REFINITIV

DELTA REPORT

10-Q

BNED - BARNES & NOBLE EDUCATION,

10-Q - JANUARY 27, 2024 COMPARED TO 10-Q - OCTOBER 28, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	2234
CHANGES	672
DELETIONS	880
ADDITIONS	682

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended October 28, 2023 January 27, 2024

OR

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

For the transition period from__________to __________
Commission File Number: 1-37499

BARNES & NOBLE EDUCATION, INC.

(Exact Name of Registrant as Specified in Its Charter)

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

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

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

Title of Class	Trading Symbol	Name of Exchange on which registered
Common Stock, $0.01 par value per share	BNED	New York Stock Exchange

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

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

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 "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	¨	Accelerated filer	x
Non-accelerated filer	¨	Smaller reporting company	¨
		Emerging Growth Company	¨

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

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

As of December 1, 2023 February 23, 2024, 53,149,504 53,156,369 shares of Common Stock, par value $0.01 per share, were outstanding.

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Fiscal Quarter Ended October 28, 2023 January 27, 2024

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PART I - FINANCIAL INFORMATION

Item 1: **Financial Statements**

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

		13 weeks ended		26 weeks ended	
		October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
	13 weeks ended January 27, 2024	13 weeks ended January 27, 2024	January 28, 2023	39 weeks ended January 27, 2024	January 28, 2023
Sales:	Sales:				
Product sales and other					
Product sales and other					
Product sales and other	Product sales and other	$569,698	$567,299	$822,348	$811,061
Rental income	Rental income	40,681	41,334	52,192	52,246
Total sales	Total sales	610,379	608,633	874,540	863,307
Cost of sales (exclusive of depreciation and amortization expense):	Cost of sales (exclusive of depreciation and amortization expense):				
Product and other cost of sales					
Product and other cost of sales					
Product and other cost of sales	Product and other cost of sales	451,953	447,551	658,967	639,955
Rental cost of sales	Rental cost of sales	22,184	22,941	28,697	29,206
Total cost of sales	Total cost of sales	474,137	470,492	687,664	669,161
Gross profit	Gross profit	136,242	138,141	186,876	194,146
Selling and administrative expenses	Selling and administrative expenses	85,961	98,954	163,437	189,295
Depreciation and amortization expense	Depreciation and amortization expense	10,175	10,256	20,428	21,152
Impairment loss (non-cash)					
Restructuring and other charges	Restructuring and other charges	4,274	260	8,907	635
Operating income (loss)	Operating income (loss)	35,832	28,671	(5,896)	(16,936)
Interest expense, net	Interest expense, net	10,664	4,886	18,918	8,754
Income (loss) from continuing operations before income taxes		25,168	23,785	(24,814)	(25,690)
Income tax expense (benefit)		314	(383)	303	464
Income (loss) from continuing operations		$ 24,854	$ 24,168	$ (25,117)	$ (26,154)

Loss from discontinued operations, net of tax of $0, $83, $20, and $169, respectively	$ (674)	$ (2,024)	$ (1,091)	$ (4,409)
Net income (loss)	$ 24,180	$ 22,144	$ (26,208)	$ (30,563)
Loss from continuing operations before income taxes				
Income tax expense				
Loss from continuing operations				
Income (loss) from discontinued operations, net of tax of $0, $128, $20, and $297, respectively				
Net loss				
Earnings (loss) per share of common stock:				
Basic:				
Loss per share of common stock:				
Loss per share of common stock:				
Loss per share of common stock:				
Basic and Diluted:				
Basic and Diluted:				
Basic and Diluted:				
Continuing operations				
Continuing operations				
Continuing operations / Continuing operations	$ 0.47	$ 0.46	$ (0.48)	$ (0.50)
Discontinued operations / Discontinued operations	$ (0.01)	$ (0.04)	$ (0.02)	$ (0.08)
Total Basic Earnings per share	$ 0.46	$ 0.42	$ (0.50)	$ (0.58)
Weighted average common shares outstanding - Basic	52,791	52,438	52,716	52,305
Total Basic and Diluted Earnings per share				
Weighted average common shares outstanding - Basic and Diluted				
Diluted:				
Continuing operations	$ 0.47	$ 0.46	$ (0.48)	$ (0.50)
Discontinued operations	$ (0.01)	$ (0.04)	$ (0.02)	$ (0.08)
Total Diluted Earnings per share	$ 0.46	$ 0.42	$ (0.50)	$ (0.58)

Weighted average common shares outstanding - Diluted	52,870	53,195	52,716	52,305

See accompanying notes to condensed consolidated financial statements.

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

		October 28, 2023	October 29, 2022	April 29, 2023			
	January 27, 2024				January 27, 2024	January 28, 2023	April 29, 2023
		(unaudited)	(unaudited)	(audited)	(unaudited)	(unaudited)	(audited)
ASSETS	ASSETS						
Current assets:	Current assets:						
Current assets:							
Current assets:							
Cash and cash equivalents							
Cash and cash equivalents							
Cash and cash equivalents	Cash and cash equivalents	$ 15,008	$ 17,296	$ 14,219			
Receivables, net	Receivables, net	221,805	209,288	92,512			
Merchandise inventories, net	Merchandise inventories, net	364,292	371,570	322,979			
Textbook rental inventories	Textbook rental inventories	51,840	49,355	30,349			
Prepaid expenses and other current assets	Prepaid expenses and other current assets	63,410	51,520	49,512			
Assets held for sale, current	Assets held for sale, current	—	30,558	27,430			
Total current assets	Total current assets	716,355	729,587	537,001			
Property and equipment, net	Property and equipment, net	61,403	75,475	68,153			
Operating lease right-of-use assets	Operating lease right-of-use assets	246,531	291,704	246,972			
Intangible assets, net	Intangible assets, net	104,026	120,533	110,632			
Deferred tax assets, net	Deferred tax assets, net	—	—	132			
Other noncurrent assets	Other noncurrent assets	16,664	21,100	17,889			
Total assets	Total assets	$1,144,979	$1,238,399	$980,779			
LIABILITIES AND STOCKHOLDERS' EQUITY	LIABILITIES AND STOCKHOLDERS' EQUITY						
Current liabilities:	Current liabilities:						
Current liabilities:							
Current liabilities:							
Accounts payable							
Accounts payable							

Accounts payable	Accounts payable	$ 385,895	$ 326,007	$267,923
Accrued liabilities	Accrued liabilities	112,075	113,628	85,759
Current operating lease liabilities	Current operating lease liabilities	126,426	130,802	99,980
Short-term borrowings				
Liabilities held for sale	Liabilities held for sale	—	5,243	8,423
Total current liabilities	Total current liabilities	624,396	575,680	462,085
Long-term deferred taxes, net	Long-term deferred taxes, net	1,936	1,430	1,970
Long-term operating lease liabilities	Long-term operating lease liabilities	160,185	190,758	184,754
Other long-term liabilities	Other long-term liabilities	18,625	19,622	19,068
Long-term borrowings	Long-term borrowings	233,873	250,445	182,151
Total liabilities	Total liabilities	1,039,015	1,037,935	850,028
Commitments and contingencies	Commitments and contingencies	—	—	—
Stockholders' equity:	Stockholders' equity:			
Preferred stock, $0.01 par value; authorized, 5,000 shares; 0 shares issued and 0 shares outstanding	Preferred stock, $0.01 par value; authorized, 5,000 shares; 0 shares issued and 0 shares outstanding	—	—	—
Common stock, $0.01 par value; authorized, 200,000 shares; issued, 55,818, 55,132 and 55,140 shares, respectively; outstanding, 53,137, 52,599 and 52,604 shares, respectively		558	551	551
Preferred stock, $0.01 par value; authorized, 5,000 shares; 0 shares issued and 0 shares outstanding				
Preferred stock, $0.01 par value; authorized, 5,000 shares; 0 shares issued and 0 shares outstanding				

Common stock, $0.01 par value; authorized, 200,000 shares; issued, 55,840, 55,140 and 55,140 shares, respectively; outstanding, 53,156, 52,604 and 52,604 shares, respectively

Additional paid-in capital

Additional paid-in capital

Additional paid-in capital	Additional paid-in capital	747,518	744,339	745,932
Accumulated deficit	Accumulated deficit	(619,564)	(522,057)	(593,356)
Treasury stock, at cost	Treasury stock, at cost	(22,548)	(22,369)	(22,376)
Total stockholders' equity	Total stockholders' equity	105,964	200,464	130,751
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	$1,144,979	$1,238,399	$980,779

See accompanying notes to condensed consolidated financial statements.

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

		26 weeks ended			
		October 28, 2023	October 29, 2022		
	39 weeks ended				39 weeks ended
	January 27, 2024			January 27, 2024	January 28, 2023
Cash flows from operating activities:	Cash flows from operating activities:				
Net loss					
Net loss					
Net loss	Net loss	$ (26,208)	$ (30,563)		
Less: Loss from discontinued operations, net of tax	Less: Loss from discontinued operations, net of tax	(1,091)	(4,409)		
Loss from continuing operations	Loss from continuing operations	(25,117)	(26,154)		

Adjustments to reconcile net loss from continuing operations to net cash flows from operating activities from continuing operations:	Adjustments to reconcile net loss from continuing operations to net cash flows from operating activities from continuing operations:		
Depreciation and amortization expense	Depreciation and amortization expense	20,428	21,152
Depreciation and amortization expense			
Depreciation and amortization expense			
Content amortization expense	Content amortization expense	—	26
Amortization of deferred financing costs	Amortization of deferred financing costs	4,406	1,200
Impairment loss (non-cash)			
Deferred taxes			
Deferred taxes			
Deferred taxes	Deferred taxes	97	—
Stock-based compensation expense	Stock-based compensation expense	1,756	3,066
Non-cash interest expense (paid-in-kind)	Non-cash interest expense (paid-in-kind)	863	—
Changes in operating lease right-of-use assets and liabilities	Changes in operating lease right-of-use assets and liabilities	1,826	(298)
Changes in other long-term assets and liabilities, net	Changes in other long-term assets and liabilities, net	(2,311)	265
Changes in other operating assets and liabilities, net	Changes in other operating assets and liabilities, net		
Receivables, net	Receivables, net	(129,293)	(73,287)
Receivables, net			
Receivables, net			
Merchandise inventories	Merchandise inventories	(41,313)	(77,716)
Textbook rental inventories	Textbook rental inventories	(21,491)	(19,743)
Prepaid expenses and other current assets	Prepaid expenses and other current assets	2,756	13,149

Accounts payable and accrued liabilities	Accounts payable and accrued liabilities	140,233	168,413
Changes in other operating assets and liabilities, net	Changes in other operating assets and liabilities, net	(49,108)	10,816
Net cash flows (used in) provided by operating activities from continuing operations		(47,160)	10,073
Net cash flows used in operating activities from continuing operations			
Net cash flows used in operating activities from discontinued operations	Net cash flows used in operating activities from discontinued operations	(3,939)	(703)
Net cash flow (used in) provided by operating activities		$ (51,099)	$ 9,370
Net cash flow used in operating activities			
Cash flows from investing activities:	Cash flows from investing activities:		
Purchases of property and equipment			
Purchases of property and equipment			
Purchases of property and equipment	Purchases of property and equipment	$ (8,196)	$ (16,823)
Net change in other noncurrent assets	Net change in other noncurrent assets	78	255
Net cash flows used in investing activities from continuing operations	Net cash flows used in investing activities from continuing operations	(8,118)	(16,568)
Net cash flows provided by (used in) investing activities from discontinued operations	Net cash flows provided by (used in) investing activities from discontinued operations	21,395	(3,750)

Net cash flow provided by (used in) investing activities	Net cash flow provided by (used in) investing activities	$ 13,277	$ (20,318)
Cash flows from financing activities:	Cash flows from financing activities:		
Proceeds from borrowings	Proceeds from borrowings	$284,698	$348,200
Proceeds from borrowings			
Proceeds from borrowings			
Repayments of borrowings	Repayments of borrowings	(233,970)	(321,900)
Payment of deferred financing costs	Payment of deferred financing costs	(9,381)	(1,716)
Purchase of treasury shares	Purchase of treasury shares	(172)	(857)
Net cash flows provided by financing activities from continuing operations	Net cash flows provided by financing activities from continuing operations	41,175	23,727
Net cash flows provided by financing activities from continuing operations			
Net cash flows provided by financing activities from continuing operations			
Net cash flows provided by financing activities from discontinued operations	Net cash flows provided by financing activities from discontinued operations	—	—
Net cash flows provided by financing activities	Net cash flows provided by financing activities	$ 41,175	$ 23,727
Net increase in cash, cash equivalents and restricted cash		3,353	12,779
Net (decrease) increase in cash, cash equivalents and restricted cash			
Net (decrease) increase in cash, cash equivalents and restricted cash			
Net (decrease) increase in cash, cash equivalents and restricted cash			
Cash, cash equivalents and restricted cash at beginning of period	Cash, cash equivalents and restricted cash at beginning of period	31,988	21,036

Cash, cash equivalents and restricted cash at end of period	Cash, cash equivalents and restricted cash at end of period	35,341	33,815
Less: Cash, cash equivalents and restricted cash of discontinued operations at end of period	Less: Cash, cash equivalents and restricted cash of discontinued operations at end of period	—	(929)
Cash, cash equivalents, and restricted cash of continuing operations at end of period	Cash, cash equivalents, and restricted cash of continuing operations at end of period	$ 35,341	$ 32,886

See accompanying notes to condensed consolidated financial statements.

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

		Common Stock		Additional Paid-In	Accumulated	Treasury Stock		Total
		Shares	Amount	Capital	Deficit	Shares	Amount	Equity
				Additional				
		Common Stock						
		Common Stock						
		Common Stock		Paid-In	Accumulated	Treasury Stock		Total
		Shares	Amount	Capital	Deficit	Shares	Amount	Equity
Balance at April 30, 2022	**Balance at April 30, 2022**	54,234	$ 542	$ 740,838	$ (491,494)	2,188	$ (21,512)	$ 228,374
Stock-based compensation expense	Stock-based compensation expense			1,791				1,791
Vested equity awards	Vested equity awards	540	5	(5)				—
Shares repurchased for tax withholdings for vested stock awards	Shares repurchased for tax withholdings for vested stock awards					238	(612)	(612)
Net loss	Net loss				(52,707)			(52,707)
Balance July 30, 2022	**Balance July 30, 2022**	54,774	$ 547	$ 742,624	$ (544,201)	2,426	$ (22,124)	$ 176,846
Stock-based compensation expense	Stock-based compensation expense			1,719				1,719
Vested equity awards	Vested equity awards	357	4	(4)				—
Shares repurchased for tax withholdings for vested stock awards	Shares repurchased for tax withholdings for vested stock awards					107	(245)	(245)
Net income	Net income				22,144			22,144
Net income								
Net income								
Balance October 29, 2022	**Balance October 29, 2022**	55,131	$ 551	$ 744,339	$ (522,057)	2,533	$ (22,369)	$ 200,464

Stock-based compensation expense

Vested equity awards

Shares repurchased for tax withholdings for vested stock awards

Net loss

Balance January 28, 2023

Additional

Additional

		Common Stock		Additional Paid-In	Accumulated	Treasury Stock		Total
		Shares	Amount	Capital	Deficit	Shares	Amount	Equity
Balance at April 29, 2023	**Balance at April 29, 2023**	55,140	$ 551	$ 745,932	$ (593,356)	2,536	$ (22,376)	$ 130,751
Stock-based compensation expense	Stock-based compensation expense			794				794
Vested equity awards	Vested equity awards	179	2	(2)				—
Shares repurchased for tax withholdings for vested stock awards	Shares repurchased for tax withholdings for vested stock awards					78	(98)	(98)
Net loss	Net loss				(50,388)			(50,388)
Balance July 29, 2023	**Balance July 29, 2023**	55,319	$ 553	$ 746,724	$ (643,744)	2,614	$ (22,474)	$ 81,059
Stock-based compensation expense	Stock-based compensation expense			799				799
Vested equity awards	Vested equity awards	499	5	(5)				—
Shares repurchased for tax withholdings for vested stock awards	Shares repurchased for tax withholdings for vested stock awards					67	(74)	(74)
Net income	Net income				24,180			24,180
Balance October 28, 2023	**Balance October 28, 2023**	55,818	$ 558	$ 747,518	$ (619,564)	2,681	$ (22,548)	$ 105,964

Additional

Common Stock

Common Stock

Common Stock | Paid-In | Accumulated | Treasury Stock | Total

Shares | Shares | Amount | Capital | Deficit | Shares | Amount | Equity

Stock-based compensation expense

Vested equity awards

Shares repurchased for tax withholdings for vested stock awards
Net loss
Balance January 27, 2024

See accompanying notes to condensed consolidated financial statements.

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
For the 13 and 26 39 weeks ended October 28, 2023 January 27, 2024 and October 29, 2022 January 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 "we," "us," "our" and "the Company" refer to Barnes & Noble Education or "BNED", Inc., a Delaware corporation. References to "Barnes & Noble College" refer to our college bookstore business operated through our subsidiary Barnes & Noble College Booksellers, LLC. References to "MBS" refer to our virtual bookstore and wholesale textbook distribution business operated through our subsidiary MBS Textbook Exchange, LLC.

This Form 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 29, 2023, which includes consolidated financial statements for the Company as of April 29, 2023, and April 30, 2022 and for each of the three fiscal years ended April 29, 2023, April 30, 2022 and May 1, 2021 ("Fiscal 2023," "Fiscal 2022" and "Fiscal 2021", respectively) and the unaudited condensed consolidated financial statements in our Quarterly Report Reports on Form 10-Q for the quarter ended July 29, 2023 and for the quarter ended October 28, 2023.

Note 1. Organization

Description of Business

Barnes & Noble Education, Inc. ("BNED") is one of the largest contract operators of physical and virtual bookstores for college and university campuses and K-12 institutions across the United States. We are also one of the largest textbook wholesalers, inventory management hardware and software providers. We operate 1,271 1,272 physical, virtual, and custom bookstores and serve more than 5.8 million students, delivering essential educational content, tools and general merchandise within a dynamic omnichannel retail environment.

The strengths of our business include our ability to compete by developing new products and solutions to meet market needs, our large operating footprint with direct access to students and faculty, our well-established, deep relationships with academic partners and stable, long-term contracts and our well-recognized brands. We provide product and service offerings designed to address the most pressing issues in higher education, including equitable access, enhanced convenience and improved affordability through innovative course material delivery models designed to drive improved student experiences and outcomes. We offer our *BNC First Day*® equitable and inclusive access programs, consisting of *First Day Complete* and *First Day*, which provide faculty required course materials on or before the first day of class at a discounted rate, below market rates, as compared to the total retail price for the same course materials if purchased separately. The *BNC First Day* discounted separately (a la carte) and students are billed the below market price is offered directly by the institution as a course fee charge or included in tuition. During the 26 13 weeks ended October 28, 2023 January 27, 2024, *BNC First Day* total revenue increased by $72,684, $63,371, or 39% 53%, to $261,021 $184,073 compared to $188,337 $120,702 during the prior year period. During the 39 weeks ended January 27, 2024, *BNC First Day* total revenue increased by $136,055, or 44%, to $445,094 compared to $309,039 during the prior year period. These programs have allowed us to reverse historical long-term trends in course materials revenue declines as the growth of our *BNC First Day* programs offsets declines in a la carte courseware sales and closed store sales.

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

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

During the fourth quarter of Fiscal 2023, assets related to our DSS Segment met the criteria for classification as Assets Held for Sale and Discontinued Operations and is no longer a reportable segment. On May 31, 2023, we completed the sale of these assets related to our DSS Segment. We have two reportable segments: Retail and Wholesale. For additional information related to our strategies, operations and segments, see *Part I - Item 1. Business* in our Annual Report on Form 10-K for the fiscal year ended April 29, 2023.

BNC First Day Equitable and Inclusive Access Programs

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

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

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

In the Fall Spring of 2023, 157 2024, 160 campus stores are utilizing *First Day® Complete* representing enrollment of nearly 800,000 805,000 undergraduate and post graduate students (as reported by National Center for Education Statistics), an increase of approximately 47% 39% compared to Fall Spring of 2022. 2023. During the 26 13 weeks ended October 28, 2023 January 27, 2024, *First Day Complete* sales increased by $55,455, $42,629, or 52% 64%, to $161,934 $109,531 as compared to $106,479 $66,902 in the prior year period. During the 26 13 weeks ended October 28, 2023 January 27, 2024, *First Day* sales increased by $17,229, $20,742, or 21% 39%, to $99,087 $74,542 as compared to $81,858 $53,800 in the prior year period. During the 39 weeks ended January 27, 2024, *First Day Complete* sales increased by $98,084, or 57%, to $271,465 as compared to $173,381 in the prior year period. During the 39 weeks ended January 27, 2024, *First Day* sales increased by $37,971, or 28%, to $173,629 as compared to $135,658 in the prior year period.

Relationship with Fanatics and Lids

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

We maintain our relationships with campus partners and remain responsible for staffing and managing the day-to-day operations of our campus bookstores. We also work closely with our campus partners to ensure that each campus store maintains unique aspects of in-store merchandising, including localized product assortments and specific styles and designs that reflect each campus's brand. As our service provider, we leverage Fanatics' e-commerce technology and expertise on our behalf for the operational management of the emblematic merchandise and gift sections of our campus store websites. Lids manages in-store assortment planning and merchandising of emblematic apparel, headwear, and gift products for our partner campus

stores, and Lids owns the inventory it manages, relieving us of the obligation to finance inventory purchases from working capital.

Note 2. <u>Summary of Significant Accounting Policies</u>

Basis of Presentation and Consolidation

Our 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 ("GAAP"). Net income (loss) is equal to comprehensive income (loss) on our condensed consolidated statement of operations. In the opinion of the Company'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 39 weeks ended October 28, 2023 January 27, 2024 are not indicative of the results expected for the 52 weeks ending April 27, 2024 ("Fiscal 2024").

Liquidity and Going Concern

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

Pursuant to ASC 205-40, *Presentation of Financial Statements — Going Concern ("ASC 205-40")*, management must evaluate whether there are conditions and events, considered in aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that these condensed consolidated financial statements are issued. In accordance with ASC 205-40, management's analysis can only include the potential mitigating impact of management's plans that have not been fully implemented as of the issuance date of these condensed consolidated financial statements if (a) it is probable that management's plans will be effectively implemented on a timely basis, and (b) it is probable that the plans, when implemented, will alleviate the relevant conditions or events that raise substantial doubt about the Company's ability to continue as a going concern.

Our primary sources of cash are net cash flows from operating activities, funds available under our Credit Agreement, Term Loan Agreement, and short-term vendor financing. Our liquidity is highly dependent on the seasonal nature of our business, particularly with respect to course material sales, as sales are generally highest in the second and third fiscal quarters, when college students generally purchase textbooks for the upcoming Fall and Spring semesters, respectively. As of October 28, 2023 January 27, 2024, we had $35,341$15,024 of cash on hand, including $20,333 $6,901 of restricted cash primarily related to segregated funds for commission due to Lids for logo merchandise sales as per the merchandising service provider agreement.

Our business was significantly negatively impacted by the COVID-19 pandemic during the years ended April 30, 2022 and May 1, 2021, as many schools adjusted their learning models and on-campus activities. Although most academic institutions have since reopened after the COVID-19 pandemic, the lingering impacts of the pandemic have resulted in changes in customer behaviors, lower enrollments, and an evolving educational landscape, including increased competition and disintermediation, which continued to impact our financial results during the year ended April 29, 2023. Some institutions are still providing alternatives to traditional in-person instruction, including online and hybrid learning options and significantly reduced classroom sizes. The impact of COVID-19 store closings, as well as lower earnings during the year ended April 29, 2023, resulted in the loss of cash flows and increased borrowings that we would not otherwise have expected to incur.

We recognized Net Income Loss from Continuing Operations of $24,854 $(9,928) and $24,168 $(22,134) for the 13 weeks ended October 28, 2023January 27, 2024 and October 29, 2022 January 28, 2023, respectively, and a Net Loss from Continuing Operations of $(25,117) $(35,045) and $(26,154) $(48,288) for the 26 39 weeks ended October 28, 2023January 27, 2024 and October 29, 2022 January 28, 2023, respectively, and we incurred a Net Loss from Continuing Operations of $(90,140), $(61,559), and $(133,569) for the years ended April 29, 2023, April 30, 2022, and May 1, 2021, respectively. Our Cash Flow (Used In) Provided by Operating Activities from Continuing Operations were $(47,160) $(83,221) and $10,073 $(21,248) for the 26 39 weeks ended October 28, 2023January 27, 2024 and October 29, 2022 January 28, 2023, respectively, and were $90,513, $(16,195), and $27,049, for the years ended April 29, 2023, April 30, 2022, and May 1, 2021, respectively. The tightening of our available credit commitments,

including the elimination and repayment of our FILO Facility in fiscal year 2023 of $40,000, had a significant impact on our liquidity during fiscal year 2023 and fiscal year 2024, including our ability to make timely vendor payments and school commission payments.

Our losses and projected cash needs, combined with our current liquidity level, raised levels and the maturity of our Credit Facility, which becomes due on December 28, 2024, raises substantial doubt about our ability to continue as a going concern. The Company's ability to continue as a going concern as is contingent upon the successful execution of the year ended April 29, 2023, which Management subsequently remediated by implementing a management's plan to improve the Company's liquidity, and successfully alleviate substantial doubt including (1) raising additional liquidity and and (2) taking continuing to take additional operational restructuring actions. actions to achieve the required levels of liquidity to support the operations of the business.

Debt amendments

On October 10, 2023, we amended our existing July 28, 2023 Credit Agreement amendment, the Board established a committee consisting of three independent directors to revise certain reporting requirements explore, consider, solicit expressions of interest or proposals for, respond to the administrative agent any communications, inquiries or proposals regarding, and lenders under the Credit Agreement. The amendment introduced advise as to all strategic alternatives to effect a Specified “Specified Liquidity Transaction Fee of $3,800 that would become due and payable at the earlier to occur of (1) January 31, 2024, to the extent a Specified Liquidity Transaction Transaction” (as defined in the Credit Agreement). The Board continues its ongoing review of a broad range of strategic alternatives available to the Company, including but not limited to potential capital raises, asset divestitures, a sale of the business, and pursuit of standalone growth plans. The Board has not been consummated prior set a timetable for the conclusion of this review, nor has it made any decisions related to such date (or such later date any further actions at this time. There can be no assurance that is up to thirty days thereafter to the extent agreed to review will result in writing by the Administrative Agent in its sole discretion) any transaction or (b) an Event of Default under the Credit Agreement. other strategic change or outcome.

Debt amendments

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

On July 28, 2023, we amended our Term Loan Agreement to (i) extend the maturity date of the Term Loan Agreement to April 7, 2025, (ii) allow for interest to be paid in kind until September 2, 2024, (iii) amend the 1.50% anniversary fee to recur on June 7 of each year that the Term Loan Agreement remains outstanding, with 2024 fee deferred to the earlier of September 2, 2024 and the Termination Date (as defined in the Term Loan Agreement) and (iv) amend certain negative covenants and affirmative and add certain additional covenants. We must pay a fee of $50,000 to the lenders under the Term Loan Agreement on the earlier of September 2, 2024 and the Termination Date (as defined in the Term Loan Agreement).

On October 10, 2023, we amended our existing Credit Agreement to revise certain reporting requirements to the administrative agent and lenders under the Credit Agreement. The amendment introduced a Specified Liquidity Transaction Fee of $3,800 that would become due and payable at the earlier to occur of (1) January 31, 2024, to the extent a Specified Liquidity Transaction (as defined in the Credit Agreement) has not been consummated prior to such date (or such later date that is up to thirty days thereafter to the extent agreed to in writing by the Administrative Agent in its sole discretion) or (b) an Event of Default under the Credit Agreement.

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On December 12, 2023, we amended our existing Credit Agreement to, among other things: (i) amend the financial maintenance covenant to require Availability (as defined in the Credit Agreement) at all times to be greater than the greater of (x) 10% of the Aggregate Loan Cap (as defined in the Credit Agreement) and (y) (A) $32,500 or, subject to the satisfaction of certain conditions relating to the repayment of the Credit Agreement in full, (B) (a) $20,000 for the period of December 8, 2023 through January 12, 2024, (b) $25,000 for the period from January 26, 2024 through February 9, 2024, (c) $25,000 for the period of April 1, 2024 through April 30, 2024 and (d) $30,000 for the period of May 1, 2024 through May 31, 2024, and (ii) revise certain reporting requirements under the Credit Agreement. The amendment also revised the Specified Liquidity Transaction Fee introduced in the October 2023 Credit Agreement Amendment such that the $3,800 became due and was paid on January 31, 2024.

On March 12, 2024, we amended our existing Credit Agreement to, among other things, (i) revise certain reporting requirements under the Credit Agreement and (ii) set certain milestones for liquidity and refinancing contingency plans, with respect to which we must execute a binding commitment no later than April 3, 2024 (as may be extended by the administrative agent to April 10, 2024).

Operational restructuring plans

During Fiscal 2023, we implemented a significant cost reduction program designed to streamline our operations, maximize productivity and drive profitability. We reduced our workforce, eliminated duplicate administrative headcounts at all levels, implemented improved system development processes to reduce maintenance costs, reduced capital expenditures, and evaluated operating contractual obligations for cost savings. Over the last year, course of Fiscal 2024, we have achieved annualized savings of approximately $30,000 to $35,000 from these the Fiscal 2023 cost savings initiatives. Additionally, during Fiscal 2024, Management's planned plan to implement further cost savings measures, including reduction of gross capital expenditures, amounting to approximately $25,000, of which approximately $14,000 $18,000 has been achieved during the 26 39 weeks ended October 28, 2023 January 27, 2024. Management believes that these plans are within its control and will be focused on implementing as outlined. these cost savings measures.

During the 13 weeks ended October 28, 2023 January 27, 2024, Net Income Loss from Continuing Operations increased improved by $686 $12,206, or 55%, compared to the prior year period. Excluding Net Loss from Continuing Operations, excluding interest expense, impairment loss (non-cash) and restructuring and other charges, Net Income from Continuing Operations improved by $10,478 $14,984 during the 13 weeks ended October 28, 2023 January 27, 2024 compared to the prior year period. During the 26 39 weeks ended October 28, 2023 January 27, 2024, Net Loss from Continuing Operations decreased improved by $1,037 $13,243, or 27%, compared to the prior year period. Excluding Net Loss from Continuing Operations, excluding interest expense, impairment loss (non-cash) and restructuring and other charges, Net Loss from Continuing Operations decreased improved by $19,473 $34,457 during the 26 39 weeks ended October 28, 2023 January 27, 2024 compared to the prior year period. The improvements in Net Income Loss from Continuing Operations during the 13 and 26 39 weeks are primarily due to operational improvements, including successful implementation of our *BNC First Day* programs, and cost savings initiatives.

	13 weeks ended				39 weeks ended			
Dollars in thousands	January 27, 2024	January 28, 2023	Var $	Var %	January 27, 2024	January 28, 2023	Var $	Var %
Net loss from continuing operations	$ (9,928)	$ (22,134)	$ 12,206	55%	$ (35,045)	$ (48,288)	$ 13,243	27%
Reconciling items:								
Interest Expense (a)	$ 10,620	$ 6,918	$ 3,702	54%	$ 29,538	$ 15,672	$ 13,866	88%
Impairment loss (non-cash)	5,798	6,008	(210)	(3)%	5,798	6,008	(210)	(3)%
Restructuring and other charges	3,413	4,127	(714)	(17)%	12,320	4,762	7,558	159%
Total Reconciling items	$ 19,831	$ 17,053	$ 2,778	16%	$ 47,656	$ 26,442	$ 21,214	80%
Net Income (Loss) from Continuing Operations Excluding Interest Expense, Impairment Loss and Restructuring and Other Charges	$ 9,903	$ (5,081)	$ 14,984	295%	$ 12,611	$ (21,846)	$ 34,457	158%

(a) Interest expense increased by $13.9 million compared to the prior year period, comprised of $7.2 million resulting from higher borrowings and higher interest rates and $6.3 million resulting from increased amortization of deferred financing costs. For additional information, see *Note 7. Debt - Deferred Financing Costs* and *Note 7. Debt - Interest Expense*.

Management believes that the expected impact on our liquidity and cash flows resulting from the debt amendments and the operational initiatives outlined above are sufficient to enable the Company to meet its obligations for at least twelve months from the issuance date of these condensed consolidated financial statements and to continue to alleviate the conditions that initially raised substantial doubt about the Company's ability to continue as a going concern.

Seasonality

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

Use of Estimates

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

Discontinued Operations

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

On May 31, 2023, we completed the sale of these assets related to our DSS Segment for cash proceeds of $20,000, net of certain transaction fees, severance costs, escrow, and other considerations. During the 26 39 weeks ended October 28, 2023 January 27, 2024, we recorded a Gain on Sale of Business of $3,068 $3,545 in Loss from Discontinued

Operations, Net, related to the sale. Net cash proceeds from the sale were used for debt repayment and provided additional funds for working capital needs under our Credit Facility. The following table summarizes the operating results of the discontinued operations for the periods indicated:

		13 weeks ended		26 weeks ended						
13 weeks ended								13 weeks ended		39 weeks ended
Dollars in thousands	*Dollars in thousands*	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022	*Dollars in thousands*	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Total sales	Total sales	$ —	$ 8,465	$ 2,784	$17,649					
Cost of sales (a)	Cost of sales (a)	—	1,772	76	3,472					
Gross profit (a)	Gross profit (a)	—	6,693	2,708	14,177					
Selling and administrative expenses	Selling and administrative expenses	643	8,131	2,924	16,277					
Depreciation and amortization	Depreciation and amortization	3	503	3	2,140					
Gain on sale of business	Gain on sale of business	—	—	(3,068)	—					
Impairment loss (non-cash) (b)	Impairment loss (non-cash) (b)	—	—	610	—					
Restructuring costs (c)	Restructuring costs (c)	10	—	3,297	—					
Transaction costs	Transaction costs	18	—	13	—					
Operating loss	Operating loss	(674)	(1,941)	(1,071)	(4,240)					
Income tax expense	Income tax expense	—	83	20	169					
Loss from discontinued operations, net of tax	Loss from discontinued operations, net of tax	$ (674)	$(2,024)	$(1,091)	$ (4,409)					

(a) Cost of sales and Gross margin gross profit for the DSS Segment includes amortization expense (non-cash) related to content development costs of $1,618 $1,686 and $3,169 $4,855 for the 13 and 26 39 weeks ended October 29, 2022January 28, 2023, respectively.

(b) During the 26 39 weeks ended October 28, 2023 January 27, 2024, we recognized an impairment loss (non-cash) of $610 (both pre-tax and after-tax),

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comprised of $119 and $491 of property and equipment and operating lease right-of-use assets, respectively, on the condensed consolidated statement of operations as part of discontinued operations.

(c) During the 26 39 weeks ended October 28, 2023 January 27, 2024 and January 28, 2023, we recognized restructuring and other charges of $3,297 $3,308 and $1,848, respectively, comprised of severance and other employee termination costs.

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

	As of			
	April 29, 2023	October 29, 2022		
	As of		As of	
	April 29, 2023		April 29, 2023	January 28, 2023

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

Cash and cash equivalents	Cash and cash equivalents	$ 1,057	$ 929
Receivables, net	Receivables, net	480	721
Prepaid expenses and other current assets	Prepaid expenses and other current assets	901	2,421
Property and equipment, net	Property and equipment, net	19,523	20,621
Intangible assets, net	Intangible assets, net	402	954
Goodwill	Goodwill	4,700	4,700
Deferred tax assets, net	Deferred tax assets, net	130	—
Other noncurrent assets	Other noncurrent assets	237	212
Assets held for sale	Assets held for sale	$ 27,430	$30,558
Accounts payable	Accounts payable	$ 211	$ 161
Accounts payable			
Accounts payable			
Accrued liabilities	Accrued liabilities	8,212	5,061
Other long-term liabilities		—	20
Liabilities held for sale			
Liabilities held for sale			
Liabilities held for sale	Liabilities held for sale	$ 8,423	$ 5,242

Restricted Cash

As of October 28, 2023 January 27, 2024, January 28, 2023, and October 29, 2022 April 29, 2023, we had restricted cash of $20,333 $6,901, $18,309, and $15,590, $16,712, respectively, comprised of $19,388 $5,948, $17,397, and $14,686, $15,790, respectively, in prepaid and other current assets in the condensed consolidated balance sheet related to segregated funds for commission due to Lids for logo merchandise sales as per the Lids service provider merchandising agreement, and $945 $953, $912, and $904, $922, respectively, in other noncurrent assets in the condensed consolidated balance sheet related to amounts held in trust for future distributions related to employee benefit plans.

Merchandise Inventories

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

Cost is determined primarily by the retail inventory method for our Retail segment. Our textbook and trade book inventories, for Retail and Wholesale, are valued using the LIFO method and the related reserve was not material to the recorded amount of our inventories. There were no LIFO adjustments in Fiscal 2023, Fiscal 2022 and Fiscal 2021.

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

The Retail Segment fulfillment order is directed first to our wholesale business before other sources of inventory are utilized. The products that we sell originate from a wide variety of domestic and international vendors. After internal sourcing, the bookstore purchases textbooks from outside suppliers and publishers.

Textbook Rental Inventories

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

Leases

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

Revenue Recognition and Deferred Revenue

Product sales and rentals

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

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

Revenue from the sale of digital textbooks, which contains a single performance obligation, is recognized at the point of sale as product revenue 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 which is determined at the time of the buyout. In these instances, we accelerate any remaining deferred rental revenue at the point of sale.

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

We estimate returns based on an analysis of historical experience. A provision for anticipated merchandise returns is

provided through a reduction of sales and cost of goods sold in the period that the related sales are recorded.

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

As contemplated by the F/L Relationship related merchandising agreement and e-commerce agreement, logo general merchandise sales are fulfilled by Lids and Fanatics on our behalf and 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 revenue

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

Cost of Sales

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

Selling and Administrative Expenses

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

Evaluation of Long-Lived Assets

During the fourth quarter of Fiscal 2023, assets related to our DSS Segment met the criteria for classification as Assets Held for Sale and Discontinued Operations and is no longer a reportable segment. Goodwill on our condensed consolidated balance sheet as of January 28, 2023 related to our DSS reporting unit has been classified as Assets Held for Sale. On May 31, 2023, we completed the sale of these assets related to our DSS Segment.

We review our long-lived assets for impairment whenever events or changes in circumstances, including but not limited to contractual changes, renewals or amendments are made to agreements with our college, university, or K-12 schools, indicate that the carrying amount of an asset may not be recoverable in accordance with *ASC 360-10, Accounting for the Impairment or Disposal of Long-Lived Assets*. As of January 27, 2024, our other long-lived assets include property and equipment, operating lease right-of-use assets, amortizable intangibles, and other noncurrent assets of $57,273, $220,238, $97,947, and $12,488, respectively, on our condensed consolidated balance sheet.

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

During the 13 weeks ended January 27, 2024, we evaluated certain of our store-level long-lived assets in the Retail segment for impairment. Based on the results of the impairment tests, we recognized an impairment loss (non-cash) of $5,798 (both pre-tax and after-tax), comprised of $364, $2,726, and $2,708 of property and equipment, operating lease right-of-use assets, and amortizable intangibles, respectively, on the condensed consolidated statements of operations.

During the 13 weeks ended January 28, 2023, we evaluated certain of our store-level long-lived assets in the Retail segment for impairment. Based on the results of the impairment tests, we recognized an impairment loss (non-cash) of $6,008 (both pre-tax and after-tax), comprised of $708, $1,697, $3,599 and $4 of property and equipment, operating lease right-of-use assets, amortizable intangibles, and other noncurrent assets, respectively, on the condensed consolidated statements of operations.

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

Income Taxes

The provision for income taxes includes federal, state and local income taxes currently payable and those deferred because of temporary differences between the financial statement and tax basis of assets and liabilities. The deferred tax assets and liabilities are measured using the enacted tax rates and laws that are expected to be in effect when the differences reverse. We regularly review deferred tax assets for recoverability and establish a valuation allowance, if determined to be necessary.

Recent Accounting Pronouncements

In November December 2023, the Financial Accounting Standards Board ("FASB") issued *ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures* to improve annual income tax disclosure requirements, primarily to (1) disclose specific categories in the rate reconciliation (2) provide additional information for reconciling items that meet a quantitative threshold, and (3) enhance cash tax payment disclosures. This guidance will be effective for the Company for the annual report for the fiscal year ending April 26, 2025. Early adoption is permitted and the guidance is applied on a prospective basis. We are currently assessing this guidance and determining the impact on our condensed consolidated financial statements.

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

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Note 3. **Revenue**

Revenue from sales of our products and services is recognized either at the point in time when control of the products is transferred to our customers or over time as services are provided in an amount that reflects the consideration we expect to be entitled to in exchange for the products or services. See *Note 2. Summary of Significant Accounting Policies* for additional information related to our revenue recognition policies and *Note 4. Segment Reporting* for a description of each segment's product and service offerings.

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Disaggregation of Revenue

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

		13 weeks ended		26 weeks ended					
		October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022				
		13 weeks ended				13 weeks ended		39 weeks ended	
		January 27, 2024				January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Retail	Retail								
Course Materials Product Sales									
Course Materials Product Sales									
Course Materials Product Sales	Course Materials Product Sales	$ 435,370	$ 416,410	$ 573,906	$ 547,262				
General Merchandise Product Sales (a)	General Merchandise Product Sales (a)	105,022	122,648	193,702	211,472				
Service and Other Revenue (b)	Service and Other Revenue (b)	18,263	18,218	24,996	24,137				
Retail Product and Other Sales sub-total	Retail Product and Other Sales sub-total	558,655	557,276	792,604	782,871				
Course Materials Rental Income	Course Materials Rental Income	40,681	41,334	52,192	52,246				

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

Retail Total Sales	Retail Total Sales	$	599,336	$	598,610	$	844,796	$	835,117
Wholesale Sales	Wholesale Sales	$	20,973	$	21,120	$	59,764	$	58,203
Eliminations (c)	Eliminations (c)	$	(9,930)	$	(11,097)	$	(30,020)	$	(30,013)
Total Sales	Total Sales	$	610,379	$	608,633	$	874,540	$	863,307

(a) Logo general merchandise sales for the Retail Segment 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.

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

Contract Liabilities

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

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

	39 weeks ended			
	January 27, 2024		January 28, 2023	
Deferred revenue at the beginning of period	$	15,356	$	16,475
Additions to deferred revenue during the period		159,888		150,477
Reductions to deferred revenue for revenue recognized during the period		(122,449)		(116,643)
Deferred revenue balance at the end of period:	$	52,795	$	50,309
Balance Sheet classification:				
Accrued liabilities	$	49,074	$	46,032
Other long-term liabilities		3,721		4,277
Deferred revenue balance at the end of period:	$	52,795	$	50,309

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

	26 weeks ended			
	October 28, 2023		October 29, 2022	
Deferred revenue at the beginning of period	$	15,356	$	16,475
Additions to deferred revenue during the period		97,773		96,121
Reductions to deferred revenue for revenue recognized during the period		(71,164)		(68,676)
Deferred revenue balance at the end of period:	$	41,965	$	43,920
Balance Sheet classification:				
Accrued liabilities	$	38,105	$	39,504
Other long-term liabilities		3,860		4,416
Deferred revenue balance at the end of period:	$	41,965	$	43,920

As of October 28, 2023, we expect to recognize $38,105 of the deferred revenue balance within the next 12 months.

Note 4. Segment Reporting

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

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

We identify our segments in accordance with the way our business is managed (focusing on the financial information distributed) and the manner in which our chief operating decision maker allocates resources and assesses financial performance. The following summarizes the two segments. For additional information about each segment's operations, see *Part I - Item 1. Business* in our Annual Report on Form 10-K for the fiscal year ended April 29, 2023*.*

Retail Segment

The *Retail Segment* operates 1,271 1,272 college, university, and K-12 school bookstores, comprised of 717 physical bookstores and 554 555 virtual bookstores. Our bookstores typically operate under agreements with the college, university, or K-12 schools to be the official bookstore and the exclusive seller of course materials and supplies, including physical and digital products. The majority of the physical campus bookstores have school-branded e-commerce websites which we operate independently or along with our merchant service providers, and which offer students access to affordable course materials and affinity products, including emblematic apparel and gifts. The Retail Segment offers our *BNC First Day*® equitable and inclusive access programs, consisting of *First Day Complete* and *First Day*, which provide faculty required course materials on or before the first day of class at a discounted rate, below market rates, as compared to the total retail price for the same course materials if purchased separately. The *BNC First Day* discounted price is offered separately (a la carte) and students are billed the below market rate, directly by the institution as a course fee charge or included in tuition. Additionally, the Retail Segment offers a suite of digital content and services to colleges and universities, including a variety of open educational resource-based courseware.

Wholesale Segment

The *Wholesale Segment* is comprised of our wholesale textbook business and is one of the largest textbook wholesalers in the country. The Wholesale Segment centrally sources, sells, and distributes new and used textbooks to approximately 2,900 physical bookstores (including our Retail Segment's 717 physical bookstores) and sources and distributes new and used textbooks to our 554 555 virtual bookstores. Additionally, the Wholesale Segment sells hardware and a software suite of applications that provides inventory management and point-of-sale solutions to approximately 330 325 college bookstores.

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

Intercompany Eliminations

The eliminations are primarily related to the following intercompany activities:

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

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

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Summarized financial information for our reportable segments is reported below:

		13 weeks ended		26 weeks ended					
		October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022				
	13 weeks ended					13 weeks ended		39 weeks ended	
	January 27, 2024					January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Sales	Sales								
Retail									
Retail									
Retail	Retail	$599,336	$598,610	$844,796	$835,117				

Wholesale	Wholesale	20,973	21,120	59,764	58,203
Eliminations	Eliminations	(9,930)	(11,097)	(30,020)	(30,013)
Total Sales	Total Sales	$610,379	$608,633	$874,540	$863,307
Gross Profit	Gross Profit				
Gross Profit					
Gross Profit					
Retail					
Retail					
Retail	Retail	$125,529	$129,502	$175,820	$183,495
Wholesale	Wholesale	6,090	5,455	11,884	12,354
Eliminations	Eliminations	4,623	3,184	(828)	(1,703)
Total Gross Profit	Total Gross Profit	$136,242	$138,141	$186,876	$194,146
Selling and Administrative Expenses	Selling and Administrative Expenses				
Selling and Administrative Expenses					
Selling and Administrative Expenses					
Retail					
Retail					
Retail	Retail	$ 77,182	$ 90,086	$146,355	$169,090
Wholesale	Wholesale	3,492	3,867	6,880	7,998
Corporate Services	Corporate Services	5,287	5,075	10,205	12,289
Eliminations	Eliminations	—	(74)	(3)	(82)
Total Selling and Administrative Expenses	Total Selling and Administrative Expenses	$ 85,961	$ 98,954	$163,437	$189,295
Depreciation and Amortization	Depreciation and Amortization				
Depreciation and Amortization					
Depreciation and Amortization					
Retail					
Retail					
Retail	Retail	$ 8,911	$ 8,869	$ 17,877	$ 18,398
Wholesale	Wholesale	1,254	1,370	2,531	2,719
Corporate Services	Corporate Services	10	17	20	35
Total Depreciation and Amortization	Total Depreciation and Amortization	$ 10,175	$ 10,256	$ 20,428	$ 21,152
Impairment loss (non-cash) - Retail					
Impairment loss (non-cash) - Retail					
Impairment loss (non-cash) - Retail					
Restructuring and Other Charges	Restructuring and Other Charges				
Restructuring and Other Charges					
Restructuring and Other Charges					
Retail					
Retail					
Retail	Retail	$ 29	$ —	$ 555	$ —
Wholesale	Wholesale	—	—	526	—
Corporate Services	Corporate Services	4,245	260	7,826	635

Total Restructuring and Other Charges	Total Restructuring and Other Charges	$ 4,274	$ 260	$ 8,907	$ 635
Operating Income (Loss)	Operating Income (Loss)				
Operating Income (Loss)					
Operating Income (Loss)					
Retail					
Retail					
Retail	Retail	$ 39,407	$ 30,547	$ 11,033	$ (3,993)
Wholesale	Wholesale	1,344	218	1,947	1,637
Corporate Services	Corporate Services	(9,542)	(5,352)	(18,051)	(12,959)
Elimination	Elimination	4,623	3,258	(825)	(1,621)
Total Operating Income (Loss)	Total Operating Income (Loss)	$ 35,832	$ 28,671	$ (5,896)	$ (16,936)
Interest Expense, net	Interest Expense, net	$ 10,664	$ 4,886	$ 18,918	$ 8,754
Total Income (Loss) from Continuing Operations Before Income Taxes		$ 25,168	$ 23,785	$ (24,814)	$ (25,690)
Interest Expense, net					
Interest Expense, net					
Total Loss from Continuing Operations Before Income Taxes					

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Note 5. Equity and Earnings Per Share

Equity

Share Repurchases

During the 13 and 26 39 weeks ended October 28, 2023 January 27, 2024, we did not repurchase shares of our Common Stock under the stock repurchase program and as of October 28, 2023 January 27, 2024, approximately $26,669 remains available under the stock repurchase program.

During the 13 and 26 39 weeks ended October 28, 2023 January 27, 2024, we repurchased 66,852 3,135 and 144,750 147,885 shares of our Common Stock, respectively, outside of the stock repurchase program in connection with employee tax withholding obligations for vested stock awards.

Earnings Per Share

Basic EPS is computed based upon the weighted average number of common shares outstanding for the year. Diluted EPS is computed based upon the weighted average number of common shares outstanding for the year plus the dilutive effect of common stock equivalents using the treasury stock method and the average market price of our common stock for the year. We include participating securities (unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents) in the computation of EPS pursuant to the two-class method. Our participating securities consist solely of unvested restricted stock awards, which have contractual participation rights equivalent to those of stockholders of unrestricted common stock. The two-class method of computing earnings per share is an allocation method that calculates earnings per share for common stock and participating securities. During periods of net loss, no effect is given to the participating securities because they do not share in the losses of the Company. During the 13 weeks ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023, average shares of 3,149,756 3,009,464 and 3,153,516 4,677,926 were excluded from the diluted earnings per share calculation as their inclusion would have been antidilutive, respectively. During the 26 39 weeks ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023, average shares of 3,453,892 3,305,749 and 4,898,303 4,824,844 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:

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(shares in thousands)	13 weeks ended October 28, 2023	13 weeks ended October 29, 2022	26 weeks ended October 28, 2023	26 weeks ended October 29, 2022
Numerator for basic earnings per share:				
Net income (loss) from continuing operations	$ 24,854	$ 24,168	$ (25,117)	$ (26,154)
Less allocation of earnings to participating securities	(3)	(11)	—	—
Net income (loss) from continuing operations available to common shareholders	$ 24,851	$ 24,157	$ (25,117)	$ (26,154)
Loss from discontinued operations, net of tax	(674)	(2,024)	(1,091)	(4,409)
Net income (loss) available to common shareholders	$ 24,177	$ 22,133	$ (26,208)	$ (30,563)
Numerator for diluted earnings per share:				
Net income (loss) from continuing operations	$ 24,851	$ 24,157	$ (25,117)	$ (26,154)
Allocation of earnings to participating securities	3	11	—	—
Less diluted allocation of earnings to participating securities	(3)	(11)	—	—
Net income (loss) from continuing operations available to common shareholders	$ 24,851	$ 24,157	$ (25,117)	$ (26,154)
Loss from discontinued operations, net of tax	(674)	(2,024)	(1,091)	(4,409)
Net income (loss) available to common shareholders	$ 24,177	$ 22,133	$ (26,208)	$ (30,563)
Denominator for basic earnings per share:				
Basic weighted average shares of Common Stock	52,791	52,438	52,716	52,305
Denominator for diluted earnings per share:				
Basic weighted average shares of Common Stock	52,791	52,438	52,716	52,305
Average dilutive restricted stock units	74	141	—	—
Average dilutive restricted shares	5	10	—	—
Average dilutive stock options	—	606	—	—
Diluted weighted average shares of Common Stock	52,870	53,195	52,716	52,305
Earnings (Loss) per share of Common Stock:				
Basic				
Continuing operations	$ 0.47	$ 0.46	$ (0.48)	$ (0.50)
Discontinuing operations	(0.01)	(0.04)	(0.02)	(0.08)
Total Basic Earnings per share	$ 0.46	$ 0.42	$ (0.50)	$ (0.58)
Diluted				
Continuing operations	$ 0.47	$ 0.46	$ (0.48)	$ (0.50)
Discontinuing operations	(0.01)	(0.04)	(0.02)	(0.08)
Total Diluted Earnings per share	$ 0.46	$ 0.42	$ (0.50)	$ (0.58)

(shares in thousands)	13 weeks ended January 27, 2024	13 weeks ended January 28, 2023	39 weeks ended January 27, 2024	39 weeks ended January 28, 2023
Numerator for basic and diluted earnings per share:				
Loss from continuing operations, net of tax	$ (9,928)	$ (22,134)	$ (35,045)	$ (48,288)
Loss from discontinued operations, net of tax	289	(2,915)	(802)	(7,324)
Net loss available to common shareholders	$ (9,639)	$ (25,049)	$ (35,847)	$ (55,612)
Denominator for basic and diluted earnings per share:				
Basic and diluted weighted average shares of Common Stock	53,153	52,602	52,862	52,404
Loss per share of Common Stock:				
Basic and Diluted				
Continuing operations	$ (0.19)	$ (0.42)	$ (0.66)	$ (0.92)

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

Discontinuing operations		0.01		(0.06)		(0.02)		(0.14)
Basic and diluted loss per share of Common Stock	$	(0.18)	$	(0.48)	$	(0.68)	$	(1.06)

Note 6. Fair Value Measurements

In accordance with *ASC No.* 820, *Fair Value Measurements and Disclosures*, the fair value of an asset is considered to be the price at which the asset could be sold in an orderly transaction between unrelated knowledgeable and willing parties. A liability's fair value is defined as the amount that would be paid to transfer the liability to a new obligor, not the amount that would be paid to settle the liability with the creditor.

Assets and liabilities recorded at fair value are measured using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

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

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

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

Our financial instruments include cash and cash equivalents, receivables, accrued liabilities and accounts payable. The fair 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 short-term and long-term debt approximates its carrying value.

Non-Financial Assets and Liabilities

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

During the 13 weeks ended January 27, 2024 and January 28, 2023, we evaluated certain of our store-level long-lived assets in the Retail segment for impairment and based on the results of the impairment tests, we recognized an impairment loss (non-cash) of $5,798 and $6,008 (both pre-tax and after-tax), respectively, on the condensed consolidated statement of operations. The fair value of the impaired long-lived assets were determined using an income approach (Level 3 input), using our best estimates of the amount and timing of future discounted cash flows, based on historical experience, market conditions, current trends and performance expectations. For additional information, see *Note 2. Summary of Significant Accounting Policies*.

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

	13 and 39 weeks ended January 27, 2024			13 and 39 weeks ended January 28, 2023		
	Carrying Value Prior to Impairment	Fair Value	Impairment Loss (non-cash)	Carrying Value Prior to Impairment	Fair Value	Impairment Loss (non-cash)
Property and equipment, net	$ 364	$ —	$ 364	$ 708	$ —	$ 708
Operating lease right-of-use assets	6,130	3,404	2,726	3,002	1,305	1,697
Intangible assets, net	2,708	—	2,708	3,599	—	3,599
Other noncurrent assets	—	—	—	4	—	4
Total	$ 9,202	$ 3,404	$ 5,798	$ 7,313	$ 1,305	$ 6,008

Other Non-Financial Liabilities

We granted phantom share units as long-term incentive awards which are settled in cash based on the fair market value of a share of common stock of the Company at each vesting date. The fair value of the liability for the cash-settled phantom share unit awards will be remeasured at the end of each reporting period through settlement to reflect current risk-free rate and volatility assumptions. As of October 28, 2023 January 27, 2024, we recorded a liability of $32 $34 (Level 2 input) which is reflected in accrued liabilities on the condensed consolidated balance sheet. As of October 29, 2022 January 28, 2023, we recorded a liability of $1,398 $1,261 (Level 2 input) which is reflected in accrued liabilities ($1,318) 1,205) and other long-term liabilities ($80) 56) on the condensed consolidated balance sheet. For additional information, see *Note 10. Long-Term Incentive Plan Compensation Expense*.

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

Note 7. <u>Debt</u>

			As of				
		Maturity Date	October 28, 2023	October 29, 2022			
			As of				As of
	Maturity Date				Maturity Date	January 27, 2024	January 28, 2023
Credit Facility	Credit Facility	December 28, 2024	$204,881	$222,000			
Term Loan	Term Loan	April 7, 2025	30,863	30,000			
Term Loan							
Term Loan							
sub-total	sub-total		235,744	252,000			
Less: Deferred financing costs			(1,871)	(1,555)			
Less: Deferred financing costs, Term Loan (a)							
Total debt	Total debt		$233,873	$250,445			
Balance Sheet classification:	Balance Sheet classification:						
Short-term borrowings							
Short-term borrowings							
Short-term borrowings	Short-term borrowings		$ —	$ —			
Long-term borrowings	Long-term borrowings		233,873	250,445			
Total debt	Total debt		$233,873	$250,445			

(a) For additional information on Credit Facility and Term Loan deferred financing costs, see *Deferred Financing Costs* below.

Credit Facility

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

March 2023 Credit Agreement Amendment

On March 8, 2023, we amended our existing Credit Agreement to (i) extend the maturity date of the Credit Agreement by six months to August 29, 2024, (ii) reduce the commitments under the Credit Agreement by $20,000 to $380,000, (iii) increase the applicable margin with respect to the interest rate under the Credit Agreement to 3.375% per annum, in the case of interest accruing based on a Secured Overnight Financing Rate, and 2.375%, in the case of interest accruing based on an alternative base rate, in each case, without regard to a pricing grid, (iv) reduce advance rates with respect to the borrowing base (x) by 500 basis points upon the achievement of certain liquidity events, which may include a sale of equity interests or of assets (a "Specified Event"), or, if such a Specified Event shall not have occurred, on no later than May 31, 2023 (see discussion below) and (y) by an additional 500 basis points on September 29, 2023, (v) amend certain negative covenants and add certain additional covenants, (vi) amend the financial maintenance covenant to require Availability (as defined in the Credit Agreement) to be at all times greater than the greater of 10% of the Aggregate Loan Cap (as defined in the Credit Agreement) and $32,500 and (vii) require repayment of the loans under the Credit Agreement upon a Specified Event. For additional information related to the Credit Agreement amendment, see the Company's Report on Form 8-K dated March 8, 2023 and filed with the SEC on March 9, 2023.

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

We paid a fee of 0.25% of the outstanding principal amount of the commitments under the Credit Agreement on the amendment closing date and we will pay an additional fee of 1.00% of the outstanding principal amount of the commitments under the Credit Agreement on September 29, 2023.

During the 52 weeks ended April 29, 2023, we incurred debt issuance costs totaling $4,081 related to the March 2023 Credit Agreement amendment. The debt issuance costs have been deferred and are presented as prepaid and other current assets

and other noncurrent assets in the condensed consolidated balance sheets, and subsequently amortized ratably over the term of the credit agreement. Credit Agreement.

May 2023 Credit Agreement Amendment

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

July 2023 Credit Agreement Amendment

On July 28, 2023, we amended our existing Credit Agreement to (i) extend the maturity date of the Credit Agreement to December 28, 2024, (ii) reduce advance rates with respect to the borrowing base by 1000 basis points on September 2, 2024 (in lieu of the reductions previously contemplated for September 2023), (iii) subject to the conditions set forth in such amendment, add a CARES Act tax refund claim to the borrowing base, from April 1, 2024 through July 31, 2024, (iv) amend the financial maintenance covenant to require Availability (as defined in the Credit Agreement) at all times greater than the greater of (x) 10% of the Aggregate Loan Cap (as defined in the Credit Agreement) and (y) (A) $32,500 minus, subject to the conditions set forth in such amendment, (B) (a) $7,500 for the period of April 1, 2024 through and including April 30, 2024, (b) $2,500 for the period of May 1, 2024 through and including May 31, 2024 and (c) $0 at all other times, (v) add a minimum Consolidated EBITDA (as defined in the Credit Agreement) financial maintenance covenant, and (vi) amend certain negative and affirmative covenants and add certain additional covenants, all as more particularly set forth in such amendment. The amendment also requires that we appoint a Chief Restructuring Officer and that, by August 11, 2023, we (i) appoint two independent members to the board of directors of the Company from prospective candidates that have been previously disclosed to the Administrative Agent and the Lenders and (ii) appoint a committee of the board of directors of the Company to consist of three board members (two of whom will be the new independent directors). The committee's responsibilities will include, among other things, to explore, consider, solicit expressions of interest or proposals for, respond to any communications, inquiries or proposals regarding, and advise as to all strategic alternatives to effect a "Specified Liquidity Transaction" (as defined in the Credit

Agreement). There can be no guarantee or assurances that any such transaction or transactions be consummated. We must pay (i) a fee of 0.50% of the outstanding principal amount of the commitments under the Credit Agreement March 2023 amendment (as defined in the Credit Agreement) on the closing date (in lieu of the deferred fee previously contemplated in connection with the March 2023 amendment (as defined in the Credit Agreement)) and (ii) a fee of 1.00% of the outstanding principal amount of the commitments under the Credit Agreement as of the closing date on the earlier to occur of September 2, 2024 and an Event of Default (as defined in the Credit Agreement). For additional information related to the Credit Agreement amendment, see the Company's Report on Form 8-K filed with the SEC on July 28, 2023.

During the 26 39 weeks ended October 28, 2023 January 27, 2024, we incurred debt issuance costs totaling $11,516 related to the July 2023 Credit Agreement amendment. The debt issuance costs have been deferred and are presented as prepaid and other current assets and other noncurrent assets in the condensed consolidated balance sheets, and subsequently amortized ratably over the term of the credit agreement. Credit Agreement.

October 2023 Credit Agreement Amendment

On October 10, 2023, we amended our existing Credit Agreement to revise certain reporting requirements to the administrative agent and lenders under the Credit Agreement. The amendment introduced a Specified Liquidity Transaction Fee of $3,800 that would become due and payable at the earlier to occur of (1) (a) January 31, 2024, to the extent a Specified Liquidity Transaction (as defined in the Credit Agreement) has not been consummated prior to such date (or such later date that is up to thirty days thereafter to the extent agreed to in writing by the Administrative Agent in its sole discretion) or (b) an Event of Default under the Credit Agreement. During the 26 39 weeks ended October 28, 2023 January 27, 2024, we incurred debt issuance costs totaling $1,428 related to the October 2023 Credit Agreement amendment. The debt issuance costs have been deferred and are presented as prepaid and other current assets and other noncurrent assets in the condensed consolidated balance sheets, and subsequently amortized ratably over the term of the Credit Agreement.

December 2023 Credit Agreement Amendment

On December 12, 2023, we amended our existing Credit Agreement to, among other things: (i) amend the financial maintenance covenant to require Availability (as defined in the Credit Agreement) at all times to be greater than the greater of (x) 10% of the Aggregate Loan Cap (as defined in the Credit Agreement) and (y) (A) $32,500 or, subject to the satisfaction of certain conditions relating to the repayment of the Credit Agreement in full, (B) (a) $20,000 for the period of December 8, 2023 through January 12, 2024, (b) $25,000 for the period from January 26, 2024 through February 9, 2024, (c) $25,000 for the period of April 1, 2024 through April 30, 2024 and (d) $30,000 for the period of May 1, 2024 through May 31, 2024, and (ii) revise certain reporting requirements under the Credit Agreement. The amendment also revised the Specified Liquidity Transaction Fee introduced in the October 2023 Credit Agreement Amendment such that the $3,800 became due and was paid on January 31, 2024. During the 39 weeks ended January 27, 2024, we incurred debt issuance costs totaling $4,047 related to the December 2023 Credit Agreement amendment. The debt issuance costs have been deferred and are presented as prepaid and other current assets and other noncurrent assets in the condensed consolidated balance sheets, and subsequently amortized ratably over the term of the Credit Agreement. For additional information related to the Credit Agreement amendment, see the Company's Report on Form 8-K dated December 12, 2023 and filed with the SEC on December 13, 2023.

March 2024 Credit Agreement Amendment

On March 12, 2024, we amended our existing Credit Agreement to, among other things, (i) revise certain reporting requirements under the Credit Agreement and (ii) set certain milestones for liquidity and refinancing contingency plans, with respect to which we must execute a binding commitment no later than April 3, 2024 (as may be extended by the administrative agent to April 10, 2024).

As of October 28, 2023 January 27, 2024, and through the date of this filing, we were in compliance with all debt covenants under the Credit Agreement.

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

During the 26 39 weeks ended October 28, 2023 January 27, 2024, we borrowed $284,698 $454,459 and repaid $233,970 $384,545 under the Credit Agreement, and had outstanding borrowings of $204,881 $224,067 as of October 28, 2023 January 27, 2024, comprised entirely of borrowings under the Credit Facility. During the 26 39 weeks ended October 29, 2022 January 28, 2023, we borrowed $348,200 $482,000 and repaid $321,900 $452,100 under the Credit Agreement, and had outstanding borrowings of $222,000 $255,600 as of October 29, 2022 January 28, 2023, comprised entirely of borrowings under the Credit Facility. As of October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023, we have issued $575 $3,575 and $4,759, respectively, in letters of credit under the Credit Facility.

Term Loan

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

The Term Loan Credit Agreement provides for term loans in an amount equal to $30,000 (the "Term Loan Facility" and, the loans thereunder, the "Term Loans") and matures on April 7, 2025. The proceeds of the Term Loans are being used to finance working capital, and to pay fees and expenses related to the Term Loan Facility. During the 26 39 weeks ended October 28, 2023 January 27, 2024, we incurred $863 $1,750 for interest in kind on the Term Loans and repaid $0 under the Term Loan Credit Agreement, with $30,863 $31,750 of outstanding borrowings as of October 28, 2023 January 27, 2024. During the 26 39 weeks ended October 29, 2022 January 28, 2023, we borrowed $30,000 and repaid $0 under the Term Loan Credit Agreement.

March 2023 Term Loan Credit Agreement Amendment

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

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

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

July 2023 Term Loan Credit Agreement Amendment

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

During the 26 39 weeks ended October 28, 2023 January 27, 2024, we incurred debt issuance costs totaling $480 related to the July 2023 Term Loan Credit Agreement amendment. The debt issuance costs have been deferred and are presented as a reduction to long-term borrowings in the condensed consolidated balance sheets, and subsequently amortized ratably over the term of the Term Loan Facility.

The Term Loans accrue interest at a rate equal to 11.25%, payable quarterly. All interest on the Term Loan prior to the July 29, 2023 was paid in cash. During the 13 weeks ended October 28, 2023 and 13 weeks ended January 27, 2024, all interest on the Term Loan was incurred in kind as permitted under the July 2023 Term Loan Amendment. The Term Loans do not amortize prior to maturity.

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

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

Deferred Financing Costs

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

Balance Sheet Location	Maturity Date/ Amortization Term	As of January 27, 2024	As of January 28, 2023
Credit Facility - Prepaid and Other Current Assets	December 28, 2024	$ 14,570	$ 1,583
Credit Facility - Other noncurrent assets		—	132
Credit Facility - sub-total		14,570	1,715
Term Loan - Contra Debt	April 7, 2025	1,559	1,743
Total deferred financing costs		$ 16,129	$ 3,458

Interest Expense

During the 13 weeks ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023, we recognized interest expense of $10,664 $10,620 and $4,886, $6,918, respectively, and during the 26 39 weeks ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023, we recognized interest expense of $18,918 $29,538 and $8,754, $15,672, respectively. The following table disaggregates interest expense for the 13 and 39 week periods:

	13 weeks ended January 27, 2024	13 weeks ended January 28, 2023	39 weeks ended January 27, 2024	39 weeks ended January 28, 2023
Interest Incurred				
Credit Facility	$ 5,747	$ 5,215	$ 18,286	$ 11,910
Term Loan	907	853	3,074	2,213
Total Interest Incurred	$ 6,654	$ 6,068	$ 21,360	$ 14,123
Amortization of Deferred Financing Costs				
Credit Facility	$ 3,662	$ 396	$ 7,456	$ 1,187

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

Term Loan	312	462	924	871
Total Amortization of Deferred Financing Costs	$ 3,974	$ 858	$ 8,380	$ 2,058
Interest Income, net of expense	$ (8)	$ (8)	$ (202)	$ (509)
Total Interest Expense	$ 10,620	$ 6,918	$ 29,538	$ 15,672

Cash interest paid during the 26 39 weeks ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023 was $13,972 $19,640 and $7,301, $13,406, respectively.

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

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

The following table summarizes During the 39 weeks ended January 27, 2024 and January 28, 2023, we recognized lease expense:

	13 weeks ended		26 weeks ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
Variable lease expense	$ 25,436	$ 25,281	$ 37,665	$ 40,465
Operating lease expense	46,902	52,998	69,291	75,860
Net lease expense	$ 72,338	$ 78,279	$ 106,956	$ 116,325

expense of $139 and $121, respectively, related to our various office spaces as selling and administrative expenses in our condensed consolidated statement of operations.

We recognized lease expense related to our college and university contracts as cost of sales in our condensed consolidated statement of operations as follows:

	13 weeks ended		39 weeks ended	
	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Variable lease expense	$ 18,679	$ 17,240	$ 56,039	$ 57,698
Operating lease expense	33,830	38,555	103,314	114,342
Net lease expense	$ 52,509	$ 55,795	$ 159,353	$ 172,040

The decrease in lease expense during the 26 39 weeks ended October 28, 2023 January 27, 2024 is primarily due to lower commission rates related to the shift from physical to digital course materials, closed stores, and the impact of the timing due to contract renewals, partially offset by higher sales for contracts based on a percentage of sales.

The following table summarizes our minimum fixed lease obligations, excluding variable commissions:

		As of October 28, 2023 January 27, 2024
Remainder of Fiscal 2024	$	106,034 95,818
Fiscal 2025		57,282 58,601
Fiscal 2026		39,180 39,373
Fiscal 2027		31,414 31,589
Fiscal 2028		24,944 25,119
Thereafter		59,293 59,308
Total lease payments		318,147 309,808
Less: imputed interest		(31,536) (29,037)
Operating lease liabilities at period end	$	286,611 280,771

Future lease payment obligations related to leases that were entered into, but did not commence as of October 28, 2023 January 27, 2024, were not material. The following summarizes additional information related to our operating leases:

		As of	
	October 28, 2023	October 29, 2022	
	January 27, 2024		
Weighted average remaining lease term (in years)	Weighted average remaining lease term (in years)	4.6 years	5.3 years
Weighted average discount rate	Weighted average discount rate	4.3 %	4.4 %
Supplemental cash flow information:	Supplemental cash flow information:		
Cash payments for lease liabilities within operating activities	Cash payments for lease liabilities within operating activities	$ 68,580	$75,876

	As of	
	January 27, 2024	January 28, 2023
Weighted average remaining lease term (in years)	4.4 years	5.2 years
Weighted average discount rate	4.4 %	4.5 %
Supplemental cash flow information:		
Supplemental cash flow information:		
Cash payments for lease liabilities within operating activities		
Cash payments for lease liabilities within operating activities		

Right-of-use assets obtained in exchange for lease liabilities from initial recognition	Right-of-use assets obtained in exchange for lease liabilities from initial recognition	$	69,959	$86,045

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
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(unaudited)

Note 9. Supplementary Information

Restructuring and other charges

During the 13 and 26 39 weeks ended October 28, 2023 January 27, 2024, we recognized restructuring and other charges totaling $4,274 $3,413 and $8,907, $12,320, respectively, comprised primarily of $4,245 $3,413 and $7,827, $11,240, respectively, for costs primarily associated with professional service costs for restructuring as discussed below and $29 process improvements, and $0 and $1,080, respectively, for severance and other employee termination and benefit costs associated with elimination of various positions as part of cost reduction objectives ($2,311 921 is included in accrued liabilities in the condensed consolidated balance sheet as of October 28, 2023 January 27, 2024).

Pursuant to the July 28, 2023 Credit Agreement amendment, the Board established a committee consisting of three independent directors to explore, consider, solicit expressions of interest or proposals for, respond to any communications, inquiries or proposals regarding, and advise as to all strategic alternatives to effect a “Specified Liquidity Transaction” (as

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defined in the Credit Agreement). Restructuring and other expenses associated with the costs of this committee, as well as other related professional service costs, are expected to decrease when the Company concludes on a strategic alternative.

During the 13 and 26 39 weeks ended October 29, 2022 January 28, 2023, we recognized restructuring and other charges totaling $260 $4,127 and $635, $4,762, respectively, comprised primarily of $2,848 in each period for severance and other employee termination and benefit costs associated with elimination of various positions as part of cost reduction objectives, and $1,279 and $1,914, respectively, for costs primarily associated with professional service costs for restructuring and process improvements.

Note 10. Long-Term Incentive Plan Compensation Expense

During the 13 and 26 39 weeks ended October 28, 2023 January 27, 2024, we did not grant any long-term incentive plan awards. We recognized compensation expense for previously granted long-term incentive plan awards in selling and administrative expenses as follows:

		13 weeks ended		26 weeks ended	
		October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022

	13 weeks ended	13 weeks ended		39 weeks ended	
	January 27, 2024	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023

Stock-based awards	*Stock-based awards*				
Restricted stock expense					
Restricted stock expense					
Restricted stock expense	Restricted stock expense	$ 4	$ 64	$ 11	$ 158
Restricted stock units expense	Restricted stock units expense	448	820	1,016	1,686
Performance share units expense					

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

Performance share units expense					
Performance share units expense	Performance share units expense	—	—	—	10
Stock option expense	Stock option expense	346	606	729	1,212
Sub-total stock-based awards:	Sub-total stock-based awards:	$ 798	$ 1,490	$ 1,756	$ 3,066
Cash settled awards	*Cash settled awards*				
Phantom share units expense	Phantom share units expense	$ (40)	$ 51	$ (129)	$ 239
Phantom share units expense					
Phantom share units expense					
Total compensation expense for long-term incentive awards	Total compensation expense for long-term incentive awards	$ 758	$ 1,541	$ 1,627	$ 3,305

Total unrecognized compensation cost related to unvested awards as of October 28, 2023 January 27, 2024 was $4,001 $3,173 and is expected to be recognized over a weighted-average period of 1.5 1.3 years.

Note 11. **Employee Benefit Plans**

We sponsor defined contribution plans for the benefit of substantially all of the employees of BNC. MBS maintains a profit sharing plan covering substantially all full-time employees of MBS. For all plans, we are responsible to fund the employer contributions directly. Total employee benefit expense for these plans was $590 $0 and $1,026 $1,101 during the 13 weeks ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023, respectively. Total employee benefit expense for these plans was $1,687 and $2,285 $3,386 during the 26 39 weeks ended October 28, 2023 January 27, 2024 and October 29, 2022 January 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 Taxes**

Our provision for income taxes during interim reporting periods has historically been calculated by applying an estimate of the annual effective tax rate for the full fiscal year to ordinary income (loss) (pre-tax income (loss) excluding unusual or infrequently occurring discrete items) for the reporting period. For the 26 weeks ended October 28, 2023, and in accordance with ASC 740-270-30-18 "*Income Taxes - Interim Reporting - Initial Measurement,*" and paragraph 82 of FASB interpretation No. 18, "*Accounting for Income Taxes in Interim Periods*" ("FIN 18"), we computed our provision for income taxes based on the actual effective tax rate for the year-to-date period by applying the discrete method. We determined that as small changes in estimated ordinary income would result in significant changes in the estimated annual effective tax rate, the historical method would not provide a reliable estimate for the 26 weeks ended October 28, 2023. We believe that, at this time, the use of this discrete method represents the best estimate of our annual effective tax rate.

We recorded an income tax expense of $314 $229 on pre-tax income loss of $25,168 $(9,699) during the 13 weeks ended October 28, 2023 January 27, 2024, which represented an effective income tax rate of 1.2% (2.4)% and an income tax benefit expense of $(383) $139 on pre-tax income loss of $23,785 $(21,995) during the 13 weeks ended October 29, 2022 January 28, 2023, which represented an effective income tax rate of (1.6) (0.6)%. We recorded an income tax expense of $303 $532 on pre-tax loss of $(24,814) $(34,513) during the 26 39 weeks ended October 28, 2023 January 27, 2024, which represented an effective income tax rate of (1.2) (1.5)% and an income tax expense of $464 $603 on pre-tax loss of $(25,690) $(47,685) during the 26 39 weeks ended October 29, 2022 January 28, 2023, which represented an effective income tax rate of (1.8) (1.3)%. The effective tax rate for the 26 13 weeks ended October 28, 2023 January 27, 2024 is lower than the prior year comparable period due to utilization of immaterial return to provision adjustments recorded in the discrete prior year. The effective tax provision methodology discussed above. rate for the 39 weeks ended January 27, 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 October 28, 2023 January 27, 2024, we determined that it was more likely than not that 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.

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.

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

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

Overview

Description of Business

Barnes & Noble Education, Inc. ("BNED") is one of the largest contract operators of physical and virtual bookstores for college and university campuses and K-12 institutions across the United States. We are also one of the largest textbook wholesalers, inventory management hardware and software providers. We operate 1,271 1,272 physical, virtual, and custom bookstores and serve more than 5.8 million students, delivering essential educational content, tools and general merchandise within a dynamic omnichannel retail environment.

The strengths of our business include our ability to compete by developing new products and solutions to meet market needs, our large operating footprint with direct access to students and faculty, our well-established, deep relationships with academic partners and stable, long-term contracts and our well-recognized brands. We provide product and service offerings designed to address the most pressing issues in higher education, including equitable access, enhanced convenience and improved affordability through innovative course material delivery models designed to drive improved student experiences and outcomes. We offer our *BNC First Day®* equitable and inclusive access programs, consisting of *First Day Complete* and *First Day*, which provide faculty required course materials on or before the first day of class at a discounted rate, below market rates, as compared to the total retail price for the same course materials if purchased separately. The *BNC First Day* discounted price is offered separately (a la carte) and students are billed the below market rate directly by the institution as a course fee charge or included in tuition. During the 26 39 weeks ended October 28, 2023 January 27, 2024, *BNC First Day* total revenue increased by $73 million $136 million, or 39% 44%, to $261 million $445 million compared to $188 million $309 million during the prior year period. These programs have allowed us to reverse historical long-term trends in course materials revenue declines as the growth of our *BNC First Day* programs offsets declines in a la carte courseware sales and closed store sales.

We expect to continue to introduce scalable and advanced solutions focused largely on the student and customer experience, expand our e-commerce capabilities and accelerate such capabilities through our service providers, Fanatics Retail Group Fulfillment, LLC, Inc. ("Fanatics") and Fanatics Lids College, Inc. D/B/A "Lids" ("Lids") (collectively referred to herein as the "F/L Relationship"), win new accounts, and expand our revenue opportunities through strategic relationships. We expect gross comparable store general merchandise sales to increase over the long term, as our product assortments continue to emphasize and reflect changing consumer trends, and we evolve our presentation concepts and merchandising of products in stores and online, which we expect to be further enhanced and accelerated through the F/L Relationship. As our service providers, we receive unparalleled product assortment, e-commerce capabilities and powerful digital marketing tools from Fanatics and Lids on our behalf to drive increased value for customers and accelerate growth of our logo general merchandise business. During the 26 weeks ended October 28, 2023, Retail Gross Comparable Store general merchandise sales increased by 1.1%.

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

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 29, 2023.

Financing Arrangements BNC First Day Equitable and Inclusive Access Programs

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

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

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

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

The following table summarizes our *BNC First Day* sales for the 13 and 26 39 weeks ended October 28, 2023, January 27, 2024 and January 28, 2023:

Dollars in millions	13 weeks ended				39 weeks ended			
	January 27, 2024	January 28, 2023	Var $	Var %	January 27, 2024	January 28, 2023	Var $	Var %
First Day Complete Sales	$ 109.5	$ 66.9	$ 42.6	64%	$ 271.5	$ 173.4	$ 98.1	57%
First Day Sales	$ 74.5	$ 53.8	$ 20.7	38%	$ 173.6	$ 135.7	$ 37.9	28%
Total *BNC First Day* Sales	$ 184.0	$ 120.7	$ 63.3	52%	$ 445.1	$ 309.1	$ 136.0	44%

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

(a) Total undergraduate and graduate student enrollment as reported by National Center for Education Statistics (NCES)

Relationship with Fanatics and Lids

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

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

Financing Arrangements and Strategic Review

Pursuant to the July 28, 2023 Credit Agreement amendment, the Board established a committee consisting of three independent directors to explore, consider, solicit expressions of interest or proposals for, respond to any communications, inquiries or proposals regarding, and Term Loan Agreement advise as to extend all strategic alternatives to effect a "Specified Liquidity Transaction" (as defined in the maturity dates and modify various terms Credit Agreement). The Board continues its ongoing review of a broad range of strategic alternatives available to provide additional liquidity. For additional information, see *Item 1. Financial Statements -Note 7. Debt.*

Sale of DSS Segment

During the fourth quarter of Fiscal 2023, assets related Company, including but not limited to our *Digital Student Solutions ("DSS") Segment* met the criteria for classification as Assets Held for Sale and Discontinued Operations and is no longer potential capital raises, asset divestitures, a reportable segment. On May 31, 2023, we completed the sale of these assets related to our DSS Segment the business, and pursuit of standalone growth plans. The Board has not set a timetable for cash proceeds the conclusion of $20 million, net of certain transaction fees, severance costs, escrow, and other considerations. During the 26 weeks ended October 28, 2023, we recorded a Gain on Sale of Business of $3.1 million in Loss from Discontinued Operations, Net, related to the sale. Net cash proceeds from the sale were used for debt repayment and provided additional funds for working capital needs under our Credit Facility. For additional information, see *Note 2. Summary of Significant Accounting Policies.* this review, nor has it made any decisions related to any further actions at this time. There can be no assurance that the review will result in any transaction or other strategic change or outcome.

Cost Savings Initiative

During Fiscal 2023, we implemented a significant cost reduction program designed to streamline our operations, maximize productivity and drive profitability. We reduced our workforce, eliminated duplicate administrative headcounts at all levels, implemented improved system development processes to reduce maintenance costs, reduced capital expenditures, and evaluated operating contractual obligations for cost savings. Over the last year, course of Fiscal 2024, we have achieved annualized savings of approximately $30 million to $35 million from these the Fiscal 2023 cost savings initiatives. Additionally, during Fiscal 2024, Management's planned plan to implement further cost savings measures, including reduction of gross capital expenditures, amounting to approximately $25 million, of which approximately $14 million $18 million has been achieved during the 26 39 weeks ended October 28, 2023 January 27, 2024. Management believes that these plans are within its control and will be focused on implementing as outlined.

BNC First Day Equitable and Inclusive Access Programs

We provide product and service offerings designed to address the most pressing issues in higher education, including equitable access, enhanced convenience and improved affordability through innovative course material delivery models designed to drive improved student experiences and outcomes. We offer our *BNC First Day*® equitable and inclusive access programs, consisting of *First DayComplete* and *First Day*, which provide faculty required course materials on or before the first day of class at a discounted rate, as compared to the total retail price for the same course materials if purchased separately. The *BNC First Day* discounted price is offered as a course fee or included in tuition.

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

Offering course materials through our equitable and inclusive access *First Day Complete* and *First Day* models is a key, and increasingly important strategic initiative of ours to meet the market demands of substantially reduced pricing to students, as well as the opportunity to improve student outcomes, while, at the same time, increasing our market share, revenue and relative gross profits of course material sales given the higher volumes of units sold in such models as compared to historical sales models that rely on individual student marketing and sales. These programs have allowed us to reverse historical long-term trends in course materials revenue declines, which have been observed at those schools where such programs have been adopted, and improve predictability of our future results. We are moving quickly and decisively to accelerate our *First Day Complete* strategy. We plan to move many institutions to *First Day Complete* in Fiscal 2024 and the majority of our schools by Fiscal 2025, with continued relative adoption of this model thereafter.

The following table summarizes our *BNC First Day* sales for the 13 and 26 weeks ended October 28, 2023 and October 29, 2022:

Dollars in millions	13 weeks ended				26 weeks ended			
	October 28, 2023	October 29, 2022	Var $	Var %	October 28, 2023	October 29, 2022	Var $	Var %
First Day Complete Sales	$ 136.4	$ 90.0	$ 46.4	52%	$ 161.9	$ 106.5	$ 55.4	52%
First Day Sales	$ 62.8	$ 53.3	$ 9.5	18%	$ 99.1	$ 81.9	$ 17.2	21%
Total *BNC First Day* Sales	$ 199.2	$ 143.3	$ 55.9	39%	$ 261.0	$ 188.4	$ 72.6	39%

First Day Complete	Fall 2023	Fall 2022	Var #	Var %
Number of campus stores	157	111	46	41%
Estimated enrollment (a)	800,000	545,000	255,000	47%

(a) Total undergraduate and graduate student enrollment as reported by National Center for Education Statistics (NCES)

Relationship with Fanatics and Lids

In December 2020, we entered into the F/L Relationship. Under the related service provider agreements, we receive unparalleled product assortment, e-commerce capabilities and powerful digital marketing tools to drive increased value for customers and accelerate growth of our general merchandise business. On our behalf, Fanatics' cutting-edge e-commerce and technology expertise offers our campus stores expanded product selection, a world-class online and mobile experience, and a progressive direct-to-consumer platform. Coupled with Lids, the leading standalone brick and mortar retailer focused exclusively on licensed fan and alumni products, our campus stores have improved access to trend and sales performance data on licensees, product styles, and design treatments.

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

Segments

During the fourth quarter of Fiscal 2023, assets related to our DSS*Digital Student Solutions ("DSS") Segment* met the criteria for classification as Assets Held for Sale and Discontinued Operations and is no longer a reportable segment. We On May 31, 2023, we completed the sale of the previous these assets related to our DSS Segment during for cash proceeds of $20 million, net of certain transaction fees, severance costs, escrow, and other considerations. During the first quarter 39 weeks ended January 27, 2024, we recorded a Gain on Sale of Fiscal 2024. Business of $3.5 million in Loss from Discontinued Operations, Net, related to the sale. Net cash proceeds from the sale were used for debt repayment and provided additional funds for working capital needs under our Credit Facility. For additional information, see *Note 2. Summary of Significant Accounting Policies.*

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

We identify our segments in accordance with the way our business is managed (focusing on the financial information distributed) and the manner in which our chief operating decision maker allocates resources and assesses financial performance. The following summarizes the three segments. For additional information about each segment's operations, see *Part I - Item 1. Business* in our Annual Report on Form 10-K for the fiscal year ended April 29, 2023.

Retail Segment

The *Retail Segment* operates 1,271 1,272 college, university, and K-12 school bookstores, comprised of 717 physical bookstores and 554 555 virtual bookstores. Our bookstores typically operate under agreements with the college, university, or K-12 schools to be the official bookstore and the exclusive seller of course materials and supplies, including physical and digital products. The majority of the physical campus bookstores have school-branded e-commerce websites which we operate independently or along with our merchant service providers, and which offer students access to affordable course materials and affinity products, including emblematic apparel and gifts. The Retail Segment offers our *BNC First Day®* equitable and inclusive access programs, consisting of *First Day Complete* and *First Day*, which provide faculty required course materials on or before the first day of class at a discounted rate, below market rates, as compared to the total retail price for the same course materials if purchased separately. The *BNC First Day* discounted price is offered separately (a la carte) and students are billed the below market rate directly by the institution as a course fee charge or included in tuition. Additionally, the Retail Segment offers a suite of digital content and services to colleges and universities, including a variety of open educational resource-based courseware.

During the 26 39 weeks ended October 28, 2023 January 27, 2024, we opened 31 41 stores and closed 126 135 stores in the Retail Segment with estimated net annual sales of $60 million $65 million as we pruned some under-performing, less profitable stores, satellite stores, and certain other contracts were awarded to competitors. We plan to move have seen many institutions to adopt *First Day Complete* in Fiscal 2024 and plan to continue to scale the majority number of schools adopting *First Day Complete* in Fiscal 2025 and beyond. These programs have allowed us to reverse historical long-term trends in course materials revenue declines as the growth of our stores by Fiscal 2025, with continued relative adoption of this model thereafter. *BNC First Day* programs offsets declines in a la carte courseware sales and closed store sales.

Wholesale Segment

The *Wholesale Segment* is comprised of our wholesale textbook business and is one of the largest textbook wholesalers in the country. The Wholesale Segment centrally sources, sells, and distributes new and used textbooks to approximately 2,900 physical bookstores (including our Retail Segment's 717 physical bookstores) and sources and distributes new and used textbooks to our 554 555 virtual bookstores. Additionally, the Wholesale Segment sells hardware and a software suite of applications that provides inventory management and point-of-sale solutions to approximately 330 325 college bookstores.

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

Seasonality

Our business is highly seasonal. Our quarterly results also may fluctuate depending on the timing of the start of the various schools' semesters, as well as shifts in For example, our fiscal calendar dates. These shifts in timing may affect the comparability of our results across periods. Our fiscal year is comprised of 52 or 53 weeks, ending on the Saturday closest to the last day of April.

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

Retail product revenue is recognized when the customer takes physical possession of our products, which occurs either at the point of sale for products purchased at physical locations or upon receipt of our products by our customers for products ordered through our websites and virtual bookstores. Revenue from the sale of digital textbooks, which contains a single performance obligation, is recognized at the point of sale as product revenue 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 Day* offerings, revenue recognized is consistent with our policies for product, digital and rental sales, net of an anticipated opt-out or return provision.

Given the growth of *BNC First Day* programs, the timing of cash collection from our school partners may shift to periods subsequent to when the revenue is recognized. When a school adopts our *BNC First Day* equitable and inclusive access offerings, cash collection from the school generally occurs after the institution's drop/add dates, which is later in the working capital cycle, particularly in our third quarter given the timing of the Spring Term and our quarterly reporting period, as compared to direct-to-student point-of-sale transactions where cash is generally collected during the point-of-sale transaction or within a few days from the credit card processor. As a higher percentage of our sales shift to *BNC First Day* equitable and inclusive access offerings, we are focused on efforts to better align the timing of our cash outflows to course material vendors and schools with cash inflows collected from schools, including modifying payment terms in existing schools. As the concentration of digital product sales increases, revenue will be recognized earlier during the academic term as digital textbook revenue is recognized when the customer accesses the digital content compared to: (i) the rental of physical textbook where revenue is recognized over the rental period, and future school contracts. (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.

Sales attributable to our wholesale business are generally highest in our first, second and third quarters, as it sells textbooks and other course materials for retail distribution.

Trends, Competition and Other Business Conditions Affecting Our Business

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

- *Overall Capital Markets, Economic Environment, College Enrollment and Consumer Spending Patterns.* Our business is affected by capital markets, the overall economic environment, funding levels at colleges and universities, by changes in enrollments at colleges and universities, and spending on course materials and general merchandise.

- *Capital Market Trends*: We may require additional capital in the future to sustain or grow our business, including implementation of our strategic initiatives. The future availability of financing will depend on a variety of factors, such as economic and market conditions, and the availability of credit. These factors have and could continue to materially adversely affect our costs of borrowing, and our financial position and results of operations would be adversely impacted. Volatility in global financial markets may also limit our ability to access the capital markets at a time when we would like, or need, to raise capital, which could have an impact on our ability to react to changing economic and business conditions.

- *Economic Environment:* Retail general merchandise sales are subject to short-term fluctuations driven by the broader retail environment and other economic factors, such as interest rate fluctuations and inflationary considerations. Broader macro-economic global supply chain issues could impact our ability to source textbooks, school supplies and general merchandise sold in our campus bookstores, including technology-related products and emblematic clothing. Union and labor market issues may also impact our ability to provide services and products to our customers. A significant reduction in U.S. economic activity could lead to decreased consumer spending.
- *Enrollment Trends:* The growth of our business depends on our ability to attract new customers and to increase the level of engagement by our current customers. In the Fall of 2023, we observed increased 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, even in the face of declining overall higher education enrollment.

- *Increased Use of Open Educational Resources ("OER"), Online and Digital Platforms as Companions or Alternatives to Traditional Course Materials, Including Artificial Intelligence ("AI") Technologies.* Students and faculty can now choose from a wider variety of educational content and tools than ever before, delivered across both print and digital platforms.
- *Increasing Costs Associated with Defending Against Security Breaches and Other Data Loss, Including Cyber-Attacks.* We are increasingly dependent upon information technology systems, infrastructure and data. Cyber-attacks are increasing in their frequency, sophistication and intensity, and have become increasingly difficult to detect. We continue to invest in data protection, including insurance, and information technology to prevent or minimize these risks and, to date, we have not experienced any material service interruptions and are not aware of any material breaches.
- *Distribution Network Evolving.* The way course materials are distributed and consumed is changing significantly, a trend that is expected to continue. The market for course materials, including textbooks and supplemental materials, is intensely competitive and subject to rapid change.
  - *Disintermediation*. We are experiencing growing competition from alternative media and alternative sources of textbooks and other course materials. In addition to the official physical or virtual campus bookstore, course materials are also sold through off-campus bookstores, e-commerce outlets, digital platform companies, and publishers, including Cengage, Pearson and McGraw Hill, bypassing the bookstore distribution channel by selling or renting directly to students and educational institutions, including student-to-student transactions over the Internet, and multi-title subscription access.
  - *Suppliers, Supply Chain and Inventory.* The products that we sell originate from a wide variety of domestic and international vendors. During Fiscal 2023, our four largest retail suppliers, excluding our wholesale business which fulfills orders for all our physical and virtual bookstores, accounted for approximately 28% of our merchandise purchased, with the largest supplier accounting for approximately 8% of our merchandise purchased. Since the demand for used textbooks has historically been greater than the available supply, our financial results are highly dependent upon Wholesale’s ability to build its textbook inventory from suppliers in advance of the selling season. In Fiscal 2021 and Fiscal 2022, during the COVID-19 pandemic, the impact of fewer students on campus, and the resulting increase in transition to digital materials, has significantly impacted our on-campus buyback programs which supplies Wholesale’s used textbook inventory for future selling periods. Some textbook publishers have begun to supply textbooks pursuant to consignment or rental programs which could impact used textbook supplies in the future. Additionally, Wholesale is a national distributor for rental textbooks offered through McGraw-Hill Education's and Pearson Education’s consignment rental program. We do not have long-term arrangements with most of our suppliers to guarantee availability of merchandise, content or services, particular payment terms or the extension of credit limits. If our current suppliers were to stop selling merchandise, content or services to us on acceptable terms, including as a result of one or more supplier bankruptcies due to poor economic conditions or refusal by such suppliers to ship products to us due to delayed or extended payment windows as a result of our own liquidity constraints, we may be unable to procure the same merchandise, content or services from other suppliers in a timely and efficient manner and on acceptable terms, or at all. Additionally, delayed or incomplete publisher shipments of physical textbook orders, or delays in receiving digital courseware access codes, could have an adverse impact on sales, including our First Day Complete equitable access program, which relies upon timely receipt of inventory in advance of class start dates each academic term. The broader macro-economic global supply chain issues may also impact our ability to source school supplies and general merchandise sold in our campus bookstores, including technology-related products and emblematic clothing.

  - *Price Competition.* In addition to the competition in the services we provide to our customers, our textbook and other course materials business faces significant price competition. Students purchase textbooks and other course materials from multiple providers, are highly price sensitive, and can easily shift spending from one provider or format to another.

- *First Day Complete and First Day Models.* Offering course materials sales through our equitable and inclusive access *First Day Complete* and *First Day* models is a key, and increasingly important, strategic initiative of ours to meet the market demands of substantially reduced pricing to students. Our *First Day Complete* and *First Day* programs contribute to improved student outcomes, while increasing our market share, revenue and relative gross profits of course materials sales given the higher volumes of units sold in such models as compared to historical sales models that rely on individual student marketing and sales. These programs have allowed us to reverse historical long-term trends in course materials revenue declines which have been observed at those schools where such as the growth of our *BNC First Day* programs have been adopted. offsets declines in a la carte courseware sales and closed store sales. We are moving quickly and decisively to accelerate our *First Day Complete* strategy. While we plan to move have seen many institutions to adopt *First Day Complete* in Fiscal 2024 and plan to continue to scale the majority number of our schools by adopting *First Day Complete* in Fiscal 2025 and beyond, we cannot guarantee that we will be able to achieve these plans within these timeframes or at all. Additionally, the United States Department of Education has recently proposed regulatory changes that, if adopted as proposed, could impact equitable and inclusive access models across the higher education industry.

- *A Large Number of Traditional Campus Bookstores Have Yet to be Outsourced.*
  - *Outsourcing Trends.* We continue to see the trend towards outsourcing in the campus bookstore market and also continue to see a variety of business models being pursued for the provision of course materials (such as equitable and inclusive access programs and publisher subscription models) and general merchandise.
  - *New and Existing Bookstore Contracts*. We expect awards of new accounts resulting in new physical and virtual store openings will continue to be an important driver of future growth in our business. We also expect that certain less profitable or non-essential bookstores we operate may close. close, as we focus on the profitability of our stores. The scope of any such store closures remains uncertain, although we are not aware, at this time, of any significant volume of stores which we operate that are likely to close or have informed us of upcoming closures. The growth of our *BNC First Day* programs offsets declines in a la carte courseware sales and closed store sales. We are moving quickly and decisively to accelerate our *First Day Complete* strategy.

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 29, 2023.

Elements of Results of Operations

Our 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 ("GAAP"). 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.

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

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

Our cost of sales primarily includes costs such as merchandise costs, textbook rental amortization, 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.

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

Results of Operations - Summary - Continuing Operations (a)

		13 weeks ended		26 weeks ended			13 weeks ended		39 weeks ended	
Dollars in thousands	*Dollars in thousands*	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022	*Dollars in thousands*	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Sales:	Sales:									

Product sales and other (b)	Product sales and other (b)	$569,698	$567,299	$822,348	$811,061
Product sales and other (b)					
Product sales and other (b)					
Rental income	Rental income	40,681	41,334	52,192	52,246
Total sales	Total sales	$610,379	$608,633	$874,540	$863,307
Net income (loss) from continuing operations		$ 24,854	$ 24,168	$ (25,117)	$ (26,154)
Loss from continuing operations					
Loss from continuing operations					
Loss from continuing operations					
Adjusted Earnings (non-GAAP) - Continuing Operations (c)					
Adjusted Earnings (non-GAAP) - Continuing Operations (c)					
Adjusted Earnings (non-GAAP) - Continuing Operations (c)	Adjusted Earnings (non-GAAP) - Continuing Operations (c)	$ 29,128	$ 24,428	$ (16,210)	$ (25,493)
Adjusted EBITDA by Segment (non-GAAP) - Continuing Operations (c)	Adjusted EBITDA by Segment (non-GAAP) - Continuing Operations (c)				
Adjusted EBITDA by Segment (non-GAAP) - Continuing Operations (c)					
Adjusted EBITDA by Segment (non-GAAP) - Continuing Operations (c)					
Retail					
Retail					
Retail	Retail	$ 48,347	$ 39,416	$ 29,465	$ 14,431
Wholesale	Wholesale	2,598	1,588	5,004	4,356
Corporate Services	Corporate Services	(5,287)	(5,075)	(10,205)	(12,289)
Elimination	Elimination	4,623	3,258	(825)	(1,621)

Total Adjusted EBITDA (non-GAAP) (c)	Total Adjusted EBITDA (non-GAAP) (c)	$ 50,281	$ 39,187	$ 23,439	$ 4,877

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

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

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

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

		13 weeks ended		26 weeks ended		13 weeks ended		39 weeks ended	
		October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022				
	January 27, 2024					January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Sales:	Sales:								
Product sales and other									
Product sales and other									
Product sales and other	Product sales and other	93.3 %	93.2 %	94.0 %	93.9 %	91.0 %	89.9 %	93.0 %	92.6 %
Rental income	Rental income	6.7	6.8	6.0	6.1				
Total sales	Total sales	100.0	100.0	100.0	100.0				
Cost of sales (exclusive of depreciation and amortization expense):	Cost of sales (exclusive of depreciation and amortization expense):								
Product and other cost of sales (a)									
Product and other cost of sales (a)									
Product and other cost of sales (a)	Product and other cost of sales (a)	79.3	78.9	80.1	78.9				
Rental cost of sales (a)	Rental cost of sales (a)	54.5	55.5	55.0	55.9				
Total cost of sales	Total cost of sales	77.7	77.3	78.6	77.5				
Gross margin	Gross margin	22.3	22.7	21.4	22.5				
Selling and administrative expenses	Selling and administrative expenses	14.1	16.3	18.7	21.9				
Depreciation and amortization expense	Depreciation and amortization expense	1.7	1.7	2.3	2.5				
Impairment loss (non-cash)									

Restructuring and other charges	Restructuring and other charges	0.7	—	1.0	0.1				
Operating income (loss) from continuing operations									
Operating income (loss) from continuing operations									
Operating income (loss) from continuing operations	Operating income (loss) from continuing operations	5.8 %	4.7 %	(0.6)%	(2.0)%	0.2 %	(3.5) %	(0.3) %	(2.5) %

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

Results of Operations - Discontinued Operations

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

On May 31, 2023, we completed the sale of these assets related to our DSS Segment for cash proceeds of $20 million, net of certain transaction fees, severance costs, escrow, and other considerations. During the 26 39 weeks ended October 28, 2023 January 27, 2024, we recorded a Gain on Sale of Business of $3.1 million $3.5 million in Loss from Discontinued Operations, Net, related to the sale. Net cash proceeds from the sale were used for debt repayment and to provide additional funds for working capital needs under our Credit Facility.

		13 weeks ended		26 weeks ended					
	13 weeks ended					13 weeks ended		39 weeks ended	
Dollars in thousands	*Dollars in thousands*	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022	*Dollars in thousands* January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Total sales	Total sales	$ —	$ 8,465	$ 2,784	$ 17,649				
Cost of sales (a)	Cost of sales (a)	—	1,772	76	3,472				
Gross profit (a)	Gross profit (a)	—	6,693	2,708	14,177				
Selling and administrative expenses	Selling and administrative expenses	643	8,131	2,924	16,277				
Depreciation and amortization	Depreciation and amortization	3	503	3	2,140				
Gain on sale of business	Gain on sale of business	—	—	(3,068)	—				
Impairment loss (non-cash) (b)	Impairment loss (non-cash) (b)	—	—	610	—				
Restructuring costs (c)	Restructuring costs (c)	10	—	3,297	—				
Transaction costs	Transaction costs	18	—	13	—				
Operating loss		(674)	(1,941)	(1,071)	(4,240)				
Operating income (loss)									

Income tax expense	Income tax expense	—	83	20	169	Income tax expense	—	128	128	20	297
	Loss from discontinued operations, net of tax	$ (674)	$ (2,024)	$ (1,091)	$ (4,409)						
Income (loss) from discontinued operations, net of tax											

(a) Cost of sales and Gross margin gross profit for the DSS Segment includes amortization expense (non-cash) related to content development costs of $0 and $1.6 million $1.7 million for the 13 weeks ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023, respectively, and $0 and $3.2 million $4.9 million for the 26 39 weeks ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023, respectively.

(b) During the 26 39 weeks ended October 28, 2023 January 27, 2024, we recognized an impairment loss (non-cash) of $0.6 million (both pre-tax and after-tax), comprised of $0.1 million and $0.5 million of property and equipment and operating lease right-of-use assets, respectively, on the condensed consolidated statement of operations as part of discontinued operations.

(c) During the 26 39 weeks ended October 28, 2023 January 27, 2024, we recognized restructuring and other charges of $3.3 million comprised of severance and other employee termination costs.

Results of Operations - Continuing Operations - 13 and 26 39 weeks ended October 28, 2023 January 27, 2024 compared with the 13 and 26 39 weeks ended October 29, 2022 January 28, 2023

		13 weeks ended October 28, 2023										
		13 weeks ended January 27, 2024						13 weeks ended January 27, 2024				
Dollars in thousands	*Dollars in thousands*	Retail	Wholesale	Corporate Services	Eliminations	Total	*Dollars in thousands*	Retail	Wholesale	Corporate Services	Eliminations	Total
Sales:	Sales:											
Product sales and other												
Product sales and other												
Product sales and other	Product sales and other	$558,655	$ 20,973	$ —	$ (9,930)	$569,698						
Rental income	Rental income	40,681	—	—	—	40,681						
Total sales	Total sales	599,336	20,973	—	(9,930)	610,379						
Cost of sales (exclusive of depreciation and amortization expense):	Cost of sales (exclusive of depreciation and amortization expense):											
Product and other cost of sales												
Product and other cost of sales												
Product and other cost of sales	Product and other cost of sales	451,623	14,883	—	(14,553)	451,953						
Rental cost of sales	Rental cost of sales	22,184	—	—	—	22,184						
Total cost of sales	Total cost of sales	473,807	14,883	—	(14,553)	474,137						
Gross profit	Gross profit	125,529	6,090	—	4,623	136,242						
Selling and administrative expenses	Selling and administrative expenses	77,182	3,492	5,287	—	85,961						

Depreciation and amortization expense	Depreciation and amortization expense	8,911	1,254	10	—	10,175
Impairment loss (non-cash)						
Restructuring and other charges	Restructuring and other charges	29	—	4,245	—	4,274
Operating income (loss)	Operating income (loss)	$ 39,407	$ 1,344	$ (9,542)	$ 4,623	$ 35,832

	13 weeks ended January 28, 2023				
Dollars in thousands	Retail	Wholesale	Corporate Services	Eliminations	Total
Sales:					
Product sales and other	$ 376,950	$ 38,958	$ —	$ (22,163)	$ 393,745
Rental income	44,309	—	—	—	44,309
Total sales	421,259	38,958	—	(22,163)	438,054
Cost of sales (exclusive of depreciation and amortization expense):					
Product and other cost of sales	309,123	32,290	—	(23,580)	317,833
Rental cost of sales	23,210	—	—	—	23,210
Total cost of sales	332,333	32,290	—	(23,580)	341,043
Gross profit	88,926	6,668	—	1,417	97,011
Selling and administrative expenses	82,753	3,563	5,572	(47)	91,841
Depreciation and amortization expense	8,749	1,357	6	—	10,112
Impairment loss (non-cash)	6,008	—	—	—	6,008
Restructuring and other charges	1,452	931	1,744	—	4,127
Operating (loss) income	$ (10,036)	$ 817	$ (7,322)	$ 1,464	$ (15,077)

13 weeks ended October 29, 2022

39 weeks ended January 27, 2024

Dollars in thousands	*Dollars in thousands*	Retail	Wholesale	Corporate Services	Eliminations	Total
Sales:	Sales:					
Product sales and other						
Product sales and other						
Product sales and other	Product sales and other	$557,276	$ 21,120	$ —	$ (11,097)	$567,299
Rental income	Rental income	41,334	—	—	—	41,334
Total sales	Total sales	598,610	21,120	—	(11,097)	608,633
Cost of sales (exclusive of depreciation and amortization expense):	Cost of sales (exclusive of depreciation and amortization expense):					
Product and other cost of sales						

	39 weeks ended January 27, 2024				
Dollars in thousands	Retail	Wholesale	Corporate Services	Eliminations	Total

Product and other cost of sales						
Product and other cost of sales	Product and other cost of sales	446,167	15,665	—	(14,281)	447,551
Rental cost of sales	Rental cost of sales	22,941	—	—	—	22,941
Total cost of sales	Total cost of sales	469,108	15,665	—	(14,281)	470,492
Gross profit	Gross profit	129,502	5,455	—	3,184	138,141
Selling and administrative expenses	Selling and administrative expenses	90,086	3,867	5,075	(74)	98,954
Depreciation and amortization expense	Depreciation and amortization expense	8,869	1,370	17	—	10,256
Impairment loss (non-cash)						
Restructuring and other charges	Restructuring and other charges	—	—	260	—	260
Operating income (loss)	Operating income (loss)	$ 30,547	$ 218	$ (5,352)	$ 3,258	$ 28,671

	26 weeks ended October 28, 2023				
Dollars in thousands	Retail	Wholesale	Corporate Services	Eliminations	Total
Sales:					
Product sales and other	$ 792,604	$ 59,764	$ —	$ (30,020)	$ 822,348
Rental income	52,192	—	—	—	52,192
Total sales	844,796	59,764	—	(30,020)	874,540
Cost of sales (exclusive of depreciation and amortization expense):					
Product and other cost of sales	640,279	47,880	—	(29,192)	658,967
Rental cost of sales	28,697	—	—	—	28,697
Total cost of sales	668,976	47,880	—	(29,192)	687,664
Gross profit	175,820	11,884	—	(828)	186,876
Selling and administrative expenses	146,355	6,880	10,205	(3)	163,437
Depreciation and amortization expense	17,877	2,531	20	—	20,428
Restructuring and other charges	555	526	7,826	—	8,907
Operating income (loss)	$ 11,033	$ 1,947	$ (18,051)	$ (825)	$ (5,896)

		26 weeks ended October 29, 2022				
		39 weeks ended January 28, 2023				
Dollars in thousands	*Dollars in thousands*	Retail	Wholesale	Corporate Services	Eliminations	Total
Sales:	Sales:					
Product sales and other						
Product sales and other						
Product sales and other	Product sales and other	$ 782,871	$ 58,203	$ —	$ (30,013)	$ 811,061
Rental income	Rental income	52,246	—	—	—	52,246

	39 weeks ended January 28, 2023				
Dollars in thousands	Retail	Wholesale	Corporate Services	Eliminations	Total

Total sales	Total sales	835,117	58,203	—	(30,013)	863,307
Cost of sales (exclusive of depreciation and amortization expense):	Cost of sales (exclusive of depreciation and amortization expense):					
Product and other cost of sales						
Product and other cost of sales						
Product and other cost of sales	Product and other cost of sales	622,416	45,849	—	(28,310)	639,955
Rental cost of sales	Rental cost of sales	29,206	—	—	—	29,206
Total cost of sales	Total cost of sales	651,622	45,849	—	(28,310)	669,161
Gross profit	Gross profit	183,495	12,354	—	(1,703)	194,146
Selling and administrative expenses	Selling and administrative expenses	169,090	7,998	12,289	(82)	189,295
Depreciation and amortization expense	Depreciation and amortization expense	18,398	2,719	35	—	21,152
Impairment loss (non-cash)						
Restructuring and other charges	Restructuring and other charges	—	—	635	—	635
Operating (loss) income	Operating (loss) income	$ (3,993)	$ 1,637	$ (12,959)	$ (1,621)	$ (16,936)

Sales

The following table summarizes our sales for the 13 and 26 39 weeks ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023:

		13 weeks ended				26 weeks ended			
Dollars in thousands	*Dollars in thousands*	October 28, 2023	October 29, 2022	Var $	Var %	October 28, 2023	October 29, 2022	Var $	Var %
Product sales and other	Product sales and other	$569,698	$567,299	$2,399	0.4%	$822,348	$811,061	$11,287	1.4%
Rental income	Rental income	40,681	41,334	$ (653)	(1.6)%	52,192	52,246	$ (54)	(0.1)%
Total Sales	Total Sales	$610,379	$608,633	$1,746	0.3%	$874,540	$863,307	$11,233	1.3%

	13 weeks ended										39 weeks	
Dollars in thousands	January 27, 2024		January 28, 2023			Var $			Var %		January 27, 2024	
Product sales and other	$415,375	$	$393,745	$	$21,630		5.5%		5.5%		$	1,23
Rental income	41,298	44,309	44,309	$	$	(3,011)	(6.8)%		(6.8)%			9
Total Sales	$456,673	$	$438,054	$	$18,619		4.3%		4.3%		$	1,33

The sales increase during the 13 and 26 39 weeks ended October 28, 2023 January 27, 2024 is primarily related to higher course material sales, primarily at our *BNC First Day* programs. programs, offset by declines in a la carte courseware sales, including lower sales from closed stores. See Retail discussion below.

The components of the sales variances for the 13 and 26 39 week periods are reflected in the table below.

Sales variances

Sales variances

Sales variances	Sales variances	13 weeks ended	26 weeks ended		13 weeks ended	39 weeks ended
Dollars in millions	*Dollars in millions*	October 28, 2023	October 28, 2023	*Dollars in millions*	January 27, 2024	January 27, 2024
Retail Sales (a)	Retail Sales (a)					
New stores						
New stores						
New stores	New stores	$ 16.3	$ 21.0			
Closed stores	Closed stores	(30.3)	(37.8)			
Comparable stores (a)	Comparable stores (a)	16.5	25.3			
Textbook rental deferral	Textbook rental deferral	(1.8)	0.3			
Service revenue (b)	Service revenue (b)	(0.1)	(0.4)			
Other (c)	Other (c)	0.1	1.3			
Retail sales subtotal:	Retail sales subtotal:	$ 0.7	$ 9.7			
Wholesale Sales	Wholesale Sales	$ (0.2)	$ 1.6			
Eliminations (d)	Eliminations (d)	$ 1.2	$ (0.1)			
Total sales variance:	Total sales variance:	$ 1.7	$ 11.2			

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

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

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

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

Retail

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

		13 weeks ended						26 weeks ended							13 weeks ended						39 weeks ended					
		October 28, 2023			October 29, 2022			October 28, 2023			October 29, 2022				January 27, 2024			January 28, 2023			January 27, 2024			January 28, 2023		
		January 27, 2024																								
Number of Stores:	*Number of Stores:*	Physical	Virtual	Total	Physical	Virtual	Total	Physical	Virtual	Total	Physical	Virtual	Total	*Number of Stores:*	Physical	Virtual	Total	Physical	Virtual	Total	Physical	Virtual	Total	Physical	Virtual	Total
Beginning of period	Beginning of period	726	563	1,289	793	613	1,406	774	592	1,366	805	622	1,427													
Opened	Opened	5	6	11	8	10	18	13	18	31	34	24	58													
Closed	Closed	14	15	29	8	17	25	70	56	126	46	40	86													
End of period	End of period	717	554	1,271	793	606	1,399	717	554	1,271	793	606	1,399													

During the 26 39 weeks ended October 28, 2023 January 27, 2024, we opened 31 41 stores and closed 126 135 stores in the Retail Segment, with estimated net annual sales of $60 million $65 million as we pruned some under-performing, less profitable stores, satellite stores, and certain other contracts were awarded to competitors. We plan to move have seen many institutions to adopt *First Day Complete* in Fiscal 2024 and plan to continue to scale the majority number of our stores by schools adopting *First Day Complete* in Fiscal 2025 with continued relative adoption of this model thereafter. and beyond.

Generally, sales are impacted by revenue from net new/closed stores, conversion to *BNC First Day* programs, increased campus traffic, and an increase in the number of on campus activities and events, such as graduations, athletic events, alumni events and prospective student campus tours, as schools approach a more traditional campus experience. We continued to experience higher sales related to our *BNC First Day* programs and higher general merchandise gross sales, especially for graduation products, logo products, and cafe and convenience products, as on campus traffic continues to grow compared to the prior year.tours.

Retail sales increased by $0.7 million $18.2 million, or 0.1% 4.3%, to $599.3 million $439.4 million during the 13 weeks ended October 28, 2023 January 27, 2024 from $598.6 million $421.2 million during the 13 weeks ended October 29, 2022 January 28, 2023.

- Product sales and other increased by $1.4 million $21.2 million, or 0.2% 5.6%, to $558.7 million $398.1 million during the 13 weeks ended October 28, 2023 January 27, 2024 from $557.3 million $376.9 million during the 13 weeks ended October 29, 2022 January 28, 2023. During the 13 weeks ended October 28, 2023, total course
  - Course material product sales increased by $19.0 million $31.0 million, or 4.6% 10.8%, to $435.4 million $317.7 million during the 13 weeks ended January 27, 2024, compared to $286.7 million in the prior year period, primarily due to the growth of our *BNC First Day* programs, discussed below; total general which increased by $63.3 million, or 52%, to $184.0 million, offset by a decline of $35.4 million in a la carte courseware sales, including lower sales from closed stores.

Dollars in millions	13 weeks ended			
	January 27, 2024	January 28, 2023	Var $	Var %
First Day Complete Sales	$ 109.5	$ 66.9	$ 42.6	64%
First Day Sales	$ 74.5	$ 53.8	$ 20.7	38%
Total *BNC First Day* Sales	$ 184.0	$ 120.7	$ 63.3	52%

  - General merchandise product net sales decreased by $17.6 million $9.0 million, or 14.4% 11.0%, to $105.0 million $72.8 million, compared to $81.8 million in the prior year period, primarily due to a lower average commission rate resulting in lower commissions received for logo general merchandise as part of the F/L Relationship-related agreements, under which the commission rates adjusts adjust as the relationship matured, offset by higher graduation matures, as well as the impact of closed stores, lower trade books and cafe and convenience product sales. Effective August 1, 2023, our commission rates received for logo general merchandise increases for an estimated one year period under the terms of the July 2023 Term Loan Credit Agreement amendment. Retail Gross Comparable Store Sales for general merchandise decreased by 1.7% $5.7 million, or 4.6%, compared to the prior year period as discussed below.
  - Service and other revenue remained flat at $18.2 million decreased by $0.8 million, or 9.9%, to $7.6 million, compared to $8.4 million in the prior year period. period, primarily due to lower marketplace sales.
- Total Rental income for course material rental income materials decreased by $0.7 million $3.0 million, or 1.6% 6.8%, to $40.7 million during the 13 weeks ended October 28, 2023 from $41.3 million during the 13 weeks ended October 29, 2022 January 27, 2024 from $44.3 million during the 13 weeks ended January 28, 2023 primarily due to the increased shift to digital course materials.
- Revenue materials, offset by the growth in rental income resulting from both the adoption of our *BNC First Day programs.* equitable and inclusive access programs increased during the 13 weeks ended October 28, 2023 compared to the prior year period as follows:

Dollars in millions	13 weeks ended			
	October 28, 2023	October 29, 2022	Var $	Var %
First Day Complete Sales	$ 136.4	$ 90.0	$ 46.4	52%
First Day Sales	$ 62.8	$ 53.3	$ 9.5	18%
Total *BNC First Day* Sales	$ 199.2	$ 143.3	$ 55.9	39%

Retail sales increased by $9.7 million $27.9 million, or 1.2% 2.2%, to $844.8 million $1,284.2 million during the 26 39 weeks ended October 28, 2023 January 27, 2024 from $835.1 million $1,256.3 million during the 26 39 weeks ended October 29, 2022 January 28, 2023.

- Product sales and other increased by $9.7 million $30.9 million, or 1.2% 2.7%, to $792.6 million $1,190.7 million during the 26 39 weeks ended October 28, 2023 January 27, 2024 from $782.9 million $1,159.8 million during the 26 39 weeks ended October 29, 2022 January 28, 2023. During the 26 weeks ended October 28, 2023, total course
  - Course material product sales increased by $26.6 million $57.4 million, or 4.9% 6.9%, to $573.9 million $891.6 million during the 39 weeks ended January 27, 2024, compared to $834.2 million in the prior year period, primarily due to the growth of our *BNC First Day* programs, discussed below; total general which increased by $136.0 million, or 44%, to $445.1 million, offset by a decline of $78.1 million in a la carte courseware sales, including lower sales from closed stores.

Dollars in millions	39 weeks ended			
	January 27, 2024	January 28, 2023	Var $	Var %
First Day Complete Sales	$ 271.5	$ 173.4	$ 98.1	57%
First Day Sales	$ 173.6	$ 135.7	$ 37.9	28%
Total *BNC First Day* Sales	$ 445.1	$ 309.1	$ 136.0	44%
First Day Complete	Spring 2024	Spring 2023	Var #	Var %
Number of campus stores	160	116	44	38%

Estimated enrollment (a)	805,000	580,000	225,000	39%

(a) Total undergraduate and post graduate student enrollment (as reported by National Center for Education Statistics).

- ◦ General merchandise product net sales decreased by $17.8 million $26.7 million, or 8.4% 9.1%, to $193.7 million $266.5 million, compared to $293.3 million in the prior year period, primarily due to a lower average commission rate resulting in lower commissions received for logo general merchandise as part of the F/L Relationship-related agreements, under which the commission rates adjusts adjust as the relationship matured, matures, as well as the impact from closed stores, lower trade books and cafe and convenience product sales, offset by higher graduation and supplies product sales. Effective August 1, 2023, our commission rates received for logo general merchandise increases for an estimated one year period under the terms of the July 2023 Term Loan Credit Agreement amendment. Retail Gross Comparable Store Sales for general merchandise increased decreased by 1.1% $2.0 million, or 0.4%, compared to the prior year period as discussed below.
- ◦ Service and other revenue increased by $0.9 million $0.2 million to $25.0 million $32.6 million, compared to $32.4 million in the prior year period, primarily due to improvements in marketplace sales and return reserves, partially by lower higher other income for non-return rental penalty fees. fees, offset by lower marketplace sales.

- Total Rental income for course material rental income remained flat at $52.2 million materials decreased by $3.1 million, or 3.2%, to $93.5 million during both 26 the 39 weeks ended October 28, 2023 and October 29, 2022 January 27, 2024 from $96.6 million during the 39 weeks ended January 28, 2023 primarily due to the increased shift to digital course materials.

- Revenue digital course materials, offset by the growth in rental income resulting from both the adoption of our *BNC First Day* equitable and inclusive access programs increased during the 26 weeks ended October 28, 2023 compared to the prior year period as follows:

Dollars in millions	26 weeks ended						
	October 28, 2023		October 29, 2022		Var $		Var %
First Day Complete Sales	$	161.9	$	106.5	$	55.4	52%
First Day Sales	$	99.1	$	81.9	$	17.2	21%
Total *BNC First Day* Sales	$	261.0	$	188.4	$	72.6	39%
First Day Complete	Fall 2023		Fall 2022		Var #		Var %
Number of campus stores		157		111		46	41%
Estimated enrollment (a)		800,000		545,000		255,000	47%

(a) Total undergraduate and post graduate student enrollment (as reported by National Center for Education Statistics).

programs.

Retail Gross Comparable Store Sales

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

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

The increase in course material sales was primarily due to the growth of *BNC First Day* equitable and inclusive access programs (as discussed above), partially offset by declines in a shift to lower cost options and more affordable solutions, including digital offerings. la carte courseware sales. The decrease in general merchandise sales during the 13 weeks ended October 28, 2023 are primarily related to lower logo product sales. The increase in general merchandise sales, during the 26 weeks ended October 28, 2023 was primarily due to higher sales related to graduation products and logo products, as well as lower trade books and cafe and convenience products. product sales, offset by higher graduation and supplies product sales.

Retail Gross Comparable Store Sales variances by category for the 13 and 26 39 week periods are as follows:

		13 weeks ended				26 weeks ended																
		13 weeks ended													13 weeks ended				39 weeks ended			
Dollars in millions	*Dollars in millions*	October 28, 2023		October 29, 2022		October 28, 2023		October 29, 2022		*Dollars in millions*	January 27, 2024			January 28, 2023			January 27, 2024			January 28, 2023		
Textbooks (Course Materials)	Textbooks (Course Materials)	$26.0	5.8 %	$(21.8)	(4.6)%	$35.2	6.0 %	$(19.5)	(3.2)%	Textbooks (Course Materials)	$43.8	14.1	14.1 %	$ 21.3	7.4	7.4 %	$ 78.3	8.8	8.8 %	$ 2.9	0.3	0.3 %

General Merchandise	General Merchandise	(3.1)	(1.7)%	7.7	4.5 %	3.6	1.1 %	39.2	14.9 %	General Merchandise	(5.7)	(4.6)	(4.6)	%	2.6	2.3	2.3	%	(2.0)	(0.4)	(0.4)	%	42.6	11.3	11.3	%		
Total Retail Gross Comparable Store Sales	Total Retail Gross Comparable Store Sales	$22.9	3.6 %	$(14.1)	(2.2)%	$38.8	4.3 %	$ 19.7	2.3 %	Total Retail Gross Comparable Store Sales	$38.1	8.8	8.8	%	$ 23.9	5.9	5.9	%	$ 76.3	5.7	5.7	%	$45.5	3.6	3.6	%		

Wholesale

Wholesale sales decreased by $1.8 million, or 4.6% to $37.2 million during the 13 weeks ended January 27, 2024 from $39.0 million during the 13 weeks ended January 28, 2023. The decrease is primarily due to lower gross sales of $4.5 million, partially offset by lower returns and allowances of $2.7 million compared to the prior year period.

Wholesale sales decreased by $0.2 million, or 0.7% 0.2% to $20.9 million $96.9 million during the 13 39 weeks ended October 28, 2023 January 27, 2024 from $21.1 million $97.1 million during the 13 39 weeks ended October 29, 2022 January 28, 2023. The decrease is primarily due to higher returns and allowances of $1.2 million $2.0 million, partially offset by higher gross sales of $1.0 million $1.8 million compared to the prior year period.

Wholesale sales increased by $1.6 million, or 2.7% to $59.8 million during the 26 weeks ended October 28, 2023 from $58.2 million during the 26 weeks ended October 29, 2022. The increase is primarily due to higher gross sales of $6.2 million compared to the prior year period, partially offset by higher returns and allowances of $4.6 million.

Cost of Sales and Gross Margin

Our cost of sales increased as a percentage of sales to 77.7% 78.1% during the 13 weeks ended October 28, 2023 January 27, 2024 compared to 77.3% 77.9% during the 13 weeks ended October 29, 2022 January 28, 2023. Our gross margin decreased increased by $1.9 million $3.0 million, or 1.4% 3.1%, to $136.2 million $100.0 million, or 22.3% 21.9% of sales, during the 13 weeks ended October 28, 2023 January 27, 2024 from $138.1 million $97.0 million, or 22.7% 22.1% of sales during the 13 weeks ended October 29, 2022 January 28, 2023.

Our cost of sales increased as a percentage of sales to 78.6% 78.4% during the 26 39 weeks ended October 28, 2023 January 27, 2024 compared to 77.5% 77.6% during the 26 39 weeks ended October 29, 2022 January 28, 2023. Our gross margin decreased by $7.3 million $4.2 million, or 11.5% 1.5%, to $186.9 million $286.9 million, or 21.4% 21.6% of sales, during the 26 39 weeks ended October 28, 2023 January 27, 2024 from $194.1 million $291.1 million, or 22.5% 22.4% of sales during the 26 39 weeks ended October 29, 2022 January 28, 2023.

Retail

The following table summarizes the Retail cost of sales for the 13 and 26 39 weeks ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023:

		13 weeks ended				26 weeks ended										
		13 weeks ended														
Dollars in thousands	*Dollars in thousands*	October 28, 2023	% of Related Sales	October 29, 2022	% of Related Sales	October 28, 2023	% of Related Sales	October 29, 2022	% of Related Sales	*Dollars in thousands*	January 27, 2024		% of Related Sales	January 28, 2023		
Product and other cost of sales	Product and other cost of sales	$451,623	80.8%	$446,167	80.1%	$640,279	80.8%	$622,416	79.5%	Product and other cost of sales	$326,294	82.0%	82.0%	$	309,123	82.0%
Rental cost of sales	Rental cost of sales	22,184	54.5%	22,941	55.5%	28,697	55.0%	29,206	55.9%	Rental cost of sales	23,909	57.9%	57.9%		23,210	52.4%
Total Cost of Sales	Total Cost of Sales	$473,807	79.1%	$469,108	78.4%	$668,976	79.2%	$651,622	78.0%	Total Cost of Sales	$350,203	79.7%	79.7%	$	332,333	78.9%

The following table summarizes the Retail gross margin for the 13 and 26 39 weeks ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023:

		13 weeks ended				26 weeks ended					13 weeks ended						
Dollars in thousands	*Dollars in thousands*	October 28, 2023	% of Related Sales	October 29, 2022	% of Related Sales	October 28, 2023	% of Related Sales	October 29, 2022	% of Related Sales	*Dollars in thousands*	January 27, 2024		% of Related Sales	January 28, 2023			R
Product and other gross margin	Product and other gross margin	$107,032	19.2%	$111,109	19.9%	$152,325	19.2%	$160,455	20.5%	Product and other gross margin	$71,854	18.0%	18.0%	$	67,827	18.0%	

Rental gross margin	Rental gross margin	18,497	45.5%	18,393	44.5%	23,495	45.0%	23,040	44.1%	Rental gross margin	17,389	42.1%	42.1%	21,099	47.6%
Gross Margin	Gross Margin	$125,529	20.9%	$129,502	21.6%	$175,820	20.8%	$183,495	22.0%	Gross Margin	$89,243	20.3%	20.3%	$ 88,926	21.1%

For the 13 and 26 39 weeks ended October 28, 2023 January 27, 2024, the Retail Product and other gross margin as a percentage of sales decreased as discussed below:

- For the 13 weeks ended October 28, 2023 January 27, 2024, Product and other gross margin as a percentage of sales decreased (70 basis points), driven primarily by lower margin rates for course materials (155 basis points) due to higher markdowns, including markdowns related to closed stores; and lower general merchandise sales, was flat primarily from closed stores, and an unfavorable increased sales mix (20 basis points) due to the shift to digital course materials. These decreases in gross margin rate were partially offset by increased sales of $63.3 million from higher margin *First Day Complete* course material sales, and lower contract costs as a percentage of sales related to our college and university contracts (100 basis points) as a result of the shift to digital and *First Day* modelsand lower performing school contracts not renewed. renewed (90 basis points), were partially offset by lower margin rates for course materials due to higher markdowns, including markdowns related to closed stores (70 basis points), and lower general merchandise sales, primarily from closed stores, a lower average commission rate and an unfavorable sales mix due to the shift to digital course materials (20 basis points).

- For the 26 39 weeks ended October 28, 2023 January 27, 2024, Product and other gross margin as a percentage of sales decreased (120 (90 basis points), driven primarily by lower margin rates for course materials (195 basis points) due to higher markdowns, including markdowns related to closed stores, and lower general merchandise sales, primarily from closed stores and a lower average commission rate (170 basis points) and an unfavorable sales mix (60 basis points) due to the shift to digital course materials. materials (35 basis points). These decreases in gross margin rate were partially offset by increased sales of $136.0 million from higher margin *First Day Complete* course material sales, and lower contract costs as a percentage of sales related to our college and university contracts (130 basis points) as a result of the shift to digital and *First Day* models, and lower performing school contracts not renewed. renewed (115 basis points).

As part of the F/L Relationship-related agreements, the commission rates adjust as the relationship matures. Effective August 1, 2023, our commission rates received for logo general merchandise increases for an estimated one year period under the terms of the July 2023 Term Loan Credit Agreement amendment.

For the 13 and 26 39 weeks ended October 28, 2023 January 27, 2024, the Retail Rental gross margin as a percentage of sales increased decreased driven primarily by favorable lower rental margin rates, higher markdowns and unfavorable rental mix, due to improved availability of used textbook inventory, partially offset by higher rental margin rates. lower contract costs as a percentage of sales related to our college and university contracts as a result of the shift to digital and the adoption of our *BNC First Day* models and lower performing school contracts not renewed.

Wholesale

The cost of sales and gross margin for Wholesale were $14.9 million $29.2 million, or 71.0% 78.5% of sales, and $6.1 million $8.0 million, or 29.0% 21.5% of sales, respectively, during the 13 weeks ended October 28, 2023 January 27, 2024. The cost of sales and gross margin for Wholesale was $15.7 million $32.3 million or 74.2% 82.9% of sales and $5.5 million $6.7 million or 25.8% 17.1% of sales, respectively, during the 13 weeks ended October 29, 2022 January 28, 2023. The gross margin rate increased during the 13 weeks ended October 28, 2023 January 27, 2024 primarily due to lower markdowns, lower product costs, returns and allowances and lower warehouse costs, partially offset by an increase in the returns and allowances. higher markdowns.

The cost of sales and gross margin for Wholesale were $47.9 million $77.1 million, or 80.1% 79.5% of sales, and $11.9 million $19.9 million, or 19.9% 20.5% of sales, respectively, during the 26 39 weeks ended October 28, 2023 January 27, 2024. The cost of sales and gross margin for Wholesale was $45.8 million $78.1

million or 78.8% 80.4% of sales and $12.4 million $19.0 million or 21.2% 19.6% of sales, respectively, during the 26 39 weeks ended October 29, 2022 January 28, 2023. The gross margin rate decreased increased during the 26 39 weeks ended October 28, 2023 January 27, 2024 primarily due to an increase in the returns and allowances and higher product lower warehouse costs, partially offset by lower higher product costs and higher markdowns.

Intercompany Eliminations

During the 13 weeks ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023, our sales eliminations were $(9.9) $(19.9) million and $(11.1) $(22.2) million, respectively. During the 26 39 weeks ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023, our sales eliminations were $(30.0) $(50.0) million and $(30.0) $(52.2) million, respectively. These sales eliminations represent the elimination of Wholesale sales and fulfillment service fees to Retail and the elimination of Retail commissions earned from Wholesale.

During the 13 weeks ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023, the cost of sales eliminations were $(14.6) $(22.7) million and $(14.3) $(23.6) million, respectively. During the 26 39 weeks ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023, the cost of sales eliminations were $(29.2) $(51.9) million and $(28.3) $(51.9) million, respectively. These cost of sales eliminations represent (i) the recognition of intercompany profit for Retail inventory that was purchased from Wholesale in a prior period that was subsequently sold to external customers during the current period and the elimination of Wholesale service fees charged for fulfillment of inventory for virtual store sales, net of (ii) the elimination of intercompany profit for Wholesale inventory purchases by Retail that remain in ending inventory at the end of the current period.

During the 13 weeks ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023, the gross margin eliminations were $4.6 million $2.8 million and $3.2 million $1.4 million, respectively. During the 26 39 weeks ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023, the gross margin eliminations were $(0.8) million $2.0 million and $(1.7) $(0.3) million, respectively. The gross margin eliminations reflect the net impact of the sales eliminations and cost of sales eliminations during the above mentioned reporting periods.

Selling and Administrative Expenses

		13 weeks ended				26 weeks ended													
		13 weeks ended																13 weeks ended	
Dollars in thousands	*Dollars in thousands*	October 28, 2023	% of Sales	October 29, 2022	% of Sales	October 28, 2023	% of Sales	October 29, 2022	% of Sales	*Dollars in thousands*	January 27, 2024		% of Sales	January 28, 2023			% of Sales		January 27, 2024
Total Selling and Administrative Expenses	Total Selling and Administrative Expenses	$ 85,961	14.1%	$ 98,954	16.3%	$ 163,437	18.7%	$ 189,295	21.9%	Total Selling and Administrative Expenses	$ 79,756	17.5%	17.5%	$	91,841	21.0%		21.0%	$ 24

During the 13 weeks ended October 28, 2023 January 27, 2024, selling and administrative expenses decreased by $13.0 million $12.1 million, or 13.1% 13.2%, to $86.0 million $79.8 million from $99.0 million $91.8 million during the 13 weeks ended October 29, 2022 January 28, 2023. During the 26 39 weeks ended October 28, 2023 January 27, 2024, selling and administrative expenses decreased by $25.9 million $37.9 million, or 13.7% 13.5%, to $163.4 million $243.2 million from $189.3 million $281.1 million during the 26 39 weeks ended October 29, 2022 January 28, 2023. The variances by segment are discussed below.

Retail

During the 13 weeks ended October 28, 2023 January 27, 2024, Retail selling and administrative expenses decreased by $12.9 million $11.4 million, or 14.3% 13.7%, to $77.2 million $71.4 million from $90.1 million $82.8 million during the 13 weeks ended October 29, 2022 January 28, 2023. This decrease was primarily due to cost savings initiatives comprised of a $11.9 million $7.9 million decrease in comparable store payroll expense, new/closed store payroll expense and related operating costs, and a $4.1 million $3.4 million decrease in corporate payroll expense, infrastructure and product development costs, partially offset by a $3.1 million increase in incentive plan compensation expense due to the reversal of the incentive accrual in the prior year. costs.

During the 26 39 weeks ended October 28, 2023 January 27, 2024, Retail selling and administrative expenses decreased by $22.7 million $34.1 million, or 13.4% 13.5%, to $146.4 million $217.7 million from $169.1 million $251.8 million during the 26 39 weeks ended October 29, 2022 January 28, 2023. This decrease was primarily due to cost savings initiatives comprised of a $17.9 million $25.7 million decrease in comparable store payroll expense, new/closed store payroll expense and related operating costs, and a $5.7 million $8.4 million decrease in corporate payroll expense, infrastructure and product development costs, partially offset by an $0.8 million increase in incentive plan compensation expense.

costs.

Wholesale

During the 13 weeks ended October 28, 2023 January 27, 2024, Wholesale selling and administrative expenses decreased by $0.4 million $0.3 million, or 9.7% 8.2%, to $3.5 million $3.3 million from $3.9 million $3.6 million during the 13 weeks ended October 29, 2022 January 28, 2023. The decrease was primarily due to cost savings initiatives comprised of lower payroll expense of $0.5 million $0.4 million, partially offset by higher operating expenses of $0.1 million.

During the 26 39 weeks ended October 28, 2023 January 27, 2024, Wholesale selling and administrative expenses decreased by $1.1 million $1.4 million, or 14.0% 12.2%, to $6.9 million $10.2 million from $8.0 million $11.6 million during the 26 39 weeks ended October 29, 2022 January 28, 2023. The decrease was primarily due to cost savings initiatives comprised of lower payroll expense of $1.1 million and lower incentive plan compensation expense of $0.1 million $1.6 million, partially offset by higher operating expenses of $0.1 million $0.2 million.

Corporate Services

During the 13 weeks ended October 28, 2023, Corporate Services' selling and administrative expenses increased by $0.2 million, or 4.2%, to $5.3 million from $5.1 million during the 13 weeks ended October 29, 2022. The increase in costs was primarily due to higher incentive plan compensation expense of $0.9 million due to the reversal of the incentive accrual in the prior year, partially offset by lower operating costs of $0.4 million and lower payroll expense of $0.3 million.

During the 26 weeks ended October 28, 2023 January 27, 2024, Corporate Services' selling and administrative expenses decreased by $2.1 million $0.5 million, or 17.0% 8.6%, to $10.2 million $5.1 million from $12.3 million $5.6 million during the 26 13 weeks ended October 29, 2022 January 28, 2023. The decrease in was primarily due to lower payroll expense of $0.3 million and lower operating costs of $0.2 million.

During the 39 weeks ended January 27, 2024, Corporate Services' selling and administrative expenses decreased by $2.6 million, or 14.4%, to $15.3 million from $17.9 million during the 39 weeks ended January 28, 2023. The decrease was primarily due to cost savings initiatives comprised of lower incentive plan compensation expense of $0.6 million, lower payroll expense of $0.8 million, $1.8 million and lower operating costs of $0.7 million $0.8 million.

Depreciation and Amortization Expense

		13 weeks ended				26 weeks ended												
		13 weeks ended														13 weeks ended		
Dollars in thousands	*Dollars in thousands*	October 28, 2023	% of Sales	October 29, 2022	% of Sales	October 28, 2023	% of Sales	October 29, 2022	% of Sales	*Dollars in thousands*	January 27, 2024	% of Sales		January 28, 2023		% of Sales	January 27, 2024	% of Sales

Total Depreciation and Amortization Expense	Total Depreciation and Amortization Expense	$ 10,175	1.7%	$ 10,256	1.7%	$ 20,428	2.3%	$ 21,152	2.5%	Total Depreciation and Amortization Expense	$ 10,148	2.2%	2.2%	$ 10,112	2.3%	2.3%	$ 30,576	2.3%

Depreciation and amortization expense decreased by $0.1 million, or 0.8%, to $10.2 million during was flat at $10.1 million for both the 13 weeks ended October 28, 2023 from $10.3 million during January 27, 2024 and the 13 weeks ended October 29, 2022 January 28, 2023. Depreciation and amortization expense decreased by $0.7 million, or 3.4% 2.2%, to $20.4 million $30.6 million during the 26 39 weeks ended October 28, 2023 January 27, 2024 from $21.1 million $31.3 million during the 26 39 weeks ended October 29, 2022 January 28, 2023. The decrease was primarily attributable to lower depreciable assets and intangibles due to the store impairment loss recognized during Fiscal 2024 and Fiscal 2023.

Impairment Loss (non-cash)

We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with *ASC 360-10, Accounting for the Impairment or Disposal of Long-Lived Assets*.

During the 13 and 39 weeks ended January 27, 2024, we evaluated certain of our store-level long-lived assets in the Retail segment for impairment. Based on the results of the impairment tests, we recognized an impairment loss (non-cash) of $5.8 million (both pre-tax and after-tax), comprised of $0.4 million, $2.7 million, and $2.7 million of property and equipment, operating lease right-of-use assets, and amortizable intangibles, respectively, on the condensed consolidated statement of operations.

During the 13 and 39 weeks ended January 28, 2023, we evaluated certain of our store-level long-lived assets in the Retail segment for impairment. Based on the results of the impairment tests, we recognized an impairment loss (non-cash) of $6.0 million (both pre-tax and after-tax), comprised of $0.7 million, $1.7 million, and $3.6 million of property and equipment, operating lease right-of-use assets, and amortizable intangibles, respectively, on the condensed consolidated statement of operations.

For additional information, see *Item 1. Financial Statements - Note 2. Summary of Significant Accounting Policies* and *Note 6. Fair Value Measurements*.

Restructuring and other charges

During the 13 and 26 39 weeks ended October 28, 2023 January 27, 2024, we recognized restructuring and other charges totaling $4.3 million $3.4 million and $8.9 million $12.3 million, respectively, comprised primarily of $4.3 million $3.4 million and $7.8 million $11.2 million, respectively, for costs primarily associated with professional service costs for restructuring as discussed below and process improvements, and $0 and $1.1 million, respectively, for severance and other employee termination and benefit costs associated with elimination of various positions as part of cost savings initiatives.

Pursuant to the July 28, 2023 Credit Agreement amendment, the Board established a committee consisting of three independent directors to explore, consider, solicit expressions of interest or proposals for, respond to any communications, inquiries or proposals regarding, and advise as to all strategic alternatives to effect a “Specified Liquidity Transaction” (as defined in the Credit Agreement). Restructuring and other expenses associated with the costs of this committee, as well as other related professional service costs, are expected to decrease when the Company concludes on a strategic alternative.

During the 13 and 26 39 weeks ended October 29, 2022 January 28, 2023, we recognized restructuring and other charges totaling $0.3 million $4.1 million and $0.6 million $4.8 million, respectively, comprised primarily of $2.8 million in each period for severance and other employee termination and benefit costs associated with elimination of various positions as part of cost reduction objectives, and $1.3 million and $2.0 million, respectively, primarily for costs primarily associated with professional service costs for restructuring and process improvements.

Operating Income (Loss)

		13 weeks ended				26 weeks ended			
Dollars in thousands	*Dollars in thousands*	October 28, 2023	% of Sales	October 29, 2022	% of Sales	October 28, 2023	% of Sales	October 29, 2022	% of Sales
Total Operating Income (Loss)	Total Operating Income (Loss)	$ 35,832	5.8%	$ 28,671	4.7%	$ (5,896)	(0.6)%	$ (16,936)	(2.0)%

	13 weeks ended							
Dollars in thousands	January 27, 2024	% of Sales	January 28, 2023		% of Sales		January 27, 2024	% of Sales
Total Operating Income (Loss)	$ 921	0.2%	0.2%	$ (15,077)	(3.5)%	(3.5)%	$ (4,975)	(0.3)%

Our operating income was $35.8 million $0.9 million during the 13 weeks ended October 28, 2023 January 27, 2024, compared to $28.7 million operating loss of $(15.1) million during the 13 weeks ended October 29, 2022 January 28, 2023. The increase in operating income is due to the matters discussed above. For the 13 weeks ended October 28, 2023 January 27, 2024, operating income, excluding the $4.3 million $5.8 million of impairment loss (non-cash) and the $3.4 million of restructuring and other charges, discussed above, operating income was

$40.1 million $10.1 million (or 6.6% 2.2% of sales). For the 13 weeks ended October 29, 2022 January 28, 2023, operating loss, excluding the $0.3 million $6.0 million of impairment loss (non-cash) and the $4.1 million of restructuring and other charges, discussed above, operating income was $29.0 million $(5.0) million (or 4.8% (1.1)% of sales).

Our operating loss was $(5.9) $(5.0) million during the 26 39 weeks ended October 28, 2023 January 27, 2024, compared to $(16.9) $(32.0) million during the 26 39 weeks ended October 29, 2022 January 28, 2023. The decrease in operating loss is due to the matters discussed above. For the 26 39 weeks ended October 28, 2023 January 27, 2024, operating income, excluding the $8.9 million $5.8 million of impairment loss (non-cash) and the $12.3 million of restructuring and other charges, discussed above, operating income was $3.0 million $13.1 million (or 0.3% 1.0% of sales). For the 26 39 weeks ended October 29, 2022 January 28, 2023, operating loss, excluding the $0.6 million $6.0 million of impairment loss (non-cash) and the $4.8 million of restructuring and other charges, discussed above, operating loss was $(16.3) $(21.2) million (or (1.9) (1.6)% of sales).

Interest Expense, Net

Dollars in thousands	*Dollars in thousands*	13 weeks ended October 28, 2023	13 weeks ended October 29, 2022	26 weeks ended October 28, 2023	26 weeks ended October 29, 2022
Interest Expense, Net	Interest Expense, Net	$ 10,664	$ 4,886	$ 18,918	$ 8,754

Dollars in thousands	13 weeks ended January 27, 2024	13 weeks ended January 28, 2023	39 weeks ended January 27, 2024	39 weeks ended January 28, 2023

Net interest expense increased by $5.8 million $3.7 million to $10.7 million $10.6 million during the 13 weeks ended October 28, 2023 January 27, 2024 from $4.9 million $6.9 million during the 13 weeks ended October 29, 2022 January 28, 2023. Net interest expense increased by $10.2 million $13.9 million to $18.9 million $29.5 million during the 26 39 weeks ended October 28, 2023 January 27, 2024 from $8.8 million $15.7 million during the 26 39 weeks ended October 29, 2022 January 28, 2023. The increase was primarily due Interest expense increased by $13.9 million compared to the prior year period, comprised of $7.2 million resulting from higher borrowings and higher interest rates compared to and $6.3 million resulting from increased amortization of deferred financing costs. The following table disaggregates interest expense for the prior year period. 13 and 39 week periods:

	13 weeks ended		39 weeks ended	
Dollars in thousands	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Interest Incurred				
Credit Facility	$ 5,747	$ 5,215	$ 18,286	$ 11,910
Term Loan	907	853	3,074	2,213
Total Interest Incurred	$ 6,654	$ 6,068	$ 21,360	$ 14,123
Amortization of Deferred Financing Costs				
Credit Facility	$ 3,662	$ 396	$ 7,456	$ 1,187
Term Loan	312	462	924	871
Total Amortization of Deferred Financing Costs	$ 3,974	$ 858	$ 8,380	$ 2,058
Interest Income, net of expense	$ (8)	$ (8)	$ (202)	$ (509)
Total Interest Expense	$ 10,620	$ 6,918	$ 29,538	$ 15,672

Cash interest paid during the 39 weeks ended January 27, 2024 and January 28, 2023 was $19,640 and $13,406, respectively.

Income Tax (Benefit) Expense

Dollars in thousands	*Dollars in thousands*	13 weeks ended October 28, 2023	Effective Rate	13 weeks ended October 29, 2022	Effective Rate	26 weeks ended October 28, 2023	Effective Rate	26 weeks ended October 29, 2022	Effective Rate
Income Tax (Benefit) Expense		$ 314	1.2%	$ (383)	(1.6)%	$ 303	(1.2)%	$ 464	(1.8)%

Dollars in thousands	*Dollars in thousands*	13 weeks ended January 27, 2024	Effective Rate	13 weeks ended January 28, 2023	Effective Rate	39 weeks ended January 27, 2024	Effective Rate	39 weeks ended January 28, 2023	Effective Rate
Income Tax Expense	Income Tax Expense	$ 229	(2.4)%	$ 139	(0.6)%	$ 532	(1.5)%	$ 603	(1.3)%

We recorded an income tax expense of $0.3 million $0.2 million on pre-tax income loss of $25.2 million $(9.7) million during the 13 weeks ended October 28, 2023 January 27, 2024, which represented an effective income tax rate of 1.2% (2.4)% and we recorded an income tax benefit expense of $(0.4) million $0.1 million on a pre-tax income loss of $23.8 million $(22.0) million during the 13 weeks ended October 29, 2022 January 28, 2023, which represented an effective income tax rate of (1.6) (0.6)%.

We recorded an income tax expense of $0.3 million $0.5 million on pre-tax loss of $(24.8) $(34.5) million during the 26 39 weeks ended October 28, 2023 January 27, 2024, which represented an effective income tax rate of (1.2) (1.5)% and we recorded an income tax expense of $0.5 million $0.6 million on a pre-tax loss of $(25.7) $(47.7) million during the 26 39 weeks ended October 29, 2022 January 28, 2023, which represented an effective income tax rate of (1.8) (1.3)%.

The effective tax rate for the 13 and 26 weeks ended October 28, 2023 January 27, 2024 is higher lower than the prior year comparable period due to the utilization of the discrete tax immaterial return to provision methodology adjustments recorded in the current year. prior year period. The effective tax rate for the 39 weeks ended January 27, 2024 is materially consistent with the prior year comparable period. For additional information, see *Item 1. Financial Statements - Note 12. Income Taxes.*

Net Income (Loss) Loss from Continuing Operations

Dollars in thousands	Dollars in thousands	13 weeks ended October 28, 2023	13 weeks ended October 29, 2022	26 weeks ended October 28, 2023	26 weeks ended October 29, 2022	Dollars in thousands	13 weeks ended January 27, 2024	13 weeks ended January 28, 2023	39 weeks ended January 27, 2024	39 weeks ended January 28, 2023
Net Income (Loss) from Continuing Operations		$24,854	$24,168	$(25,117)	$(26,154)					
Net Loss from Continuing Operations										

As a result of the factors discussed above, net income loss from continuing operations was $24.9 million $(9.9) million during the 13 weeks ended October 28, 2023 January 27, 2024, compared with $24.2 million $(22.1) million during the 13 weeks ended October 29, 2022 January 28, 2023 and net loss from continuing operations was $(25.1) $(35.0) million during the 26 39 weeks ended October 28, 2023 January 27, 2024, compared with $(26.2) $(48.3) million during the 26 39 weeks ended October 29, 2022 January 28, 2023.

Adjusted Earnings (non-GAAP) is $29.1 million $(0.7) million during the 13 weeks ended October 28, 2023 January 27, 2024, compared with $24.4 million $(12.0) million during the 13 weeks ended October 29, 2022 January 28, 2023. Adjusted Earnings (non-GAAP) is $(16.2) $(16.9) million during the 26 39 weeks ended October 28, 2023 January 27, 2024, compared with $(25.5) $(37.5) million during the 26 39 weeks ended October 29, 2022 January 28, 2023. See *Adjusted Earnings (non-GAAP)* discussion below.

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

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

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

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

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

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

Consolidated Adjusted Earnings (non-GAAP) - Continuing Operations

Dollars in thousands	Dollars in thousands	13 weeks ended October 28, 2023	13 weeks ended October 29, 2022	26 weeks ended October 28, 2023	26 weeks ended October 29, 2022	Dollars in thousands	13 weeks ended January 27, 2024	13 weeks ended January 28, 2023	39 weeks ended January 27, 2024	39 weeks ended January 28, 2023
Net income (loss) from continuing operations (a)		$24,854	$24,168	$(25,117)	$(26,154)					
Net loss from continuing operations (a)										
Reconciling items *(below)*	Reconciling items *(below)*	4,274	260	8,907	661					

Adjusted Earnings (non-GAAP)	Adjusted Earnings (non-GAAP)	$29,128	$24,428	$(16,210)	$(25,493)
Reconciling items	Reconciling items				
Reconciling items					
Reconciling items					
Impairment loss (non-cash) (a)					
Impairment loss (non-cash) (a)					
Impairment loss (non-cash) (a)					
Content amortization (non-cash)					
Content amortization (non-cash)					
Content amortization (non-cash)	Content amortization (non-cash)	$ —	$ —	$ —	$ 26
Restructuring and other charges (b)	Restructuring and other charges (b)	4,274	260	8,907	635
Reconciling items (c)	Reconciling items (c)	$ 4,274	$ 260	$ 8,907	$ 661
Reconciling items (c)					
Reconciling items (c)					

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

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

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

Consolidated Adjusted EBITDA (non-GAAP) - Continuing Operations

		13 weeks ended		26 weeks ended						
		13 weeks ended							13 weeks ended	39 weeks ended
Dollars in thousands	*Dollars in thousands*	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022	*Dollars in thousands*	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Net income (loss) from continuing operations (a)		$24,854	$24,168	$(25,117)	$(26,154)					
Net loss from continuing operations (a)										
Add:	Add:									
Depreciation and amortization expense	Depreciation and amortization expense	10,175	10,256	20,428	21,152					
Depreciation and amortization expense										
Depreciation and amortization expense										
Interest expense, net (b)	Interest expense, net (b)	10,664	4,886	18,918	8,754					

Income tax expense (benefit)		314	(383)	303	464
Income tax expense					
Impairment loss (non-cash) (c)					
Content amortization (non-cash)					
Content amortization (non-cash)					
Content amortization (non-cash)	Content amortization (non-cash)	—	—	—	26
Restructuring and other charges (c)	Restructuring and other charges (c)	4,274	260	8,907	635
Adjusted EBITDA (Non-GAAP) - Continuing Operations	Adjusted EBITDA (Non-GAAP) - Continuing Operations	$50,281	$39,187	$ 23,439	$ 4,877
Adjusted EBITDA (Non-GAAP) - Discontinued Operations	Adjusted EBITDA (Non-GAAP) - Discontinued Operations	$ (643)	$ 180	$ (216)	$ 1,069
Adjusted EBITDA (Non-GAAP) - Total	Adjusted EBITDA (Non-GAAP) - Total	$49,638	$39,367	$ 23,223	$ 5,946

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

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

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

The following is Adjusted EBITDA - Continuing Operations by Segment for the 13 and 26 39 weeks ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023.

Adjusted EBITDA - by Segment	**Adjusted EBITDA - by Segment**	**13 weeks ended October 28, 2023**				
Dollars in thousands	*Dollars in thousands*	Retail	Wholesale	Corporate Services(b)	Eliminations	Total
Net income (loss) from continuing operations (a)	Net income (loss) from continuing operations (a)	$39,407	$ 1,344	$(20,520)	$ 4,623	$ 24,854
Add:	Add:					
Depreciation and amortization expense	Depreciation and amortization expense	8,911	1,254	10	—	10,175
Depreciation and amortization expense						
Depreciation and amortization expense						
Interest expense, net	Interest expense, net	—	—	10,664	—	10,664

Adjusted EBITDA - by Segment	**13 weeks ended January 27, 2024**				
Dollars in thousands	Retail	Wholesale	Corporate Services(b)	Eliminations	Total

Income tax expense	Income tax expense	—	—	314	—	314
Impairment loss (non-cash) (a)						
Content amortization (non-cash)						
Content amortization (non-cash)						
Content amortization (non-cash)						
Restructuring and other charges (c)	Restructuring and other charges (c)	29	—	4,245	—	4,274
Adjusted EBITDA (non-GAAP)	Adjusted EBITDA (non-GAAP)	$48,347	$ 2,598	$ (5,287)	$ 4,623	$50,281

Adjusted EBITDA - by Segment	**Adjusted EBITDA - by Segment**	**13 weeks ended October 29, 2022**				
Dollars in thousands	*Dollars in thousands*	Retail	Wholesale	Corporate Services(b)	Eliminations	Total
Net income (loss) from continuing operations (a)		$30,547	$ 218	$ (9,855)	$ 3,258	$ 24,168
Net (loss) income from continuing operations (a)						
Add:	Add:					
Depreciation and amortization expense						
Depreciation and amortization expense						
Depreciation and amortization expense	Depreciation and amortization expense	8,869	1,370	17	—	10,256
Interest expense, net	Interest expense, net	—	—	4,886	—	4,886
Income tax benefit	Income tax benefit	—	—	(383)	—	(383)
Impairment loss (non-cash) (a)						
Content amortization (non-cash)						
Content amortization (non-cash)						
Content amortization (non-cash)	Content amortization (non-cash)	—	—	—	—	—
Restructuring and other charges (c)	Restructuring and other charges (c)	—	—	260	—	260
Adjusted EBITDA (non-GAAP)	Adjusted EBITDA (non-GAAP)	$39,416	$ 1,588	$ (5,075)	$ 3,258	$39,187

Adjusted EBITDA - by Segment	**13 weeks ended January 28, 2023**				
Dollars in thousands	Retail	Wholesale	Corporate Services(b)	Eliminations	Total

Adjusted EBITDA - by Segment	**Adjusted EBITDA - by Segment**	**26 weeks ended October 28, 2023**					**Adjusted EBITDA - by Segment**	**39 weeks ended January 27, 2024**				
Dollars in thousands	*Dollars in thousands*	Retail	Wholesale	Corporate Services(b)	Eliminations	Total	*Dollars in thousands*	Retail	Wholesale	Corporate Services(b)	Eliminations	Total
Net income (loss) from continuing operations (a)	Net income (loss) from continuing operations (a)	$11,033	$ 1,947	$(37,272)	$ (825)	$(25,117)						
Add:	Add:											
Depreciation and amortization expense	Depreciation and amortization expense	17,877	2,531	20	—	20,428						
Depreciation and amortization expense												
Depreciation and amortization expense												
Interest expense, net	Interest expense, net	—	—	18,918	—	18,918						
Income tax expense	Income tax expense	—	—	303	—	303						
Impairment loss (non-cash) (a)												
Content amortization (non-cash)												
Content amortization (non-cash)												
Content amortization (non-cash)												
Restructuring and other charges (c)	Restructuring and other charges (c)	555	526	7,826	—	8,907						
Adjusted EBITDA (non-GAAP)	Adjusted EBITDA (non-GAAP)	$29,465	$ 5,004	$(10,205)	$ (825)	$23,439						

Adjusted EBITDA - by Segment	**Adjusted EBITDA - by Segment**	**26 weeks ended October 29, 2022**					**Adjusted EBITDA - by Segment**	**39 weeks ended January 28, 2023**				
Dollars in thousands	*Dollars in thousands*	Retail	Wholesale	Corporate Services(b)	Eliminations	Total	*Dollars in thousands*	Retail	Wholesale	Corporate Services(b)	Eliminations	Total
Net (loss) income from continuing operations (a)	Net (loss) income from continuing operations (a)	$ (3,993)	$ 1,637	$(22,177)	$ (1,621)	$(26,154)						
Add:	Add:											
Depreciation and amortization expense	Depreciation and amortization expense	18,398	2,719	35	—	21,152						
Depreciation and amortization expense												
Depreciation and amortization expense												
Interest expense, net	Interest expense, net	—	—	8,754	—	8,754						
Income tax expense	Income tax expense	—	—	464	—	464						

Impairment loss (non-cash) (a)						
Content amortization (non-cash)						
Content amortization (non-cash)						
Content amortization (non-cash)	Content amortization (non-cash)	26	—	—	—	26
Restructuring and other charges (c)	Restructuring and other charges (c)	—	—	635	—	635
Adjusted EBITDA (non-GAAP)	Adjusted EBITDA (non-GAAP)	$14,431	$ 4,356	$(12,289)	$ (1,621)	$ 4,877

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

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

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

Adjusted EBITDA (non-GAAP) - Discontinued Operations	**Adjusted EBITDA (non-GAAP) - Discontinued Operations**	13 weeks ended		26 weeks ended		**Adjusted EBITDA (non-GAAP) - Discontinued Operations**	13 weeks ended		39 weeks ended	
		October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022					
Loss from discontinued operations (a)		$ (674)	$ (2,024)	$ (1,091)	$ (4,409)					
		January 27, 2024					January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Income (loss) from discontinued operations (a)										
Add:	Add:									
Depreciation and amortization expense										
Depreciation and amortization expense										
Depreciation and amortization expense	Depreciation and amortization expense	3	503	3	2,140					
Income tax expense	Income tax expense	—	83	20	169					
Content amortization (non-cash)	Content amortization (non-cash)	—	1,618	—	3,169					
Gain on sale of business	Gain on sale of business	—	—	(3,068)	—					
Impairment loss (non-cash)	Impairment loss (non-cash)	—	—	610	—					
Restructuring and other charges	Restructuring and other charges	10	—	3,297	—					

Transaction costs	18	—	13	—
Adjusted EBITDA (Non-GAAP) - Discontinued Operations	$ (643)	$ 180	$ (216)	$ 1,069

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

Free Cash Flow (non-GAAP)

	13 weeks ended		26 weeks ended		13 weeks ended		39 weeks ended	
Dollars in thousands	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Net cash flows provided by (used in) operating activities from continuing operations	$ 72,698	$ 38,680	$ (47,160)	$ 10,073				
Net cash flows used in operating activities from continuing operations (a)								
Less:								
Capital expenditures (a)	3,977	9,293	8,196	16,823				
Capital expenditures (b)								
Capital expenditures (b)								
Capital expenditures (b)								
Cash interest	7,576	4,368	13,972	7,301				
Cash taxes	43	(15,705)	388	(15,583)				
Free Cash Flow (non-GAAP)	$ 61,102	$ 40,724	$ (69,716)	$ 1,532				

(a) See *Liquidity and Capital Resources - Sources and Uses of Cash Flow* discussion below. The increase in Net cash flows used in operating activities from continuing operations is due to higher accounts receivables and higher inventory levels primarily related to our increased adoption of our *BNC First Day* equitable and inclusive access sales; higher payments for interest expense; and higher payables due to delayed payments to vendors for inventory purchases and expenses, as a result of borrowing capacity limitations under our credit facility.

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

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

The following table provides the components of total purchases of property and equipment:

Capital Expenditures	**Capital Expenditures**	13 weeks ended		26 weeks ended		**Capital Expenditures**	13 weeks ended		39 weeks ended	
Dollars in thousands	*Dollars in thousands*	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022	*Dollars in thousands*	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Physical store capital expenditures	Physical store capital expenditures	$1,743	$6,052	$3,948	$10,548					
Product and system development	Product and system development	1,697	2,689	3,460	5,175					
Other	Other	537	552	788	1,100					
Other										
Other										
Total Capital Expenditures	Total Capital Expenditures	$3,977	$9,293	$8,196	$16,823					

Liquidity and Capital Resources

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

Pursuant to ASC 205-40, *Presentation of Financial Statements — Going Concern ("ASC 205-40")*, management must evaluate whether there are conditions and events, considered in aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that these condensed consolidated financial statements are issued. In accordance with ASC 205-40, management's analysis can only include the potential mitigating impact of management's plans that have not been fully implemented as of the issuance date of these condensed consolidated financial statements if (a) it is probable that management's plans will be effectively implemented on a timely basis, and (b) it is probable that the plans, when implemented, will alleviate the relevant conditions or events that raise substantial doubt about the Company's ability to continue as a going concern.

Our primary sources of cash are net cash flows from operating activities, funds available under our Credit Agreement, Term Loan Agreement, and short-term vendor financing. Our liquidity is highly dependent on the seasonal nature of our business, particularly with respect to course material sales, as sales are generally highest in the second and third fiscal quarters, when college students generally purchase textbooks for the upcoming Fall and Spring semesters, respectively. As of October 28, 2023January 27, 2024, we had $35.3 million$15.0 million of cash on hand, including $20.3 million$6.9 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.

Our business was significantly negatively impacted by the COVID-19 pandemic during the years ended April 30, 2022 and May 1, 2021, as many schools adjusted their learning models and on-campus activities. Although most academic institutions have since reopened after the COVID-19 pandemic, the lingering impacts of the pandemic have resulted in changes in customer behaviors, lower enrollments, and an evolving educational landscape, including increased competition and disintermediation, which continued to impact our financial results during the year ended April 29, 2023. Some institutions are still providing alternatives to traditional in-person instruction, including online and hybrid learning options and significantly reduced classroom sizes. The impact of COVID-19 store closings, as well as lower earnings during the year ended April 29, 2023, resulted in the loss of cash flows and increased borrowings that we would not otherwise have expected to incur.

We recognized Net IncomeLoss from Continuing Operations of $24.9 million$(9.9) million and $24.2 million$(22.1) million for the 13 weeks ended October 28, 2023January 27, 2024 and October 29, 2022January 28, 2023, respectively, and a Net Loss from Continuing Operations of (25.1)(35.0) million and (26.2)(48.3) million for the 2639 weeks ended October 28, 2023January 27, 2024 and October 29, 2022January 28, 2023, respectively, and we incurred a Net Loss from Continuing Operations of $(90.1) million, $(61.6) million, and $(133.6) million for the years ended April 29, 2023, April 30, 2022, and May 1, 2021, respectively. Our Cash Flow (Used In) Provided by Operating Activities from Continuing Operations were $(47.2) $(83.2) million and $10.1 million $(21.2) million for the 26 39 weeks ended October 28, 2023January 27, 2024 and October 29, 2022January 28, 2023, respectively, and were $90.5 million, $(16.2) million, and $27.0 million, for the years ended April 29, 2023, April 30, 2022, and May 1, 2021, respectively. The tightening of our available credit commitments, including the elimination and repayment of our FILO Facility in fiscal year 2023 of $40.0 million, had a significant impact on our liquidity during fiscal year 2023 and fiscal year 2024, including our ability to make timely vendor payments and school commission payments.

Our losses and projected cash needs, combined with our current liquidity level, raised levels and the maturity of our Credit Facility, which becomes due on December 28, 2024, raises substantial doubt about our ability to continue as a going concern. The Company's ability to continue as a going concern as is contingent upon the successful execution of the year ended April 29, 2023, which Management subsequently remediated by implementing a management's plan to improve the Company's liquidity, and successfully alleviate substantial doubt including (1) raising additional liquidity and and (2) taking continuing to take additional operational restructuring actions. actions to achieve the required levels of liquidity to support the operations of the business.

Pursuant to the July 28, 2023 Credit Agreement amendment, the Board established a committee consisting of three independent directors to explore, consider, solicit expressions of interest or proposals for, respond to any communications, inquiries or proposals regarding, and advise as to all strategic alternatives to effect a "Specified Liquidity Transaction" (as defined in the Credit Agreement). The Board continues its ongoing review of a broad range of strategic alternatives available to the Company, including but not limited to potential capital raises, asset divestitures, a sale of the business, and pursuit of standalone growth plans. The Board has not set a timetable for the conclusion of this review, nor has it made any decisions related to any further actions at this time. There can be no assurance that the review will result in any transaction or other strategic change or outcome.

Debt amendments

On July 28, 2023, we amended our existing Credit Agreement to (i) extend the maturity date of the Credit Agreement to December 28, 2024, (ii) reduce advance rates with respect to the borrowing base by 1000 basis points on September 2, 2024 (in lieu of the reductions previously contemplated for September 2023), (iii) subject to the conditions set forth in such amendment, add a CARES Act tax refund claim to the borrowing base, from April 1, 2024 through July 31, 2024, (iv) amend the financial maintenance covenant to require Availability (as defined in the Credit Agreement) at all times greater than the greater of (x) 10% of the Aggregate Loan Cap (as defined in the Credit Agreement) and (y) (A) $32.5 million minus, subject to the conditions set forth in such amendment, (B) (a) $7.5 million for the period of April 1, 2024 through and including April 30, 2024, (b) $2.5 million for the period of May 1, 2024 through and including May 31, 2024 and (c) $0 at all other times, (v) add a minimum Consolidated EBITDA (as defined in the Credit Agreement) financial maintenance covenant, and (vi) amend certain negative and affirmative covenants and add certain additional covenants, all as more particularly set forth in such amendment. The amendment also requires that we appoint a Chief Restructuring Officer and that, by August 11, 2023, we (i) appoint two independent members to the board of directors of the Company from prospective candidates that have been previously disclosed to the Administrative Agent and the Lenders and (ii) appoint a committee of the board of directors of the Company to consist of three board members (two of whom will be the new independent directors), and as of the date of this filing, we have satisfied such requirements. The committee's responsibilities will include, among other things, to explore, consider, solicit expressions of interest or proposals for, respond to any communications, inquiries or proposals regarding, and advise as to all strategic alternatives to effect a "Specified Liquidity Transaction" (as defined in the Credit Agreement). There can be no guarantee or assurances that any such transaction or transactions be consummated. We must pay (i) a fee of 0.50% of the outstanding principal amount of the commitments under the Credit Agreement March 2023 amendment (as defined in the Credit Agreement) on the closing date (in lieu of the deferred fee previously contemplated in connection with the March 2023 amendment (as defined in the Credit Agreement)) and (ii) a fee of 1.00% of the outstanding principal amount of the commitments under the Credit Agreement as of the closing date on the earlier to occur of September 2, 2024 and an Event of Default (as defined in the Credit Agreement).

On July 28, 2023, we amended our Term Loan to (i) extend the maturity date of the Term Loan Agreement to April 7, 2025, (ii) allow for interest to be paid in kind until September 2, 2024, (iii) amend the 1.50% anniversary fee to recur on June 7 of each year that the Term Loan Agreement remains outstanding, with 2024 fee deferred to the earlier of September 2, 2024 and the Termination Date (as defined in the Term Loan Agreement) and (iv) amend certain negative covenants and affirmative and add certain additional covenants. We must pay a fee of $0.05 million to the lenders under the Term Loan Agreement on the earlier of September 2, 2024 and the Termination Date (as defined in the Term Loan Agreement).

On October 10, 2023, we amended our existing Credit Agreement to revise certain reporting requirements to the administrative agent and lenders under the Credit Agreement. The amendment introduced a Specified Liquidity Transaction Fee of $3.8 million that would become due and payable at the earlier to occur of (1) January 31, 2024, to the extent a Specified Liquidity Transaction (as defined in the Credit Agreement) has not been consummated prior to such date (or such later date that is up to thirty days thereafter to the extent agreed to in writing by the Administrative Agent in its sole discretion) or (b) an Event of Default under the Credit Agreement.

On December 12, 2023, we amended our existing Credit Agreement to, among other things: (i) amend the financial maintenance covenant to require Availability (as defined in the Credit Agreement) at all times to be greater than the greater of (x) 10% of the Aggregate Loan Cap (as defined in the Credit Agreement) and (y) (A) $32.5 million or, subject to the satisfaction of certain conditions relating to the repayment of the Credit Agreement in full, (B) (a) $20 million for the period of December 8, 2023 through January 12, 2024, (b) $25 million for the period from January 26, 2024 through February 9, 2024, (c) $25 million for the period of April 1, 2024 through April 30, 2024 and (d) $30 million for the period of May 1, 2024 through May 31, 2024, and (ii) revise certain reporting requirements under the Credit Agreement. The amendment also revised the Specified Liquidity Transaction Fee introduced in the October 2023 Credit Agreement Amendment such that the $3.8 million became due, upon the effective date of the December 2023 amendment and was paid on January 31, 2024.

On March 12, 2024, we amended our existing Credit Agreement to, among other things, (i) revise certain reporting requirements under the Credit Agreement and (ii) set certain milestones for liquidity and refinancing contingency plans, with respect to which we must execute a binding commitment no later than April 3, 2024 (as may be extended by the administrative agent to April 10, 2024).

See *Part I - Risk Factors - We are dependent upon access to the capital markets, bank credit facilities, and short-term vendor financing for liquidity needs* in our Annual Report on Form 10-K for the fiscal year ended April 29, 2023.

Operational restructuring plans

During Fiscal 2023, we implemented a significant cost reduction program designed to streamline our operations, maximize productivity and drive profitability. We reduced our workforce, eliminated duplicate administrative headcounts at all levels, implemented improved system development processes to reduce maintenance costs, reduced capital expenditures, and evaluated operating contractual obligations for cost savings. Over the last year, course of Fiscal 2024, we have achieved annualized savings of approximately $30 million to

$35 million $35 million from these the Fiscal 2023 cost savings initiatives. Additionally, during Fiscal 2024, Management's planned plan to implement further cost savings measures, including reduction of gross capital expenditures, amounting to approximately $25 million, of which approximately $14 million $18 million has been achieved during the 26 39 weeks ended October 28, 2023 January 27, 2024. Management believes that these plans are within its control and will be focused on implementing as outlined. these cost savings measures.

During the 13 weeks ended October 28, 2023 January 27, 2024, Net Income Loss from Continuing Operations increased improved by $0.7 million $12.2 million, or 55%, compared to the prior year period. Net Income (Loss) from Continuing Operations, Excluding interest expense, impairment loss (non-cash) and restructuring and other charges, Net Income from Continuing Operations improved by $10.5 million $15.0 million during the 13 weeks ended October 28, 2023 January 27, 2024 compared to the prior year period. During the 26 39 weeks ended October 28, 2023 January 27, 2024, Net Loss from Continuing Operations decreased improved by $1.1 million $13.3 million, or 28%, compared to the prior year period. Excluding Net Income (Loss) from Continuing Operations, excluding interest expense, impairment loss (non-cash) and restructuring and other charges, Net Loss from Continuing Operations decreased improved by $19.5 million $34.4 million during the 26 39 weeks ended October 28, 2023 January 27, 2024 compared to the prior year period. The improvements in Net Income Loss from Continuing Operations during the 13 and 26 39 weeks are primarily due to operational improvements including successful implementation of our *BNC First Day* programs, and cost savings initiatives.

Management believes that

	13 weeks ended				39 weeks ended			
Dollars in millions	January 27, 2024	January 28, 2023	Var $	Var %	January 27, 2024	January 28, 2023	Var $	Var %
Net loss from continuing operations	$ (9.9)	$ (22.1)	$ 12.2	55%	$ (35.0)	$ (48.3)	$ 13.3	28%
Reconciling items:								
Interest Expense (a)	$ 10.6	$ 6.9	$ 3.7	54%	$ 29.5	$ 15.7	$ 13.8	88%
Impairment loss (non-cash)	5.8	6.0	(0.2)	(3)%	5.8	6.0	(0.2)	(3)%
Restructuring and other charges	3.4	4.1	(0.7)	(17)%	12.3	4.8	7.5	156%
Total Reconciling items	$ 19.8	$ 17.0	$ 2.8	16%	$ 47.6	$ 26.5	$ 21.1	80%
Net Income (Loss) from Continuing Operations Excluding Interest Expense, Impairment Loss and Restructuring and Other Charges	$ 9.9	$ (5.1)	$ 15.0	294%	$ 12.6	$ (21.8)	$ 34.4	158%

(a) Interest expense increased by $13.9 million compared to the expected impact on our liquidity and cash flows prior year period, comprised of $7.2 million resulting from the debt amendments higher borrowings and the operational initiatives outlined above are sufficient to enable the Company to meet its obligations for at least twelve months higher interest rates and $6.3 million resulting from the issuance date increased amortization of these condensed consolidated financial statements and to continue to alleviate the conditions that initially raised substantial doubt about the Company's ability to continue as a going concern.

See deferred financing costs. For additional information, see *Part I - Risk Factors - We are dependent upon access to the capital markets, bank credit facilities, and short-term vendor financing for liquidity needs* *Deferred Financing Costs* in our Annual Report on Form 10-K for the fiscal year ended April 29, 2023 and. *Interest Expense* below.

Sources and Uses of Cash Flow - Continuing Operations

		26 weeks ended			39 weeks ended	
Dollars in thousands	*Dollars in thousands*	October 28, 2023	October 29, 2022	*Dollars in thousands*	January 27, 2024	January 28, 2023
Net cash flows (used in) provided by operating activities from continuing operations		$(47,160)	$10,073			
Net cash flows used in operating activities from continuing operations						
Net cash flows used in investing activities from continuing operations	Net cash flows used in investing activities from continuing operations	(8,118)	(16,568)			

Net cash flows provided by financing activities from continuing operations	Net cash flows provided by financing activities from continuing operations	41,175	23,727
Net change in cash, cash equivalents, and restricted cash from continuing operations	Net change in cash, cash equivalents, and restricted cash from continuing operations	$(14,103)	$17,232
Net change in cash, cash equivalents, and restricted cash from continuing operations			
Net change in cash, cash equivalents, and restricted cash from continuing operations			

As of October 28, 2023January 27, 2024 and October 29, 2022January 28, 2023, we had restricted cash of $20.3 million$6.9 million and $15.6 million$18.3 million, respectively, comprised of $19.4 million$6.0 million and $14.7 million$17.4 million, respectively, in prepaid and other current assets in the condensed consolidated balance sheet related to segregated funds for commission due to Lids for logo merchandise sales as per the Lids service provider merchandising agreement and $0.9 million for both periods in other noncurrent assets in the condensed consolidated balance sheet related to amounts held in trust for future distributions related to employee benefit plans.

Cash Flow from Operating Activities from Continuing Operations

Our business is highly seasonal. For our retail operations, cash flows from operating activities are typically a source of cash in the second and third fiscal quarters, when students generally purchase and rent textbooks and other course materials for the upcoming semesters based on the typical academic semester. Given the growth of our *BNC First Day* programs, the timing of cash collection from our school partners may shift to periods subsequent to when the revenue is recognized. When a school adopts our *BNC First Day* equitable and inclusive access offerings, cash collection from the school generally occurs after the institution's drop/add dates, which is later in the working capital cycle, particularly in our third quarter given the timing of the Spring Term and our quarterly reporting period, as compared to direct-to-student point-of-sale transactions where cash is generally collected during the point-of-sale transaction or within a few days from the credit card processor. As a higher percentage of our sales shift to *BNC First Day* equitable and inclusive access offerings, we are focused on efforts to better align the timing of our cash outflows to course material vendors with cash inflows collected from schools, including modifying payment terms in existing and future school contracts. schools. For our wholesale operations, cash flows from operating activities are typically a source of cash in the second and third fiscal quarters, as payments are received from the summer and winter selling season when our wholesale business sell textbooks and other course materials for retail distribution. For both retail and wholesale, cash flows from operating activities are typically a use of cash in the fourth fiscal quarter, when sales volumes are materially lower than the other quarters. Our quarterly cash flows also may fluctuate depending on the timing of the start of the various school's 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 39 weeks ended October 28, 2023January 27, 2024 were (47.2)(83.2) million compared to cash flows provided by operating activities of $10.1 million$(21.2) million during the 26 39 weeks ended October 29, 2022January 28, 2023. This decrease increase in cash flows used in operating activities from continuing operations of $57.3 million$62.0 million was

primarily due to changes in working capital, including higher accounts receivables of $56.0 million$81.7 million and higher inventory levels of $34.6 million$88.2 million primarily related to our increased adoption of our *BNC First Day* equitable and inclusive access sales for Fall term;sales; higher payments for interest expense of $6.7 million$6.2 million; offset

by higher payables of $28.2 million$78.0 million due to delayed payments to vendors for inventory purchases and expenses, which were delayed resulting from loweras a result of borrowing base availability. capacity limitations under our credit facility.

Cash Flow from Investing Activities from Continuing Operations

Cash flows used in investing activities from continuing operations during the 26 39 weeks ended October 28, 2023January 27, 2024 were (8.1)(11.4) million compared to (16.6)(21.1) million during the 26 39 weeks ended October 29, 2022January 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 $8.2 million $11.5 million and $16.8 million $21.7 million during the 26 39 weeks ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023, respectively.

Cash Flow from Financing Activities from Continuing Operations

Cash flows provided by financing activities from continuing operations during the 26 39 weeks ended October 28, 2023 January 27, 2024 were $41.2 million $59.9 million compared to $23.7 million $56.4 million during the 26 39 weeks ended October 29, 2022 January 28, 2023. This net change of $17.4 million $3.5 million is primarily due to higher net borrowings of $24.4 million $10.0 million, partially offset by higher payments for deferred financing costs of $7.7 million $7.2 million.

Financing Arrangements

			As of				As of
		Maturity Date	October 28, 2023	October 29, 2022			
	Maturity Date				Maturity Date	January 27, 2024	January 28, 2023
Credit Facility	Credit Facility	December 28, 2024	$204,881	$222,000			
Term Loan	Term Loan	April 7, 2025	30,863	30,000			
Term Loan							
Term Loan							
sub-total	sub-total		235,744	252,000			
Less: Deferred financing costs			(1,871)	(1,555)			
Less: Deferred financing costs, Term Loan (a)							
Total debt	Total debt		$233,873	$250,445			
Balance Sheet classification:	Balance Sheet classification:						
Short-term borrowings	Short-term borrowings		$ —	$ —			
Short-term borrowings							
Short-term borrowings							
Long-term borrowings	Long-term borrowings		233,873	250,445			
Total debt	Total debt		$233,873	$250,445			

(a) For additional information on Credit Facility and Term Loan deferred financing costs, see *Deferred Financing Costs* below.

Credit Facility

We have a credit agreement (the "Credit Agreement"), amended from time to time including on December 12, 2023, October 10, 2023, July 28, 2023, May 24, 2023, March 8, 2023, March 31, 2021 and March 1, 2019, under which the lenders originally committed to provide us with a 5 year asset-backed revolving credit facility in an aggregate committed principal amount of $400.0 million (the "Credit Facility") effective from the March 1, 2019 amendment. We had the option to request an increase in commitments under the Credit Facility of up to $100.0 million, subject to certain restrictions. Proceeds from the Credit Facility are used for general corporate purposes, including seasonal working capital needs. The agreement included an incremental first in, last out seasonal loan facility (the "FILO Facility") for a $100.0 million maintaining the maximum availability under the Credit Agreement at $500.0 million. As of July 31, 2022, the FILO Facility was repaid and eliminated according to its terms and future commitments under the FILO Facility were reduced to $0.

March 2023 Credit Agreement Amendment

On March 8, 2023, we amended our existing Credit Agreement to (i) extend the maturity date of the Credit Agreement by six months to August 29, 2024, (ii) reduce the commitments under the Credit Agreement by $20.0 million to $380.0 million, (iii) increase the applicable margin with respect to the interest rate under the Credit Agreement to 3.375% per annum, in the case of interest accruing based on a Secured Overnight Financing Rate, and 2.375%, in the case of interest accruing based on an alternative base rate, in each case, without regard to a pricing grid, (iv) reduce advance rates with respect to the borrowing base (x) by 500 basis points upon the achievement of certain liquidity events, which may include a sale of equity interests or of assets (a "Specified Event"), or, if such a Specified Event shall not have occurred, on no later than May 31, 2023 (see discussion below) and (y) by an additional 500 basis points on September 29, 2023, (v) amend certain negative covenants and add certain additional covenants, (vi) amend the financial maintenance covenant to require Availability (as defined in the Credit Agreement) to be at all times greater than the greater of 10% of the Aggregate Loan Cap (as defined in the Credit Agreement) and $32.5 million and (vii) require repayment of the loans under the Credit Agreement upon a Specified Event. For additional information related to information related to the Credit Agreement amendment, see the Company's Report on Form 8-K dated March 8, 2023 and filed with the SEC on March 9, 2023.

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

We paid a fee of 0.25% of the outstanding principal amount of the commitments under the Credit Agreement on the amendment closing date and we will pay an additional fee of 1.00% of the outstanding principal amount of the commitments under the Credit Agreement on September 29, 2023.

During the 52 weeks ended April 29, 2023, we incurred debt issuance costs totaling $4.1 million related to the March 2023 Credit Agreement amendment. The debt issuance costs have been deferred and are presented as prepaid and other current assets and other noncurrent assets in the condensed consolidated balance sheets, and subsequently amortized ratably over the term of the credit agreement. Credit Agreement.

May 2023 Credit Agreement Amendment

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

July 2023 Credit Agreement Amendment

On July 28, 2023, we amended our existing Credit Agreement to (i) extend the maturity date of the Credit Agreement to December 28, 2024, (ii) reduce advance rates with respect to the borrowing base by 1000 basis points on September 2, 2024 (in lieu of the reductions previously contemplated for September 2023), (iii) subject to the conditions set forth in such amendment, add a CARES Act tax refund claim to the borrowing base, from April 1, 2024 through July 31, 2024, (iv) amend the financial maintenance covenant to require Availability (as defined in the Credit Agreement) at all times greater than the greater of (x) 10% of the Aggregate Loan Cap (as defined in the Credit Agreement) and (y) (A) $32.5 million minus, subject to the conditions set forth in such amendment, (B) (a) $7,500 for the period of April 1, 2024 through and including April 30, 2024, (b) $2,500 for the period of May 1, 2024 through and including May 31, 2024 and (c) $0 at all other times, (v) add a minimum Consolidated EBITDA (as defined in the Credit Agreement) financial maintenance covenant, and (vi) amend certain negative and affirmative covenants and add certain additional covenants, all as more particularly set forth in such amendment. The amendment also requires that we appoint a Chief Restructuring Officer and that, by August 11, 2023, we (i) appoint two independent members to the board of directors of the Company from prospective candidates that have been previously disclosed to the Administrative Agent and the Lenders and (ii) appoint a committee of the board of directors of the Company to consist of three board members (two of whom will be the new independent directors). The committee's responsibilities will include, among other things, to explore, consider, solicit expressions of interest or proposals for, respond to any communications, inquiries or proposals regarding, and advise as to all strategic alternatives to effect a "Specified Liquidity Transaction" (as defined in the Credit Agreement). There can be no guarantee or assurances that any such transaction or transactions be consummated. We must pay (i) a fee of 0.50% of the outstanding principal amount of the commitments under the Credit Agreement March 2023 amendment (as defined in the Credit Agreement) on the closing date (in lieu of the deferred fee previously contemplated in connection with the March 2023 amendment (as defined in the Credit Agreement)) and (ii) a fee of 1.00% of the outstanding principal amount of the commitments under the Credit Agreement as of the closing date on the earlier to occur of September 2, 2024 and an Event of Default (as defined in the Credit Agreement). For additional information related to the Credit Agreement amendment, see the Company's Report on Form 8-K filed with the SEC on July 28, 2023.

During the 26 39 weeks ended October 28, 2023 January 27, 2024, we incurred debt issuance costs totaling $11.5 million related to the July 2023 Credit Agreement amendment. The debt issuance costs have been deferred and are presented as prepaid and other current assets and other noncurrent assets in the condensed consolidated balance sheets, and subsequently amortized ratably over the term of the credit agreement. Credit Agreement.

October 2023 Credit Agreement Amendment

On October 10, 2023, we amended our existing Credit Agreement to amend certain reporting requirements to the administrative agent and lenders under the Credit Agreement. The amendment introduced a Specified Liquidity Transaction Fee of $3.8 million that would become due and payable at the earlier to occur of (1) January 31, 2024, to the extent a Specified Liquidity Transaction (as defined in the Credit Agreement) has not been consummated prior to such date (or such later date that is up to thirty days thereafter to the extent agreed to in writing by the Administrative Agent in its sole discretion) or (b) an Event of Default under the Credit Agreement. During the 26 39 weeks ended October 28, 2023 January 27, 2024, we incurred debt issuance costs totaling $1.4 million related to the October 2023 Credit Agreement amendment. The debt issuance costs have been deferred and are presented as prepaid and other current assets and other noncurrent assets in the condensed consolidated balance sheets, and subsequently amortized ratably over the term of the Credit Agreement.

December 2023 Credit Agreement Amendment

On December 12, 2023, we amended our existing Credit Agreement to, among other things: (i) amend the financial maintenance covenant to require Availability (as defined in the Credit Agreement) at all times to be greater than the greater of (x) 10% of the Aggregate Loan Cap (as defined in the Credit Agreement) and (y) (A) $32.5 million or, subject to the satisfaction of certain conditions relating to the repayment of the Credit Agreement in full, (B) (a) $20 million for the period of December 8, 2023 through January 12, 2024, (b) $25 million for the period from January 26, 2024 through February 9, 2024, (c) $25 million for the period of April 1, 2024 through April 30, 2024 and (d) $30 million for the period of May 1, 2024 through May 31, 2024, and (ii) revise certain reporting requirements under the Credit Agreement. The amendment also revised the Specified Liquidity Transaction Fee introduced in the October 2023 Credit Agreement Amendment such that the $3.8 million became due and was paid on January 31, 2024. During the 39 weeks ended January 27, 2024, we incurred debt issuance costs totaling $4.1 million related to the December 2023 Credit Agreement amendment. The debt issuance costs have been deferred and are presented as prepaid and other current assets and other noncurrent assets in the condensed consolidated balance sheets, and subsequently amortized ratably over the term of the Credit Agreement. For additional information related to the Credit Agreement amendment, see the Company's Report on Form 8-K dated December 12, 2023 and filed with the SEC on December 13, 2023.

March 2024 Credit Agreement Amendment

On March 12, 2024, we amended our existing Credit Agreement to, among other things, (i) revise certain reporting requirements under the Credit Agreement and (ii) set certain milestones for liquidity and refinancing contingency plans, with respect to which we must execute a binding commitment no later than April 3, 2024 (as may be extended by the administrative agent to April 10, 2024).

As of October 28, 2023 January 27, 2024, and through the date of this filing, we were in compliance with all debt covenants under the Credit Agreement.

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

During the 26 39 weeks ended October 28, 2023 January 27, 2024, we borrowed $284.7 million $454.5 million and repaid $234.0 million $384.5 million under the Credit Agreement, and had outstanding borrowings of $204.9 million $224.1 million as of October 28, 2023 January 27, 2024, comprised entirely of borrowings under the Credit Facility. During the 26 39 weeks ended October 29, 2022 January 28, 2023, we borrowed $318.2 million $482.0 million and repaid $321.9 million $452.1 million under the Credit Agreement, and had outstanding borrowings of $222.0 million $255.6 million as of October 29, 2022 January 28, 2023, comprised entirely of borrowings under the Credit Facility. As of October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023, we have issued $0.5 million $3.6 million and $4.8 million, respectively, in letters of credit under the Credit Facility.

Term Loan

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

The Term Loan Credit Agreement provides for term loans in an amount equal to $30.0 million (the "Term Loan Facility" and, the loans thereunder, the "Term Loans") and matures on April 7, 2025. The proceeds of the Term Loans are being used to finance working capital, and to pay fees and expenses related to the Term Loan Facility. During the 26 39 weeks ended October 28, 2023 January 27, 2024, we incurred $0.9 million $1.8 million for interest in kind on the Term Loan and repaid $0 under the Term Loan Credit Agreement, with $30.9 million $31.8 million of outstanding borrowings as of October 28, 2023 January 27, 2024. During the 26 39 weeks ended October 29, 2022 January 28, 2023, we borrowed $30.0 million and repaid $0 under the Term Loan Credit Agreement, with $30.0 million of outstanding borrowings as of October 29, 2022 January 28, 2023.

March 2023 Term Loan Credit Agreement Amendment

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

During the 52 weeks ended April 29, 2023, we incurred debt issuance costs totaling $0.4 million related to the March 2023 Term Loan Credit Agreement amendment. We paid a fee of $0.05 million on the amendment closing date to the lenders under the Term Loan Credit Agreement. The debt issuance costs have been deferred and are presented as prepaid and other current assets and other noncurrent assets a reduction to long-term borrowings in the condensed consolidated balance sheets, and subsequently amortized ratably over the term of the credit agreement. Term Loan Facility.

July 2023 Term Loan Credit Agreement Amendment

On July 28, 2023, we amended our Term Loan to (i) extend the maturity date of the Term Loan Agreement to April 7, 2025, (ii) allow for interest to be paid in kind until September 2, 2024, (iii) amend the 1.50% anniversary fee to recur on June 7 of each year that the Term Loan Agreement remains outstanding, with 2024 fee deferred to the earlier of September 2, 2024 and the Termination Date (as defined in the Term Loan Agreement) and (iv) amend certain negative covenants and affirmative and add certain additional covenants. We must pay a fee of $0.05 million to the lenders under the Term Loan Agreement on the earlier of September 2, 2024 and the Termination Date (as defined in the Term Loan Agreement). For additional information, see the Company's Report on Form 8-K filed with the SEC on July 28, 2023.

During the 26 39 weeks ended October 28, 2023 January 27, 2024, we incurred debt issuance costs totaling $0.4 million related to the July 2023 Term Loan Credit Agreement amendment. The debt issuance costs have been deferred and are presented as a reduction to long-term borrowings in the consolidated balance sheets, and subsequently amortized ratably over the term of the Term Loan Facility.

The Term Loans accrue interest at a rate equal to 11.25%, payable quarterly. All interest on the Term Loan prior to the July 29, 2023 was paid in cash. During the 13 weeks ended October 28, 2023 and 13 weeks ended January 27, 2024, all interest on the Term Loan was incurred in kind as permitted under the July 2023 Term Loan Amendment. The Term Loans do not amortize prior to maturity.

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

The Credit Agreement amendment permitted us to incur the Term Loan Facility and also provides that, upon repayment of the Term Loan Credit Agreement (and, if applicable, any replacement credit facility thereof), we may incur second lien secured debt in an aggregate principal amount not to exceed $75.0 million.

Deferred Financing Costs

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

Dollars in thousands		As of	
Balance Sheet Location	Maturity Date/ Amortization Term	January 27, 2024	January 28, 2023

Credit Facility - Prepaid and Other Current Assets	December 28, 2024	$ 14,570	$ 1,583
Credit Facility - Other noncurrent assets		—	132
Credit Facility - sub-total		14,570	1,715
Term Loan - Contra Debt	April 7, 2025	1,559	1,743
Total deferred financing costs		$ 16,129	$ 3,458

Interest Expense

During the 13 weeks ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023, we recognized interest expense of $10.7 million $10.6 million and $4.9 million $6.9 million, respectively, and during the 26 39 weeks ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023, we recognized interest expense of $18.9 million $29.5 million and $8.8 million $15.7 million, respectively. The following table disaggregates interest expense for the 13 and 39 week periods:

	13 weeks ended		39 weeks ended	
Dollars in thousands	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Interest Incurred				
Credit Facility	$ 5,747	$ 5,215	$ 18,286	$ 11,910
Term Loan	907	853	3,074	2,213
Total Interest Incurred	$ 6,654	$ 6,068	$ 21,360	$ 14,123
Amortization of Deferred Financing Costs				
Credit Facility	$ 3,662	$ 396	$ 7,456	$ 1,187
Term Loan	312	462	924	871
Total Amortization of Deferred Financing Costs	$ 3,974	$ 858	$ 8,380	$ 2,058
Interest Income, net of expense	$ (8)	$ (8)	$ (202)	$ (509)
Total Interest Expense	$ 10,620	$ 6,918	$ 29,538	$ 15,672

Cash interest paid during the 26 39 weeks ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023 was $14.0 million $19.6 million and $7.3 million $13.4 million, respectively.

Income Tax Implications on Liquidity

For the fiscal year ended April 30, 2022, we filed an application to change our tax year from January to April under the automatic consent provisions. As a result of the tax year-end change, there is no longer a long-term tax payable associated with the LIFO reserve in other long-term liabilities.

As of October 28, 2023 January 27, 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 $7.8 million in Fiscal 2022 and a $15.8 million refund in Fiscal 2023. We received an $8.5 million refund (including $0.9 million in interest) on February 16, 2024 and we expect to receive additional refunds of approximately $10.0 million $2.4 million.

Share Repurchases

During the 13 and 26 39 weeks ended October 28, 2023 January 27, 2024, we did not repurchase any of our Common Stock under the stock repurchase program. As of October 28, 2023 January 27, 2024, approximately $26.7 million remains available under the stock repurchase program.

During the 13 and 26 39 weeks ended October 28, 2023 January 27, 2024, we repurchased 66,852 3,135 and 144,750 147,885 of our Common Stock, respectively, outside of the stock repurchase program in connection with employee tax withholding obligations for vested stock awards.

Contractual Obligations

Our projected contractual obligations are consistent with amounts disclosed in *Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources* in our Annual Report on Form 10-K for the fiscal year ended April 29, 2023.

Off-Balance Sheet Arrangements

As of October 28, 2023 January 27, 2024, we have no off-balance sheet arrangements as defined in Item 303 of Regulation S-K.

Critical Accounting Policies

Our policies regarding the use of estimates and other critical accounting policies are consistent with the disclosures in *Part II - Item 7. Management'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 29, 2023.

Disclosure Regarding Forward-Looking Statements

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

- the amount of our indebtedness and ability to comply with covenants applicable to current and /or any future debt financing;
- our ability to satisfy future capital and liquidity requirements;
- our ability to continue as a going concern;
- our ability to access the credit and capital markets at the times and in the amounts needed and on acceptable terms;
- our ability to maintain adequate liquidity levels to support ongoing inventory purchases and related vendor payments in a timely manner;
- our ability to attract and retain employees;
- the pace of equitable access adoption in the marketplace is slower than anticipated and our ability to successfully convert the majority of our institutions to our *BNC First Day*® equitable and inclusive access course material models or successfully compete with third parties that provide similar equitable and inclusive access solutions;
- the United States Department of Education has recently proposed regulatory changes that, if adopted as proposed, could impact equitable and inclusive access models across the higher education industry;
- the strategic objectives, successful integration, anticipated synergies, and/or other expected potential benefits of various strategic and restructuring initiatives, may not be fully realized or may take longer than expected;
- dependency on strategic service provider relationships, such as with VitalSource Technologies, Inc. and the Fanatics Retail Group Fulfillment, LLC, Inc. (“Fanatics”) and Fanatics Lids College, Inc. D/B/A "Lids" (“Lids”) (collectively referred to herein as the “F/L Relationship”), and the potential for adverse operational and financial changes to these strategic service provider relationships, may adversely impact our business;
- non-renewal of managed bookstore, physical and/or online store contracts and higher-than-anticipated store closings;
- decisions by colleges and universities to outsource their physical and/or online bookstore operations or change the operation of their bookstores;
- general competitive conditions, including actions our competitors and content providers may take to grow their businesses;
- the risk of changes in price or in formats of course materials by publishers, which could negatively impact revenues and margin;
- changes to purchase or rental terms, payment terms, return policies, the discount or margin on products or other terms with our suppliers;
- product shortages, including decreases in the used textbook inventory supply associated with the implementation of publishers’ digital offerings and direct to student textbook consignment rental programs;
- work stoppages or increases in labor costs;
- possible increases in shipping rates or interruptions in shipping services;
- a decline in college enrollment or decreased funding available for students;
- decreased consumer demand for our products, low growth or declining sales;
- the general economic environment and consumer spending patterns;
- trends and challenges to our business and in the locations in which we have stores;
- risks associated with operation or performance of MBS Textbook Exchange, LLC’s point-of-sales systems that are sold to college bookstore customers;
- technological changes, including the adoption of artificial intelligence technologies for educational content;
- risks associated with counterfeit and piracy of digital and print materials;
- risks associated with data privacy, information security and the potential loss of control over personal information;
- risks associated with the potential misappropriation of our intellectual property;
- disruptions to our information technology systems, infrastructure, data, supplier systems, and customer ordering and payment systems due to computer malware, viruses, hacking and phishing attacks, resulting in harm to our business and results of operations;

- disruption of or interference with third party web service providers and our own proprietary technology;
- risks associated with the impact that public health crises, epidemics, and pandemics, such as the COVID-19 pandemic, have on the overall demand for BNED products and services, our operations, the operations of our suppliers, service providers, and campus partners, and the effectiveness of our response to these risks;
- lingering impacts that public health crises may have on the ability of our suppliers to manufacture or source products, particularly from outside of the United States;
- changes in applicable domestic and international laws, rules or regulations, including, without limitation, U.S. tax reform, changes in tax rates, laws and regulations, as well as related guidance;
- changes in and enactment of applicable laws, rules or regulations or changes in enforcement practices including, without limitation, with regard to consumer data privacy rights, which may restrict or prohibit our use of consumer personal information for texts, emails, interest based online advertising, or similar marketing and sales activities;
- adverse results from litigation, governmental investigations, tax-related proceedings, or audits;
- changes in accounting standards; and
- the other risks and uncertainties detailed in the section titled *"Risk Factors"* in *Part I - Item 1A* in our Annual Report on Form 10-K for the fiscal year ended April 29, 2023.

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.

Item 3: Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to the items discussed in *Part II - Item 7A. Quantitative and Qualitative Disclosures About Market Risk* in our Annual Report on Form 10-K for the fiscal year ended April 29, 2023.

Item 4: Controls and Procedures

Evaluation of Disclosure Controls and Procedures

An 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 Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) 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 Company'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 Company's disclosure controls and procedures were effective at the reasonable assurance level as of October 28, 2023 January 27, 2024.

Management has not identified any changes in the Company's internal control over financial reporting that occurred during the second third quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

There have been no material changes, except as noted below, during the 26 39 weeks ended October 28, 2023 January 27, 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 29, 2023.

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

On February 27, 2024, we received a letter from NYSE notifying us that, for the last 30 consecutive business days, the bid price of our common stock had closed below $1.00 per share, the minimum closing bid price required by the continued listing requirements of Rule 802.01C of the NYSE Listed Company Manual. Pursuant to Rule 802.01C of the NYSE Listed Company Manual, a company will be considered to be below compliance standards if the average closing price of a security fell below $1.00 over a period of 30 consecutive trading days. A company can regain compliance with the minimum share price requirement at any time during the six-month cure period if, on the last trading day of any calendar month during the cure period, the company has (i) a closing share price of at least $1.00 and (ii) an average closing share price of at least $1.00 over the 30 trading-day period ending on the last trading day of that month. In the event that at the expiration of the six-month cure period, both a $1.00 closing share price on the last trading day of the cure period and a $1.00 average closing share price over the 30 trading-day period ending on the last trading day of the cure period are not attained, the NYSE will commence suspension and delisting procedures. We intend to take remedial actions to cure such deficiency, including, but not limited to, undertaking a reverse stock split, should such action be necessary, subject to approval of our stockholders. However, we cannot assure you that these remedial actions will be successful and that we will be able to cure this deficiency or comply with other NYSE continued listing standards. A delisting of shares of our Common Stock from the NYSE could negatively impact us as it would likely reduce the liquidity and market price of shares of our Common Stock, reduce the number of investors willing to hold or acquire shares of our Common Stock, and negatively impact our ability to access equity markets and obtain financing.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

The following table provides information as of October 28, 2023 January 27, 2024 with respect to shares of Common Stock we purchased during the second third quarter of Fiscal 2024:

Period	Total Number of Shares Purchased	Average Price Paid per Share (a)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
August 30, October 29, 2023 - August 26, 2023 November 25, 2023	—	$ —	—	$ 26,669,324
August 27, November 26, 2023 - September 30, 2023 December 30, 2023	—	$ —	—	$ 26,669,324
October 1, December 31, 2023 - October 28, 2023 January 27, 2024	—	$ —	—	$ 26,669,324
	—	$ —	—	

(a) This amount represents the average price paid per common share. This price includes a per share commission paid for all repurchases.

During the 13 and 26 weeks 39 ended October 28, 2023 January 27, 2024, we did not repurchase any shares of our Common Stock under the stock repurchase program.

During the 13 and 26 weeks 39 ended October 28, 2023 January 27, 2024, we repurchased 66,852 3,135 and 144,750 147,885 shares of our Common Stock, respectively, outside of the stock repurchase program in connection with employee tax withholding obligations for vested stock awards.

Item 5. Other Information

Securities Trading Plans of Directors and Executive Officers

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

Item 6. Exhibits

3.1	Amended and Restated By-Laws of Barnes & Noble Education, Inc., effective as of October 5, 2023, referenced in the Report on Form 8-K filed with the SEC on October 12, 2023, and incorporated herein by reference.
10.1	Ninth Tenth Amendment, dated as of October 10, 2023 December 12, 2023, among the Company, as the lead borrower, the other borrowers party thereto, the lenders party thereto and Bank of America, N.A., as administrative agent and collateral agent for the lenders, to the Credit Agreement, dated as of August 3, 2015.
10.2	Retention Agreement Amendment, dated September 8, 2023 between Michael C. Miller and Barnes & Noble Education, Inc., referenced in filed as Exhibit 10.1 to the Report Company's Current Form on Form 8-K filed with the SEC on September 14, 2023 December 13, 2023, and incorporated herein by reference.
10.3	Retention Agreement Amendment, dated September 8, 2023 between Jonathan Shar and Barnes & Noble Education, Inc., referenced in the Report on Form 8-K filed with the SEC on September 14, 2023, and incorporated herein by reference.
10.4	Performance Incentive Agreement, dated September 14, 2023 between Michael P. Huseby and Barnes & Noble Education, Inc., referenced in the Report on Form 8-K filed with the SEC on September 14, 2023, and incorporated herein by reference.
31.1 *	Certification by the Chief Executive Officer and Principal 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.
31.2 *	Certification by the Chief Financial Officer and Principal 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 and Principal 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.
32.2 **	Certification of Chief Financial Officer and Principal 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.INS	XBRL 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.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant 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.

BARNES & NOBLE EDUCATION, INC.

(Registrant)

By: /s/ KEVIN WATSON

Kevin Watson

Chief Financial Officer

(principal financial officer)

By: /s/ SEEMA C. PAUL

Seema C. Paul

Chief Accounting Officer

(principal accounting officer)

Exhibit 10.1

Execution Version

NINTH AMENDMENT TO CREDIT AGREEMENT

This **NINTHAMENDMENT TO CREDIT AGREEMENT**, dated as of October 10, 2023 (this "Amendment"), is by and among Bank of America, N.A., in its capacity as administrative agent and collateral agent for the Lenders, pursuant to the Existing Credit Agreement defined below (in such capacity, the "Administrative Agent"), the Lenders party hereto (which Lenders comprise Super-Majority Required Lenders under the Existing Credit Agreement as of the date hereof), Barnes & Noble Education, Inc., a Delaware corporation (the "Lead Borrower"), the other borrowers party hereto (collectively with the Lead Borrower, the "Borrowers") and the other parties party hereto as "Guarantors" (collectively with the Borrowers, the "Loan Parties"). References herein to a Lender shall be deemed to include each such Lender in its capacity as an LC Issuer and/or the Swing Line Lender.

WITNESETH :

WHEREAS, the Administrative Agent, certain financial institutions from time to time party thereto as lenders (collectively, the "Lenders") and/or as agents, the Borrowers and the Guarantors are parties to that certain Credit Agreement, dated August 3, 2015 (as amended by that certain First Amendment to Credit Agreement, dated as of February 27, 2017, that certain Second Amendment, Waiver and Consent to Credit Agreement, dated as of March 1, 2019, that certain Third Amendment and Waiver to Credit Agreement and First Amendment to Security Agreement, dated as of March 31, 2021, that certain Fourth Amendment to Credit Agreement, dated as of March 7, 2022, that certain Fifth Amendment to Credit Agreement, dated as of June 7, 2022, that certain Sixth Amendment to Credit Agreement, dated as of March 8, 2023, that certain Seventh Amendment to Credit Agreement, dated as of May 24, 2023, that certain Eighth Amendment to Credit Agreement, dated as of July 28, 2023, and as further amended, restated, amended and restated, supplemented or modified prior to the effectiveness of this Amendment, the "Existing Credit Agreement"; capitalized terms used but not defined herein shall have the meanings set forth in the Existing Credit Agreement, as modified by this Amendment (the "Amended Credit Agreement").

WHEREAS, the Borrowers have requested that the Administrative Agent and the Super-Majority Required Lenders agree to make certain amendments to the Existing Credit Agreement, as more specifically set forth herein.

WHEREAS, the Administrative Agent and the Super-Majority Required Lenders are willing to make certain amendments to the Existing Credit Agreement, all subject to the terms and conditions set forth herein, as more specifically set forth herein.

NOW THEREFORE, in consideration of the foregoing and the mutual agreements and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Approved Budget.On and after the Ninth Amendment Effective Date, each reference in the Amended Credit Agreement to the "Approved Budget" shall initially mean and be a reference to the cash flow forecast attached hereto as Annex I and thereafter shall mean, as of any date of determination, the most recently delivered Approved Budget Update.

2. Amendments to Existing Credit Agreement. Subject to the terms and conditions hereof, including satisfaction of the conditions set forth in Section 4 of this Amendment, the Existing Credit Agreement is hereby amended as follows:

(a) Section 1.01 (Defined Terms) of the Existing Credit Agreement is hereby amended to add the following defined terms in the appropriate alphabetical order:

"“Cumulative Eight-Week Period” means, as of any date of determination, the eight-week period up to and through the Saturday of the most recent week then ended."

"“Cumulative Five-Week Period” means, as of any date of determination, the five-week period up to and through the Saturday of the most recent week then ended."

"“Ninth Amendment” means that certain Ninth Amendment to Credit Agreement, dated as of October 10, 2023, among the Loan Parties, the Administrative Agent and the Lenders party thereto."

"“University Contract Summary” has the meaning given to such term in the Ninth Amendment."

(b) Section 1.01 (Defined Terms) of the Existing Credit Agreement is hereby amended to amend and restate the following defined terms in their entirety:

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person (including, with respect to the Administrative Agent, the Administrative Agent Consultant) and of such Person's Affiliates.

(c) Clause (d) of Section 6.10 (Inspection Rights; Consultants) of the Existing Credit Agreement is hereby amended to delete the reference to "PKF Clear Thinking, LLC and/or its Affiliates" and replace with "B.Riley Securities and/or its Affiliates".

(d) Clause (b) of Section 7.16 (Variance Covenant) of the Existing Credit Agreement is hereby amended and restated to read in its entirety as follows: "[Reserved]; and".

(e) Clause (c) of Section 7.16 (Variance Covenant) of the Existing Credit Agreement is hereby amended and restated in its entirety as follows:

"(c) (1) Commencing as of the first full Cumulative Five-Week Period ending on October 7, 2023 (it being understood that for any historical period not reflected in the Approved Budget delivered on the Ninth Amendment Effective Date, the variance results with respect to Budgeted Disbursement Amounts, Budgeted Inventory Receipts and Budgeted Net Cash Flow shall be determined by reference to the immediately preceding Approved Budget)and with respect to each Cumulative Five-Week Period occurring thereafter, permit (i) Actual Disbursement Amounts for any Cumulative Five-Week Period to exceed the Budgeted Disbursement Amounts for such Cumulative Five-Week Period, as reflected in the applicable Approved Budget, by an amount greater than ten percent (10.0%) (it being understood and agreed that for purposes of determining compliance with the foregoing, payments of amendment fees, consent fees or other similar fees payable pursuant to the Loan Documents shall be disregarded), (ii) [reserved], (iii) Actual Inventory Receipts for any Cumulative Five-Week Period to be less than an amount equal to ninety percent (90.0%) of the Budgeted Inventory Receipts for such Cumulative Five-Week Period, as reflected in the applicable Approved Budget, and (iv) Actual Net Cash Flow for any Cumulative Five-Week Period (1) if projected to be a positive amount, to be less than an amount equal to ninety percent (90.0%) of the Budgeted Net Cash Flow for such Cumulative Five-Week Period and (2) if projected to be a negative amount, to be greater than ten percent (10.0%) of the Budgeted Net Cash Flow for such Cumulative Five-Week Period, each, as reflected in the applicable Approved Budget, in each case of the foregoing clauses (i) and (iii) solely with respect to BNCB; and

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(2) commencing as of the first full Cumulative Eight-Week Period ending on October 7, 2023 (it being understood that for any historical period not reflected in the Approved Budget delivered on the Ninth Amendment Effective Date, the variance results with respect to Budgeted Cash Receipts shall be determined by reference to the immediately preceding Approved Budget) and with respect to each Cumulative Eight-Week Period occurring thereafter, permit Actual Cash Receipts for any Cumulative Eight-Week Period to be less than an amount equal to ninety percent (90.0%) of the Budgeted Cash Receipts for such Cumulative Eight-Week Period, in each case as reflected in the applicable Approved Budget solely with respect to BNCB."

(f) Section 6.19(d) (Teleconferences) of the Existing Credit Agreement is hereby amended and restated in its entirety as follows:

"(d) At the Administrative Agent's request, not less than weekly, the Loan Parties shall be available to conduct a telephonic meeting with the CRO and the Loan Parties' other advisors in which the respective representatives of the Lead Borrower, each other Loan Party, the Administrative Agent and their respective advisors and counsel shall be entitled to participate, whereupon the Lead Borrower shall present, among other things, an update on the Loan Parties' cash flow, changes in management and/or organizational structure, business operations, and financial performance and updates regarding (i) the Contingency Transition Plan and their efforts to obtain a Specified Liquidity Transaction, including parties contacted, diligence information provided, proposals received and the status of negotiation and documentation of such transaction, and the Lead Borrower shall promptly provide copies of any such proposals, commitments or other documents to the Administrative Agent and (ii) the University Contract Summary; provided however, the Loan Parties agree that, on a bi-weekly basis, the Lenders and their respective advisors and counsel shall be entitled to participate in any such telephonic meeting."

(g) Section 6.21 (Independent Board Members and Alternative Transactions Committee) is hereby amended to add the following new clause (d):

"(d) Any Contingency Transition Plan developed, analyzed or implemented by the Alternative Transactions Committee shall be in consultation with the Administrative Agent Consultant. At the Administrative Agent's request, not less than monthly, the Loan Parties shall cause the Alternative Transactions Committee to be available to discuss the Contingency Plan with the Administrative Agent Consultant, whereupon the Alternative Transactions Committee shall present, among other things, updates on the Contingency Transition Plan and their efforts to obtain a Specified Liquidity Transaction."

3. Post-Closing Covenants. The Loan Parties shall deliver (or shall cause to be delivered) the following documents or shall complete (or shall cause to be completed) the following tasks, as applicable, in each case no later than the dates specified below:

(a) On or before November 30, 2023 (or such later date as determined by the Administrative Agent in writing in its reasonable discretion), the Loan Parties shall (or shall cause Investment Bank to) provide the Administrative Agent with copies of all contracts (or such lesser contracts mutually agreed to in writing by the Administrative Agent and the Lead Borrower) with any university or college (each, a "University") for the operation or provision of bookstore services then in effect to which any Loan Party is a party, including all amendments and supplements thereto (each, a "University Contract" and collectively, the "University Contracts").

(b) On or before December 31, 2023 (or, subject to the proviso appearing at the end of this clause (b), such later date as determined by the Administrative Agent in writing in

its reasonable discretion), the Loan Parties shall (or shall cause Investment Bank to) provide the Administrative Agent with a completed written summary (in scope, form and substance reasonably acceptable to the Administrative Agent) of the University Contracts, on a contract-by-contract basis, and, unless otherwise agreed to by the Administrative Agent in its reasonable discretion, such summary shall include each of the following terms in respect of each University Contract (such summary, the "University Contract Summary"):

1. Effective and expiration date, including a summary of the renewal terms (if any).
2. A summary of each party's termination rights (with and without cause and related notice provisions in respect thereof) and, in the event of any termination, the rights and obligations of each party, including:
    a. Repurchase obligations of University (including purchase price and/or transfer pricing for applicable inventory (including all used, new and rental inventory)).
    b. Return to vendor requirements, if any, and other affirmative obligations of the Loan Parties to mitigate damages to any such University.
    c. Restrictions on access rights to bookstore premises and/or use of electronic media.
3. A summary of any restrictions on sales (including in respect of types of sales).

4. A summary of ongoing payment obligations of any University owing to any Loan Party under each University Contract.

5. A summary of bankruptcy provisions contained in any University Contract.

6. Any other material term requested by the Administrative Agent in its reasonable discretion.

; *provided* that, if on or prior to December 31, 2023 (or such later date as determined by the Administrative Agent in writing in its reasonable discretion) the Administrative Agent shall have received a partially completed University Contract Summary covering at least fifty percent (50%) of the total University Contracts, the deadline for a fully completed University Contract Summary shall automatically be extended to January 31, 2024.

Notwithstanding anything to the contrary contained in the Amended Credit Agreement, the Loan Parties acknowledge and agree that the failure to comply with this Section 3 within the times provided herein shall constitute an immediate Event of Default under Section 8.01(b) of the Amended Credit Agreement.

4. Conditions Precedent. This Amendment shall be effective on the date that each of the following conditions precedent are satisfied or waived by the Administrative Agent and the Super-Majority Required Lenders (the date of such satisfaction or waiver, the "Ninth Amendment Effective Date"):

(a) the Administrative Agent shall have received each of the following documents or instruments each of which shall be originals, facsimiles or other electronic transmission (in the case of facsimiles or other electronic transmission followed promptly by originals) unless otherwise specified, in form and substance reasonably acceptable to the Administrative Agent:

(i) this Amendment, duly executed and delivered by the Loan Parties, the Administrative Agent and each Super-Majority Required Lender; and

(ii) that certain Ninth Amendment Fee Letter ("Ninth Amendment Fee Letter"), dated as of the date hereof, duly executed by the Lead Borrower and the Administrative Agent;

(b) the Administrative Agent shall have received the new Approved Budget referenced in Section 1 above, which shall be in form and substance acceptable to the Administrative Agent in its sole discretion;

(c) the Administrative Agent shall have received the forecasts required to be delivered under Section 6.01(d) of the Amended Credit Agreement for the Fiscal Years ending April 27, 2024 and April 26, 2025;

(d) the Lead Borrower shall have paid all invoiced and accrued fees and reasonable and documented expenses of the Administrative Agent in respect of this Amendment (including but not limited to (i) the reasonable and documented fees and expenses of counsel to the Administrative Agent in respect of this Amendment and (ii) the fees described in the Ninth Amendment Fee Letter;

(e) no order, injunction or judgment has been entered into prohibiting the closing of the Amendment or any of the transactions contemplated to occur pursuant hereto;

(f) no Default or Event of Default shall have occurred or be continuing; and

(g) all representations and warranties contained in this Amendment (including those made in Section 5 hereof) are true and correct on and as of the Ninth Amendment Effective Date.

For purposes of determining compliance with the conditions specified in this Section 4, each Lender that has signed this Amendment shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required hereunder to be consented to or approved by or acceptable or satisfactory to such Lender unless the Administrative Agent shall have received written notice from such Lender prior to the proposed Ninth Amendment Effective Date specifying its objection thereto.

5. **Representations and Warranties**. In order to induce the Administrative Agent and the Lenders to enter into this Amendment, each Borrower and each other Loan Party hereby represents to the Administrative Agent and the Lenders as of the date hereof as follows:

(a) Such Loan Party is duly authorized to execute and deliver this Amendment and is duly authorized to perform its obligations under the Amended Credit Agreement and the other Loan Documents to which it is a party.

(b) The execution and delivery of this Amendment by such Loan Party does not and will not (i) contravene the terms of the Organization Documents of such Loan Party; (ii) conflict with or result in any breach or contravention of, or the creation of any Lien under (x) any Contractual Obligation to which such Loan Party is a party (other than Liens created under the Loan Documents in favor of the Administrative Agent for the ratable benefit of the Secured Parties (as defined in the Security Agreement) or (y) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Loan Party or its property is subject; or (iii) violate any applicable Law.

(c) This Amendment is a legal, valid, and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar Laws relating to or affecting the rights and remedies of creditors or by general equitable principles.

(d) As of the Ninth Amendment Effective Date and after giving effect to this Amendment, the representations and warranties of the Lead Borrower and each other Loan Party contained in Article V of the Amended Credit Agreement or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, (i) which are qualified by materiality shall be true and correct, and (ii) which are not qualified by materiality shall be true and correct in all material respects, in each case, on and as of the Ninth Amendment Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct, or true and correct in all material respects, as the case may be, as of such earlier date, and except that the representations and warranties contained in subsections (a) and (b) of Section 5.05 of the Amended Credit Agreement shall be deemed to refer to the most recent consolidated statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01 of the Amended Credit Agreement.

(e) As of the Ninth Amendment Effective Date and after giving effect to this Amendment, each Loan Party has complied with and is in compliance with all of the covenants set forth in the Amended Credit Agreement, including those set forth in Article VI and Article VII of the Amended Credit Agreement.

(f) As of the Ninth Amendment Effective Date, both immediately before and after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing or would result herefrom.

6. **GOVERNING LAW**. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK (EXCEPT FOR THE CONFLICT OF LAWS RULES THEREOF, BUT INCLUDING GENERAL OBLIGATIONS LAW SECTIONS 5-1401 AND 5-1402).

7. **Binding Effect**. This Amendment shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors and assigns.

8. **Ratification and Reaffirmation**.

(a) Each Loan Party hereby consents to the amendments and modifications to the Existing Credit Agreement effected hereby, and confirms and agrees that, notwithstanding the effectiveness of this Amendment, each Loan Document to which such Loan Party is a party is, and the obligations of such Loan Party contained in the Existing Credit Agreement, as amended and modified hereby, or in any other Loan Documents to which it is a party are, and shall continue to be, in full force and effect and are hereby ratified and confirmed in all respects, in each case as amended and modified by this Amendment. Without limiting the generality of the foregoing, the execution of this Amendment shall not constitute a novation.

(b) Each Loan Party hereby agrees and confirms that the Secured Obligations continue to be secured and guaranteed under and in accordance with the existing Loan Documents to which such Loan Party is a party, together with all other instruments and documents executed and delivered by such Loan Party as security for the Secured Obligations, and each such Loan Party hereby grants and re-grants to the Administrative

Agent, for the ratable benefit of the Credit Parties, a security interest in all of such Loan Party's right, title and interest in and to the Collateral (as defined in the Security Agreement), whether now owned or hereafter

acquired by such Loan Party, wherever located, and whether now or hereafter existing or arising, as security for the payment or performance, as the case may be, in full of the Secured Obligations.

(c) Each Guarantor agrees that the Facility Guaranty (as defined in the Existing Credit Agreement) remains in full force and effect, and each Guarantor reaffirms the continued validity of, and ratifies, such Facility Guaranty, and agrees and confirms that its guarantee of the "Guaranteed Obligations" (as defined in the Existing Credit Agreement, and as amended by this Amendment) remains in full force and effect.

(d) To the extent such Loan Party is named as a debtor in any UCC financing statement in favor of the Administrative Agent (collectively, the "Existing UCC Financing Statements"), such Loan Party hereby ratifies its prior authorization for the Administrative Agent to have filed such Existing UCC Financing Statement naming such Loan Party as debtor.

9. Acknowledgement.

(a) The Loan Parties hereby reaffirm, acknowledge and agree that the Administrative Agent is entitled to engage and retain (directly or indirectly) one or more consultants or advisors from time to time in connection with the performance of its duties and obligations under the Loan Documents (including, at any time on or following the Ninth Amendment Effective Date), and the Loan Parties shall and shall cause its Subsidiaries to cooperate with such advisors and consultants in performing the scope of their respectful engagements.

(b) Without limiting the Administrative Agent's rights to implement other Reserves in accordance with the Credit Agreement, the Loan Parties specifically acknowledge and agree that the Administrative Agent may from time to time, in its Permitted Discretion, implement Availability Reserves to reflect claims and liabilities (including costs and expenses) that may need to be satisfied in connection with the realization upon the Collateral (including all such claims and liabilities (including costs and expenses) that may be incurred in connection with any insolvency or restructuring proceeding).

(c) Each of the Administrative Agent and Lenders hereby acknowledges receipt of the 2L Amendment, and hereby consents and agrees to the amendments and modifications of the Subordinated Term Loan Agreement made pursuant thereto.

10. Reference to and Effect on the Credit Agreement and the Loan Documents.

(a) On and after the Ninth Amendment Effective Date, each reference in the Existing Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in the Notes and each of the other Loan Documents to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Amended Credit Agreement.

(b) The Existing Credit Agreement and each of the other Loan Documents, as specifically amended and modified by this Amendment, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver or novation of any right, power or remedy of any Lender, any L/C Issuer, any Swing Line Lender, the Collateral Agent or the Administrative Agent under any of the Loan Documents, nor constitute a waiver or novation of any provision of any of the Loan Documents.

(d) The Administrative Agent, the Lenders and the Loan Parties agree that this Amendment shall be a Loan Document.

11. Waiver, Modification, Etc. No provision or term of this Amendment may be modified, altered, waived, discharged or terminated orally, but only by an instrument in writing executed by the party against whom such modification, alteration, waiver, discharge or termination is sought to be enforced.

12. Headings. The headings listed herein are for convenience only and do not constitute matters to be construed in interpreting this Amendment.

13. Counterparts. This Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract, and shall become effective as to each party hereto. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or other electronic imaging means (*e.g.*, via electronic mail in .pdf form) shall be effective as delivery of a manually executed counterpart of this Amendment. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to this Amendment and/or any document to be signed in connection with this Amendment and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be.

14. Further Assurances. Each of the parties to this Amendment agrees that at any time and from time to time upon the written request of any other party, it will execute and deliver such further documents and do such further acts and things as such other party may reasonably request in order to effect the purposes of this Amendment.

15. Release. In consideration of the agreements of the Administrative Agent and the Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Loan Party, on behalf of itself and its successors, assigns, and other legal representatives (each Loan Party and all such other Persons being hereinafter referred to collectively as the “Releasors” and individually as a “Releasor”), hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges the Administrative Agent and the Lenders, and their successors and assigns, and their present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, consultants, advisors, employees, agents and other representatives (the Administrative Agent and each other Lender and all such other Persons being hereinafter referred to collectively as the “Releasees” and individually as a “Releasee”), of and from all demands, actions, causes of action, suits, controversies, reckonings, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever (individually, a “Claim” and collectively, “Claims”) of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which any Releasor may now own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever which arises at any time on or prior to the day and date of this Amendment, in any way related to or in connection with the Existing Credit Agreement, Amended Credit Agreement or any of the other Loan Documents or transactions thereunder or related thereto. Each Loan Party understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release. Each Loan Party agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of the release set forth above.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their authorized officers as of the day and year first above written.

BANK OF AMERICA, N.A., as Administrative Agent

By: /s/ L. Daniel Menendez
Name: L. Daniel Menendez
Title: Vice President

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BANK OF AMERICA, N.A., as a Revolving Lender and as the Swing Line Lender

By: /s/ L. Daniel Menendez
Name: L. Daniel Menendez
Title: Vice President

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JPMORGAN CHASE BANK, N.A., as a Revolving Lender

By: /s/ Hai Nguyen
Name: Hai Nguyen
Title: Authorized Officer

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WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Revolving Lender

By: /s/ Katelyn Murray

Name: Katelyn Murray
Title: Authorized Signatory

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TRUIST BANK, as successor by merger to SUNTRUST BANK, as a Revolving Lender

By: /s/ Mark Bohntinsky
Name: Mark Bohntinsky
Title: Managing Director

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CITIZENS BANK, N.A.,as a Revolving Lender

By: /s/ Monirah J. Masud
Name: Monirah J. Masud
Title: Senior Vice President

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REGIONS BANK, as a Revolving Lender

By: /s/ Bruce Kasper
Name: Bruce Kasper
Title: Managing Director

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CAPITAL ONE, NATIONAL ASSOCIATION,
as successor to CAPITAL ONE BUSINESS CREDIT CORP.,
as a Revolving Lender
By: /s/Robert Johnson
Name: Robert Johnson
Title: Duly Authorized Signatory

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PNC BANK, NATIONAL ASSOCIATION,
as a Revolving Lender

By: /s/ Paul L. Starman
Name: Paul L. Starman
Title: Vice President

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HSBC BANK USA, NATIONAL ASSOCIATION,
as a Revolving Lender

By: /s/ Stephen Santini
Name: Stephen Santini
Title: Vice President

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LEAD BORROWER:

BARNES & NOBLE EDUCATION, INC., a Delaware corporation

By: /s/ Michael P. Huseby
Name: Michael P. Huseby
Title: Chief Executive Officer

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BORROWERS:

B&N EDUCATION, LLC, a Delaware limited liability company
BARNES & NOBLE COLLEGE BOOKSELLERS, LLC, a Delaware limited liability company
BNED DIGITAL HOLDINGS, LLC, a Delaware limited liability company
BNED LOUDCLOUD, LLC, a Delaware limited liability company
BNED MBS HOLDINGS, LLC, a Delaware limited liability company (f/k/a Morocco Holdings, LLC)
MBS AUTOMATION LLC, a Delaware limited liability company
MBS DIRECT, LLC, a Delaware limited liability company
MBS INTERNET, LLC, a Delaware limited liability company
MBS SERVICE COMPANY LLC, a Delaware limited liability company
MBS TEXTBOOK EXCHANGE, LLC, a Delaware limited liability company
TEXTBOOKCENTER LLC, a Delaware limited liability company
TXTB.COM, LLC, a Delaware limited liability company

By: /s/ Michael P. Huseby
Name: Michael P. Huseby
Title: Chief Executive Officer

Barnes & Noble Education, Inc.
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ANNEX I

Approved Budget

[*On file with the Administrative Agent*]

Exhibit 31.1

CERTIFICATION BY THE
CHIEF EXECUTIVE OFFICER PURSUANT TO
17 CFR 240.13a-14(a)/15(d)-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael P. Huseby, certify that:

1. I have reviewed this report on Form 10-Q for the quarterly period ended October 28, 2023 January 27, 2024 of Barnes & Noble Education, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 7, 2023 March 12, 2024

By: /s/ Michael P. Huseby
Michael P. Huseby
Chief Executive Officer
Barnes & Noble Education, Inc.

Exhibit 31.2

CERTIFICATION BY THE
CHIEF FINANCIAL OFFICER PURSUANT TO
17 CFR 240.13a-14(a)/15(d)-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kevin Watson, certify that:

1. I have reviewed this report on Form 10-Q for the quarterly period ended October 28, 2023 January 27, 2024 of Barnes & Noble Education, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 7, 2023 March 12, 2024

By: /s/ Kevin Watson

Kevin Watson

Chief Financial Officer

Barnes & Noble Education, Inc.

Exhibit 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934
AND 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Barnes & Noble Education, Inc. (the "Company") on Form 10-Q for the period ended October 28, 2023 January 27, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael P. Huseby, Chief Executive Officer of the Company, certify, to the best of my knowledge, pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Michael P. Huseby

Michael P. Huseby
Chief Executive Officer
Barnes & Noble Education, Inc.

December 7, 2023 March 12, 2024

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Barnes & Noble Education, Inc. (the “Company”) on Form 10-Q for the period ended October 28, 2023 January 27, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Kevin Watson, Chief Financial Officer of the Company, certify, to the best of my knowledge, pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Kevin Watson

Kevin Watson
Chief Financial Officer
Barnes & Noble Education, Inc.

December 7, 2023 March 12, 2024

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.