheet. We received a $15,774 refund in Fiscal 2023 and a $7,621 refund in Fiscal 2024 and expect to receive additional refunds of approximately $2,403 in Fiscal 2025.

(Thousands of dollars, except share and per share data)

Income tax benefits for Fiscal 2024 and Fiscal 2023 are as follows:

	52 weeks ended	
	April 27, 2024	April 29, 2023
Current:		
Federal	$ —	$ —
State	318	301
International	417	252
Total Current	735	553
Deferred:		
Federal	(552)	458
State	—	—
International	—	—
Total Deferred	(552)	458
Total US tax provision	$ 183	$ 1,011

Reconciliation between the effective income tax rate and the federal statutory income tax rate is as follows:

	52 weeks ended	
	April 27, 2024	April 29, 2023
Federal statutory income tax rate [a]	21.0 %	21.0 %
State income taxes, net of federal income tax benefit	4.0	3.6
Permanent book / tax differences	(1.7)	(1.2)
Changes in valuation allowance	(23.0)	(24.6)
Other, net	(0.6)	0.1
Effective income tax rate	(0.3)%	(1.1)%

The effective tax rate for Fiscal 2024 is materially consistent with the prior year.

One percentage point on our Fiscal 2024 effective tax rate is approximately $623. The other permanent book/tax differences are principally comprised of non-deductible officer's compensation, and non-deductible stock compensation.

We account for income taxes using the asset and liability method. Deferred taxes are recorded based on differences between the financial statement basis and tax basis of assets and liabilities and available tax loss and credit carryforwards.

(Thousands of dollars, except share and per share data)

The significant components of our deferred taxes consisted of the following:

	As of	
	April 27, 2024	April 29, 2023
Deferred tax assets:		
Estimated accrued liabilities	$ 3,279	$ 5,840
Inventory	19,402	19,426
Stock-based compensation	979	1,145
Insurance liability	—	347
Operating lease liabilities	53,628	65,471
Tax credits	1,131	886
Goodwill	7,329	8,314
Net operating losses	79,182	70,503
Interest carryforwards	14,897	7,246
Property and equipment	795	—
Other	4,052	2,456
Gross deferred tax assets	184,674	181,634
Valuation allowance	(81,174)	(56,962)
Net deferred tax assets	103,500	124,672
Deferred tax liabilities:		
Intangible asset amortization	(19,757)	(23,555)
Operating lease right-of-use assets	(51,640)	(63,201)
LIFO inventory valuation	(33,392)	(33,999)
Property and equipment	—	(5,755)
Gross deferred tax liabilities	(104,789)	(126,510)
Net deferred tax liability	$ (1,289)	$ (1,838)

As of April 27, 2024 and April 29, 2023, we had $0 of unrecognized tax benefits.

Our policy is to recognize interest and penalties related to income tax matters in income tax expense. As of both April 27, 2024 and April 29, 2023, we had accrued $0 for net interest and penalties.

In assessing the realizability of the deferred tax assets, management considered whether it is more likely than not that some or all of the deferred tax assets would be realized. In evaluating our ability to utilize our deferred tax assets, we considered all available evidence, both positive and negative, in determining future taxable income on a jurisdiction by jurisdiction basis. As of April 27, 2024, we recorded a valuation allowance of $81,174 compared to $56,962 as of April 29, 2023.

As of April 27, 2024, we had state net operating loss carryforwards ("NOLs") of approximately $457,609 which will begin to expire in 2026, state tax credit carryforwards totaling $430 which will begin to expire in 2024, federal tax credit carryforward of $1,131 which will begin to expire in 2040 and federal NOLs of approximately $265,522 which have an indefinite carryforward period.

As of April 27, 2024, we recorded $201 of foreign withholding tax related to repatriations of earnings from certain foreign subsidiaries. If additional earnings in these foreign subsidiaries were repatriated in the future, additional income and withholding tax expense would be incurred. Additional income and withholding tax expense on any future repatriated earnings is estimated to be less than $100.

We are subject to U.S. federal income tax, as well as income tax in jurisdictions of each state having an income tax. The tax years that remain subject to examination are primarily Fiscal 2018 and forward. Some earlier years remain open for a small minority of states.

Potential Limitation to Future Tax Attribute Utilization

Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, or the Code, if a corporation undergoes an "ownership change" (generally defined as a cumulative change in our ownership by "5-percent shareholders" that exceeds 50 percentage points over a rolling three-year period), the corporation's ability to use its pre-change net operating losses and certain other pre-change tax attributes to offset its post-change income and taxes may be limited. Similar rules may apply under state tax laws. As a result of the rights offering, backstop commitment, private investment, and debt conversion completed on June 10, 2024, we may have experienced an ownership changes as defined by Sections 382 and 383. The Company intends to perform a study to determine if an ownership change has occurred. If it is determined that an ownership change has occurred under Section 382 and 383, we expect any corresponding annual limitations to severely impact the future utilization of our tax attributes including our $265,522 NOL carryforward. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 17. Subsequent Events.*

(Thousands of dollars, except share and per share data)

Note 14. Legal Proceedings

We are involved in a variety of claims, suits, investigations and proceedings that arise from time to time in the ordinary course of our business, including actions with respect to contracts, intellectual property, taxation, employment, benefits, personal injuries and other matters. The results of these proceedings in the ordinary course of business are not expected to have a material adverse effect on our consolidated financial position, results of operations, or cash flows.

Note 15. Commitments and Contingencies

We generally operate our physical bookstores pursuant to multi-year school management contracts under which a school designates us to operate the official school physical bookstore on campus and we provide the school with regular payments that represent a percentage of store sales and, in some cases, include a minimum fixed guaranteed payment. We account for these service agreements for our physical bookstores under lease accounting. We recognize lease assets and lease liabilities on the consolidated balance sheets for substantially all fixed lease arrangements (excluding variable obligations) with a term greater than twelve months. For additional information on lease expense and minimum fixed lease obligations, excluding variable commissions, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 8. Leases*.

Purchase obligations, which includes information technology contracts, as of April 27, 2024 are as follows:

Less Than 1 Year	$ 12,066
1-3 Years	6,497
Total	$ 18,563

Note 16. Selected Quarterly Financial Information (Unaudited)

A summary of quarterly financial information for the 52 weeks ended April 27, 2024 and April 29, 2023 is as follows:

	13 weeks ended [a]				52 weeks ended
	July 29, 2023	October 28, 2023	January 27, 2024	April 27, 2024	April 27, 2024
Sales	$ 264,161	$ 610,379	$ 456,673	$ 235,922	$ 1,567,135
Gross profit	$ 50,634	$ 136,242	$ 100,036	$ 69,864	$ 356,776
(Loss) income from continuing operations, net of tax [b][c][d]	$ (49,971)	$ 24,854	$ (9,928)	$ (27,436)	$ (62,481)
Loss from discontinued operations, net of tax	$ (417)	$ (674)	$ 289	$ 72	$ (730)
Net (loss) income [b][c][d]	$ (50,388)	$ 24,180	$ (9,639)	$ (27,364)	$ (63,211)
(Loss) earnings per common share: [e]					
Basic and Diluted					
Continuing operations	$ (18.87)	$ 9.36	$ (3.71)	$ (10.27)	$ (23.47)
Discontinued operations	(0.16)	(0.25)	0.11	0.03	(0.28)
Total Basic and Diluted Earnings per share	$ (19.03)	$ 9.11	$ (3.60)	$ (10.24)	$ (23.75)
Weighted average common shares outstanding - Basic:	2,648	2,655	2,673	2,673	2,662
Weighted average common shares outstanding - Diluted:	2,648	2,655	2,673	2,673	2,662

(Thousands of dollars, except share and per share data)

(a) For information related to quarterly seasonality and other variance components, see *Part II - Item 7. Management Discussion and Analysis - Results of Operations* and *Item 8. Financial Statements and Supplementary Data - Note 2. Summary of Significant Accounting Policies - Seasonality.*

(b) Includes $4,633, $4,274, $3,413, and $7,089 of restructuring and other charges for the 13 weeks ended July 29, 2023, October 28, 2023, January 27, 2024 and April 27, 2024, respectively, and $19,409 for the 52 weeks ended April 27, 2024.

(c) Includes $0, $0, $5,798, and $1,368 of impairment loss (non-cash) for the 13 weeks ended July 29, 2023, October 28, 2023, January 27, 2024 and April 27, 2024, respectively, and $7,166 for the 52 weeks ended April 27, 2024.

(d) Includes $8,254, $10,664, $10,620, and $10,827 of interest expense for the 13 weeks ended July 29, 2023, October 28, 2023, January 27, 2024 and April 27, 2024, respectively, and $40,365 for the 52 weeks ended April 27, 2024. The increase in interest expense is primarily due to higher borrowings, higher interest rates and increased amortization of deferred financing costs.

(e) On June 10, 2024, subsequent to the end of Fiscal 2024, we completed various transactions, including an equity rights offering. Because the rights issuance was offered to all existing stockholders at an exercise price that was less than the fair value of our Common Stock, as of such time, the weighted average shares outstanding and basic and diluted earnings (loss) per share were adjusted retroactively to reflect the bonus element of the rights offering for all periods presented by a factor of 5.03.

On June 11, 2024, subsequent to the end of Fiscal 2024, we completed a reverse stock split of our outstanding shares of common stock at a ratio of 1-for-100 in which every 100 shares of the common stock issued and outstanding was converted into one share of our common stock.

The weighted average common shares and loss per common share reflect the bonus element resulting from the equity rights offering and the reverse stock split for all periods presented on the consolidated statements of operations. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 17. Subsequent Events.*

	13 weeks ended [a]				52 weeks ended
	July 30, 2022	October 29, 2022	January 28, 2023	April 29, 2023	April 29, 2023
Sales	$ 254,674	$ 608,633	$ 438,054	$ 241,847	$ 1,543,208
Gross profit	$ 56,005	$ 138,141	$ 97,011	$ 58,282	$ 349,439
(Loss) income from continuing operations, net of tax [b][c][d]	$ (50,322)	$ 24,168	$ (22,134)	$ (41,852)	$ (90,140)
Loss from discontinued operations, net of tax	$ (2,385)	$ (2,024)	$ (2,915)	$ (4,398)	$ (11,722)
Net (loss) income [b][c][d]	$ (52,707)	$ 22,144	$ (25,049)	$ (46,250)	$ (101,862)
(Loss) earnings per common share: [e]					
Basic					
Continuing operations	$ (19.18)	$ 9.16	$ (8.37)	$ (15.82)	$ (34.17)
Discontinued operations	(0.91)	(0.77)	(1.10)	(1.66)	(4.44)
Total Basic Earnings per share	$ (20.09)	$ 8.39	$ (9.47)	$ (17.48)	$ (38.61)
Weighted average common shares outstanding - Basic:	2,624	2,637	2,646	2,646	2,638
Diluted					
Continuing operations	$ (19.18)	$ 9.14	$ (8.37)	$ (15.82)	$ (34.17)
Discontinued operations	(0.91)	(0.77)	(1.10)	(1.66)	(4.44)
Total Diluted Earnings per share	$ (20.09)	$ 8.37	$ (9.47)	$ (17.48)	$ (38.61)
Weighted average common shares outstanding - Diluted:	2,624	2,645	2,646	2,646	2,638

(a) For information related to quarterly seasonality and other variance components, see *Part II - Item 7. Management Discussion and Analysis - Results of Operations* and *Item 8. Financial Statements and Supplementary Data - Note 2. Summary of Significant Accounting Policies - Seasonality.*

(b) Includes $375, $260, $4,127, and $5,341 of restructuring and other charges for the 13 weeks ended July 30, 2022, October 29, 2022, January 28, 2023 and April 29, 2023, respectively, and $10,103 for the 52 weeks ended April 29, 2023.

(c) Includes $0, $0, $6,008, and $0 of impairment loss (non-cash) for the 13 weeks ended July 30, 2022, October 29, 2022, January 28, 2023 and April 29, 2023, respectively, and $6,008 for the 52 weeks ended April 29, 2023.

(d) Includes $3,868, $4,886, $6,918, and $7,011 of interest expense for the 13 weeks ended July 30, 2022, October 29, 2022, January 28, 2023 and April 29, 2023, respectively, and $22,683 for the 52 weeks ended April 29, 2023.

(e) On June 10, 2024, subsequent to the end of Fiscal 2024, we completed various transactions, including an equity rights offering. Because the rights issuance was offered to all existing stockholders at an exercise price that was less than the fair value of our Common Stock, as of such time, the weighted average shares outstanding and basic and diluted earnings (loss) per share were adjusted retroactively to reflect the bonus element of the rights offering for all periods presented by a factor of 5.03.

On June 11, 2024, subsequent to the end of Fiscal 2024, we completed a reverse stock split of our outstanding shares of common stock at a ratio of 1-

for-100 in which every 100 shares of the common stock issued and outstanding was converted into one share of our common stock.

The weighted average common shares and loss per common share reflect the bonus element resulting from the equity rights offering and the reverse stock split for all periods presented on the consolidated statements of operations. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 17. Subsequent Events.*

Note 17. Subsequent Events

On June 5, 2024, our shareholders approved an amendment to our Amended and Restated Certificate of Incorporation, as amended, to increase the aggregate number of authorized shares of Common Stock from 200,000,000 shares to 10,000,000,000 shares, and approved the transactions (the "Transactions") as outlined below pursuant to a Standby, Securities Purchase and Debt Conversion Agreement, dated as of April 16, 2024, by and among the Company and certain investors (the "Purchase Agreement").

On June 10, 2024, subsequent to the end of Fiscal 2024, we completed various Transactions to substantially deleverage our consolidated balance sheet. These Transactions raised additional capital for repayment of indebtedness and provide additional flexibility for working capital needs, which will also allow us to strategically invest in innovation and continue to execute our strategic initiatives, including but not limited to the growth of our *First Day Complete* program. The proceeds will be used to reduce the balance under the Company's existing Credit Facility and pay expenses in connection with the Transactions.

For additional information related to the Transactions, see the Company's Report on Form 8-K dated June 11, 2024. For information related to the Credit Agreement and Term Loan Credit Agreement prior to the execution of these Transaction, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 7. Debt.*

Upon closing of the Transactions on June 10, 2024:

- We received gross proceeds of $95,000 of new equity capital through a $50,000 new equity investment (the "Private Investment") led by Immersion Corporation ("Immersion") and a $45,000 fully backstopped equity rights offering (the "Rights Offering"). The Transactions infused approximately $80,000 of net cash proceeds after transaction costs. The transaction resulted in Immersion obtaining controlling financial interest. See *Private Investment, Rights Offering, and Backstop Commitment* below;
- Our existing Term Loan Credit Agreement lenders, TopLids LendCo, LLC ("TopLids") and Vital Fundco, LLC ("VitalSource"), converted approximately $34,000 of outstanding principal and any accrued and unpaid interest into shares of our common stock. See *Term Loan Credit Agreement Debt Conversion* below; and
- We amended and extended our existing asset based loan facility (the "Credit Facility") providing access to a $325,000 revolving loan facility (the "Restated ABL Facility") maturing in 2028. The amended ABL Facility will meaningfully enhance our financial flexibility and reduce our annual interest expense. See *Restated ABL Facility* terms below.

Private Investment, Rights Offering, and Backstop Commitment

Immersion and VitalSource purchased approximately $45,000 and $5,000, respectively, in shares of our Common Stock, at the Subscription Price, defined below, in a private placement exempt from the registration requirements under the Securities Act and separate from the Rights Offering (the "Private Investment"). The Private Investment is in addition to shares of Common Stock purchased by Immersion pursuant to the Backstop Commitment discussed below.

Through the Rights Offering, we issued 900,000,000 shares of our common stock at a cash subscription price (the "Subscription Price") of $0.05 per share. In the Rights Offering, we distributed to each holder of Common Stock, one non-transferable subscription right (each, a "Subscription Right") for every share of Common Stock owned by such holder on May 14, 2024 (the "Record Date"), and each Subscription Right entitled the holder to purchase 17 shares of Common Stock. Each holder that fully exercised their Subscription Rights was entitled to Over-Subscription Rights to subscribe for additional shares of Common Stock that remain unsubscribed as a result of any unexercised Subscription Rights, which allowed such holder to subscribe for additional shares of Common Stock up to the number of shares purchased under such holder's basic Subscription Right at $0.05 per share. We received approximately $32,100 in gross proceeds from the exercise of Subscriptions Rights and Over-Subscription Rights from the Company's stockholders.

For those Subscription Rights which remained unexercised, upon the expiration of the Rights Offering after accounting for all Over-Subscription Rights exercised, the standby purchasers, led by Immersion, Outerbridge Capital Management, LLC ("Outerbridge") and Selz Family 2011 Trust ("Selz"), collectively purchased the unexercised Subscription Rights at the Subscription Price ("Backstop Commitment"). We received approximately $12,900 in gross proceeds for the exercise of Subscription Rights not subscribed for by the Company's stockholders. We paid Immersion and Selz approximately $2,850 and $350, respectively, comprised of commitment fees in consideration for the Backstop Commitment, and expense reimbursements for all out-of-pocket costs, fees and expenses incurred in connection with the Transactions and we paid Outerbridge approximately $1,250 for expense reimbursements for all out-of-pocket costs, fees and expenses incurred in connection with the Transactions.

The Rights Offering was offered to all existing stockholders at an exercise price that was less than the fair value of our Common Stock, as of such time, the weighted average shares outstanding and basic and diluted earnings (loss) per share were adjusted retroactively to reflect the bonus element of the rights offering for all periods presented by a factor of 5.03.

Term Loan Credit Agreement Debt Conversion

Upon closing of the Rights Offering, we converted all outstanding principal and any accrued and unpaid interest under the Term Loan Credit Agreement, totaling $34,000, into shares of our Common Stock.

Restated ABL Facility

On June 10, 2024 (the "Closing Date"), we amended and restated and extended the maturity of our existing asset-based Credit Facility with Bank of America, N.A., as administrative agent, collateral agent and swing line lender, and other lenders from time to time party thereto (such amended and restated credit facility, the "Restated ABL Facility"). Pursuant to the Restated ABL Facility, the lenders thereunder have committed to provide a four-year asset-backed revolving credit facility in an aggregate committed principal amount of up to $325,000. The Restated ABL Facility has a maturity date of June 9, 2028.

Interest under the Restated ABL Facility accrues, at the election of the Company, either (x) based on the Secured Overnight Financing Rate ("SOFR"), which is subject to a floor of 2.50% per annum, plus a spread of 3.50% per annum or (y) at an alternate base rate, which is subject to a floor of 3.50% per annum, plus a spread of 2.50% per annum, provided that, in the event the Company meets certain financial metrics for a consecutive six-month period beginning and ending after the one-year anniversary of the Closing Date, the foregoing spreads shall be reduced by 0.25% per annum.

The Credit Agreement contains customary negative covenants that limit the Company's ability to incur or assume additional indebtedness, grant or permit liens, make investments, make restricted payments and other specified payments, merge with other entities, dispose of or acquire assets, or engage in transactions with affiliates, among other things. Additionally, the Restated ABL Facility includes the following financial maintenance covenants:

- following the date that is six months following the Closing Date, the Company is required to maintain a minimum Availability (as defined in the Credit Agreement) of (x) $25,000 for the first thirty (30) months after the Closing Date and (y) $30,000 after the date that is thirty (30) months after the Closing Date;
- commencing with the month ending May 31, 2025, the Company is required to maintain a Consolidated Fixed Charge Coverage Ratio (as defined in the Restated ABL Facility) of not less than 1.10 to 1.00, which will be tested monthly on the last day of each fiscal month for the trailing 12-month period; and
- commencing with the quarter ending October 31, 2024, the Company is required to maintain a minimum Consolidated EBITDA (as defined in the Restated ABL Facility), which will be tested quarterly on the last day of each fiscal quarter for (a) the trailing six-month period for the first test date, (b) the trailing nine-month period of the second test date and (c) for the trailing 12-month period thereafter.

The Restated ABL Facility does not require the retention of a chief restructuring officer or the formation or maintenance of any special committees of the board of directors of the company.

The Credit Agreement contains customary events of default, including for non-payment of obligations owing under the Restated ABL Facility, material breaches of representations and warranties, failure to perform or observe covenants, default on other material indebtedness, customary ERISA events of default, bankruptcy and insolvency, material judgments, invalidity of liens on collateral, change of control or cessation of business. The Credit Agreement also contains customary affirmative covenants and representations and warranties.

In connection with the Restated ABL Facility, the 1.00% fee payable in connection with the eighth amendment to the Restated ABL Facility (prior to its having been restated) is due and payable (x) 50% on September 2, 2024 and (y) 50% on June 10, 2025.

Reverse Stock Split

On June 11, 2024, we completed a reverse stock split of the Company's outstanding shares of common stock at a ratio of 1-for-100 (the "Reverse Stock Split"), which was previously approved by stockholders at a special meeting held on June 5, 2024. In connection with the Reverse Stock Split, every 100 shares of the common stock issued and outstanding was converted into one share of the Company's common stock. No change will be made to the trading symbol for the Company's shares of Common Stock, "BNED," in connection with the Reverse Stock Split. The Reverse Stock Split is part of the Company's plan to regain compliance with the minimum bid price requirement of $1.00 per share required to maintain continued listing on the NYSE.

The Reverse Stock Split reduced the number of shares of the Company's outstanding common stock from approximately 2,620,495,552 shares (as of the date June 11, 2024, when including issuances pursuant to the Transactions) to approximately 26,204,956 shares, subject to adjustment for rounding.

The Reverse Stock Split affected all issued and outstanding shares of Common Stock. All outstanding options and restricted stock units, and other securities entitling their holders to purchase or otherwise receive shares of Common Stock were adjusted as a result of the Reverse Stock Split, as required by the terms of each security. The number of shares available to be awarded under the Company's equity compensation plans will also be appropriately adjusted. Following the Reverse Stock Split, the par value of the Common Stock will remain unchanged at $0.01 per share. The Reverse Stock Split will not change the authorized number of shares of Common Stock or preferred stock. No fractional shares will be issued in connection with the reverse split; instead any fractional shares as a result of the Reverse Stock Split will be rounded up to the next whole number of post-split shares of Common Stock.

Schedule II—Valuation and Qualifying Accounts

Receivables Valuation and Qualifying Accounts
(In thousands)

	Balance at beginning of period	Charge (recovery) to costs and expenses	Write-offs	Balance at end of period
Allowance for Doubtful Accounts				
April 27, 2024	$ 1,156	$ 1,595	$ (1,884)	$ 867
April 29, 2023	$ 2,243	$ 575	$ (1,662)	$ 1,156

	Balance at beginning of period	Addition Charged to Costs	Deductions	Balance at end of period
Sales Returns Reserves				
April 27, 2024	$ 2,426	$ 142,660	$ (142,905)	$ 2,182
April 29, 2023	$ 2,723	$ 122,831	$ (123,128)	$ 2,426

All other schedules are omitted because the conditions requiring their filing do not exist, or because the required information is provided in the consolidated financial statements, including the notes thereto.

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

There were no disagreements with accountants on accounting and financial disclosure.

Item 9A. *CONTROLS AND PROCEDURES*

(a) Evaluation of Disclosure Controls and Procedures

Management of the Company established and maintains disclosure controls and procedures that are designed to ensure that material information relating to the Company and its subsidiaries required to be disclosed in the reports that are filed or submitted under the Exchange Act are recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Such information is accumulated and communicated to management, including the Company's Chief Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure. As of the end of the period covered by this report, the Company's management conducted an evaluation (as required under Rules 13a-15(b) and 15d-15(b) under the Exchange Act), under the supervision and with the participation of the principal executive officer and principal financial officer, of the Company's "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in the Company's periodic reports. Based on management's evaluation, and considering the items noted below, the principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective at the reasonable assurance level as of April 27, 2024.

(b) Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. As defined in Exchange Act Rule 13a-15(f), internal control over financial reporting is a process designed by, or under the supervision of, the principal executive and principal financial officer and effected by the board of directors, management and other personnel, 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, and includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and (iii) that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iv) 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.

Under the supervision and with the participation of management, including the Chief Executive Officer and Principal Financial Officer, the Company conducted an evaluation of the effectiveness of the Company's internal control over financial reporting based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013 framework). Based upon the Company's evaluation under this framework, management concluded that the Company's internal control over financial reporting was effective as of April 27, 2024.

(c) Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the most recent quarter ended April 27, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of Barnes & Noble Education, Inc. is responsible for the contents of the Consolidated Financial Statements, which are prepared in conformity with accounting principles generally accepted in the United States of America. The Consolidated Financial Statements necessarily include amounts based on judgments and estimates. Financial information elsewhere in the Annual Report is consistent with that in the Consolidated Financial Statements.

The Company maintains a comprehensive accounting system, which includes controls designed to provide reasonable assurance as to the integrity and reliability of the financial records and the protection of assets. An internal audit staff is employed to regularly test and evaluate both internal accounting controls and operating procedures, including compliance with the Company's Code of Business Conduct and Ethics. The Audit Committee of the Board of Directors, composed of directors who are not members of management, meets regularly with management, the independent registered public accountants and the internal auditors to ensure that their respective responsibilities are properly discharged.

Ernst & Young LLP and the internal auditors have full and free independent access to the Audit Committee. The role of Ernst & Young LLP, an independent registered public accounting firm, is to provide an objective examination of the Consolidated Financial Statements and the underlying transactions in accordance with the standards of the Public Company Accounting Oversight Board. The report of Ernst & Young LLP appears on page 63 of this report on Form 10-K for the year ended April 27, 2024.

OTHER INFORMATION

The Company has included the Section 302 certifications of the Chief Executive Officer and the Principal Financial Officer of the Company as Exhibits 31.1 and 31.2 to its Annual Report on Form 10-K for Fiscal 2024 filed with the Securities and Exchange Commission, and the Company will submit to the New York Stock Exchange a certificate of the Chief Executive Officer of the Company certifying that he is not aware of any violation by the Company of New York Stock Exchange corporate governance listing standards.

Item 9B. ***OTHER INFORMATION***

Securities Trading Plans of Directors and Executive Officers

During the period covered by this Annual Report on Form 10-K, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 9C. ***DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS***

None.

PART III

Item 10. ***DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE***

Information regarding our executive officers is incorporated by reference herein from the discussion under *Part I - Item 1. Business - Executive Officers* of this Annual Report on Form 10-K. The remaining information with respect to directors, executive officers, the code of ethics and corporate governance of the Company is incorporated herein by reference to the Company's definitive Proxy Statement relating to the Company's 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the Company's fiscal year ended April 27, 2024 (the "Proxy Statement").

The information with respect to compliance with Section 16(a) of the Exchange Act is incorporated herein by reference to the Proxy Statement.

Item 11. ***EXECUTIVE COMPENSATION***

The information with respect to executive compensation is incorporated herein by reference to the Proxy Statement.

The information with respect to compensation of directors is incorporated herein by reference to the Proxy Statement.

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

Equity Compensation Plan Information

The following table sets forth equity compensation plan information as of April 27, 2024:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	30,044	$ 520.00	69,130
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	30,044	$ 520.00	69,130

The information with respect to security ownership of certain beneficial owners and management is incorporated herein by reference to the Proxy Statement.

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

The information with respect to certain relationships and related transactions and director independence is incorporated herein by reference to the Proxy Statement.

Item 14. ***PRINCIPAL ACCOUNTING FEES AND SERVICES***

The information with respect to principal accountant fees and services is incorporated herein by reference to the Proxy Statement.

PART IV

Item 15. ***EXHIBITS, FINANCIAL STATEMENT SCHEDULES***

(a) Documents filed as part of this report:

1. Consolidated Financial Statements of Barnes & Noble Education, Inc.:

   Included in Part II of this Report:

   Consolidated Statements of Operations for the years ended April 27, 2024 and April 29, 2023
   Consolidated Balance Sheets as of April 27, 2024 and April 29, 2023
   Consolidated Statements of Cash Flows for the years ended April 27, 2024 and April 29, 2023
   Consolidated Statements of Equity for the years ended April 27, 2024 and April 29, 2023
   Notes to Consolidated Financial Statements, for the years ended April 27, 2024 and April 29, 2023
   Report of Ernst & Young LLP, Independent Registered Public Accounting Firm, on the consolidated financial statements of Barnes & Noble Education, Inc. for the years ended April 27, 2024 and April 29, 2023

2. Financial Statement Schedules of Barnes & Noble Education, Inc.:
   Included in Part II of this report: Schedule II - Valuation and Qualifying Accounts

   All other schedules are omitted because they are not applicable, not significant or not required, or because the required information is included in the financial statement notes thereto.

3. Exhibits:

EXHIBIT INDEX

Exhibit Number	Exhibit Description
Articles of Incorporation and By-Laws.	
3.1	Amended and Restated Certificate of Incorporation of Barnes & Noble Education, Inc., filed as Exhibit 3.1 to Report on Form 8-K filed with the SEC on August 3, 2015, and incorporated herein by reference.
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Barnes & Noble Education, Inc., filed as Exhibit 3.1 to Report on Form 8-K filed with the SEC on September 25, 2017, and incorporated herein by reference.
3.3	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Barnes & Noble Education, Inc., filed as Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on June 11, 2024, and incorporated herein by reference.
3.4	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Barnes & Noble Education, Inc., filed as Exhibit 3.2 to the Current Report on Form 8-K filed with the SEC on June 11, 2024, and incorporated herein by reference.
3.5	Second Amended and Restated By-Laws, as Amended, Effective as of October 5, 2023, of Barnes & Noble Education, Inc., filed as Exhibit 3.1 to Report on Form 8-K filed with the SEC on October 12, 2023, and incorporated herein by reference.
Instruments Defining the Rights of Securities; Description of Registrant's Securities.	
4.1	Certificate of Designation, Preferences, and Rights of Series A Junior Participating Preferred Stock of Barnes & Noble Education, Inc., dated as of March 25, 2020, filed as Exhibit 3.1 to Report on Form 8-K filed with the SEC on March 26, 2020, and incorporated herein by reference.
4.2*	Description of Capital Stock

4.3 .... Form of Rights Certificate, filed as Exhibit 4.2 to Registration Statement on Form S-1 filed with the SEC on April 18, 2024, and incorporated herein by reference.

4.4 .... Rights Agreement by and between the Company and Computershare Trust Company, N.A., as rights agent, which includes as Exhibit A the Form of Rights Certificate, dated as of August 3, 2015, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on April 16, 2024, and incorporated herein by reference.

4.5† ...... Form of Subscription Agent Agreement among Barnes & Noble Education, Inc., Computershare Inc. and Computershare Trust Company, N.A., filed as Exhibit 4.3 to Registration Statement on Form S-1 filed with the SEC on April 18, 2024, and incorporated herein by reference.

Material contracts.

10.1 ...... Credit Agreement, dated as of August 3, 2015, by and among Barnes & Noble Education, Inc., as borrower, the lenders party thereto, Bank of America, N.A., as administrative agent, and the other agents party thereto, filed as Exhibit 10.5 to Report on Form 8-K filed with the SEC on August 3, 2015, and incorporated herein by reference.

10.2 ...... First Amendment to Credit Agreement, dated as of February 27, 2017, by and among the Company, the Lenders and the Agent, filed as Exhibit 10.1 to Report on Form 8-K filed with the SEC on February 28, 2017, and incorporated herein by reference.

10.3 ...... Second Amendment, Waiver and Consent to Credit Agreement, dated as of March 1, 2019, among Barnes & Noble Education, Inc., as the lead borrower, the other borrowers party thereto, the lenders party thereto and Bank of America, N.A., as administrative agent and collateral agent for the lenders, to the Credit Agreement, dated as of August 3, 2015, filed as Exhibit 10.1 to Report on Form 8-K filed with the SEC on March 5, 2019, and incorporated herein by reference.

10.4 ...... Third Amendment and Waiver to Credit Agreement and First Amendment to Security Agreement, dated as of March 31, 2021, among Barnes & Noble Education, Inc., as the lead borrower, the other borrowers party thereto, the lenders party thereto and Bank of America, N.A., as administrative agent and collateral agent for the lenders, to the Credit Agreement, dated as of August 3, 2015, filed as Exhibit 10.1 to Report on Form 8-K filed with the SEC on April 5, 2021, and incorporated herein by reference.

10.5 ...... Fourth Amendment and Waiver to Credit Agreement, dated as of March 7, 2022, among Barnes & Noble Education, Inc., as the lead borrower, the other borrowers party thereto, the lenders party thereto and Bank of America, N.A., as administrative agent and collateral agent for the lenders, to the Credit Agreement, dated as of August 3, 2015, filed as Exhibit 10.1 to Report on Form 10-Q filed with the SEC on March 8, 2022, and incorporated herein by reference.

10.6 ...... Term Loan Credit Agreement, dated as of June 7, 2022, among Barnes & Noble Education, Inc., as borrower, the guarantors party thereto, TopLids LendCo, LLC and Vital Fundco, LLC, as lenders, and TopLids LendCo, LLC, as administrative agent and collateral agent, filed as Exhibit 10.1 to Report on Form 8-K filed with the SEC on June 10, 2022, and incorporated herein by reference.

10.7 ...... Limited Waiver Agreement, dated as of June 28, 2022, among Barnes & Noble Education, Inc., as borrower, the guarantors party thereto, TopLids LendCo, LLC and Vital Fundco, LLC, as lenders, and TopLids LendCo, LLC, as administrative agent and collateral agent for the lenders, to the Term Loan Credit Agreement, dated as of June 7, 2022, filed as Exhibit 10.7 to Annual Report on Form 10-K filed with the SEC on June 29, 2022, and incorporated herein by reference.

10.8 ...... Fifth Amendment to Credit Agreement, dated as of June 7, 2022, among Barnes & Noble Education, Inc., as the lead borrower, the other borrowers party thereto, the lenders party thereto and Bank of America, N.A., as administrative agent and collateral agent for the lenders, to the Credit Agreement, dated as of August 3, 2015, filed as Exhibit 10.2 to Report on Form 8-K filed with the SEC on June 10, 2022, and incorporated herein by reference.

10.9 ...... Limited Waiver Agreement, dated as of June 28, 2022, among Barnes & Noble Education, Inc., as the lead borrower, the other borrowers party thereto, the lenders party thereto and Bank of America, N.A., as administrative agent and collateral agent for the lenders, to the Credit Agreement, dated as of August 3, 2015, filed as Exhibit 10.9 to Annual Report on Form 10-K filed with the SEC on June 29, 2022, and incorporated herein by reference.

10.10 ..... Sixth Amendment to Credit Agreement, dated as of March 8, 2023, among the Company, as the lead borrower, the other borrowers party thereto, the lenders party thereto and Bank of America, N.A., as administrative agent and collateral agent for the lenders, to the Credit Agreement, dated as of August 3, 2015, filed as Exhibit 10.10 to Annual Report on Form 10-K filed with the SEC on July 31, 2023, and incorporated herein by reference.

10.11 ..... First Amendment to Term Loan Credit Agreement, dated as of March 8, 2023, among the Company, as borrower, certain subsidiaries of the Company party thereto as guarantors, TopLids LendCo, LLC and Vital Fundco, LLC, as lenders, and TopLids LendCo, LLC, as administrative agent and collateral agent for the lenders, to the Term Loan Credit Agreement, dated as of June 7, 2022, referenced in the Report on Form 8-K filed with the SEC on March 9, 2023 and filed as Exhibit 10.11 to Report on Form 10-K filed with the SEC on July 31, 2023 and incorporated herein by reference.

10.12 ..... Seventh Amendment to Credit Agreement, dated as of May 24, 2023, among the Company, as the lead borrower, the other borrowers party thereto, the lenders party thereto and Bank of America, N.A., as administrative agent and collateral agent for the lenders, to the Credit Agreement, dated as of August 3, 2015, referenced in the Report on Form 8-K filed with the SEC on May 31, 2023. filed as Exhibit 10.12 to Report on Form 10-K filed with the SEC on July 31, 2023 and incorporated herein by reference.

10.13 ..... Second Amendment to Term Loan Credit Agreement, dated as of May 24, 2023, among the Company, as borrower, certain subsidiaries of the Company party thereto as guarantors, TopLids LendCo, LLC and Vital Fundco, LLC, as lenders, and TopLids LendCo, LLC, as administrative agent and collateral agent for the lenders, to the Term Loan Credit Agreement, dated as of June 7, 2022, referenced in the Report on Form 8-K filed with the SEC on May 31, 2023 and filed as Exhibit 10.13 to Report on Form 10-K filed with the SEC on July 31, 2023 and incorporated herein by reference.

10.14 ..... Eighth Amendment to Credit Agreement, dated as of July 28, 2023, among the Company, as the lead borrower, the other borrowers party thereto, the lenders party thereto and Bank of America, N.A., as administrative agent and collateral agent for the lenders, to the Credit Agreement, dated as of August 3, 2015, referenced in the Report on Form 8-K filed with the SEC on July 28, 2023 and filed as Exhibit 10.14 to Report on Form 10-K filed with the SEC on July 31, 2023 and incorporated herein by reference.

10.15 ..... Third Amendment to Term Loan Credit Agreement, dated as of July 28, 2023, among the Company, as borrower, certain subsidiaries of the Company party thereto as guarantors, TopLids LendCo, LLC and Vital Fundco, LLC, as lenders, and TopLids LendCo, LLC, as administrative agent and collateral agent for the lenders, to the Term Loan Credit Agreement, dated as of June 7, 2022, referenced in the Report on Form 8-K filed with the SEC on July 28, 2023 and filed as Exhibit 10.15 to Report on Form 10-K filed with the SEC on July 31, 2023, and incorporated herein by reference.

10.16 ..... Ninth Amendment to Credit Agreement, dated as of October 10, 2023, among the Company, as the lead borrower, the other borrowers party thereto, the lenders party thereto and Bank of America, N.A., as administrative agent and collateral agent for the lenders, to the Credit Agreement, dated as of August 3, 2015, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on December 6, 2023, and incorporated herein by reference.

10.17 ..... Tenth Amendment to Credit Agreement, dated as of December 12, 2023, among the Company, as the lead borrower, the other borrowers party thereto, the lenders party thereto and Bank of America, N.A., as administrative agent and collateral agent for the lenders, to the Credit Agreement, dated as of August 3, 2015, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on December 13, 2023, and incorporated herein by reference.

10.18* .... Eleventh Amendment to Credit Agreement, dated as of March 12, 2024, among the Company, as the lead borrower, the other borrowers party thereto, the lenders party thereto and Bank of America, N.A., as administrative agent and collateral agent for the lenders, to the Credit Agreement, dated as of August 3, 2015.

10.19 ..... Twelfth Amendment to Credit Agreement, by and among Bank of America, N.A., the Lenders party thereto, Barnes & Noble Education, Inc., the other borrowers party thereto and the other parties party thereto as "Guarantors", dated April 16, 2024, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on April 16, 2024, and incorporated herein by reference.

10.20 ..... Amended and Restated Credit Agreement, dated as of June 10, 2024, by and among Barnes & Noble Education, Inc., as borrower, the lenders party thereto, Bank of America, N.A., as administrative agent, and the other agents party thereto, filed as Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on June 11, 2024, and incorporated herein by reference.

10.21 ..... Trademark License Agreement, dated as of August 2, 2015, between Barnes & Noble Education, Inc. and Barnes & Noble, Inc., filed as Exhibit 10.4 to Report on Form 8-K filed with the SEC on August 3, 2015, and incorporated herein by reference.

10.22 ..... Barnes & Noble Education, Inc. Amended and Restated Equity Incentive Plan, amended and restated as of September 23, 2021, filed as Exhibit 10.1 to Report on Form 10-Q filed with the SEC on November 11, 2021, and incorporated herein by reference.

10.23 ..... Barnes & Noble Education, Inc. Form of Performance Unit Award Agreement, filed as Exhibit 10.5 to Report on Form S-1/A filed with the SEC on June 29, 2015, and incorporated herein by reference.

10.24	Barnes & Noble Education, Inc. Form of Performance-Based Stock Unit Award Agreement, filed as Exhibit 10.6 to Report on Form S-1/A filed with the SEC on June 29, 2015, and incorporated herein by reference.
10.25	Barnes & Noble Education, Inc. Form of Performance-Based Stock Unit Award Agreement, filed as Exhibit 10.2 to Report on Form 10-Q filed with the SEC on December 4, 2018, and incorporated herein by reference.
10.26	Barnes & Noble Education, Inc. Form of Performance Share Award Agreement, filed as Exhibit 10.1 to Report on Form 10-Q filed with the SEC on September 8, 2016, and incorporated herein by reference.
10.27	Barnes & Noble Education, Inc. Form of Restricted Stock Unit Award Agreement, filed as Exhibit 10.7 to Report on Form S-1/A filed with the SEC on June 29, 2015, and incorporated herein by reference.
10.28	Barnes & Noble Education, Inc. Form of Restricted Stock Unit Award Agreement, filed as Exhibit 10.3 to Report on Form 10-Q filed with the SEC on December 4, 2018, and incorporated herein by reference.
10.29	Barnes & Noble Education, Inc. Form of Restricted Stock Award Agreement, filed as Exhibit 10.8 to Report on Form S-1/A filed with the SEC on June 29, 2015, and incorporated herein by reference.
10.30	Barnes & Noble Education, Inc. Form of Restricted Stock Award Agreement, filed as Exhibit 10.4 to Report on Form 10-Q filed with the SEC on December 4, 2018, and incorporated herein by reference.
10.31	Barnes & Noble Education, Inc. Form of Phantom Share Units Award Agreement, filed as Exhibit 10.15 to Annual Report on Form 10-K filed with the SEC on June 30, 2021, and incorporated herein by reference.
10.32	Barnes & Noble Education, Inc. Form of Non-Qualified Stock Options Award Agreement, filed as Exhibit 10.16 to Annual Report on Form 10-K filed with the SEC on June 30, 2021, and incorporated herein by reference.
10.33#	Amended and Restated Employment Agreement, dated July 19, 2017, between Barnes & Noble Education, Inc. and Michael P. Huseby filed as Exhibit 10.2 to Report on Form 8-K filed with the SEC on July 20, 2017, and incorporated herein by reference.
10.34#	Letter Agreement, dated as of April 1, 2020, between the Company and Michael P. Huseby, filed as Exhibit 10.1 to Report on Form 8-K filed with the SEC on April 2, 2020, and incorporated herein by reference.
10.35#	Amendment to Employment Agreement, dated September 24, 2020, with Michael P. Huseby, filed as Exhibit 10.1 to Report on Form 8-K filed with the SEC on September 29, 2020, and incorporated herein by reference.
10.36#	Amendment to Employment Agreement, dated June 23, 2022, with Michael P. Huseby, filed as Exhibit 10.1 to Report on Form 8-K filed with the SEC on June 24, 2022, and incorporated herein by reference.
10.37#	Performance Incentive Agreement, dated September 14, 2023, between Michael P. Huseby and Barnes & Noble Education, Inc., filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on September 14, 2023, and incorporated herein by reference.
10.38#	Letter Agreement between Michael P. Huseby and Barnes & Noble Education, Inc., dated April 15, 2024, and filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on April 16, 2024, and incorporated herein by reference.
10.39#	Amended and Restated Employment Letter, effective as of June 19, 2019, between Barnes & Noble Education Inc., Barnes & Noble College Booksellers, LLC and Michael C. Miller, filed as Exhibit 10.24 to Annual Report on Form 10-K filed with the SEC on June 25, 2019, and incorporated herein by reference.
10.40#	Retention Agreement Amendment, dated September 8, 2023, between Michael C. Miller and Barnes & Noble Education, Inc., filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on September 14, 2023, and incorporated herein by reference.
10.41#	Employment Letter, dated August 28, 2023, between Barnes & Noble Education, Inc. and Kevin Watson, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on September 6, 2023, and incorporated herein by reference.
10.42#	Amendment to Offer Letter Agreement, dated January 31, 2024, with Kevin Watson, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 6, 2024, and incorporated herein by reference.
10.43#	Amended and Restated Employment Letter, dated June 19, 2019, between B&N Education, LLC, a subsidiary of Barnes & Noble Education, Inc. and Jonathan Shar, filed as Exhibit 10.2 to Form 10-Q filed with the SEC on September 2, 2021, and incorporated herein by reference.

10.44#	Retention Agreement Amendment, dated September 8, 2023, between Jonathan Shar and Barnes & Noble Education, Inc., filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on September 14, 2023, and incorporated herein by reference.
10.45#	Form of Director and/or Officer Indemnification Agreement, filed as Exhibit 10.14 to Report on Form S-1/A filed with the SEC on June 29, 2015, and incorporated herein by reference.
10.46#	Form of Retention Agreement, dated as of July 14, 2022, of Barnes & Noble College Booksellers, LLC, relating to Retention Agreements entered into with each of Michael C. Miller and Jonathan Shar, filed as Exhibit 10.1 to Report on Form 8-K filed with the SEC on July 18, 2022, and incorporated herein by reference.
10.47#	Form of Retention Agreement of Barnes & Noble College Booksellers, LLC, relating to Retention Agreements entered into with each of Michael C. Miller and Jonathan Shar, filed as Exhibit 10.1 to Report on Form 8-K filed with the SEC on May 1 2023, and incorporated herein by reference.
10.48#	Independent Director Agreement, dated August 11, 2023 between Steven G. Panagos and Barnes & Noble Education, Inc., filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on August 11, 2023, and incorporated herein by reference.
10.49#	Independent Director Agreement, dated August 11, 2023 between Raphael T. Wallander and Barnes & Noble Education, Inc., filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on August 11, 2023, and incorporated herein by reference.
10.50	Standby, Securities Purchase and Debt Conversion Agreement, among the Company, Toro 18 Holdings LLC, Vital Fundco, LLC, TopLids LendCo, LLC, Outerbridge Capital Management, LLC and Selz Family 2011 Trust, dated April 16, 2024, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 16, 2024, and incorporated herein by reference.

Other.

19.1 *	Insider trading policies and procedures.
21.1*	List of subsidiaries of Barnes & Noble Education, Inc.
23.1*	Consent of Ernst & Young LLP
31.1*	Certification by the Chief Executive Officer pursuant to Rule 17 CFR 240. 13a-14(a)/15(d)-14(a), under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification by the Chief Financial Officer pursuant to Rule 17 CFR 240. 13a-14(a)/15(d)-14(a), under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1*	Policy Relating to Recovery of Erroneously Awarded Compensation.
101.INS ...	XBRL Instance Document
101.SCH ..	XBRL Taxonomy Extension Schema Document
101.CAL ..	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF ..	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB ..	XBRL Taxonomy Extension Label Linkbase Document
101.PRE ...	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File - (formatted as Inline XBRL and contained in Exhibit 101)

Management contract or compensatory plan or arrangement.

* Filed herewith.

** Furnished herewith

† Certain exhibits and schedules have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K under the Securities Act of 1933, as amended, because they are both (i) not material and (ii) the type of information that the Registrant treats as confidential. The Registrant agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.

Item 16. ***FORM 10-K SUMMARY***

None.

SIGNATURES

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

BARNES & NOBLE EDUCATION, INC.
(Registrant)

By: /s/ Jonathan Shar
Jonathan Shar
Chief Executive Officer

Date: July 1, 2024

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 dates indicated.

Name	Title	Date
/s/ Jonathan Shar Jonathan Shar	Chief Executive Officer (Principal Executive Officer)	July 1, 2024
/s/ Kevin F. Watson Kevin F. Watson	Chief Financial Officer (Principal Financial Officer)	July 1, 2024
/s/ Seema C. Paul Seema C. Paul	Chief Accounting Officer (Principal Accounting Officer)	July 1, 2024
/s/ William C. Martin William C. Martin	Chairman and Director	July 1, 2024
/s/ Emily S. Hoffman Emily S. Hoffman	Director	July 1, 2024
/s/ Sean Madnani Sean Madnani	Director	July 1, 2024
/s/ Elias Nader Elias Nader	Director	July 1, 2024
/s/ Eric Singer Eric Singer	Director	July 1, 2024
/s/ Kathryn Eberle Walker Kathryn Eberle Walker	Director	July 1, 2024
/s/ Denise Warren Denise Warren	Director	July 1, 2024

Exhibit 31.1

**CERTIFICATION BY THE
CHIEF EXECUTIVE OFFICER PURSUANT TO
17 CFR 240.13a-14(a)/15(d)-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jonathan Shar, certify that:

1. I have reviewed this Annual Report on Form 10-K of Barnes & Noble Education, Inc.;
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: July 1, 2024

By: /s/ Jonathan Shar
Jonathan Shar
Chief Executive Officer
Barnes & Noble Education, Inc.

Exhibit 31.2

**CERTIFICATION BY THE
CHIEF FINANCIAL OFFICER PURSUANT TO
17 CFR 240.13a-14(a)/15(d)-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kevin Watson, certify that:

1. I have reviewed this Annual Report on Form 10-K of Barnes & Noble Education, Inc.;
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: July 1, 2024

By: /s/ Kevin Watson
Kevin Watson
Chief Financial Officer
Barnes & Noble Education, Inc.

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND 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 Barnes & Noble Education, Inc. (the "Company") on Form 10-K for the period ended April 27, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jonathan Shar, Chief Executive Officer of the Company, certify, to the best of my knowledge, pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 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.

/s/ Jonathan Shar

Jonathan Shar

Chief Executive Officer

Barnes & Noble Education, Inc.

July 1, 2024

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND 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 Barnes & Noble Education, Inc. (the "Company") on Form 10-K for the period ended April 27, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kevin Watson, Chief Financial Officer of the Company, certify, to the best of my knowledge, pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 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.

/s/ Kevin Watson

Kevin Watson

Chief Financial Officer

Barnes & Noble Education, Inc.

July 1, 2024

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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CORPORATE
INFORMATION

Barnes & Noble Education, Inc.
• LEADERSHIP TEAM •

Jonathan Shar
Chief Executive Officer

Michael C. Miller
Executive Vice President,
Corporate Development & Affairs,
Chief Legal Officer, and Secretary

Kevin F. Watson
Executive Vice President, Chief Financial Officer

Stephen Culver
Senior Vice President, Chief Information Officer

Cynthia Origlio
Senior Vice President, Chief Human Resources Officer

Seema C. Paul
Senior Vice President, Chief Accounting Officer

Jason Snagusky
Senior Vice President, Treasurer, Loss Prevention & Procurement

Barnes & Noble Education, Inc.
• BOARD OF DIRECTORS •

William C. Martin
Chairman, BNED
Chief Strategy Officer, Immersion Corporation

Emily S. Hoffman
Chief Marketing Officer, SmartPak Equine LLC

Sean V. Madnani
Chief Executive Officer, Twist Capital LLC

Elias N. Nader
Chief Financial Officer, QuickLogic Corporation

Eric B. Singer
President, Chief Executive Officer, and
Chairman of the Board, Immersion Corporation

Kathryn Eberle Walker
Chief Executive Officer, Presence Learning Inc.

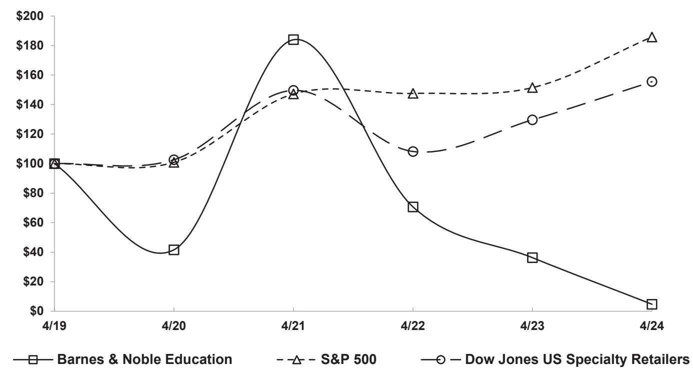
Denise Warren
Founder and Chief Executive Officer, Netlyst, LLC

STOCKHOLDER
INFORMATION

• STOCK PERFORMANCE •

The Stock Price Performance Chart below compares the cumulative stockholder return of the Company with that of the S&P 500 Index and the Dow Jones US Specialty Retailers Index from April 30, 2019 to April 30, 2024. The comparison assumes $100 was invested on April 30, 2019 in shares of our common stock and in each of the indices show and assumes that all of the dividends were reinvested.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Barnes & Noble Education, the S&P 500 Index
and the Dow Jones US Specialty Retailers Index



*$100 invested on 4/30/19 in stock or index, including reinvestment of dividends.
Fiscal year ending April 30.

Corporate Headquarters
Barnes & Noble Education, Inc.
120 Mountain View Blvd., Basking Ridge, NJ 07920

Common Stock
New York Stock Exchange,
Symbol: BNED

Stock Transfer & Registrar
Stockholder Inquiries:
866-484-7158 (Non-US: 781-575-2758)

First Class, Registered, Certified Mail:
Computershare
C/O: Shareholder Services
P.O. Box 43078
Providence, RI 02940-3078

Overnight, Courier Mail:
Computershare
C/O: Shareholder Services
150 Royall Street, Suite 101
Canton, MA 02021

Independent Registered Public Accountants
BDO USA, P.C.
One Bush Street, Suite 1800
San Francisco, CA 94104

Investor & Media Contact
Kevin F. Watson
Executive Vice President,
Chief Financial Officer
kwatson@bned.com

Stockholder Services
General financial information, as well as copies of our Annual Reports and Form 10-K and Form 10-Q documents, can be obtained free of charge on the Company's corporate website: www.bned.com.

Annual Stockholder Meeting
Virtual Meeting
September 18, 2024 – 9:00 a.m. ET

BNED

Serving all who work to elevate
their lives through education

Barnes & Noble
COLLEGE

MBS