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of ContentsUNITED STATESSECURITIES AND EXCHANGE COMMISSIONWashington, D.C. 20549______________________________________________FORM 10-Q______________________________________________(Mark One)xQUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934For the quarterly period ended October 26, 2024 ORÂ¨TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934For the transition period fromÂ Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â  to Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Commission File Number: 1-37499______________________________________________BARNESÂ & NOBLE EDUCATION, INC.(Exact Name of Registrant as Specified in Its Charter)______________________________________________Delaware46-0599018(State or Other Jurisdiction ofIncorporation or Organization)(I.R.S. EmployerIdentification No.)120 Mountain View Blvd.,Â Basking Ridge,NJ07920(Address of Principal Executive Offices)(Zip Code)(Registrantâ€™s Telephone Number, Including Area Code): (908) 991-2665Securities registered pursuant to Section 12(b) of the Act:Title of ClassTrading SymbolName of Exchange on which registeredCommon Stock, $0.01 par value per shareBNEDNew York Stock Exchange______________________________________________Indicate by check mark whether the registrant (1)Â has filed all reports required to be filed by SectionÂ 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)Â has been subject to such filing requirements for the past 90 days.Â Â Â Â YesÂ Â xÂ Â Â Â NoÂ Â Â¨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 (Â§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).Â Â Â Â YesÂ Â xÂ Â Â Â NoÂ Â Â¨Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of â€œlarge accelerated filer,â€ â€œaccelerated filer,â€ â€œsmaller reporting company,â€ and â€œemerging growth companyâ€ in Rule 12b-2 of the Exchange Act.LargeÂ acceleratedÂ FilerÂ¨Accelerated FilerÂ¨Non-accelerated Filerâ˜’SmallerÂ reportingÂ companyxEmerging Growth CompanyÂ¨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. Â¨Â Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).Â Â Â Â YesÂ Â Â¨Â Â Â Â NoÂ Â xAs of NovemberÂ 29, 2024, 30,213,916 shares of Common Stock, par value $0.01 per share, were outstanding.Table of ContentsBARNESÂ & NOBLE EDUCATION, INC. AND SUBSIDIARIESFiscal Quarter Ended OctoberÂ 26, 2024 Index to Form 10-QÂ Â Â Â PageÂ No.2 Table of ContentsDISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS This quarterly report on Form 10-Q contains certain â€œforward-looking statementsâ€ 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 â€œanticipate,â€ â€œbelieve,â€ â€œestimate,â€ â€œexpect,â€ â€œintend,â€ â€œplan,â€ â€œwill,â€ â€œforecasts,â€ â€œprojections,â€ 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-Q 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:â€¢our ability to satisfy future capital and liquidity requirements;â€¢our ability to access the credit and capital markets at the times and in the amounts needed and on acceptable terms, including pursuant to our At-the-Market ("ATM") program;â€¢our ability to maintain adequate liquidity levels to support ongoing inventory purchases and related vendor payments in a timely manner; â€¢the pace of affordable textbook access adoption in the marketplace is slower than anticipated and our ability to successfully convert the majority of our institutions to our BNC First DayÂ® affordable textbook access course material models or successfully compete with third parties that provide similar affordable textbook access solutions;â€¢the United States Department of Education proposed regulatory changes in January 2024 that, if enacted as proposed, could impact affordable textbook access models across the higher education industry as early as 2026; â€¢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;â€¢dependency on strategic service provider relationships, such as with VitalSource Technologies, Inc. and the Fanatics Retail Group Fulfillment, LLC (â€œFanaticsâ€) and Fanatics Lids College, Inc. D/B/A â€œLidsâ€ (â€œLidsâ€) (collectively referred to herein as the â€œF/L Relationshipâ€), and the potential for adverse operational and financial changes to these strategic service provider relationships, may adversely impact our business; â€¢non-renewal of managed bookstore, physical and/or online store contracts and higher-than-anticipated store closings;â€¢decisions by K-12 schools, colleges and universities to outsource their physical and/or online bookstore operations or change the operation of their bookstores;â€¢the timing of the start of the various schoolsâ€™ semesters, as well as shifts in our fiscal calendar dates; â€¢the timing of cash collection from our school partners; â€¢general competitive conditions, including actions our competitors and content providers may take to grow their businesses;â€¢changes to purchase or rental terms, payment terms, return policies, the discount or margin on products or other terms with our suppliers;â€¢product shortages, including decreases in the used textbook inventory supply associated with the implementation of publishersâ€™ digital offerings and direct to student textbook consignment rental programs;â€¢the recent surge in severe weather events across the United States may create disruptions to our store operations or college campus operations;â€¢work stoppages or increases in labor costs;â€¢possible increases in shipping rates or interruptions in shipping services;â€¢a decline in college enrollment or decreased funding available for students; â€¢decreased consumer demand for our products, low growth or declining sales;â€¢the general economic environment and consumer spending patterns;3 Table of Contentsâ€¢trends and challenges to our business and in the locations in which we have stores;â€¢technological changes, including the adoption of artificial intelligence technologies for educational content;â€¢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; â€¢disruption of or interference with third party service providers and our own proprietary technology;â€¢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;â€¢a determination that a change of ownership has occurred, which may limit the future utilization of our tax attributes including our $265,522 NOL carryforward; â€¢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;â€¢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;â€¢adverse results from litigation, governmental investigations, tax-related proceedings, or audits;â€¢changes in accounting standards; andâ€¢the other risks and uncertainties detailed in the section titled â€œRisk Factorsâ€ in Part I - Item 1A in our Annual Report on Form 10-K for the fiscal year ended April 27, 2024, and our Quarterly Report on Form 10-Q for the fiscal quarter ended July 27, 2024.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-Q. Due to such uncertainties and risks, you are warned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof.4 Table of ContentsPART I - FINANCIAL INFORMATIONÂ ItemÂ 1:Â Â Â Financial StatementsBARNESÂ & NOBLE EDUCATION, INC. AND SUBSIDIARIESCondensed Consolidated Statements of Operations(In thousands, except per share data)(unaudited)Â 13 weeks ended26 weeks endedOctober 26,2024October 28,2023October 26,2024October 28,2023Sales:Product sales and other$559,674Â $569,698Â $810,600Â $822,348Â Rental income42,448Â 40,681Â 54,953Â 52,192Â Total sales602,122Â 610,379Â 865,553Â 874,540Â Cost of sales (exclusive of depreciation and amortization expense):Product and other cost of sales442,092Â 451,953Â 651,517Â 658,967Â Rental cost of sales22,387Â 22,184Â 29,187Â 28,697Â Total cost of sales464,479Â 474,137Â 680,704Â 687,664Â Gross profit137,643Â 136,242Â 184,849Â 186,876Â Selling and administrative expenses72,940Â 85,961Â 139,963Â 163,437Â Depreciation and amortization expense8,530Â 10,175Â 21,587Â 20,428Â Loss on extinguishment of debtâ€”Â â€”Â 55,233Â â€”Â Restructuring and other charges(150)4,274Â 3,468Â 8,907Â Operating income (loss)56,323Â 35,832Â (35,402)(5,896)Interest expense, net5,463Â 10,664Â 13,081Â 18,918Â Income (loss) from continuing operations before income taxes50,860Â 25,168Â (48,483)(24,814)Income tax expense1,125Â 314Â 1,261Â 303Â Income (loss) from continuing operations$49,735Â $24,854Â $(49,744)$(25,117)Loss from discontinued operations, net of tax of $0, $0, $0, and $20, respectively$â€”Â $(674)$â€”Â $(1,091)Net income (loss)$49,735Â $24,180Â $(49,744)$(26,208)Earnings (Loss) per share of Common Stock:Basic:Continuing operations$1.87Â $9.36Â $(2.48)$(9.47)Discontinued operations$â€”Â $(0.25)$â€”Â $(0.41)Total Basic Earnings per share$1.87Â $9.11Â $(2.48)$(9.88)Weighted average common shares outstanding - Basic26,527Â 2,655Â 20,019Â 2,651Â Diluted:Continuing operations$1.87Â $9.36Â $(2.48)$(9.47)Discontinued operations$â€”Â $(0.25)$â€”Â $(0.41)Total Diluted Earnings per share$1.87Â $9.11Â $(2.48)$(9.88)Weighted average common shares outstanding - Diluted26,542Â 2,655Â 20,019Â 2,651Â See accompanying notes to condensed consolidated financial statements.5 Table of ContentsBARNESÂ & NOBLE EDUCATION, INC. AND SUBSIDIARIESCondensed Consolidated Balance Sheets(In thousands, except per share data)Â October 26,2024October 28,2023April 27,2024Â (unaudited)(unaudited)(audited)ASSETSCurrent assets:Cash and cash equivalents$11,619Â $15,008Â $10,459Â Receivables, net275,847Â 221,805Â 104,110Â Merchandise inventories, net315,469Â 364,292Â 344,037Â Textbook rental inventories49,672Â 51,840Â 32,992Â Prepaid expenses and other current assets33,425Â 63,410Â 39,158Â Total current assets686,032Â 716,355Â 530,756Â Property and equipment, net44,926Â 61,403Â 52,912Â Operating lease right-of-use assets210,271Â 246,531Â 202,522Â Intangible assets, net85,137Â 104,026Â 94,191Â Other noncurrent assets25,684Â 16,664Â 24,703Â Total assets$1,052,050Â $1,144,979Â $905,084Â LIABILITIES AND STOCKHOLDERS' EQUITYCurrent liabilities:Accounts payable$298,952Â $385,895Â $299,157Â Accrued liabilities99,670Â 112,075Â 77,441Â Current operating lease liabilities124,939Â 126,426Â 102,206Â Total current liabilities523,561Â 624,396Â 478,804Â Long-term deferred taxes, net2,050Â 1,936Â 1,289Â Long-term operating lease liabilities129,748Â 160,185Â 142,193Â Other long-term liabilities14,334Â 18,625Â 15,882Â Long-term borrowings177,551Â 233,873Â 196,337Â Total liabilities847,244Â 1,039,015Â 834,505Â Commitments and contingenciesStockholders' equity:Preferred stock, $0.01 par value; authorized, 5,000 shares; 0 shares issued and 0 shares outstandingâ€”Â â€”Â â€”Â Common stock, $0.01 par value; authorized, 200,000, 2,000 and 2,000 shares, respectively; issued, 27,313, 558 and 558 shares, respectively; outstanding, 27,286, 531 and 532 shares, respectively273Â 558Â 558Â Additional paid-in capital933,400Â 747,518Â 749,140Â Accumulated deficit(706,311)(619,564)(656,567)Treasury stock, at cost(22,556)(22,548)(22,552)Total stockholders' equity204,806Â 105,964Â 70,579Â Total liabilities and stockholders' equity$1,052,050Â $1,144,979Â $905,084Â See accompanying notes to condensed consolidated financial statements.6 Table of ContentsBARNESÂ & NOBLE EDUCATION, INC. AND SUBSIDIARIESCondensed Consolidated Statements of Cash Flows(In thousands) (unaudited)Â 26 weeks endedOctober 26,2024October 28,2023Cash flows from operating activities:Net loss$(49,744)$(26,208)Less: Loss from discontinued operations, net of taxâ€”Â (1,091)Loss from continuing operations(49,744)(25,117)Adjustments to reconcile net loss from continuing operations to net cash flows from operating activities from continuing operations:Depreciation and amortization expense21,587Â 20,428Â Amortization of deferred financing costs3,333Â 4,406Â Loss on extinguishment of debt55,233Â â€”Â Deferred taxes762Â 97Â Stock-based compensation expense392Â 1,756Â Non-cash interest expense (paid-in-kind)â€”Â 863Â Changes in operating lease right-of-use assets and liabilities2,538Â 1,826Â Changes in other long-term assets and liabilities, net1,287Â (2,311)Changes in other operating assets and liabilitiesReceivables(171,737)(129,293)Merchandise inventories, net28,568Â (41,313)Textbook rental inventories(16,680)(21,491)Prepaid expenses and other current assets4,282Â 2,756Â Accounts payable and accrued liabilities23,597Â 140,233Â Changes in other operating assets and liabilities(131,970)(49,108)Net cash flows used in operating activities from continuing operations(96,582)(47,160)Net cash flows used in operating activities from discontinued operationsâ€”Â (3,939)Net cash flow used in operating activities$(96,582)$(51,099)Cash flows from investing activities:Purchases of property and equipment$(6,528)$(8,196)Net change in other noncurrent assets792Â 78Â Net cash flows used in investing activities from continuing operations(5,736)(8,118)Net cash flows provided by investing activities from discontinued operationsâ€”Â 21,395Â Net cash flow (used in) provided by investing activities$(5,736)$13,277Â Cash flows from financing activities:Proceeds from borrowings$455,044Â $284,698Â Repayments of borrowings(442,461)(233,970)Proceeds from Private Equity Investment50,000Â â€”Â Proceeds from Rights Offering45,000Â â€”Â Proceeds from sales of Common Stock under ATM facility, net of commissions 9,590Â â€”Â Payment of equity issuance costs(9,702)â€”Â Payment of deferred financing costs(5,569)(9,381)Purchase of treasury shares(4)(172)Proceeds from principal stockholder expense reimbursement1,190Â â€”Â Payment of finance lease principal(398)â€”Â 7 Table of ContentsNet cash flows provided by financing activities from continuing operations102,690Â 41,175Â Net cash flows provided by financing activities from discontinued operationsâ€”Â â€”Â Net cash flows provided by financing activities$102,690Â $41,175Â Net increase in cash, cash equivalents and restricted cash372Â 3,353Â Cash, cash equivalents and restricted cash at beginning of period28,570Â 31,988Â Cash, cash equivalents and restricted cash at end of period28,942Â 35,341Â Less: Cash, cash equivalents and restricted cash of discontinued operations at end of periodâ€”Â Cash, cash equivalents, and restricted cash of continuing operations at end of period$28,942Â $35,341Â See accompanying notes to condensed consolidated financial statements.8 Table of ContentsBARNESÂ & NOBLE EDUCATION, INC. AND SUBSIDIARIESCondensed Consolidated Statements of Equity(In thousands) (unaudited)AdditionalCommon StockPaid-InAccumulatedTreasury StockTotalSharesAmountCapitalDeficitSharesAmountEquityBalance at April 29, 2023 551Â $551Â $745,932Â $(593,356)26Â $(22,376)$130,751Â Stock-based compensation expense794Â 794Â Vested equity awards2Â 2Â (2)â€”Â Shares repurchased for tax withholdings for vested stock awardsâ€”Â (98)(98)Net loss(50,388)(50,388)Balance July 29, 2023 553Â $553Â $746,724Â $(643,744)26Â $(22,474)$81,059Â Stock-based compensation expense799Â 799Â Vested equity awards5Â 5Â (5)â€”Â Shares repurchased for tax withholdings for vested stock awards1Â (74)(74)Net income24,180Â 24,180Â Balance October 28, 2023 558Â $558Â $747,518Â $(619,564)27Â $(22,548)$105,964Â AdditionalCommon StockPaid-InAccumulatedTreasury StockTotalSharesAmountCapitalDeficitSharesAmountEquityBalance at April 27, 2024 558Â $558Â $749,140Â $(656,567)27Â $(22,552)$70,579Â Stock-based compensation expense(863)(863)Vested equity awards3Â â€”Â â€”Â â€”Â Shares repurchased for tax withholdings for vested stock awardsâ€”Â (4)(4)Private Equity Investment10,000Â 100Â 49,900Â 50,000Â Rights Offering9,000Â 90Â 44,910Â 45,000Â Equity issuance costs(9,524)(9,524)Term Loan debt conversion6,674Â 67Â 86,688Â 86,755Â Principal stockholder expense reimbursement1,940Â 1,940Â Other (553)553Â â€”Â Net loss(99,479)(99,479)Balance July 27, 202426,235Â $262Â $922,744Â $(756,046)27Â $(22,556)$144,404Â Stock-based compensation expense1,255Â 1,255Â Vested equity awards31Â â€”Â â€”Â â€”Â Equity issuance costs(178)(178)Proceeds from sales of Common Stock under ATM facility, net of commissions1,047Â 11Â 9,579Â 9,590Â Net income49,735Â 49,735Â Balance October 26, 202427,313Â $273Â $933,400Â $(706,311)27Â $(22,556)$204,806Â See accompanying notes to condensed consolidated financial statements.9 Table of ContentsBARNESÂ & NOBLE EDUCATION, INC. AND SUBSIDIARIESNotes to Condensed Consolidated Financial StatementsFor the 13 and 26 weeks ended October 26, 2024 and October 28, 2023(Thousands of dollars, except share and per share data)(unaudited)Unless the context otherwise indicates, references in these Notes to the accompanying condensed consolidated financial statements to â€œwe,â€ â€œus,â€ â€œourâ€ and â€œthe Companyâ€ refer to Barnes & Noble Education or â€œBNEDâ€, Inc., a Delaware corporation. References to â€œMBSâ€ refer to our virtual bookstore and wholesale textbook distribution business operated through our subsidiary MBS Textbook Exchange, LLC.This FormÂ 10-Q should be read in conjunction with our Audited Consolidated Financial Statements and accompanying Notes to consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended April 27, 2024, which includes consolidated financial statements for the Company as of April 27, 2024 and April 29, 2023 and for each of the three fiscal years ended AprilÂ 27, 2024,Â AprilÂ 29, 2023 and AprilÂ 30, 2022 (â€œFiscal 2024,â€ â€œFiscal 2023â€ and â€œFiscal 2022,â€ respectively) and the unaudited condensed consolidated financial statements in our Quarterly Report on Form 10-Q for the quarter ended July 27, 2024.Note 1. OrganizationDescription of BusinessBarnes & Noble Education, Inc. (â€œBNEDâ€) 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 a textbook wholesaler, and bookstore management hardware and software provider. We operate 1,162 physical and virtual bookstores and serve more than 5.7 million students, delivering essential educational content and general merchandise within a dynamic omnichannel retail environment. 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 DayÂ® affordable textbook access programs, consisting of First Day Complete and First Day, which provide faculty-required course materials to students on or before the first day of class. â€¢First Day Complete is adopted by an institution and includes all or the majority of undergraduate classes (and on occasion graduate classes), providing students with both physical and digital materials. In addition to providing numerous benefits to students, faculty and administrators, the First Day Complete model drives substantially greater unit sales and sell-through for the bookstore. â€¢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 (â€œLMSâ€). 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 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 educational publishers who rely on us as one of their primary distribution channels. Note 2. Summary of Significant Accounting PoliciesBasis of Presentation and ConsolidationOur condensed consolidated financial statements reflect our condensed consolidated financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States (â€œGAAPâ€). Net income (loss) is equal to comprehensive income (loss) on our condensed consolidated statements of operations. In the opinion of the Companyâ€™s management, the accompanying unaudited condensed 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. These consolidated financial statements are condensed and therefore do not include all of the information and footnotes required by GAAP. All material intercompany accounts and transactions have been eliminated in consolidation. Our fiscal year is comprised of 52 or 53 weeks, ending on the Saturday closest to the last day of April. Due to the seasonal nature of the business, the results of operations for the 13 and 26 weeks ended OctoberÂ 26, 2024 are not indicative of the results expected for the 53 weeks ending May 3, 2025 (â€œFiscal 2025â€). SeasonalityOur business is highly seasonal, particularly with respect to textbook sales and rentals, with the major portion of sales and 10 Table of ContentsBARNESÂ & NOBLE EDUCATION, INC. AND SUBSIDIARIESNotes to Condensed Consolidated Financial StatementsFor the 13 and 26 weeks ended October 26, 2024 and October 28, 2023(Thousands of dollars, except share and per share data)(unaudited)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 schoolsâ€™ semesters, 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 a 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. See Revenue Recognition and Deferred Revenue discussion below. Use of EstimatesIn preparing financial statements in conformity with GAAP, we are required to make estimates and assumptions that affect the reported amounts in the condensed consolidated financial statements and accompanying notes. Actual results could differ from those estimates.Discontinued Operations On May 31, 2023, we completed the sale of assets related to our former Digital Student Solutions (â€œDSSâ€) segment, which met the criteria for classification as Assets Held for Sale and Discontinued Operations. The results of operations related to the DSS Segment for Fiscal 2024 are included in the condensed consolidated statements of operations as â€œLoss from discontinued operations, net of tax.â€ The cash flows of our former DSS segment are also presented separately in our condensed consolidated statements of cash flows. 13 weeks ended26 weeks endedOctober 28, 2023October 28, 2023Total salesâ€”Â $2,784Â Cost of sales â€”Â 76Â Gross profit â€”Â 2,708Â Selling and administrative expenses643Â 2,924Â Depreciation and amortization3Â 3Â Gain on sale of businessâ€”Â (3,068)Impairment loss (non-cash) â€”Â 610Â Restructuring costs 10Â 3,297Â Transaction costs18Â 13Â Operating loss(674)(1,071)Income tax expenseâ€”Â 20Â Loss from discontinued operations, net of tax$(674)$(1,091)Restricted CashAs of OctoberÂ 26, 2024, OctoberÂ 28, 2023, and April 27, 2024, we had restricted cash of $17,323, $20,333, and $18,111, respectively, comprised of $14,945, $19,388, and $17,146, respectively, in prepaid and other current assets in the condensed consolidated balance sheets related to segregated funds for commission due to Fanatics Lids College, Inc. D/B.A â€œLidsâ€ for logo merchandise sales as per the Lids service provider merchandising agreement, and $2,378, $945, and $965, respectively, in other noncurrent assets in the condensed consolidated balance sheets related to amounts held in trust for future distributions related to employee benefit plans.Merchandise InventoriesMerchandise inventories, which consist of finished goods, are stated at the lower of cost or net realizable value. 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.11 Table of ContentsBARNESÂ & NOBLE EDUCATION, INC. AND SUBSIDIARIESNotes to Condensed Consolidated Financial StatementsFor the 13 and 26 weeks ended October 26, 2024 and October 28, 2023(Thousands of dollars, except share and per share data)(unaudited)Cost is determined primarily by the retail inventory method for our physical bookstore inventory. Our textbook for our fulfillment inventory and trade book inventory 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 during the 26 weeks ended October 26, 2024 and October 28, 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 physical bookstores fulfillment order is directed first to our wholesale operations 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. Textbook Rental InventoriesPhysical 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 sales. 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.LeasesWe recognize lease assets and lease liabilities on the condensed consolidated balance sheets for all operating lease arrangements based on the present value of future lease payments as required by Accounting Standards Codification (â€œASCâ€) 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 condensed consolidated statements of operations and we recognize lease expense related to our various office spaces as selling and administrative expenses in our condensed consolidated statements of operations. For additional information, see Note 8. Leases.Revenue Recognition and Deferred RevenueProduct sales and rentalsThe 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 Note 3. Revenue.Product sales 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. Product sales from our wholesale operations 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 sales.Revenue from the sale of digital textbooks, which contains a single performance obligation, is recognized when the customer accesses the digital content as product sales in our condensed 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 condensed 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 12 Table of ContentsBARNESÂ & NOBLE EDUCATION, INC. AND SUBSIDIARIESNotes to Condensed Consolidated Financial StatementsFor the 13 and 26 weeks ended October 26, 2024 and October 28, 2023(Thousands of dollars, except share and per share data)(unaudited)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 DayÂ® 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 DayÂ® 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 DayÂ® affordable textbook 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 sales 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. As the logo and emblematic general merchandise sales are fulfilled by Lids and Fanatics Retail Group Fulfillment, LLC (â€œFanaticsâ€, collectively, F/L Relationship), we recognize commission revenue earned for these sales on a net basis in our condensed consolidated financial statements. 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 revenueService 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 (â€œSSPâ€) 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 over time 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 SalesOur 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 ExpensesOur 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, and shared-service costs such as human resources, legal, treasury, information technology, and various other corporate level expenses and other governance functions.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 13 Table of ContentsBARNESÂ & NOBLE EDUCATION, INC. AND SUBSIDIARIESNotes to Condensed Consolidated Financial StatementsFor the 13 and 26 weeks ended October 26, 2024 and October 28, 2023(Thousands of dollars, except share and per share data)(unaudited)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. Recent Accounting Pronouncements In November 2024, the Financial Accounting Standards Board (â€œFASBâ€) issued Accounting Standards Update (â€œASUâ€) No. 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses to require public companies to disclose, in the notes to financial statements, specified information about certain costs and expenses at each interim and annual reporting period. The amendments require an entity: (1) disclose the amounts of (a) purchases of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and (e) depreciation, depletion, and amortization recognized as part of oil and gas-producing activities included in each relevant expense caption; (2) include certain amounts that are already required to be disclosed under current generally accepted accounting principles in the same disclosure as the other disaggregation requirements; (3) disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively; and (4) disclose the total amount of selling expenses and an entityâ€™s definition of selling expenses. This ASU, which can be applied either prospectively or retrospectively, is effective for annual and interim periods beginning after December 15, 2026 (our Fiscal 2028), with early adoption permitted. We are currently assessing this guidance and determining the impact on our condensed consolidated financial statements. In December 2023, the FASB issued ASU No. 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 (our Fiscal 2026), with early adoption permitted. We are currently assessing this guidance and determining the impact on our condensed consolidated financial statements. In November 2023, the FASB issued ASU No. 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 May 3, 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 condensed consolidated financial statements.Note 3. RevenueRevenue 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 Note 2. Summary of Significant Accounting Policies for additional information related to our revenue recognition policies. The following table disaggregates the revenue associated with our major product and service offerings: 13 weeks ended26 weeks endedOctober 26, 2024October 28, 2023October 26, 2024October 28, 2023Product and Other SalesCourse Materials Product Sales $431,443Â $435,370Â $583,595Â $573,906Â General Merchandise Product Sales (a)99,659Â 105,022Â 176,202Â 193,702Â Service and Other Revenue (b)28,572Â 29,306Â 50,803Â 54,740Â Product and Other Sales sub-total559,674Â 569,698Â 810,600Â 822,348Â Course Materials Rental Income42,448Â 40,681Â 54,953Â 52,192Â Total Sales$602,122Â $610,379Â $865,553Â $874,540Â (a)Logo general merchandise sales are recognized on a net basis as commission revenue in the condensed consolidated financial statements. (b)Service and other revenue primarily relates to brand partnership marketing and other service revenues.14 Table of ContentsBARNESÂ & NOBLE EDUCATION, INC. AND SUBSIDIARIESNotes to Condensed Consolidated Financial StatementsFor the 13 and 26 weeks ended October 26, 2024 and October 28, 2023(Thousands of dollars, except share and per share data)(unaudited)Contract Assets and Liabilities Accounts receivables were $275,847, $221,805, $104,110 and $92,512 as of OctoberÂ 26, 2024, OctoberÂ 28, 2023, April 27, 2024 and April 29, 2023, respectively.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:â€¢advanced payments from customers related to textbook rental performance obligations, which are recognized ratably over the terms of the related rental period; â€¢unsatisfied performance obligations associated with brand partnership marketing services, which are recognized when the contracted services are provided to our brand partnership marketing customers; andâ€¢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 e-commerce and merchandising contracts for Fanatics and Lids, respectively. The following table presents changes in deferred revenue associated with our contract liabilities:26 weeks endedOctober 26, 2024October 28, 2023Deferred revenue at the beginning of period$14,892Â $15,356Â Additions to deferred revenue during the period97,238Â 97,773Â Reductions to deferred revenue for revenue recognized during the period(71,253)(71,164)Deferred revenue balance at the end of period:$40,877Â $41,965Â Balance Sheet classification:Accrued liabilities$37,662Â $38,105Â Other long-term liabilities3,215Â 3,860Â Deferred revenue balance at the end of period:$40,877Â $41,965Â Note 4. Segment ReportingWe identify our segments in accordance with the way our business is managed. During the 26 weeks ended October 26, 2024, management determined that a realignment of the Company's operating and reporting segments was necessary to better reflect the operations of the organization. With the recent change in Chief Executive Officer and June milestone financing transactions, we have streamlined operations to focus on a centralized management structure to support company-wide procurement, marketing and selling, delivery and customer service. Given the change in how the overall business is managed and how the current Chief Executive Officer (the current Chief Operating Decision Maker ("CODM")) assesses performance and allocates resources, we combined the operating results of the prior two segments, Retail and Wholesale, into one operating and reporting segment. Prior period disclosures have been restated to reflect the change to one segment.Our international operations are not material, and the majority of the revenue and total assets are within the United States. Note 5. Equity and Earnings Per ShareEquityDuring the 13 and 26 weeks ended OctoberÂ 26, 2024, we did not repurchase shares of our Common Stock under the stock repurchase program and, as of OctoberÂ 26, 2024, approximately $26,669 remains available under the stock repurchase program.During the 13 and 26 weeks ended OctoberÂ 26, 2024, we repurchased 0 and 429 shares of our Common Stock, respectively, outside of the stock repurchase program in connection with employee tax withholding obligations for vested stock awards.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 entitled 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 were exercisable only if a person or group acquired 10% or more of our outstanding Common Stock and various other criteria were met (the â€œDistribution Dateâ€). Until the Distribution Date, the rights were not exercisable; the rights were not evidenced by separate rights certificates; 15 Table of ContentsBARNESÂ & NOBLE EDUCATION, INC. AND SUBSIDIARIESNotes to Condensed Consolidated Financial StatementsFor the 13 and 26 weeks ended October 26, 2024 and October 28, 2023(Thousands of dollars, except share and per share data)(unaudited)and the rights were transferable by, and only in connection with, the transfer of Common Stock. On July 3, 2024, the Company amended the rights plan to terminate the distributed rights effective July 3, 2024. At the time of the termination of the rights plan, all of the rights, which were previously distributed to holders of the Company's issued and outstanding Common Stock, expired. For additional information, please see the Company's Current Report on Form 8-K filed with the SEC on July 3, 2024.On June 5, 2024, our stockholders 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 (post- reverse stock split). On September 18, 2024, our stockholders (1) approved the Companyâ€™s Amended and Restated Certificate of Incorporation to decrease the aggregate number of authorized shares of our Common Stock from 10,000,000,000 shares to 200,000,000 shares; and (2) approved an amendment to the Equity Incentive Plan to increase the number of shares available for issuance by an additional 2,000,000 shares of our Common Stock, for an aggregate total of 2,179,093 shares (post-reverse stock split).Milestone Financing TransactionsOn June 10, 2024, we completed various transactions, including a private equity investment, an equity rights offering, Term Loan debt conversion, and a Credit Facility refinancing, to substantially deleverage our consolidated balance sheet. These transactions also raised additional capital for repayment of indebtedness and provide additional flexibility for future working capital needs. For additional information, see Note 7. Debt. Upon closing of the transactions on June 10, 2024:Â Â Â Â  Â Â Â Â â€¢We received gross proceeds of $95,000 of new equity capital through a $50,000 new equity investment (the â€œPrivate Investmentâ€) led by Immersion and a $45,000 fully backstopped equity rights offering (the â€œRights Offeringâ€). The transactions infused approximately $85,500 of net cash proceeds after transaction costs. The transaction resulted in Immersion obtaining a controlling interest in the Company. See Private Investment, Rights Offering, and Backstop Commitment below; Â Â Â Â  Â Â Â Â â€¢Our existing Term Loan Credit Agreement lenders, TopLids LendCo, LLC (â€œTopLidsâ€) and Vital Fundco, LLC (â€œVitalSourceâ€), 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.Private Investment, Rights Offering, and Backstop CommitmentImmersion 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 â€œPrivate Investmentâ€). 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 9,000,000 shares (post-reverse stock split) of our Common Stock at a cash subscription price of $0.05 per share (the â€œSubscription Priceâ€). In the Rights Offering, we distributed to each holder of Common Stock, one non-transferable subscription right (each, a â€œSubscription Rightâ€) for every share of Common Stock owned by such holder on May 14, 2024 (the â€œRecord Dateâ€), 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 rights to subscribe for additional shares of Common Stock that remain unsubscribed as a result of any unexercised Subscription Rights (â€œOver-Subscription Rightsâ€), which allowed such holder to subscribe for additional shares of Common Stock up to the number of shares purchased under such holderâ€™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 (â€œOuterbridgeâ€) and Selz Family 2011 Trust (â€œSelzâ€), collectively purchased the unexercised Subscription Rights at the Subscription Price (â€œBackstop Commitmentâ€). We received approximately $12,900 in gross proceeds for the exercise of Subscription Rights not subscribed for by the Companyâ€™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. 16 Table of ContentsBARNESÂ & NOBLE EDUCATION, INC. AND SUBSIDIARIESNotes to Condensed Consolidated Financial StatementsFor the 13 and 26 weeks ended October 26, 2024 and October 28, 2023(Thousands of dollars, except share and per share data)(unaudited)During the 26 weeks ended OctoberÂ 26, 2024, we incurred equity issuance costs totaling $9,524 related to the Rights Offering and Private Investment which are presented in additional paid in capital in the condensed consolidated balance sheet.The Rights Offering was offered to all existing stockholders at a Subscription 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 on June 10, 2024, we converted, at the Subscription Price, all outstanding principal and any accrued and unpaid interest under the Term Loan Credit Agreement, totaling $34,000, into 6,674 shares of our Common Stock. We recognized a loss on extinguishment of debt of $55,233 in the condensed consolidated statement of operations in connection with Term Loan debt conversion which represents the difference between the Common Stock fair value issued upon conversion and the net carrying value of the Term Loan, plus unamortized deferred financing costs related to the Term Loan. As a result of the Term Loan Debt Conversion, the Term Loan and its related documentation was terminated.Reverse Stock SplitOn June 11, 2024, we completed a reverse stock split of the Companyâ€™s outstanding shares of Common Stock at a ratio of 1-for-100 (the â€œReverse Stock Splitâ€), 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 Companyâ€™s Common Stock. No change was made to the trading symbol for the Companyâ€™s shares of Common Stock, â€œBNED,â€ in connection with the Reverse Stock Split. The Reverse Stock Split was part of the Companyâ€™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 Companyâ€™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 Companyâ€™s equity compensation plans was also 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.At-the-Market Equity OfferingsOn September 19, 2024, we entered into an At-the-Market (â€œATMâ€) sales agreement (the â€œSales Agreementâ€) with BTIG, LLC (â€œBTIGâ€), under which we sold our Common Stock from time to time through BTIG as its sales agent. BTIG sold an aggregate offering of up to $40,000 of our Common Stock from time to time, based upon our instructions (including any price, time or size limits or other customary parameters or conditions we may impose). We paid BTIG a commission of 2% of the gross sales proceeds of any Common Stock sold under the Sales Agreement. We were not obligated to make any sales of Common Stock under the Sales Agreement. During the 13 and 26 weeks ended OctoberÂ 26, 2024, we issued and sold 1,046,460 shares of our Common Stock under the Sales Agreement at a weighted-average price of $9.35 per share and received $9,590 in proceeds, net of commissions. For information regarding additional sales of shares of our Common Stock under the Sales Agreement, see Note 14. Subsequent Event.Earnings Per ShareBasic EPS is computed based upon the weighted average number of common shares outstanding for the period. Diluted EPS is computed based upon the weighted average number of common shares outstanding for the period plus the dilutive effect of Common Stock equivalents using the treasury stock method and the average market price of our Common Stock for the period. 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.Â Our participating securities consist solely of unvested restricted stock awards, which have contractual participation rights equivalent to those of 17 Table of ContentsBARNESÂ & NOBLE EDUCATION, INC. AND SUBSIDIARIESNotes to Condensed Consolidated Financial StatementsFor the 13 and 26 weeks ended October 26, 2024 and October 28, 2023(Thousands of dollars, except share and per share data)(unaudited)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 the 13 weeks ended OctoberÂ 26, 2024 and OctoberÂ 28, 2023, average shares of 59,329 and 31,497 were excluded from the diluted earnings per share calculation as their inclusion would have been antidilutive, respectively. During the 26 weeks ended OctoberÂ 26, 2024 and OctoberÂ 28, 2023, average shares of 68,832 and 34,538 were excluded from the diluted earnings per share calculation as their inclusion would have been antidilutive, respectively. The following is a reconciliation of the basic and diluted earnings per share calculation: 13 weeks ended26 weeks ended(shares in thousands)October 26, 2024October 28, 2023October 26, 2024October 28, 2023Numerator for basic earnings per share:Net income (loss) from continuing operations$49,735Â $24,854Â $(49,744)$(25,117)Less allocation of earnings to participating securities(64)(3)â€”Â â€”Â Net income (loss) from continuing operations available to common shareholders49,671Â 24,851Â (49,744)(25,117)Loss from discontinued operations, net of taxâ€”Â (674)â€”Â (1,091)Net income (loss) available to common shareholders$49,671Â $24,177Â $(49,744)$(26,208)Numerator for diluted earnings per share:Net income (loss) from continuing operations$49,671Â $24,851Â $(49,744)$(25,117)Allocation of earnings to participating securities64Â 3Â â€”Â â€”Â Less diluted allocation of earnings to participating securities(64)(3)â€”Â â€”Â Net income (loss) from continuing operations available to common shareholders49,671Â 24,851Â (49,744)(25,117)Loss from discontinued operations, net of taxâ€”Â (674)â€”Â (1,091)Net income (loss) available to common shareholders$49,671Â $24,177Â $(49,744)$(26,208)Denominator for basic earnings per share:Basic weighted average shares of Common Stock26,527Â 2,655Â 20,019Â 2,651Â Denominator for diluted earnings per share:Basic weighted average shares of Common Stock26,527Â 2,655Â 20,019Â 2,651Â Average dilutive restricted stock units15Â â€”Â â€”Â â€”Â Average dilutive restricted sharesâ€”Â â€”Â â€”Â â€”Â Average dilutive stock optionsâ€”Â â€”Â â€”Â â€”Â Diluted weighted average shares of Common Stock26,542Â 2,655Â 20,019Â 2,651Â Earnings (Loss) per share of Common Stock:BasicContinuing operations$1.87Â $9.36Â $(2.48)$(9.47)Discontinuing operationsâ€”Â (0.25)â€”Â (0.41)Total Basic Earnings per share$1.87Â $9.11Â $(2.48)$(9.88)DilutedContinuing operations$1.87Â $9.36Â $(2.48)$(9.47)Discontinuing operationsâ€”Â (0.25)â€”Â (0.41)Total Diluted Earnings per share$1.87Â $9.11Â $(2.48)$(9.88)18 Table of ContentsBARNESÂ & NOBLE EDUCATION, INC. AND SUBSIDIARIESNotes to Condensed Consolidated Financial StatementsFor the 13 and 26 weeks ended October 26, 2024 and October 28, 2023(Thousands of dollars, except share and per share data)(unaudited)Note 6. Fair Value MeasurementsIn 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 liabilityâ€™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 1â€”Observable inputs that reflect quoted prices in active marketsLevel 2â€”Inputs other than quoted prices in active markets that are either directly or indirectly observableLevel 3â€”Unobservable inputs in which little or no market data exists, therefore requiring us to develop our own assumptionsOur financial instruments include cash and cash equivalents, receivables, accrued liabilities and accounts payable. The fair value 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 long-term debt approximates its carrying value. Non-Financial Assets and LiabilitiesOur 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.Note 7. DebtAs ofMaturity DateOctober 26, 2024October 28, 2023April 27, 2024Credit FacilityJune 9, 2028$177,551Â $204,881Â $164,947Â Term Loanâ€”Â 30,863Â 32,653Â sub-total177,551Â 235,744Â 197,600Â Less: Deferred financing costs, Term Loan (a)â€”Â (1,871)(1,263)Total debt$177,551Â $233,873Â $196,337Â Balance Sheet classification:Long-term borrowings$177,551Â $233,873Â $196,337Â (a) For additional information on Credit Facility and Term Loan deferred financing costs, see Deferred Financing Costs below.On June 10, 2024, we completed various transactions, including a private equity investment, an equity rights offering, Term Loan debt conversion, and a Credit Facility refinancing, to substantially deleverage our consolidated balance sheet. These transactions also raised additional capital for repayment of indebtedness and provide additional flexibility for future working capital needs. Upon closing of the transactions on June 10, 2024:Â Â Â Â  Â Â Â Â â€¢We received gross proceeds of $95,000 of new equity capital through a $50,000 new equity investment (the â€œPrivate Investmentâ€) led by Immersion and the $45,000 Rights Offering. The transactions infused approximately $85,500 of net cash proceeds after transaction costs. The transaction resulted in Immersion obtaining a controlling interest in the Company. See Note 5. Equity and Earnings Per Share. Â Â Â Â  Â Â Â Â â€¢Our existing Term Loan credit agreement lenders, TopLids and VitalSource, converted approximately $34,000 of outstanding principal and any accrued and unpaid interest into our Common Stock. As a result of the Term Loan Debt Conversion, the Term Loan and its related documentation was terminated. See Note 5. Equity and Earnings Per Share. Â Â Â Â 19 Table of ContentsBARNESÂ & NOBLE EDUCATION, INC. AND SUBSIDIARIESNotes to Condensed Consolidated Financial StatementsFor the 13 and 26 weeks ended October 26, 2024 and October 28, 2023(Thousands of dollars, except share and per share data)(unaudited)â€¢We refinanced our Credit Facility providing access to a $325,000 facility maturing in 2028. The refinanced Credit Facility will enhance our financial flexibility and reduce our annual interest expense. See discussion below.Credit FacilityAs of October 26, 2024, we are party to a credit agreement (the â€œCredit Agreementâ€), which was amended and restated (the â€œA&R Credit Agreementâ€) on June 10, 2024 (the â€œClosing Dateâ€), after having been amended numerous times between March 2019 and April 2024, under which the lenders originally committed to provide us with an asset-backed revolving credit facility in an aggregate principal amount of $400,000 (the â€œCredit Facilityâ€), which was reduced to $380,000 by the April 2024 amendment. Under the A&R Credit Agreement, on the Closing Date, we restructured the Credit Facility to provide an aggregate committed principal amount to up to $325,000 and extended the maturity of the Credit Facility by four years to June 9, 2028. Proceeds from the Credit Facility are and will be used for general corporate purposes, including seasonal working capital needs. The Company has interest-only obligations under the Credit Facility until the maturity date, at which time the total principal outstanding is due and payable.Interest under the Credit Facility accrues, at the election of the Company, either (x) based on the Secured Overnight Financing Rate (â€œSOFRâ€), 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 A&R Credit Agreement contains customary negative covenants that limit the Companyâ€™s ability to incur or assume additional indebtedness, grant or permit liens, make investments, make Restricted Payments (as defined in the A&R Credit Agreement) and other specified payments, merge with other entities, dispose of or acquire assets, or engage in transactions with affiliates, among other things. Additionally, the A&R Credit Agreement includes the following financial maintenance covenants:Â Â Â Â  Â Â Â Â â€¢following the date that is six months following the Closing Date, the Company is required to maintain a minimum Availability (as defined in the A&R 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; Â Â Â Â Â Â Â Â â€¢commencing with the month ending on or about May 31, 2025, the Company is required to maintain a Consolidated Fixed Charge Coverage Ratio (as defined in the A&R Credit Agreement) 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 Â Â Â Â Â Â Â Â  Â Â Â Â â€¢commencing with the quarter ending on or about October 31, 2024, the Company is required to maintain a minimum Consolidated EBITDA (as defined in the A&R Credit Agreement), 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 A&R Credit Agreement contains customary events of default, including for non-payment of obligations owing under the Credit 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 A&R Credit Agreement also contains customary affirmative covenants and representations and warranties.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-assets lien (inclusive of proceeds from tax refunds payable to the Company and a pledge of equity from subsidiaries, exclusive of real estate).In connection with the Credit Facility, the 1.00% fee payable in connection with the eighth amendment to the Credit Facility (prior to its having been amended and restated), 50% was paid on September 2, 2024 and 50% is due and payable on June 10, 2025.As of OctoberÂ 26, 2024, and through the date of this filing, we believe we were in compliance with the covenants under the A&R Credit Agreement. 20 Table of ContentsBARNESÂ & NOBLE EDUCATION, INC. AND SUBSIDIARIESNotes to Condensed Consolidated Financial StatementsFor the 13 and 26 weeks ended October 26, 2024 and October 28, 2023(Thousands of dollars, except share and per share data)(unaudited)During the 26 weeks ended OctoberÂ 26, 2024, we borrowed $455,044 and repaid $442,461 under the Credit Facility, and had outstanding borrowings of $177,551 as of OctoberÂ 26, 2024. During the 26 weeks ended OctoberÂ 28, 2023, we borrowed $284,698 and repaid $233,970 under the Credit Facility, and had outstanding borrowings of $204,881 as of OctoberÂ 28, 2023. As of OctoberÂ 26, 2024 and OctoberÂ 28, 2023, we have issued $3,575 and $575, respectively, in letters of credit under the Credit Facility. Term LoanOn June 7, 2022, we entered into a Term Loan Credit Agreement (the â€œTerm Loanâ€) with TopLids LendCo, LLC and Vital Fundco, LLC. The Term Loan provided for term loans in an amount equal to $30,000 and matured on April 7, 2025. The proceeds of the Term Loans were being used to finance working capital, and to pay fees and expenses related to the Term Loan. On June 10, 2024, our existing Term Loan credit agreement lenders converted approximately $34,000 of outstanding principal and accrued and unpaid interest into our Common Stock, resulting in financing noncash flow activity totaling $86,755. We recognized a loss on extinguishment of debt of $55,233 in the condensed consolidated statement of operations in connection with the Term Loan debt conversion which represents the difference between the Common Stock fair value issued upon conversion and the net carrying value of the Term Loan, plus unamortized deferred financing costs related to the Term Loan. As a result of the Term Loan Debt Conversion, the Term Loan and its related documentation was terminated. See Note 5. Equity and Earnings Per Share. Â Â Â Â  Deferred Financing CostsThe debt issuance costs have been deferred and are presented as noted below in the condensed consolidated balance sheets, and are subsequently amortized ratably over the term of respective debt.As ofBalance Sheet LocationMaturity Date/Amortization TermOctober 26, 2024October 28, 2023April 27, 2024Credit Facility - Prepaid and Other Current AssetsJune 9, 2028$â€”Â $12,159Â $â€”Â Credit Facility - Other noncurrent assets13,428Â 2,026Â 12,897Â Credit Facility - sub-total13,428Â 14,185Â 12,897Â Term Loan - Contra Debtâ€”Â 1,871Â 1,263Â Total deferred financing costs$13,428Â $16,056Â $14,160Â Interest ExpenseThe following table disaggregates interest expense for the 13 and 26 week periods: 13 weeks ended26 weeks endedOctober 26, 2024October 28, 2023October 26, 2024October 28, 2023Interest IncurredCredit Facility$4,834Â $6,824Â $9,618Â $12,539Â Term Loanâ€”Â 861Â 453Â 2,167Â Total Interest Incurred$4,834Â $7,685Â $10,071Â $14,706Â Amortization of Deferred Financing CostsCredit Facility$916Â $2,850Â $3,183Â $3,794Â Term Loanâ€”Â 312Â 150Â 612Â Total Amortization of Deferred Financing Costs$916Â $3,162Â $3,333Â $4,406Â Interest Income, net of expense$(287)$(183)$(323)$(194)Total Interest Expense$5,463Â $10,664Â $13,081Â $18,918Â Cash interest paid during the 13 weeks ended OctoberÂ 26, 2024 and OctoberÂ 28, 2023 was $5,134 and $7,576, respectively, and cash interest paid during the 26 weeks ended OctoberÂ 26, 2024 and OctoberÂ 28, 2023 was $9,866 and $13,972, respectively.21 Table of ContentsBARNESÂ & NOBLE EDUCATION, INC. AND SUBSIDIARIESNotes to Condensed Consolidated Financial StatementsFor the 13 and 26 weeks ended October 26, 2024 and October 28, 2023(Thousands of dollars, except share and per share data)(unaudited)Note 8. Leases We recognize lease assets and lease liabilities on the condensed consolidated balance sheets for substantially all lease arrangements as required by FASB 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). We recognize a right of use (â€œROUâ€) asset and lease liability in our condensed 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 (â€œvariable commissionsâ€), 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.We recognized lease expense related to our college and university contracts as cost of sales in our condensed consolidated statements of operations as follows:13 weeks ended26 weeks endedOctober 26, 2024October 28, 2023October 26, 2024October 28, 2023Variable lease expense$26,039Â $25,436Â $38,843Â $37,665Â Operating lease expense43,877Â 46,902Â 65,208Â 69,291Â Net lease expense$69,916Â $72,338Â $104,051Â $106,956Â The following table summarizes our minimum fixed lease obligations, excluding variable commissions: As of October 26, 2024Remainder of Fiscal 2025$108,940Â Fiscal 202644,073Â Fiscal 202733,817Â Fiscal 202828,537Â Fiscal 202925,455Â Thereafter38,004Â Total lease payments278,826Â Less: imputed interest(24,139)Operating lease liabilities at period end$254,687Â Future lease payment obligations related to leases that were entered into, but did not commence as of OctoberÂ 26, 2024, were not material. 22 Table of ContentsBARNESÂ & NOBLE EDUCATION, INC. AND SUBSIDIARIESNotes to Condensed Consolidated Financial StatementsFor the 13 and 26 weeks ended October 26, 2024 and October 28, 2023(Thousands of dollars, except share and per share data)(unaudited)The following summarizes additional information related to our operating leases: As ofOctober 26, 2024October 28, 2023Weighted average remaining lease term (in years)4.1 years4.6 yearsWeighted average discount rate4.5Â %4.3Â %Supplemental cash flow information:Cash payments for lease liabilities within operating activities$62,624Â $68,580Â Right-of-use assets obtained in exchange for lease liabilities from initial recognition$69,193Â $69,959Â Note 9. Supplementary InformationRestructuring and other chargesDuring the 13 and 26 weeks ended October 26, 2024, we recognized restructuring and other charges totaling $(150) and $3,468, respectively, comprised primarily of $981 and $2,072, respectively, related to severance and other employee termination and benefit costs associated with elimination of various positions as part of cost reduction initiatives, $0 and $1,963, respectively, of severance primarily related to the resignation of our former Chief Executive Officer on June 11, 2024, ($1,789 is included in accrued liabilities in the condensed consolidated balance sheet as of October 26, 2024), $256 and $820, respectively, for legal and advisory professional service costs for restructuring and process improvements and other charges, and $(1,387) for both periods related to the termination of liabilities related to a frozen retirement benefit plan (non-cash). We recognized an increase to additional paid in capital on the condensed consolidated balance sheet for the reimbursement of the former Chief Executive Officer severance from VitalSource (a principal stockholder) as part of the June 10, 2024 financing transactions.During the 13 and 26 weeks ended October 28, 2023, we recognized restructuring and other charges totaling $4,274 and $8,907, respectively, comprised primarily of $4,245 and $7,827, respectively, of professional service costs for restructuring and process improvements, and $29 and $1,080, respectively, of severance and other employee termination and benefit costs associated with elimination of various positions as part of cost reduction initiatives.Note 10. Long-Term Incentive Plan Compensation ExpenseWe recognize compensation expense for restricted stock 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. 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. During the 26 weeks ended October 26, 2024, we granted the following awards under the Equity Incentive Plan:â€¢On June 18, 2024, we granted 7,441 restricted stock units ("RSUs") and 29,764 restricted stock awards ("RSAs") to Board of Director members. The restricted stock awards vested on September 18, 2024.â€¢On September 20, 2024, we granted 61,290 RSUs and 81,720 RSAs to Board of Director members. The RSUs vest on the earlier of one year from the date of grant or the next annual meeting of stockholders.â€¢On September 20, 2024, we granted 1,533,250 performance share units ("PSUs") to employees that include both a service condition and market condition in order for PSUs to vest. The PSUs vest upon our Common Stock achieving a specified price per share (measured using a 100-day average volume weighted average price ("VWAP")) for each of three tranches and continued employment through a specified date. There is a period of seven years from the grant date in order to achieve the specific target share price. We have determined the grant date fair value using the Monte Carlo simulation model and compensation expense is recognized ratably over the derived service period regardless of whether the market condition is satisfied. The fair value models for the PSUs use assumptions that include the risk-free interest rate and expected volatility. 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 PSU term. Volatility is based on the historical volatility of the 23 Table of ContentsBARNESÂ & NOBLE EDUCATION, INC. AND SUBSIDIARIESNotes to Condensed Consolidated Financial StatementsFor the 13 and 26 weeks ended October 26, 2024 and October 28, 2023(Thousands of dollars, except share and per share data)(unaudited)Companyâ€™s Common Stock over a period of time corresponding to the expected PSU term. PSU Tranche #1PSU Tranche #2PSU Tranche #3Performance Milestone (VWAP)$10.00Â $15.00Â $20.00Â Valuation method utilizedMonte CarloMonte CarloMonte CarloRisk-free interest rate3.53Â %3.53Â %3.53Â %Company volatility120Â %120Â %120Â %Derived service period1.0 year2.0 years3.0 yearsGrant date fair value per award$9.74Â $9.62Â $9.46Â We recognized compensation expense for long-term incentive plan awards in selling and administrative expenses as follows:13 weeks ended26 weeks endedOctober 26,2024October 28,2023October 26,2024October 28,2023Stock-based awardsRestricted stock expense$200Â $4Â $267Â $11Â Restricted stock units expense 315Â 448Â 232Â 1,016Â Performance share units expense 748Â â€”Â 748Â â€”Â Stock option expense(8)346Â (855)729Â Sub-total stock-based awards:$1,255Â $798Â $392Â $1,756Â Cash settled awardsPhantom share units expense$1Â $(40)$(4)$(129)Total compensation expense for long-term incentive awards$1,256Â $758Â $388Â $1,627Â The negative long-term incentive plan is primarily due to forfeitures of $1,562 resulting from the resignation of our former Chief Executive Officer on June 11, 2024.Total unrecognized compensation cost related to unvested awards as of OctoberÂ 26, 2024 was $15,404 and is expected to be recognized over a weighted-average period of 1.8 years. Note 11. Employee Benefit PlansWe 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. Total employee benefit expense for these plans was $0 and $590 during the 13 weeks ended OctoberÂ 26, 2024 and OctoberÂ 28, 2023, respectively. Total employee benefit expense for these plans was $0 and $1,687 during the 26 weeks ended OctoberÂ 26, 2024 and OctoberÂ 28, 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. Income TaxesWe recorded an income tax expense of $1,125 on pre-tax income of $50,860 during the 13 weeks ended OctoberÂ 26, 2024, which represented an effective income tax rate of 2.2% and an income tax expense of $314 on pre-tax income of $25,168 during the 13 weeks ended OctoberÂ 28, 2023, which represented an effective income tax rate of 1.2%. We recorded an income tax expense of $1,261 on pre-tax loss of $(48,483) during the 26 weeks ended OctoberÂ 26, 2024, which represented an effective income tax rate of (2.6)% and an income tax expense of $303 on pre-tax loss of $(24,814) during the 26 weeks ended OctoberÂ 28, 2023, which represented an effective income tax rate of (1.2)%. The effective tax rate for the 26 weeks ended OctoberÂ 26, 2024 is materially consistent with the prior year comparable period.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. As of OctoberÂ 26, 2024, we determined that it was more likely than not that 24 Table of ContentsBARNESÂ & NOBLE EDUCATION, INC. AND SUBSIDIARIESNotes to Condensed Consolidated Financial StatementsFor the 13 and 26 weeks ended October 26, 2024 and October 28, 2023(Thousands of dollars, except share and per share data)(unaudited)we would not realize all deferred tax assets and our tax rate for the current fiscal year reflects this determination. We will continue to evaluate this position. Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the â€œCodeâ€), if a corporation undergoes an â€œownership changeâ€ (generally defined as a cumulative change in our ownership by â€œ5-percent shareholdersâ€ that exceeds 50 percentage points over a rolling three-year period), the corporationâ€™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 Term Loan debt conversion completed on June 10, 2024, we may have experienced an ownership change 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 impact the future utilization of our tax attributes including our $265,522 NOL carryforward. Note 13. 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 condensed consolidated financial position, results of operations, or cash flows.Note 14. Subsequent Event At-the-Market Equity OfferingsSubsequent to October 26, 2024, we issued and sold 2,928,145 shares of our Common Stock under the ATM Sales Agreement at a weighted-average price of $10.32 per share and received $29,660 in proceeds, net of commissions. As of November 27, 2024, we sold the maximum aggregate offering of $40,000 of our Common Stock under the ATM Sales Agreement. 25 Table of ContentsItemÂ 2:Â Â Â Â Managementâ€™s Discussion and Analysis of Financial Condition and Results of OperationsUnless the context otherwise indicates, references to â€œwe,â€ â€œus,â€ â€œourâ€ and â€œthe Companyâ€ refer to BarnesÂ & Noble Education, Inc. or â€œBNEDâ€, a Delaware corporation. References to â€œMBSâ€ refer to our subsidiary MBS Textbook Exchange, LLC.This Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the â€œSecurities Actâ€), and Section 21E of the Securities Exchange Act of 1934, as amended (the â€œExchange Actâ€). The forward-looking statements involve risks and uncertainties. Please reference the disclosure regarding forward-looking statements for more information.Overview Description of BusinessBarnes & Noble Education, Inc. (â€œBNEDâ€) 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 a textbook wholesaler, and bookstore management hardware and software provider. We operate 1,162 physical and virtual bookstores and serve more than 5.7 million students, delivering essential educational content 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 DayÂ® affordable textbook access programs, consisting of First Day Complete and First Day, which provide faculty-required course materials to students 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 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. See BNC First DayÂ® Affordable Textbook Access Programs 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 with our service providers, Fanatics Retail Group Fulfillment, LLC (â€œFanaticsâ€) and Fanatics Lids College, Inc. D/B/A â€œLidsâ€ (â€œLidsâ€) (collectively referred to herein as the â€œF/L Relationshipâ€), 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 educational publishers who rely on us as one of their primary distribution channels. For additional information related to our business, see Part I - Item 1. Business in our Annual Report on Form 10-K for the fiscal year ended April 27, 2024.BNC First DayÂ® Affordable Textbook Access ProgramsWe 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 DayÂ® affordable textbook access programs, consisting of First Day Complete and First Day, which provide faculty-required course materials to students 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. 26 Table of Contentsâ€¢First Day Complete is adopted by an institution and includes all or the majority of undergraduate classes (and on occasion graduate classes), providing students with both physical and digital materials. In addition to providing numerous benefits to students, faculty and administrators, the First Day Complete model drives substantially greater unit sales and sell-through for the bookstore. â€¢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 (â€œLMSâ€). Offering course materials through our BNC First DayÂ® affordable textbook access programs, First Day Complete and First Day, is an important strategic initiative of ours to meet the market demands of reduced pricing for 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 affordable textbook access 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. In Fiscal 2024, the growth of our BNC First DayÂ® 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 DayÂ® sales for the 13 and 26 weeks ended OctoberÂ 26, 2024 and OctoberÂ 28, 2023:Dollars in millions13 weeks ended26 weeks endedOctober 26, 2024October 28, 2023Var $Var %October 26, 2024October 28, 2023Var $Var %First Day Complete Sales$166.2Â $136.4Â $29.8Â 22%$200.8Â $161.9Â $38.9Â 24%First Day Sales$69.2Â $62.8Â $6.4Â 10%$115.9Â $99.1Â $16.8Â 17%Total BNC First DayÂ® Sales$235.4Â $199.2Â $36.2Â 18%$316.7Â $261.0Â $55.7Â 21%First Day CompleteFall 2024Fall 2023Var #Var %Number of campus stores1831572617%Estimated enrollment (a)925,000800,000125,00016%(a) Total undergraduate and graduate student enrollment as reported by National Center for Education Statistics (NCES) as of January 16, 2024.Financing ArrangementsOn June 10, 2024, we completed various transactions, including a private equity investment, an equity rights offering, Term Loan debt conversion, and a Credit Facility refinancing, to substantially deleverage our consolidated balance sheet. Additionally, on September 19, 2024, we entered into an At-the-Market ("ATM") sales agreement (the "Sales Agreement") with BTIG, LLC ("BTIG"), under which we sold an aggregate offering of up to $40.0 million of our Common Stock from time to time through BTIG as our sales agent. These transactions also raised additional capital for repayment of indebtedness and provide additional flexibility for future working capital needs, which will also allow us to strategically invest in innovation and growth initiatives, including but not limited to the growth of our First Day Complete program. For additional information, see the Liquidity and Capital Resources discussion below.27 Table of ContentsSegmentsWe identify our segments in accordance with the way our business is managed. During the 26 weeks ended October 26, 2024, management determined that a realignment of the Company's operating and reporting segments was necessary to better reflect the operations of the organization. With the recent change in Chief Executive Officer and June milestone financing transactions, we have streamlined operations to focus on a centralized management structure to support company-wide procurement, marketing and selling, delivery and customer service. Given the change in how the overall business is managed and how the current Chief Executive Officer (the current Chief Operating Decision Maker ("CODM")) assesses performance and allocates resources, we combined the operating results of the prior two segments, Retail and Wholesale, into one operating and reporting segment. Prior period disclosures have been restated to reflect the change to one segment.SeasonalityOur 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 schoolsâ€™ semesters, as well as shifts in our fiscal calendar dates. These shifts in timing may affect the comparability of our results across periods. Product sales 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 sales in our condensed 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 condensed consolidated financial statements. Depending on the product mix offered under the BNC First DayÂ® 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 DayÂ® affordable textbook access 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 DayÂ® affordable textbook 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 DayÂ® affordable textbook 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, Competition 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:â€¢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.â€¢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.â€¢Economic Environment: 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 physical textbooks, school supplies and 28 Table of Contentsgeneral 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. â€¢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, including for cafe and convenience products.â€¢Increased Use of Open Educational Resources (â€œOERâ€), Online and Digital Platforms as Companions or Alternatives to Traditional Course Materials, Including Artificial Intelligence (â€œAIâ€) 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. â€¢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.â€¢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. â€¢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. We counteract disintermediation as we continue to scale the number of schools that adopt our BNC First DayÂ® affordable textbook access programs, given the higher volumes of units sold in such models as compared to historical sales models that rely on individual student marketing and sales. â€¢Suppliers, Supply Chain and Inventory. The products that we sell originate from a wide variety of domestic and international vendors. Since the demand for used textbooks has historically been greater than the available supply, our financial results are highly dependent upon our ability to build its textbook inventory from suppliers in advance of the selling season. Some textbook publishers supply textbooks pursuant to consignment or rental programs which could impact used textbook supplies in the future. We are a national distributor for rental textbooks offered through McGraw-Hill Education's and Pearson Educationâ€™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.â€¢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. â€¢First Day Complete and First Day Models. Offering course materials sales through our BNC First DayÂ® affordable textbook access programs, First Day Complete and First Day, is a key, and increasingly important, strategic initiative 29 Table of Contentsof ours to meet the market demands of reduced pricing for 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 affordable textbook access 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 proposed regulatory changes in January 2024 that, if enacted as proposed, could impact affordable textbook access programs across the higher education industry as early as 2026. â€¢A Large Number of Traditional Campus Bookstores Have Yet to be Outsourced.â€¢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 affordable textbook access programs and publisher subscription models) and general merchandise. â€¢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. For additional discussion of our trends and other factors affecting our business, see Part I - Item 1. Business in our Annual Report on Form 10-K for the fiscal year ended April 27, 2024.Elements of Results of OperationsOur condensed 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 (â€œGAAPâ€). The results of operations reflected in our condensed consolidated financial statements are presented on a consolidated basis. All material intercompany accounts and transactions have been eliminated in consolidation. 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 cafÃ© 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 bookstore 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. 30 Table of ContentsResults of OperationsResults of Operations - Summary - Continuing Operations (a)Â 13 weeks ended26 weeks endedDollars in thousandsOctober 26,2024October 28,2023October 26,2024October 28,2023Sales:Product sales and other$559,674Â $569,698Â $810,600Â $822,348Â Rental income42,448Â 40,681Â 54,953Â 52,192Â Total sales$602,122Â $610,379Â $865,553Â $874,540Â Gross profit$137,643Â $136,242Â $184,849Â $186,876Â Net income (loss) from continuing operations$49,735Â $24,854Â $(49,744)$(25,117)Adjusted Earnings (non-GAAP)-Continuing Operations (a)$50,840Â $29,927Â $9,349Â $(14,454)Adjusted EBITDA (non-GAAP)-Continuing Operations (a)$65,958Â $51,080Â $45,278Â $25,195Â (a)Adjusted Earnings and Adjusted EBITDA are non-GAAP financial measures. See Use of Non-GAAP Measures discussion below.Results of Operations - Discontinued Operations On May 31, 2023, we completed the sale of assets related to our former Digital Student Solutions (â€œDSSâ€) segment, which met the criteria for classification as Assets Held for Sale and Discontinued Operations. The results of operations related to our former DSS segment are included in the condensed consolidated statements of operations as â€œLoss from discontinued operations, net of tax.â€ The cash flows of our former DSS segment are also presented separately in our condensed consolidated statements of cash flows. For additional information, see Part II - Item 7. Management's Discussion and Analysis in our Annual Report on Form 10-K for the fiscal year ended April 27, 2024.13 weeks ended26 weeks endedDollars in thousandsOctober 26,2024October 28,2023October 26,2024October 28,2023Total sales$â€”Â $â€”Â $â€”Â $2,784Â Cost of sales â€”Â â€”Â â€”Â 76Â Gross profit â€”Â â€”Â â€”Â 2,708Â Selling and administrative expensesâ€”Â 643Â â€”Â 2,924Â Depreciation and amortizationâ€”Â 3Â â€”Â 3Â Gain on sale of businessâ€”Â â€”Â â€”Â (3,068)Impairment loss (non-cash) â€”Â â€”Â â€”Â 610Â Restructuring costs â€”Â 10Â â€”Â 3,297Â Transaction costsâ€”Â 18Â â€”Â 13Â Operating lossâ€”Â (674)â€”Â (1,071)Income tax expenseâ€”Â 0â€”Â 20Loss from discontinued operations, net of taxâ€”Â $(674)$â€”Â $(1,091)31 Table of ContentsResults of Operations - Continuing Operations - 13 and 26 weeks ended October 26, 2024 compared with the 13 and 26 weeks ended October 28, 202313 weeks ended26 weeks endedDollars in thousandsOctober 26,2024October 28,2023October 26,2024October 28,2023Sales:Product sales and other$559,674Â $569,698Â $810,600Â $822,348Â Rental income42,448Â 40,681Â 54,953Â 52,192Â Total sales602,122Â 610,379Â 865,553Â 874,540Â Cost of sales (exclusive of depreciation and amortization expense):Product and other cost of sales442,092Â 451,953Â 651,517Â 658,967Â Rental cost of sales22,387Â 22,184Â 29,187Â 28,697Â Total cost of sales464,479Â 474,137Â 680,704Â 687,664Â Gross profit137,643Â 136,242Â 184,849Â 186,876Â Selling and administrative expenses72,940Â 85,961Â 139,963Â 163,437Â Depreciation and amortization expense8,530Â 10,175Â 21,587Â 20,428Â Loss on extinguishment of debtâ€”Â â€”Â 55,233Â â€”Â Restructuring and other charges(150)4,274Â 3,468Â 8,907Â Operating income (loss) from continuing operations$56,323Â $35,832Â $(35,402)$(5,896)Â Percentage of Total Sales:13 weeks ended26 weeks endedOctober 26,2024October 28,2023October 26,2024October 28,2023Sales:Product sales and other93.0Â %93.3Â %93.7Â %94.0Â %Rental income7.0Â 6.7Â 6.3Â 6.0Â Total sales100.0Â 100.0Â 100.0Â 100.0Â Cost of sales (exclusive of depreciation and amortization expense):Product and other cost of sales (a)79.0Â 79.3Â 80.4Â 80.1Â Rental cost of sales (a)52.7Â 54.5Â 53.1Â 55.0Â Total cost of sales77.1Â 77.7Â 78.6Â 78.6Â Gross margin22.9Â 22.3Â 21.4Â 21.4Â Selling and administrative expenses12.1Â 14.1Â 16.2Â 18.7Â Depreciation and amortization expense1.4Â 1.7Â 2.5Â 2.3Â Loss on extinguishment of debtâ€”Â â€”Â 6.4Â â€”Â Restructuring and other chargesâ€”Â 0.7Â 0.4Â 1.0Â Operating income (loss) from continuing operations9.4Â %5.8Â %(4.1)%(0.6)%Â (a)Represents the percentage these costs bear to the related sales, instead of total sales.Second quarter fiscal year 2025 total revenue decreased by (1.4)%, or $(8.3) million, from last year to $602.1 million, primarily driven by a net decrease in physical and virtual locations, many of which were closures of underperforming stores, which has helped to improve profitability. Gross Comparable Store Sales increased by $24.4 million, or 3.8%, during the quarter, driven by revenues from BNC First Day programs which increased by $36.2 million, or 18%, helping to offset much of the decline from closed stores in total revenue. Income from Continuing Operations increased by $24.9 million, or 100.1% to $49.7 million, compared to $24.9 million in the prior year. Adjusted EBITDA from Continuing Operations improved by $14.9 million, or 29.1%, to $66.0 million from $51.1 million last year, primarily due to lower selling and administrative expenses of $13.0 million as the result of cost-saving and productivity initiatives, closed stores, and improved gross margin of $1.4 million. 32 Table of ContentsFiscal year 2025 year to date revenue decreased by $9.0 million, or (1.0)% to $865.6 million, primarily driven by a net decrease in physical and virtual locations, many of which were closures of underperforming stores, which has helped to improve profitability. Gross Comparable Store Sales increased by $33.4 million, or 3.7%, during the year, driven by revenues from BNC First Day programs which increased by $55.7 million, or 21%, helping to offset much of the decline from closed stores in total revenue. Income from Continuing Operations was $(49.7) million, inclusive of a loss on extinguishment of debt of $(55.2) million, compared to $24.9 million in the prior year period. Adjusted EBITDA from Continuing Operations improved by $20.1 million to $45.3 million from $25.2 million last year primarily due to lower selling and administrative expenses of $23.5 million primarily related to cost saving and productivity initiatives, closed stores, and growth in our BNC First DayÂ® programs were primarily responsible for the improvement. SalesThe following table summarizes our sales for the 13 and 26 weeks ended OctoberÂ 26, 2024 and OctoberÂ 28, 2023:Â 13 weeks ended26 weeks endedDollars in thousandsOctober 26, 2024October 28, 2023Var $Var %October 26, 2024October 28, 2023Var $Var %Product sales and other$559,674Â $569,698Â $(10,024)(1.8)%$810,600Â $822,348Â $(11,748)(1.4)%Rental income42,448Â 40,681Â $1,767Â 4.3%54,953Â 52,192Â $2,761Â 5.3%Total Sales$602,122Â $610,379Â $(8,257)(1.4)%$865,553Â $874,540Â $(8,987)(1.0)%The sales decrease during the 13 and 26 weeks ended OctoberÂ 26, 2024 is primarily related to lower sales resulting from closed stores, offset by higher comparable store sales and new store sales primarily due to our BNC First DayÂ® programs. The components of the sales variances for the 13 and 26 week periods are reflected in the table below.Sales variances 13 weeks ended26 weeks endedDollars in millionsOctober 26, 2024October 26, 2024New stores$13.6Â $17.7Â Closed stores(48.1)(60.8)Comparable stores (a)26.9Â 37.5Â Textbook rental deferral0.1Â 0.5Â Other (b)(0.8)(3.9)Total sales variance:$(8.3)$(9.0)(a) Logo general merchandise sales are recognized on a net basis as commission revenue in the condensed consolidated financial statements. For Gross Comparable Store Sales details, see below.(b) Other revenue includes brand partnership marketing, fulfillment operations, liquidation sales, shipping and handling, marketplace sales, certain accounting adjusting items related to return reserves, and other deferred items.The following is a store count summary for physical stores and virtual stores. Â 13 weeks ended26 weeks endedOctober 26, 2024October 28, 2023October 26, 2024October 28, 2023Number of Stores:PhysicalVirtualTotalPhysicalVirtualTotalPhysicalVirtualTotalPhysicalVirtualTotalBeginning of period657Â 507Â 1,164Â 726Â 563Â 1,289Â 707Â 538Â 1,245Â 774Â 592Â 1,366Â Opened1Â 5Â 6Â 5Â 6Â 11Â 20Â 16Â 36Â 13Â 18Â 31Â Closed5Â 3Â 8Â 14Â 15Â 29Â 74Â 45Â 119Â 70Â 56Â 1 of period653Â 509Â 1,162Â 717Â 554Â 1,271Â 653Â 509Â 1,162Â 717Â 554Â 1,271Â During the 26 weeks ended OctoberÂ 26, 2024, we opened 36 stores and closed 119 stores, with estimated net annual sales of $(67) million. The Companyâ€™s strategic initiative is to close under-performing and less profitable stores. Generally, sales are impacted by revenue from net new/closed stores, conversion to BNC First DayÂ® programs, increased campus traffic, and an increase in the number and timing of on campus activities and events, such as graduations, athletic events, alumni events, merchandising and marketing programs, and prospective student campus tours. Our total sales decreased by $8.3 million, or 1.4%, to $602.1 million during the 13 weeks ended OctoberÂ 26, 2024 from 33 Table of Contents$610.4 million during the 13 weeks ended OctoberÂ 28, 2023. Â â€¢Product sales and other decreased by $10.0 million, or 1.8%, to $559.7 million during the 13 weeks ended OctoberÂ 26, 2024 from $569.7 million during the 13 weeks ended OctoberÂ 28, 2023. â—¦Course material product sales decreased by $3.9 million, or 0.9%, to $431.5 million during the 13 weeks ended OctoberÂ 26, 2024, compared to $435.4 million in the prior year period. The decrease was primarily related to lower sales resulting from closed stores, offset by higher comparable store sales and new store sales primarily due to our BNC First DayÂ® programs, which increased by $36.2 million, or 18%, to $235.4 million. Dollars in millions13 weeks endedOctober 26, 2024October 28, 2023Var $Var %First Day Complete Sales$166.2Â $136.4Â $29.8Â 22%First Day Sales$69.2Â $62.8Â $6.4Â 10%Total BNC First DayÂ® Sales$235.4Â $199.2Â $36.2Â 18%Gross Comparable Store Sales for course materials increased by $27.0 million, or 5.9%, compared to the prior year period as discussed below. â—¦General merchandise product net sales decreased by $5.4 million, or 5.1%, to $99.6 million, compared to $105.0 million in the prior year period, primarily due to closed stores and lower emblematic product sales. Gross Comparable Store Sales for general merchandise decreased by $2.6 million, or (1.5)%, compared to the prior year period as discussed below. â—¦Service and other revenue decreased by $0.7 million, or 2.5%, to $28.6 million, compared to $29.3 million in the prior year period, primarily due to lower liquidation sales, lower web deferrals revenue, lower shipping and handling and lower partnership marketing income, offset by higher rental penalty fees and higher marketplace sales.â€¢Rental income for course materials increased by $1.8 million, or 4.3%, to $42.4 million during the 13 weeks ended OctoberÂ 26, 2024 from $40.7 million during the 13 weeks ended OctoberÂ 28, 2023 primarily due to the growth of our BNC First DayÂ® programs, offset by lower rentals due to closed stores and the shift to digital products.Our total sales decreased by $9.0 million, or 1.0%, to $865.6 million during the 26 weeks ended OctoberÂ 26, 2024 from $874.6 million during the 26 weeks ended OctoberÂ 28, 2023. Â â€¢Product sales and other decreased by $11.7 million, or 1.4%, to $810.6 million during the 26 weeks ended OctoberÂ 26, 2024 from $822.3 million during the 26 weeks ended OctoberÂ 28, 2023. â—¦Course material product sales increased by $9.7 million, or 1.7%, to $583.6 million during the 26 weeks ended OctoberÂ 26, 2024, compared to $573.9 million in the prior year period. The increase was primarily related to higher comparable store sales and new store sales primarily due to our BNC First DayÂ® programs, which increased by $55.7 million, or 21%, to $316.7 million, offset by lower sales resulting from closed stores. 34 Table of ContentsDollars in millions13 weeks endedOctober 26, 2024October 28, 2023Var $Var %First Day Complete Sales$200.8Â $161.9Â $38.9Â 24%First Day Sales$115.9Â $99.1Â $16.8Â 17%Total BNC First DayÂ® Sales$316.7Â $261.0Â $55.7Â 21%First Day CompleteFall 2024Fall 2023Var #Var %Number of campus stores 18315726Â 17%Estimated enrollment (a)925,000Â 800,000Â 125,000Â 16%(a) Total undergraduate and post graduate student enrollment as reported by National Center for Education Statistics (NCES) as of January 16, 2024.Gross Comparable Store Sales for course materials increased by $43.6 million, or 7.3%, compared to the prior year period as discussed below. â—¦General merchandise product net sales decreased by $17.5 million, or 9.0%, to $176.2 million, compared to $193.7 million in the prior year period, primarily due to closed stores, lower graduation product sales due to timing of spring graduation events shifting to the fourth quarter of fiscal year 2024 from the first quarter of fiscal year 2025, and lower emblematic product sales. Gross Comparable Store Sales for general merchandise decreased by $10.2 million, or (3.3)%, compared to the prior year period as discussed below. â—¦Service and other revenue decreased by $3.9 million, or 7.2%, to $50.8 million, compared to $54.7 million in the prior year period, primarily due to lower liquidation sales, lower shipping and handling and lower partnership marketing income, offset by higher rental penalty fees and higher marketplace sales.â€¢Rental income for course materials increased by $2.8 million, or 5.3%, to $55.0 million during the 13 weeks ended OctoberÂ 26, 2024 from $52.2 million during the 13 weeks ended OctoberÂ 28, 2023 primarily due to the growth of our BNC First DayÂ® programs, offset by lower rentals due to closed stores and the shift to digital products.Gross Comparable Store SalesTo supplement the Total Sales table presented above, the Company uses Gross Comparable Store Sales as a key performance indicator. 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 Gross Comparable Store Sales, sales for logo general merchandise fulfilled by Lids, Fanatics and digital agency sales are included on a gross basis in Gross Comparable Store Sales compared to a net basis as commission revenue in our condensed consolidated financial statements.We believe the current Gross Comparable Store Sales calculation method reflects managementâ€™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 Companyâ€™s operational and financial performance and to allow greater transparency with respect to important metrics used by management for operating and financial decision-making. Gross Comparable Store Sales are also referred to as â€œsame-storeâ€ 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 DayÂ® affordable textbook 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, graduation product sales due to timing of spring graduation events shifting to the fourth quarter of fiscal year 2024 from the first quarter of fiscal year 2025, lower sales related to cafe and convenience products, and trade books sales. 35 Table of ContentsGross Comparable Store Sales variances by category for the 13 and 26 week periods are as follows: 13 weeks ended26 weeks endedDollars in millions October 26, 2024October 28, 2023October 26, 2024October 28, 2023Textbooks (Course Materials)$27.0Â 5.9Â %$26.0Â 5.8Â %$43.6Â 7.3Â %$35.2Â 6.0Â %General Merchandise(2.6)(1.5)%(3.1)(1.7)%(10.2)(3.3)%3.6Â 1.1Â %Total Gross Comparable Store Sales $24.4Â 3.8Â %$22.9Â 3.6Â %$33.4Â 3.7Â %$38.8Â 4.3Â %Cost of Sales and Gross MarginOur cost of sales decreased as a percentage of sales to 77.1% during the 13 weeks ended OctoberÂ 26, 2024 compared to 77.7% during the 13 weeks ended OctoberÂ 28, 2023. Our gross margin increased by $1.4 million, or 1.0%, to $137.6 million, or 22.9% of sales, during the 13 weeks ended OctoberÂ 26, 2024 from $136.2 million, or 22.3% of sales during the 13 weeks ended OctoberÂ 28, 2023. Our cost of sales was flat as a percentage of sales to 78.6% during both the 26 weeks ended OctoberÂ 26, 2024 and the 26 weeks ended OctoberÂ 28, 2023. Our gross margin decreased by $2.0 million, or 1.1%, to $184.8 million, or 21.4% of sales, during the 26 weeks ended OctoberÂ 26, 2024 from $186.9 million, or 21.4% of sales during the 26 weeks ended OctoberÂ 28, 2023. The following table summarizes the cost of sales for the 13 and 26 weeks ended OctoberÂ 26, 2024 and OctoberÂ 28, 2023:Â 13 weeks ended26 weeks endedDollars in thousandsOctober 26, 2024% ofRelatedÂ SalesOctober 28, 2023% ofRelatedÂ SalesOctober 26, 2024% ofRelatedÂ SalesOctober 28, 2023% ofRelatedÂ SalesProduct and other cost of sales$442,092Â 79.0%$451,953Â 79.3%$651,517Â 80.4%$658,967Â 80.1%Rental cost of sales22,387Â 52.7%22,184Â 54.5%29,187Â 53.1%28,697Â 55.0%Total Cost of Sales$464,479Â 77.1%$474,137Â 77.7%$680,704Â 78.6%$687,664Â 78.6%The following table summarizes the gross margin for the 13 and 26 weeks ended OctoberÂ 26, 2024 and OctoberÂ 28, 2023:Â 13 weeks ended26 weeks endedDollars in thousandsOctober 26, 2024% ofRelatedÂ SalesOctober 28, 2023% ofRelatedÂ SalesOctober 26, 2024% ofRelatedÂ SalesOctober 28, 2023% ofRelatedÂ SalesProduct and other gross margin$117,582Â 21.0%$117,745Â 20.7%$159,083Â 19.6%$163,381Â 19.9%Rental gross margin20,061Â 47.3%18,497Â 45.5%25,766Â 46.9%23,495Â 45.0%Gross Margin$137,643Â 22.9%$136,242Â 22.3%$184,849Â 21.4%$186,876Â 21.4%For the 13 weeks ended OctoberÂ 26, 2024, the gross margin as a percentage of sales increased as discussed below:â€¢For the 13 weeks ended OctoberÂ 26, 2024, Product and other gross margin increased (30 basis points), primarily due to lower contract costs as a percentage of sales (50 basis points) related to our college and university contracts as a result of the shift to digital and First Day models and lower performing school contracts not renewed, offset by lower margin rates (20 basis points) for course materials due to higher markdowns related to closed stores and higher inventory reserves, and unfavorable sales mix (40 basis points) due to lower general merchandise sales, primarily from graduation product sales and closed stores, and the shift to digital course materials. â€¢For the 13 weeks ended OctoberÂ 26, 2024, the Rental gross margin as a percentage of sales increased driven primarily by higher rental margin rates and an unfavorable rental mix and higher contract costs as a percentage of sales related to our college and university contracts.For the 26 weeks ended OctoberÂ 26, 2024, the gross margin as a percentage of sales was flat as discussed below:â€¢For the 26 weeks ended OctoberÂ 26, 2024, Product and other gross margin decreased (30 basis points), primarily due to unfavorable sales mix (90 basis points) due to lower general merchandise sales, primarily from graduation product sales and closed stores, and the shift to digital course materials, offset by higher margin rates (20 basis points) for course materials due to lower markdowns and lower contract costs as a percentage of sales (40 basis points) related to our college and university contracts as a result of the shift to digital and First Day models and lower performing school 36 Table of Contentscontracts not renewed. â€¢For the 26 weeks ended OctoberÂ 26, 2024, the Rental gross margin as a percentage of sales increased driven primarily by higher rental margin rates, off by an unfavorable rental mix and higher contract costs as a percentage of sales related to our college and university contracts.Selling and Administrative Expenses13 weeks ended26 weeks endedDollars in thousandsOctober 26, 2024% ofSalesOctober 28, 2023% ofSalesOctober 26, 2024% ofSalesOctober 28, 2023% ofSalesTotal Selling and Administrative Expenses$72,940Â 12.1%$85,961Â 14.1%$139,963Â 16.2%$163,437Â 18.7%During the 13 weeks ended OctoberÂ 26, 2024, selling and administrative expenses decreased by $13.0 million, or 15.1%, to $72.9 million from $86.0 million during the 13 weeks ended OctoberÂ 28, 2023. This decrease was primarily due to a $7.1 million decrease in closed stores payroll and related operating costs, and cost savings initiatives comprised of a $6.9 million decrease in corporate payroll expense, infrastructure and product development costs, partially offset by a $1.0 million increase in new store payroll expense and related operating costs. During the 26 weeks ended OctoberÂ 26, 2024, selling and administrative expenses decreased by $23.5 million, or 14.4%, to $140.0 million from $163.4 million during the 26 weeks ended OctoberÂ 28, 2023. This decrease was primarily due to cost savings initiatives comprised of a $14.3 million decrease in corporate payroll expense, including lower payroll expense and lower incentive plan expense related to the resignation of our former Chief Executive Officer on June 11, 2024, and lower infrastructure and product development costs, a $10.2 million decrease in closed stores payroll and related operating costs, and a $1.0 million decrease in comparable store payroll expense and related operating costs, partially offset by a $2.0 million increase in new store payroll expense and related operating costs. Depreciation and Amortization Expense13 weeks ended26 weeks endedDollars in thousandsOctober 26, 2024% ofSalesOctober 28, 2023% ofSalesOctober 26, 2024% ofSalesOctober 28, 2023% ofSalesTotal Depreciation and Amortization Expense$8,530Â 1.4%$10,175Â 1.7%$21,587Â 2.5%$20,428Â 2.3%Depreciation and amortization expense decreased by $1.6 million, to $8.5 million during the 13 weeks ended OctoberÂ 26, 2024 from $10.2 million during the 13 weeks ended OctoberÂ 28, 2023. The decrease was primarily attributable to lower depreciable assets and intangibles due to the store impairment loss recognized in Fiscal 2024, offset by capital additions and accelerated intangible amortization related to closed stores. Depreciation and amortization expense increased by $1.2 million, to $21.6 million during the 26 weeks ended OctoberÂ 26, 2024 from $20.4 million during the 26 weeks ended OctoberÂ 28, 2023. The increase was primarily attributable to capital additions and accelerated intangible amortization related to closed stores, offset by lower depreciable assets and intangibles due to the store impairment loss recognized in Fiscal 2024. Loss on extinguishment of debtOn June 10, 2024, our existing Term Loan credit agreement lenders converted approximately $34.0 million of outstanding principal and accrued and unpaid interest into our Common Stock. We recognized a loss on extinguishment of debt of $55.2 million during the 26 weeks ended OctoberÂ 26, 2024 in the condensed consolidated statement of operations in connection with the Term Loan debt conversion which represents the difference between the Common Stock fair value issued upon conversion and the net carrying value of the Term Loan, plus unamortized deferred financing costs related to the Term Loan. As a result of the Term Loan Debt Conversion, the Term Loan and its related documentation was terminated. There were no Term Loan debt conversions in the comparable prior period. See Item 1. Financial Statements - Note 5. Equity and Earnings Per Share and Note 7. Debt. Â Â Â Â Restructuring and other chargesDuring the 13 and 26 weeks ended OctoberÂ 26, 2024, we recognized restructuring and other charges totaling $(0.2) million and $3.5 million, respectively, comprised primarily of $1.0 million and $2.1 million, respectively, related to severance and other employee termination and benefit costs associated with elimination of various positions as part of cost reduction 37 Table of Contentsinitiatives, $0 and $2.0 million, respectively, of severance primarily related to the resignation of our former Chief Executive Officer on June 11, 2024, and $0.3 million and $0.9 million, respectively, for legal and advisory professional service costs for restructuring and process improvements and other charges, and $(1.4) million for both periods related to the termination of liabilities related to a frozen retirement benefit plan (non-cash). During the 13 and 26 weeks ended OctoberÂ 28, 2023, we recognized restructuring and other charges totaling $4.3 million and $8.9 million, respectively, comprised primarily of $4.3 million and $7.8 million, respectively, of professional service costs for restructuring and process improvements, and $0 and $1.1 million, respectively, of severance and other employee termination and benefit costs associated with elimination of various positions as part of cost reduction initiatives.Operating Income (Loss)13 weeks ended26 weeks endedDollars in thousandsOctober 26, 2024% ofSalesOctober 28, 2023% ofSalesOctober 26, 2024% ofSalesOctober 28, 2023% ofSalesTotal Operating Income (Loss)$56,323Â 9.4%$35,832Â 5.8%$(35,402)(4.1)%$(5,896)(0.6)%Our operating income was $56.3 million during the 13 weeks ended OctoberÂ 26, 2024, compared to operating income of $35.8 million during the 13 weeks ended OctoberÂ 28, 2023. The increase in operating income is due to the matters discussed above. For the 13 weeks ended OctoberÂ 26, 2024, operating income, excluding the $(0.2) million of restructuring and other charges, discussed above, was $56.1 million (or 9.3% of sales). For the 13 weeks ended OctoberÂ 28, 2023, operating income, excluding the $4.3 million of restructuring and other charges, discussed above, was $40.1 million (or 6.6% of sales). Our operating loss was $(35.4) million during the 26 weeks ended OctoberÂ 26, 2024, compared to operating loss of $(5.9) million during the 26 weeks ended OctoberÂ 28, 2023. The increase in operating loss is due to the matters discussed above. For the 26 weeks ended OctoberÂ 26, 2024, excluding the $55.2 million of loss on extinguishment of debt and the $3.5 million of restructuring and other charges, discussed above, operating income was $23.3 million (or 2.7% of sales). For the 26 weeks ended OctoberÂ 28, 2023, excluding the $8.9 million of restructuring and other charges, discussed above, operating income was $3.0 million (or 0.3% of sales). Interest Expense, NetÂ 13 weeks ended26 weeks endedDollars in thousandsOctober 26, 2024October 28, 2023October 26, 2024October 28, 2023Interest Expense, Net$5,463Â $10,664Â $13,081Â $18,918Â Net interest expense decreased by $5.2 million to $5.5 million during the 13 weeks ended OctoberÂ 26, 2024 from $10.7 million during the 13 weeks ended OctoberÂ 28, 2023. Net interest expense decreased by $5.8 million to $13.1 million during the 26 weeks ended OctoberÂ 26, 2024 from $18.9 million during the 26 weeks ended OctoberÂ 28, 2023. Interest expense decreased primarily due to the June 10, 2024 debt financing transaction, lower borrowing and lower interest rates. Income Tax ExpenseÂ 13 weeks ended26 weeks endedDollars in thousandsOctober 26, 2024Effective RateOctober 28, 2023Effective RateOctober 26, 2024Effective RateOctober 28, 2023Effective RateIncome Tax Expense$1,125Â 2.2%$314Â 1.2%$1,261Â (2.6)%$303Â (1.2)%We recorded an income tax expense of $1.1 million on pre-tax income of $50.9 million during the 13 weeks ended OctoberÂ 26, 2024, which represented an effective income tax rate of 2.2% and we recorded an income tax expense of $0.3 million on a pre-tax income of $25.2 million during the 13 weeks ended OctoberÂ 28, 2023, which represented an effective income tax rate of 1.2%. The effective tax rate for the 13 weeks ended OctoberÂ 26, 2024 is materially consistent with the prior year comparable period. We recorded an income tax expense of $1.3 million on pre-tax loss of $(48.5) million during the 26 weeks ended OctoberÂ 26, 2024, which represented an effective income tax rate of (2.6)% and we recorded an income tax expense of $0.3 million on a pre-tax loss of $(24.8) million during the 26 weeks ended OctoberÂ 28, 2023, which represented an effective income tax rate of (1.2)%. The effective tax rate for the 26 weeks ended OctoberÂ 26, 2024 is materially consistent with the prior year comparable period. 38 Table of ContentsNet Income (Loss) from Continuing OperationsÂ 13 weeks ended26 weeks endedDollars in thousandsOctober 26, 2024October 28, 2023October 26, 2024October 28, 2023Net Income (Loss) from Continuing Operations$49,735Â $24,854Â $(49,744)$(25,117)As a result of the factors discussed above, net income from continuing operations was $49.7 million during the 13 weeks ended OctoberÂ 26, 2024, compared with $24.9 million during the 13 weeks ended OctoberÂ 28, 2023. As a result of the factors discussed above, net loss from continuing operations was $(49.7) million during the 26 weeks ended OctoberÂ 26, 2024, compared with $(25.1) million during the 26 weeks ended OctoberÂ 28, 2023. Adjusted Earnings (non-GAAP) is $50.8 million during the 13 weeks ended OctoberÂ 26, 2024, compared with $29.9 million during the 13 weeks ended OctoberÂ 28, 2023. Adjusted Earnings (non-GAAP) is $9.3 million during the 26 weeks ended OctoberÂ 26, 2024, compared with $(14.5) million during the 26 weeks ended OctoberÂ 28, 2023.See Adjusted Earnings (non-GAAP) discussion below. Use of Non-GAAP Measures - Adjusted Earnings, Adjusted EBITDA, and Free Cash FlowTo supplement our results prepared in accordance with generally accepted accounting principles (â€œGAAPâ€), we use the measure of Adjusted Earnings, Adjusted EBITDA, and Free Cash Flow, which are non-GAAP financial measures under Securities and Exchange Commission (the â€œSECâ€) 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)Â depreciation and amortization; (2)Â interest expense and (3)Â 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 condensed consolidated financial statements included elsewhere in this Form 10-Q, the reconciliation of Adjusted Earnings to net income (loss) from continuing operations, and the reconciliation of consolidated Adjusted EBITDA to consolidated net income (loss) from continuing operations, 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)Â non-cash items or (ii)Â 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 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 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. We believe that the inclusion of Adjusted Earnings and Adjusted EBITDA 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.39 Table of ContentsConsolidated Adjusted Earnings (non-GAAP) - Continuing OperationsÂ 13 weeks ended26 weeks endedDollars in thousandsOctober 26, 2024October 28, 2023October 26, 2024October 28, 2023Net income (loss) from continuing operations$49,735Â $24,854Â $(49,744)$(25,117)Reconciling items (below)1,105Â 5,073Â 59,093Â 10,663Â Adjusted Earnings (non-GAAP) $50,840Â $29,927Â $9,349Â $(14,454)Reconciling itemsLoss on extinguishment of debt (a)$â€”Â $â€”Â $55,233Â $â€”Â Restructuring and other charges (a)(150)4,274Â 3,468Â 8,907Â Stock-based compensation expense (non-cash)1,255Â 799Â 392Â 1,756Â Reconciling items (b)$1,105Â $5,073Â $59,093Â $10,663Â Consolidated Adjusted EBITDA (non-GAAP) - Continuing Operations13 weeks ended26 weeks endedDollars in thousandsOctober 26, 2024October 28, 2023October 26, 2024October 28, 2023Net income (loss) from continuing operations$49,735Â $24,854Â $(49,744)$(25,117)Add:Depreciation and amortization expense8,530Â 10,175Â 21,587Â 20,428Â Interest expense, net 5,463Â 10,664Â 13,081Â 18,918Â Income tax expense1,125Â 314Â 1,261Â 303Â Loss on extinguishment of debt (a)â€”Â â€”Â 55,233Â â€”Â Restructuring and other charges (a)(150)4,274Â 3,468Â 8,907Â Stock-based compensation expense (non-cash)1,255Â 799Â 392Â 1,756Â Adjusted EBITDA (Non-GAAP) - Continuing Operations$65,958Â $51,080Â $45,278Â $25,195Â (a) Â Â Â Â See Management Discussion and Analysis and Results of Operations discussion above.(b)Â Â Â Â There is no pro forma income effect of the non-GAAP items. Free Cash Flow (non-GAAP)13 weeks ended26 weeks endedDollars in thousandsOctober 26, 2024October 28, 2023October 26, 2024October 28, 2023Net cash flows provided by (used in) operating activities from continuing operations (a)$47,410Â $72,698Â $(96,582)$(47,160)Less:Capital expenditures (b)3,058Â 3,977Â 6,528Â 8,196Â Cash interest5,134Â 7,576Â 9,866Â 13,972Â Cash taxes(2,289)43Â (2,085)388Â Free Cash Flow (non-GAAP)$41,507Â $61,102Â $(110,891)$(69,716)(a) Â Â Â Â See Liquidity and Capital Resources - Sources and Uses of Cash Flow discussion below. 40 Table of ContentsGiven 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 DayÂ® affordable textbook 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 DayÂ® affordable textbook 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)Â Â Â Â 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 Expenditures13 weeks ended26 weeks endedDollars in thousandsOctober 26, 2024October 28, 2023October 26, 2024October 28, 2023Physical store capital expenditures$1,386Â $1,743Â $3,350Â $3,948Â Product and system development1,548Â 1,697Â 2,708Â 3,460Â Other124Â 537Â 470Â 788Â Total Capital Expenditures$3,058Â $3,977Â $6,528Â $8,196Â Liquidity and Capital ResourcesOur primary sources of cash are net cash flows from operating activities, funds available under our A&R Credit 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 generally purchase textbooks for the upcoming Fall and Spring semesters, respectively. As of OctoberÂ 26, 2024, we had $28.9 million of cash on hand, including $14.9 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. On June 10, 2024, we completed various transactions, including a private equity investment, an equity rights offering, Term Loan debt conversion, and a Credit Facility refinancing, to substantially deleverage our consolidated balance sheet. Additionally, on September 19, 2024, we entered into an At-the-Market ("ATM") sales agreement with BTIG, LLC, under which we sold an aggregate offering of up to $40.0 million of our Common Stock from time to time through BTIG, LLC as our sales agent. These transactions also raised additional capital for repayment of indebtedness and provide additional flexibility for future working capital needs, which will also allow us to strategically invest in innovation and growth initiatives, including but not limited to the growth of our First Day Complete program. For additional information, see Financing Arrangements below.We believe that our future cash from operations, access to borrowings under the Credit Facility, and short-term vendor financing will provide adequate resources to fund our operating and financing needs for the next twelve months and beyond. To the extent that available funds are insufficient to fund our future activities, we may need to raise additional funds through public or private financing of debt or equity. Our access to, and the availability of, financing in the future will be impacted by many factors, including the liquidity of the overall capital markets and the current state of the economy. There can be no assurances that we will have access to capital markets on acceptable terms.41 Table of ContentsLiquiditySources and Uses of Cash Flow - Continuing OperationsÂ 26 weeks endedDollars in thousandsOctober 26, 2024October 28, 2023Net cash flows used in operating activities from continuing operations$(96,582)$(47,160)Net cash flows used in investing activities from continuing operations(5,736)(8,118)Net cash flows provided by financing activities from continuing operations102,690Â 41,175Â Net change in cash, cash equivalents, and restricted cash from continuing operations$372Â $(14,103)As of OctoberÂ 26, 2024 and OctoberÂ 28, 2023, we had restricted cash of $17.3 million and $20.3 million, respectively, comprised of $14.9 million and $19.4 million, respectively, in prepaid and other current assets in the condensed consolidated balance sheets related to segregated funds for commission due to Lids for logo merchandise sales as per the Lids service provider merchandising agreement and $2.4 million and $0.9 million, respectively, in other noncurrent assets in the condensed consolidated balance sheets related to amounts held in trust for future distributions related to employee benefit plans.Cash Flow from Operating Activities from Continuing OperationsOur business is highly seasonal. 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 DayÂ® affordable textbook 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 DayÂ® affordable textbook access offerings, we are focused on efforts to better align the timing of our cash outflows to course material vendors with cash inflows collected from schools. 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 schoolsâ€™ 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 the 26 weeks ended OctoberÂ 26, 2024 were $(96.6) million compared to $(47.2) million during the 26 weeks ended OctoberÂ 28, 2023. The increase in cash flows used in operating activities from continuing operations of $49.4 million was primarily due to higher receivables due to the growth of our BNC First Day programs, and the timing of payables to vendors for inventory purchases and expenses. Cash Flow from Investing Activities from Continuing OperationsCash flows used in investing activities from continuing operations during the 26 weeks ended OctoberÂ 26, 2024 were $(5.7) million compared to $(8.1) million during the 26 weeks ended OctoberÂ 28, 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 $6.5 million and $8.2 million during the 26 weeks ended OctoberÂ 26, 2024 and OctoberÂ 28, 2023, respectively.Cash Flow from Financing Activities from Continuing OperationsCash flows provided by financing activities from continuing operations during the 26 weeks ended OctoberÂ 26, 2024 were $102.7 million compared to $41.2 million during the 26 weeks ended OctoberÂ 28, 2023. The net change of $61.5 million is primarily due the gross proceeds of $95.0 million of new equity capital through a $50.0 million new equity investment led by Immersion Corporation, and a $45.0 million fully backstopped equity rights offering, and proceeds of $9.6 million from the sale of Common Stock, offset by payments for equity issuance costs of $9.7 million and lower net borrowings of $38.1 million. 42 Table of ContentsCapital ResourcesFinancing Arrangements On June 10, 2024, we completed various transactions, including a private equity investment, an equity rights offering, Term Loan debt conversion, and a Credit Facility refinancing, to substantially deleverage our consolidated balance sheet. These transactions raised additional capital for repayment of indebtedness and provide additional flexibility for future working capital needs, which will also allow us to strategically invest in innovation and growth initiatives, including but not limited to the growth of our First Day Complete program. Upon closing of the transactions on June 10, 2024:Â Â Â Â  Â Â Â Â â€¢We received gross proceeds of $95.0 million of new equity capital through a $50.0 million new equity investment (the â€œPrivate Investmentâ€) led by Immersion and the $45.0 million Rights Offering. The transactions infused approximately $85.5 million of net cash proceeds after transaction costs. The transaction resulted in Immersion obtaining a controlling interest in the Company. See Note 5. Equity and Earnings Per Share. Â Â Â Â Â Â Â Â â€¢Our existing Term Loan credit agreement lenders, TopLids and VitalSource, converted approximately $34.0 million of outstanding principal and accrued and unpaid interest into our Common Stock. We recognized a loss on extinguishment of debt of $55.2 million in the condensed consolidated statement of operations in connection with the Term Loan debt conversion which represents the difference between the debt fair value and net carrying value, plus unamortized deferred financing costs related to the Term Loan. As a result of the Term Loan Debt Conversion, the Term Loan and its related documentation was terminated. See Note 5. Equity and Earnings Per Share and Note 7. Debt. Â Â Â Â â€¢We refinanced our Credit Facility providing access to a $325.0 million facility maturing in 2028. The refinanced Credit Facility will meaningfully enhance our financial flexibility and reduce our annual interest expense. See Note 7. Debt for terms. On September 19, 2024, we entered into the Sales Agreement with BTIG, under which we sold our Common Stock from time to time through BTIG as its sales agent. BTIG sold an aggregate offering of up to $40.0 million of our Common Stock from time to time, based upon our instructions (including any price, time or size limits or other customary parameters or conditions we may impose). We paid BTIG a commission of 2% of the gross sales proceeds of any Common Stock sold under the Sales Agreement. We were not obligated to make any sales of Common Stock under the Sales Agreement. During the 13 and 26 weeks ended October 26, 2024, we issued and sold 1,046,460 shares of our Common Stock under the sales agreement at a weighted-average price of $9.35 per share and received $9.6 million in proceeds, net of commissions. Subsequent to October 26, 2024, we issued and sold 2,928,145 shares of our Common Stock under the Sales Agreement at a weighted-average price of $10.32 per share and received $29.7 million in proceeds, net of commissions. As of November 27, 2024, we sold the maximum aggregate offering of $40.0 million of our Common Stock under the ATM Sales Agreement. Share Repurchases During the 26 weeks ended OctoberÂ 26, 2024, we did not repurchase any of our Common Stock under the stock repurchase program. As of OctoberÂ 26, 2024, approximately $26.7 million remains available under the stock repurchase program.During the 13 and 26 weeks ended OctoberÂ 26, 2024, we repurchased 0 and 429 of our Common Stock, respectively, outside of the stock repurchase program in connection with employee tax withholding obligations for vested stock awards.Income Tax Implications on LiquidityAs of OctoberÂ 26, 2024, we recognized a current income tax receivable for net operating loss carrybacks in prepaid and other current assets on the condensed consolidated balance sheet. We received refunds of $15.8 million and $8.5 million in Fiscal 2023, and Fiscal 2024, respectively. We received a final $2.7 million refund (including $0.3 million in interest) on August 12, 2024.Critical Accounting EstimatesOur policies regarding the use of estimates and other critical accounting policies are consistent with the disclosures in Part II - Item 7. Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates in our Annual Report on Form 10-K for the fiscal year ended April 27, 2024. 43 Table of ContentsItemÂ 4:Â Â Â Â Controls and ProceduresEvaluation of Disclosure Controls and ProceduresAn evaluation (as required under Rules 13a-15(b) and 15d-15(b) under the Exchange Act) was performed under the supervision and with the participation of the Companyâ€™s management, including the Companyâ€™s Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Companyâ€™s â€œdisclosure controls and proceduresâ€ (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. 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 Companyâ€™s periodic reports. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, the Companyâ€™s disclosure controls and procedures were effective at the reasonable assurance level as of OctoberÂ 26, 2024.Management has not identified any changes in the Companyâ€™s internal control over financial reporting that occurred during the second quarter that have materially affected, or are reasonably likely to materially affect, the Companyâ€™s internal control over financial reporting.44 Table of ContentsPART II - OTHER INFORMATIONÂ ItemÂ 1.Â Â Â Â 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.ItemÂ 1A. Risk Factors There have been no material changes, during the 26 weeks ended OctoberÂ 26, 2024 to the risk factors discussed in Part I - Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended April 27, 2024. ItemÂ 2. Unregistered Sales of Equity Securities and Use of ProceedsIssuer Purchases of Equity SecuritiesThe following table provides information as of OctoberÂ 26, 2024 with respect to shares of Common Stock we purchased during the second quarter of Fiscal 2025 under the stock repurchase program:PeriodTotal Number of Shares PurchasedAverage Price Paid per Share (a)Total Number of Shares Purchased as Part of Publicly Announced Plans or ProgramsApproximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or ProgramsJuly 28, 2024 - August 24, 2024â€”Â $â€”Â â€”Â $26,669,324Â August 25, 2024 - September 28, 2024â€”Â $â€”Â â€”Â $26,669,324Â September 29, 2024 - October 26, 2024â€”Â $â€”Â â€”Â $26,669,324Â â€”Â $â€”Â â€”Â (a) Â Â Â Â This amount represents the average price paid per share of Common Stock. This price includes a per share commission paid for all repurchases.During the 13 and 26 weeks ended OctoberÂ 26, 2024, we repurchased 0 and 429 shares of our Common Stock, respectively, ($0 and $8.65 average price paid per share of Common Stock, respectively) outside of the stock repurchase program in connection with employee tax withholding obligations for vested stock awards.ItemÂ 5. Other Information Securities Trading Plans of Directors and Executive OfficersDuring the period covered by this Quarterly Report on Form 10-Q, no director or officer of the Company adopted or terminated a â€œRule 10b5-1 trading arrangementâ€ or â€œnon-Rule 10b5-1 trading arrangement,â€ as each term is defined in Item 408(a) of Regulation S-K.45 Table of ContentsItemÂ 6.Â Â Â Â Exhibits 3.1Amended 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 20, 2024, and incorporated herein by reference. 3.2Second 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.10.1At-the-Market Sales Agreement, dated September 19, 2024, between Barnes & Noble Education, Inc. and BTIG, LLC., filed as Exhibit 1.1 to Report on Form 8-K filed with the SEC on September 20, 2024, and incorporated herein by reference. 31.1 *Certification by the Chief Executive Officer pursuant to Rule 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 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 2002.101.INSXBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.101.SCHXBRL Taxonomy Extension Schema Document101.CALXBRL Taxonomy Extension Calculation Linkbase Document101.DEFXBRL Taxonomy Extension Definition Linkbase Document101.LABXBRL Taxonomy Extension Label Linkbase Document101.PREXBRL Taxonomy Extension Presentation Linkbase Document104Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)* Filed herewith. ** Exhibits 32.1 and 32.2 are being furnished and shall not be deemed to be "filed" for under the Securities Act of 1933, as amended (the â€œSecurities Actâ€) or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, nor shall such exhibits be deemed to be incorporated by reference in any registration statement or other document filed under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filing, except to the extent specifically stated in such filing.46 Table of ContentsSIGNATURESPursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.Â BARNESÂ & NOBLE EDUCATION, INC. (Registrant)By:Â /S/Â KEVIN WATSONÂ Kevin WatsonÂ Chief Financial OfficerÂ (principal financial officer)By:Â /S/Â SEEMA C. PAULÂ Seema C. PaulÂ Chief Accounting OfficerÂ (principal accounting officer)DecemberÂ 9, 2024 47 DocumentExhibit 31.1CERTIFICATION BY THECHIEF EXECUTIVE OFFICER PURSUANT TO17 CFR 240.13a-14(a)/15(d)-14(a),AS ADOPTED PURSUANT TOSECTION 302 OF THE SARBANES-OXLEY ACT OF 2002I, Jonathan Shar, certify that:1.I have reviewed this report on FormÂ 10-Q for the quarterly period ended OctoberÂ 26, 2024 of BarnesÂ & 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 registrantâ€™s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act RulesÂ 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 registrantâ€™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; andd.disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and5.The registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™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 registrantâ€™s ability to record, process, summarize and report financial information; andb.any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting.Â Date: DecemberÂ 9, 2024By:Â /s/ Jonathan SharÂ Jonathan SharÂ Chief Executive OfficerÂ Barnes & Noble Education, Inc.DocumentExhibit 31.2CERTIFICATION BY THECHIEF FINANCIAL OFFICER PURSUANT TO17 CFR 240.13a-14(a)/15(d)-14(a),AS ADOPTED PURSUANT TOSECTION 302 OF THE SARBANES-OXLEY ACT OF 2002I, Kevin Watson, certify that:1.I have reviewed this report on FormÂ 10-Q for the quarterly period ended OctoberÂ 26, 2024 of BarnesÂ & 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 registrantâ€™s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act RulesÂ 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 registrantâ€™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; andd.disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and5.The registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™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 registrantâ€™s ability to record, process, summarize and report financial information; andb.any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting.Â Date: DecemberÂ 9, 2024By:Â /s/ Kevin WatsonÂ Kevin WatsonÂ Chief Financial OfficerÂ Barnes & Noble Education, Inc.DocumentExhibit 32.1CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TORULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934AND 18 U.S.C. SECTION 1350,AS ADOPTED PURSUANT TOSECTION 906 OF THE SARBANES-OXLEY ACT OF 2002In connection with the quarterly report of BarnesÂ & Noble Education, Inc. (the â€œCompanyâ€) on Form 10-Q for the period ended OctoberÂ 26, 2024, as filed with the Securities and Exchange Commission on the date hereof (the â€œReportâ€), 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. SectionÂ 1350, as adopted pursuant to SectionÂ 906 of the Sarbanes-Oxley Act of 2002, that:Â (1)The Report fully complies with the requirements of SectionÂ 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 SharJonathan SharChief Executive OfficerBarnes & Noble Education, Inc.December 9, 2024A signed original of this written statement required by SectionÂ 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 SectionÂ 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.DocumentExhibit 32.2CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TORULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934AND 18 U.S.C. SECTION 1350,AS ADOPTED PURSUANT TOSECTION 906 OF THE SARBANES-OXLEY ACT OF 2002In connection with the quarterly report of BarnesÂ & Noble Education, Inc. (the â€œCompanyâ€) on Form 10-Q for the period ended OctoberÂ 26, 2024, as filed with the Securities and Exchange Commission on the date hereof (the â€œReportâ€), 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. SectionÂ 1350, as adopted pursuant to SectionÂ 906 of the Sarbanes-Oxley Act of 2002, that:Â (1)The Report fully complies with the requirements of SectionÂ 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 WatsonKevin WatsonChief Financial OfficerBarnes & Noble Education, Inc.December 9, 2024A signed original of this written statement required by SectionÂ 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 SectionÂ 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.