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

FORM 10-Q

(Mark One)

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

For the quarterly period ended 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 ☒ No ☐

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	☒
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 ☒

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

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Fiscal Quarter Ended 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		39 weeks ended	
	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Sales:				
Product sales and other	$ 415,375	$ 393,745	$ 1,237,723	$ 1,204,806
Rental income	41,298	44,309	93,490	96,555
Total sales	456,673	438,054	1,331,213	1,301,361
Cost of sales (exclusive of depreciation and amortization expense):				
Product and other cost of sales	332,728	317,833	991,695	957,788
Rental cost of sales	23,909	23,210	52,606	52,416
Total cost of sales	356,637	341,043	1,044,301	1,010,204
Gross profit	100,036	97,011	286,912	291,157
Selling and administrative expenses	79,756	91,841	243,193	281,136
Depreciation and amortization expense	10,148	10,112	30,576	31,264
Impairment loss (non-cash)	5,798	6,008	5,798	6,008
Restructuring and other charges	3,413	4,127	12,320	4,762
Operating income (loss)	921	(15,077)	(4,975)	(32,013)
Interest expense, net	10,620	6,918	29,538	15,672
Loss from continuing operations before income taxes	(9,699)	(21,995)	(34,513)	(47,685)
Income tax expense	229	139	532	603
Loss from continuing operations	$ (9,928)	$ (22,134)	$ (35,045)	$ (48,288)
Income (loss) from discontinued operations, net of tax of $0, $128, $20, and $297, respectively	$ 289	$ (2,915)	$ (802)	$ (7,324)
Net loss	$ (9,639)	$ (25,049)	$ (35,847)	$ (55,612)
Loss per share of common stock:				
Basic and Diluted:				
Continuing operations	$ (0.19)	$ (0.42)	$ (0.66)	$ (0.92)
Discontinued operations	$ 0.01	$ (0.06)	$ (0.02)	$ (0.14)
Total Basic and Diluted Earnings per share	$ (0.18)	$ (0.48)	$ (0.68)	$ (1.06)
Weighted average common shares outstanding - Basic and Diluted	53,153	52,602	52,862	52,404

See accompanying notes to condensed consolidated financial statements.

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

	January 27, 2024	January 28, 2023	April 29, 2023
	(unaudited)	(unaudited)	(audited)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 8,123	$ 9,423	$ 14,219
Receivables, net	315,126	276,924	92,512
Merchandise inventories, net	341,544	408,924	322,979
Textbook rental inventories	44,521	35,468	30,349
Prepaid expenses and other current assets	54,337	53,316	49,512
Assets held for sale, current	—	29,619	27,430
Total current assets	763,651	813,674	537,001
Property and equipment, net	57,273	72,075	68,153
Operating lease right-of-use assets	220,238	259,470	246,972
Intangible assets, net	97,947	114,269	110,632
Deferred tax assets, net	—	—	132
Other noncurrent assets	12,488	19,875	17,889
Total assets	$ 1,151,597	$ 1,279,363	$ 980,779
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$ 343,100	$ 355,200	$ 267,923
Accrued liabilities	156,874	132,943	85,759
Current operating lease liabilities	125,545	116,051	99,980
Short-term borrowings	224,067	—	—
Liabilities held for sale	—	5,384	8,423
Total current liabilities	849,586	609,578	462,085
Long-term deferred taxes, net	2,010	1,601	1,970
Long-term operating lease liabilities	155,226	188,466	184,754
Other long-term liabilities	17,451	19,375	19,068
Long-term borrowings	30,191	283,857	182,151
Total liabilities	1,054,464	1,102,877	850,028
Commitments and contingencies	—	—	—
Stockholders' equity:			
Preferred stock, $0.01 par value; authorized, 5,000 shares; 0 shares issued and 0 shares outstanding	—	—	—
Common stock, $0.01 par value; authorized, 200,000 shares; issued, 55,840, 55,140 and 55,140 shares, respectively; outstanding, 53,156, 52,604 and 52,604 shares, respectively	558	551	551
Additional paid-in capital	748,330	745,417	745,932
Accumulated deficit	(629,203)	(547,106)	(593,356)
Treasury stock, at cost	(22,552)	(22,376)	(22,376)
Total stockholders' equity	97,133	176,486	130,751
Total liabilities and stockholders' equity	$ 1,151,597	$ 1,279,363	$ 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)

	39 weeks ended	
	January 27, 2024	January 28, 2023
Cash flows from operating activities:		
Net loss	$ (35,847)	$ (55,612)
Less: Loss from discontinued operations, net of tax	(802)	(7,324)
Loss from continuing operations	(35,045)	(48,288)
Adjustments to reconcile net loss from continuing operations to net cash flows from operating activities from continuing operations:		
Depreciation and amortization expense	30,576	31,264
Content amortization expense	—	26
Amortization of deferred financing costs	8,380	2,058
Impairment loss (non-cash)	5,798	6,008
Deferred taxes	171	171
Stock-based compensation expense	2,568	4,275
Non-cash interest expense (paid-in-kind)	1,750	—
Changes in operating lease right-of-use assets and liabilities	19,553	13,196
Changes in other long-term assets and liabilities, net	(2,961)	396
Changes in other operating assets and liabilities, net		
Receivables, net	(222,614)	(140,922)
Merchandise inventories	(18,565)	(115,070)
Textbook rental inventories	(14,172)	(5,856)
Prepaid expenses and other current assets	2,436	14,637
Accounts payable and accrued liabilities	138,904	216,857
Changes in other operating assets and liabilities, net	(114,011)	(30,354)
Net cash flows used in operating activities from continuing operations	(83,221)	(21,248)
Net cash flows used in operating activities from discontinued operations	(3,650)	(1,349)
Net cash flow used in operating activities	$ (86,871)	$ (22,597)
Cash flows from investing activities:		
Purchases of property and equipment	$ (11,459)	$ (21,700)
Net change in other noncurrent assets	78	572
Net cash flows used in investing activities from continuing operations	(11,381)	(21,128)
Net cash flows provided by (used in) investing activities from discontinued operations	21,395	(5,198)
Net cash flow provided by (used in) investing activities	$ 10,014	$ (26,326)
Cash flows from financing activities:		
Proceeds from borrowings	$ 454,459	$ 512,000
Repayments of borrowings	(384,545)	(452,100)
Payment of deferred financing costs	(9,845)	(2,614)
Purchase of treasury shares	(176)	(864)
Net cash flows provided by financing activities from continuing operations	59,893	56,422
Net cash flows provided by financing activities from discontinued operations	—	—
Net cash flows provided by financing activities	$ 59,893	$ 56,422
Net (decrease) increase in cash, cash equivalents and restricted cash	(16,964)	7,499
Cash, cash equivalents and restricted cash at beginning of period	31,988	21,036

Cash, cash equivalents and restricted cash at end of period	15,024	28,535
Less: Cash, cash equivalents and restricted cash of discontinued operations at end of period	—	(802)
Cash, cash equivalents, and restricted cash of continuing operations at end of period	$ 15,024	$ 27,733

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
Balance at April 30, 2022	54,234	$ 542	$ 740,838	$ (491,494)	2,188	$ (21,512)	$ 228,374
Stock-based compensation expense			1,791				1,791
Vested equity awards	540	5	(5)				—
Shares repurchased for tax withholdings for vested stock awards					238	(612)	(612)
Net loss				(52,707)			(52,707)
Balance July 30, 2022	54,774	$ 547	$ 742,624	$ (544,201)	2,426	$ (22,124)	$ 176,846
Stock-based compensation expense			1,719				1,719
Vested equity awards	357	4	(4)				—
Shares repurchased for tax withholdings for vested stock awards					107	(245)	(245)
Net income				22,144			22,144
Balance October 29, 2022	55,131	$ 551	$ 744,339	$ (522,057)	2,533	$ (22,369)	$ 200,464
Stock-based compensation expense			1,078				1,078
Vested equity awards	9	—	—				—
Shares repurchased for tax withholdings for vested stock awards					3	(7)	(7)
Net loss				(25,049)			(25,049)
Balance January 28, 2023	55,140	$ 551	$ 745,417	$ (547,106)	2,536	$ (22,376)	$ 176,486

	Common Stock		Additional Paid-In	Accumulated	Treasury Stock		Total
	Shares	Amount	Capital	Deficit	Shares	Amount	Equity
Balance at April 29, 2023	55,140	$ 551	$ 745,932	$ (593,356)	2,536	$ (22,376)	$ 130,751
Stock-based compensation expense			794				794
Vested equity awards	179	2	(2)				—
Shares repurchased for tax withholdings for vested stock awards					78	(98)	(98)
Net loss				(50,388)			(50,388)
Balance July 29, 2023	55,319	$ 553	$ 746,724	$ (643,744)	2,614	$ (22,474)	$ 81,059
Stock-based compensation expense			799				799
Vested equity awards	499	5	(5)				—
Shares repurchased for tax withholdings for vested stock awards					67	(74)	(74)
Net income				24,180			24,180
Balance October 28, 2023	55,818	$ 558	$ 747,518	$ (619,564)	2,681	$ (22,548)	$ 105,964
Stock-based compensation expense			812				812
Vested equity awards	22	—	—				—
Shares repurchased for tax withholdings for vested stock awards					3	(4)	(4)
Net loss				(9,639)			(9,639)
Balance January 27, 2024	55,840	$ 558	$ 748,330	$ (629,203)	2,684	$ (22,552)	$ 97,133

See accompanying notes to condensed consolidated financial statements.

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
For the 13 and 39 weeks ended January 27, 2024 and 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 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 1,272 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 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 price directly by the institution as a course charge or included in tuition. During the 13 weeks ended January 27, 2024, *BNC First Day* total revenue increased by $63,371, or 53%, to $184,073 compared to $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 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. 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.

In the Spring of 2024, 160 campus stores are utilizing *First Day® Complete* representing enrollment of nearly 805,000 undergraduate and post graduate students (as reported by National Center for Education Statistics), an increase of approximately 39% compared to Spring of 2023. During the 13 weeks ended January 27, 2024, *First Day Complete* sales increased by $42,629, or 64%, to $109,531 as compared to $66,902 in the prior year period. During the 13 weeks ended January 27, 2024, *First Day* sales increased by $20,742, or 39%, to $74,542 as compared to $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, 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. 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. Summary of Significant Accounting Policies

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 39 weeks ended 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 January 27, 2024, we had $15,024 of cash on hand, including $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 Loss from Continuing Operations of $(9,928) and $(22,134) for the 13 weeks ended January 27, 2024 and January 28, 2023, respectively, and a Net Loss from Continuing Operations of $(35,045) and $(48,288) for the 39 weeks ended January 27, 2024 and 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 $(83,221) and $(21,248) for the 39 weeks ended January 27, 2024 and 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 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 is contingent upon the successful execution of management's plan to improve the Company’s liquidity, including (1) raising additional liquidity and (2) continuing to take additional operational restructuring 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) $32,500 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 course of Fiscal 2024, we have achieved annualized savings of approximately $30,000 to $35,000 from the Fiscal 2023 cost savings initiatives. Additionally, during Fiscal 2024, Management's plan to implement further cost savings measures, including reduction of gross capital expenditures, amounting to approximately $25,000, of which approximately $18,000 has been achieved during the 39 weeks ended January 27, 2024. Management believes that these plans are within its control and will be focused on implementing these cost savings measures.

During the 13 weeks ended January 27, 2024, Net Loss from Continuing Operations improved by $12,206, or 55%, compared to the prior year period. Net Loss from Continuing Operations, excluding interest expense, impairment loss (non-cash) and restructuring and other charges, improved by $14,984 during the 13 weeks ended January 27, 2024 compared to the prior year period. During the 39 weeks ended January 27, 2024, Net Loss from Continuing Operations improved by $13,243, or 27%, compared to the prior year period. Net Loss from Continuing Operations, excluding interest expense, impairment loss (non-cash) and restructuring and other charges, improved by $34,457 during the 39 weeks ended January 27, 2024 compared to the prior year period. The improvements in Net Loss from Continuing Operations during the 13 and 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*.

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Seasonality

Our business is highly seasonal. For example, our retail business is seasonal, particularly with respect to textbook sales and rentals, with the major portion of sales and operating profit realized during the second and third fiscal quarters when college students generally purchase and rent textbooks for the upcoming semesters and lowest in the first and fourth fiscal quarters. Our quarterly results also may fluctuate depending on the timing of the start of the various schools' semesters, the revenue impact of accounting principles with respect to the recognition of revenue associated with our equitable and inclusive access programs, the ability to secure inventory on a timely basis, as well as shifts in our fiscal calendar dates. These shifts in timing may affect the comparability of our results across periods. Sales attributable to our wholesale business are generally highest in our first, second and third quarters, as it sells textbooks and other course materials for retail distribution. 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 39 weeks ended January 27, 2024, we recorded a Gain on Sale of Business of $3,545 in Loss from Discontinued Operations, Net, related to the sale. Net cash proceeds from the sale were used for debt repayment and provided additional funds for working capital needs under our Credit Facility. The following table summarizes the operating results of the discontinued operations for the periods indicated:

	13 weeks ended		39 weeks ended	
Dollars in thousands	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Total sales	$ —	$ 9,010	$ 2,784	$ 26,659
Cost of sales [(a)]	—	1,811	76	5,283
Gross profit [(a)]	—	7,199	2,708	21,376
Selling and administrative expenses	177	7,632	3,101	23,909
Depreciation and amortization	—	506	3	2,646
Gain on sale of business	(477)	—	(3,545)	—
Impairment loss (non-cash) [(b)]	—	—	610	—
Restructuring costs [(c)]	11	1,848	3,308	1,848
Transaction costs	—	—	13	—
Operating loss	289	(2,787)	(782)	(7,027)
Income tax expense	—	128	20	297
Loss from discontinued operations, net of tax	$ 289	$ (2,915)	$ (802)	$ (7,324)

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

(b) During the 39 weeks ended 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 39 weeks ended January 27, 2024 and January 28, 2023, we recognized restructuring and other charges of $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	January 28, 2023
Cash and cash equivalents	$ 1,057	$ 802
Receivables, net	480	589
Prepaid expenses and other current assets	901	2,412
Property and equipment, net	19,523	20,150
Intangible assets, net	402	678
Goodwill	4,700	4,700
Deferred tax assets, net	130	—
Other noncurrent assets	237	288
Assets held for sale	$ 27,430	$ 29,619
Accounts payable	$ 211	$ 148
Accrued liabilities	8,212	5,236
Liabilities held for sale	$ 8,423	$ 5,384

Restricted Cash

As of January 27, 2024, January 28, 2023, and April 29, 2023, we had restricted cash of $6,901, $18,309, and $16,712, respectively, comprised of $5,948, $17,397, and $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 $953, $912, and $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 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.

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		39 weeks ended	
	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Retail				
Course Materials Product Sales	$ 317,725	$ 286,714	$ 891,631	$ 834,190
General Merchandise Product Sales [(a)]	72,831	81,813	266,533	293,285
Service and Other Revenue [(b)]	7,592	8,423	32,588	32,346
Retail Product and Other Sales sub-total	398,148	376,950	1,190,752	1,159,821
Course Materials Rental Income	41,298	44,309	93,490	96,555
Retail Total Sales	$ 439,446	$ 421,259	$ 1,284,242	$ 1,256,376
Wholesale Sales	$ 37,167	$ 38,958	$ 96,931	$ 97,161
Eliminations [(c)]	$ (19,940)	$ (22,163)	$ (49,960)	$ (52,176)
Total Sales	$ 456,673	$ 438,054	$ 1,331,213	$ 1,301,361

(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

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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 1,272 college, university, and K-12 school bookstores, comprised of 717 physical bookstores and 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 below market rates, as compared to the total retail price for the same course materials if purchased separately (a la carte) and students are billed the below market rate, directly by the institution as a course charge or included in tuition. Additionally, the Retail Segment offers a suite of digital content and services to colleges and universities, including a variety of open educational resource-based courseware.

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 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 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.

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		39 weeks ended	
	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Sales				
Retail	$ 439,446	$ 421,259	$ 1,284,242	$ 1,256,376
Wholesale	37,167	38,958	96,931	97,161
Eliminations	(19,940)	(22,163)	(49,960)	(52,176)
Total Sales	$ 456,673	$ 438,054	$ 1,331,213	$ 1,301,361
Gross Profit				
Retail	$ 89,243	$ 88,926	$ 265,063	$ 272,421
Wholesale	7,996	6,668	19,880	19,022
Eliminations	2,797	1,417	1,969	(286)
Total Gross Profit	$ 100,036	$ 97,011	$ 286,912	$ 291,157
Selling and Administrative Expenses				
Retail	$ 71,393	$ 82,753	$ 217,748	$ 251,843
Wholesale	3,271	3,563	10,151	11,561
Corporate Services	5,092	5,572	15,297	17,861
Eliminations	—	(47)	(3)	(129)
Total Selling and Administrative Expenses	$ 79,756	$ 91,841	$ 243,193	$ 281,136
Depreciation and Amortization				
Retail	$ 8,817	$ 8,749	$ 26,694	$ 27,147
Wholesale	1,321	1,357	3,852	4,076
Corporate Services	10	6	30	41
Total Depreciation and Amortization	$ 10,148	$ 10,112	$ 30,576	$ 31,264
Impairment loss (non-cash) - Retail	$ 5,798	$ 6,008	$ 5,798	$ 6,008
Restructuring and Other Charges				
Retail	$ —	$ 1,452	$ 555	$ 1,452
Wholesale	—	931	526	931
Corporate Services	3,413	1,744	11,239	2,379
Total Restructuring and Other Charges	$ 3,413	$ 4,127	$ 12,320	$ 4,762
Operating Income (Loss)				
Retail	$ 3,235	$ (10,036)	$ 14,268	$ (14,029)
Wholesale	3,404	817	5,351	2,454
Corporate Services	(8,515)	(7,322)	(26,566)	(20,281)
Elimination	2,797	1,464	1,972	(157)
Total Operating Income (Loss)	$ 921	$ (15,077)	$ (4,975)	$ (32,013)
Interest Expense, net	$ 10,620	$ 6,918	$ 29,538	$ 15,672
Total Loss from Continuing Operations Before Income Taxes	$ (9,699)	$ (21,995)	$ (34,513)	$ (47,685)

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Note 5. Equity and Earnings Per Share

Equity

Share Repurchases

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

During the 13 and 39 weeks ended January 27, 2024, we repurchased 3,135 and 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 January 27, 2024 and January 28, 2023, average shares of 3,009,464 and 4,677,926 were excluded from the diluted earnings per share calculation as their inclusion would have been antidilutive, respectively. During the 39 weeks ended January 27, 2024 and January 28, 2023, average shares of 3,305,749 and 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:

	13 weeks ended		39 weeks ended	
(shares in thousands)	January 27, 2024	January 28, 2023	January 27, 2024	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)
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.

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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 January 27, 2024, we recorded a liability of $34 (Level 2 input) which is reflected in accrued liabilities on the condensed consolidated balance sheet. As of January 28, 2023, we recorded a liability of $1,261 (Level 2 input) which is reflected in accrued liabilities ($1,205) and other long-term liabilities ($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. Debt

		As of	
	Maturity Date	January 27, 2024	January 28, 2023
Credit Facility	December 28, 2024	$ 224,067	$ 255,600
Term Loan	April 7, 2025	31,750	30,000
sub-total		255,817	285,600
Less: Deferred financing costs, Term Loan [(a)]		(1,559)	(1,743)
Total debt		$ 254,258	$ 283,857
Balance Sheet classification:			
Short-term borrowings		$ 224,067	$ —
Long-term borrowings		30,191	283,857
Total debt		$ 254,258	$ 283,857

(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, no later than May 31, 2023 (see discussion below) and (y) by an additional 500 basis points on September 29, 2023, (v) amend certain negative covenants and add certain additional covenants, (vi) amend the financial maintenance covenant to require Availability (as defined in the Credit Agreement) to be at all times greater than the greater of 10% of the Aggregate Loan Cap (as defined in the Credit Agreement) and $32,500 and (vii) require repayment of the loans under the Credit Agreement upon a Specified Event. For additional information related to the Credit Agreement amendment, see the Company’s Report on Form 8-K dated March 8, 2023 and filed with the SEC on March 9, 2023.

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

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

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.

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 39 weeks ended 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.

October 2023 Credit Agreement Amendment

On October 10, 2023, we amended our existing Credit Agreement to revise certain reporting requirements to the administrative agent and lenders under the Credit Agreement. The amendment introduced a Specified Liquidity Transaction Fee of $3,800 that would become due and payable at the earlier to occur of (a) January 31, 2024, to the extent a Specified Liquidity Transaction (as defined in the Credit Agreement) has not been consummated prior to such date (or such later date that is up to thirty days thereafter to the extent agreed to in writing by the Administrative Agent in its sole discretion) or (b) an Event of Default under the Credit Agreement. During the 39 weeks ended 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 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 39 weeks ended January 27, 2024, we borrowed $454,459 and repaid $384,545 under the Credit Agreement, and had outstanding borrowings of $224,067 as of January 27, 2024, comprised entirely of borrowings under the Credit Facility. During the 39 weeks ended January 28, 2023, we borrowed $482,000 and repaid $452,100 under the Credit Agreement, and had outstanding borrowings of $255,600 as of January 28, 2023, comprised entirely of borrowings under the Credit Facility. As of January 27, 2024 and January 28, 2023, we have issued $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 39 weeks ended January 27, 2024, we incurred $1,750 for interest in kind on the Term Loans and repaid $0 under the Term Loan Credit Agreement, with $31,750 of outstanding borrowings as of January 27, 2024. During the 39 weeks ended 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 a reduction to long-term borrowings in the consolidated balance sheets, and subsequently amortized ratably over the term of the Term Loan Facility.

July 2023 Term Loan Credit Agreement Amendment

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

During the 39 weeks ended 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 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.

		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

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Interest Expense

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

	13 weeks ended		39 weeks ended	
	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.

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.

During the 39 weeks ended January 27, 2024 and January 28, 2023, we recognized lease expense of $139 and $121, respectively, related to our various office spaces as selling and administrative expenses in our condensed consolidated statement of operations.

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
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(Thousands of dollars, except share and per share data)
(unaudited)

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 39 weeks ended 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 January 27, 2024
Remainder of Fiscal 2024	$ 95,818
Fiscal 2025	58,601
Fiscal 2026	39,373
Fiscal 2027	31,589
Fiscal 2028	25,119
Thereafter	59,308
Total lease payments	309,808
Less: imputed interest	(29,037)
Operating lease liabilities at period end	$ 280,771

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

	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:		
Cash payments for lease liabilities within operating activities	$ 85,880	$ 100,130
Right-of-use assets obtained in exchange for lease liabilities from initial recognition	$ 78,446	$ 91,365

Note 9. Supplementary Information

Restructuring and other charges

During the 13 and 39 weeks ended January 27, 2024, we recognized restructuring and other charges totaling $3,413 and $12,320, respectively, comprised primarily of $3,413 and $11,240, respectively, for costs primarily associated with professional service costs for restructuring as discussed below and 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 ($921 is included in accrued liabilities in the condensed consolidated balance sheet as of 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 39 weeks ended January 28, 2023, we recognized restructuring and other charges totaling $4,127 and $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 39 weeks ended 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		39 weeks ended	
	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Stock-based awards				
Restricted stock expense	$ —	$ 7	$ 11	$ 165
Restricted stock units expense	512	704	1,528	2,390
Performance share units expense	—	—	—	10
Stock option expense	300	498	1,029	1,710
Sub-total stock-based awards:	$ 812	$ 1,209	$ 2,568	$ 4,275
Cash settled awards				
Phantom share units expense	$ 1	$ (72)	$ (128)	$ 167
Total compensation expense for long-term incentive awards	$ 813	$ 1,137	$ 2,440	$ 4,442

Total unrecognized compensation cost related to unvested awards as of January 27, 2024 was $3,173 and is expected to be recognized over a weighted-average period of 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 $0 and $1,101 during the 13 weeks ended January 27, 2024 and January 28, 2023, respectively. Total employee benefit expense for these plans was $1,687 and $3,386 during the 39 weeks ended January 27, 2024 and 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

We recorded an income tax expense of $229 on pre-tax loss of $(9,699) during the 13 weeks ended January 27, 2024, which represented an effective income tax rate of (2.4)% and an income tax expense of $139 on pre-tax loss of $(21,995) during the 13 weeks ended January 28, 2023, which represented an effective income tax rate of (0.6)%. We recorded an income tax expense of $532 on pre-tax loss of $(34,513) during the 39 weeks ended January 27, 2024, which represented an effective income tax rate of (1.5)% and an income tax expense of $603 on pre-tax loss of $(47,685) during the 39 weeks ended January 28, 2023, which represented an effective income tax rate of (1.3)%. The effective tax rate for the 13 weeks ended January 27, 2024 is lower than the prior year comparable period due to immaterial return to provision adjustments recorded in the prior year. The effective tax 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 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 1,272 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 below market rates, as compared to the total retail price for the same course materials if purchased separately (a la carte) and students are billed the below market rate directly by the institution as a course charge or included in tuition. During the 39 weeks ended January 27, 2024, *BNC First Day* total revenue increased by $136 million, or 44%, to $445 million compared to $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.

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.

BNC First Day Equitable and Inclusive Access Programs

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

- *First Day Complete* is adopted by an institution and includes 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 39 weeks ended 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 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, 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 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.

Cost Savings Initiative

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

Segments

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. 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 39 weeks ended January 27, 2024, we recorded a Gain on Sale of Business of $3.5 million in Loss from Discontinued Operations, Net, related to the sale. Net cash proceeds from the sale were used for debt repayment and 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 1,272 college, university, and K-12 school bookstores, comprised of 717 physical bookstores and 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 below market rates, as compared to the total retail price for the same course materials if purchased separately (a la carte) and students are billed the below market rate directly by the institution as a course charge or included in tuition. Additionally, the Retail Segment offers a suite of digital content and services to colleges and universities, including a variety of open educational resource-based courseware.

During the 39 weeks ended January 27, 2024, we opened 41 stores and closed 135 stores in the Retail Segment with estimated net annual sales of $65 million as we pruned some under-performing, less profitable stores, satellite stores, and certain other contracts were awarded to competitors. 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. These programs have allowed us to reverse historical long-term trends in course materials revenue declines as the growth of our *BNC First Day* programs offsets declines in a la carte courseware sales and closed store sales.

Wholesale Segment

The *Wholesale Segment* is comprised of our wholesale textbook business and is one of the largest textbook wholesalers in the country. The Wholesale Segment centrally sources, sells, and distributes new and used textbooks to approximately 2,900 physical bookstores (including our Retail Segment's 717 physical bookstores) and sources and distributes new and used textbooks to our 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 325 college bookstores.

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

Seasonality

Our business is highly seasonal. For example, our retail business is seasonal, particularly with respect to textbook sales and rentals, with the major portion of sales and operating profit realized during the second and third fiscal quarters when college students generally purchase and rent textbooks for the upcoming semesters and lowest in the first and fourth fiscal quarters. Our quarterly results also may fluctuate depending on the timing of the start of the various schools' semesters, the revenue impact of accounting principles with respect to the recognition of revenue associated with our equitable and inclusive access programs, the ability to secure inventory on a timely basis, as well as shifts in our fiscal calendar dates. These shifts in timing may affect the comparability of our results across periods. Sales attributable to our wholesale business are generally highest in our first, second and third quarters, as it sells textbooks and other course materials for retail distribution. 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. As the concentration of digital product sales increases, revenue will be recognized earlier during the academic term as digital textbook revenue is recognized when the customer accesses the digital content compared to: (i) the rental of physical textbook where revenue is recognized over the rental period, and (ii) ala carte courseware sales where revenue is recognized when the customer takes physical possession of our products, which occurs either at the point of sale for products purchased at physical locations or upon receipt of our products by our customers for products ordered through our websites and virtual bookstores.

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 as the growth of our *BNC First Day* programs offsets declines in a la carte courseware sales and closed store sales. We are moving quickly and decisively to accelerate our *First Day Complete* strategy. While 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, we cannot guarantee that we will be able to achieve these plans within these timeframes or at all. Additionally, the United States Department of Education has recently proposed regulatory changes that, if adopted as proposed, could impact equitable and inclusive access models across the higher education industry.

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

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
Sales:				
Product sales and other [b]	$ 415,375	$ 393,745	$ 1,237,723	$ 1,204,806
Rental income	41,298	44,309	93,490	96,555
Total sales	$ 456,673	$ 438,054	$ 1,331,213	$ 1,301,361
Loss from continuing operations	$ (9,928)	$ (22,134)	$ (35,045)	$ (48,288)
Adjusted Earnings (non-GAAP) - Continuing Operations (c)	$ (717)	$ (11,999)	$ (16,927)	$ (37,492)
Adjusted EBITDA by Segment (non-GAAP) - Continuing Operations [c]				
Retail	$ 17,850	$ 6,173	$ 47,315	$ 20,604
Wholesale	4,725	3,105	9,729	7,461
Corporate Services	(5,092)	(5,572)	(15,297)	(17,861)
Elimination	2,797	1,464	1,972	(157)
Total Adjusted EBITDA (non-GAAP) [c]	$ 20,280	$ 5,170	$ 43,719	$ 10,047

(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 January 27, 2024	13 weeks ended January 28, 2023	39 weeks ended January 27, 2024	39 weeks ended January 28, 2023
Sales:				
Product sales and other	91.0 %	89.9 %	93.0 %	92.6 %
Rental income	9.0	10.1	7.0	7.4
Total sales	100.0	100.0	100.0	100.0
Cost of sales (exclusive of depreciation and amortization expense):				
Product and other cost of sales [a]	80.1	80.7	80.1	79.5
Rental cost of sales [a]	57.9	52.4	56.3	54.3
Total cost of sales	78.1	77.9	78.4	77.6
Gross margin	21.9	22.1	21.6	22.4
Selling and administrative expenses	17.5	21.0	18.3	21.6
Depreciation and amortization expense	2.2	2.3	2.3	2.4
Impairment loss (non-cash)	1.3	1.4	0.4	0.5
Restructuring and other charges	0.7	0.9	0.9	0.4
Operating income (loss) from continuing operations	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 39 weeks ended January 27, 2024, we recorded a Gain on Sale of Business of $3.5 million in Loss from Discontinued Operations, Net, related to the sale. Net cash proceeds from the sale were used for debt repayment and to provide additional funds for working capital needs under our Credit Facility.

	13 weeks ended		39 weeks ended	
Dollars in thousands	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Total sales	$ —	$ 9,010	$ 2,784	$ 26,659
Cost of sales [(a)]	—	1,811	76	5,283
Gross profit [(a)]	—	7,199	2,708	21,376
Selling and administrative expenses	177	7,632	3,101	23,909
Depreciation and amortization	—	506	3	2,646
Gain on sale of business	(477)	—	(3,545)	—
Impairment loss (non-cash) [(b)]	—	—	610	—
Restructuring costs [(c)]	11	1,848	3,308	1,848
Transaction costs	—	—	13	—
Operating income (loss)	289	(2,787)	(782)	(7,027)
Income tax expense	—	128	20	297
Income (loss) from discontinued operations, net of tax	$ 289	$ (2,915)	$ (802)	$ (7,324)

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

(b) During the 39 weeks ended 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 39 weeks ended 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 39 weeks ended January 27, 2024 compared with the 13 and 39 weeks ended January 28, 2023

Dollars in thousands	13 weeks ended January 27, 2024				
	Retail	Wholesale	Corporate Services	Eliminations	Total
Sales:					
Product sales and other	$ 398,148	$ 37,167	$ —	$ (19,940)	$ 415,375
Rental income	41,298	—	—	—	41,298
Total sales	439,446	37,167	—	(19,940)	456,673
Cost of sales (exclusive of depreciation and amortization expense):					
Product and other cost of sales	326,294	29,171	—	(22,737)	332,728
Rental cost of sales	23,909	—	—	—	23,909
Total cost of sales	350,203	29,171	—	(22,737)	356,637
Gross profit	89,243	7,996	—	2,797	100,036
Selling and administrative expenses	71,393	3,271	5,092	—	79,756
Depreciation and amortization expense	8,817	1,321	10	—	10,148
Impairment loss (non-cash)	5,798	—	—	—	5,798
Restructuring and other charges	—	—	3,413	—	3,413
Operating income (loss)	$ 3,235	$ 3,404	$ (8,515)	$ 2,797	$ 921

Dollars in thousands	13 weeks ended January 28, 2023				
	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)

Dollars in thousands	39 weeks ended January 27, 2024				
	Retail	Wholesale	Corporate Services	Eliminations	Total
Sales:					
Product sales and other	$ 1,190,752	$ 96,931	$ —	$ (49,960)	$ 1,237,723
Rental income	93,490	—	—	—	93,490
Total sales	1,284,242	96,931	—	(49,960)	1,331,213
Cost of sales (exclusive of depreciation and amortization expense):					
Product and other cost of sales	966,573	77,051	—	(51,929)	991,695
Rental cost of sales	52,606	—	—	—	52,606
Total cost of sales	1,019,179	77,051	—	(51,929)	1,044,301
Gross profit	265,063	19,880	—	1,969	286,912
Selling and administrative expenses	217,748	10,151	15,297	(3)	243,193
Depreciation and amortization expense	26,694	3,852	30	—	30,576
Impairment loss (non-cash)	5,798	—	—	—	5,798
Restructuring and other charges	555	526	11,239	—	12,320
Operating income (loss)	$ 14,268	$ 5,351	$ (26,566)	$ 1,972	$ (4,975)

Dollars in thousands	39 weeks ended January 28, 2023				
	Retail	Wholesale	Corporate Services	Eliminations	Total
Sales:					
Product sales and other	$ 1,159,821	$ 97,161	$ —	$ (52,176)	$ 1,204,806
Rental income	96,555	—	—	—	96,555
Total sales	1,256,376	97,161	—	(52,176)	1,301,361
Cost of sales (exclusive of depreciation and amortization expense):					
Product and other cost of sales	931,539	78,139	—	(51,890)	957,788
Rental cost of sales	52,416	—	—	—	52,416
Total cost of sales	983,955	78,139	—	(51,890)	1,010,204
Gross profit	272,421	19,022	—	(286)	291,157
Selling and administrative expenses	251,843	11,561	17,861	(129)	281,136
Depreciation and amortization expense	27,147	4,076	41	—	31,264
Impairment loss (non-cash)	6,008	—	—	—	6,008
Restructuring and other charges	1,452	931	2,379	—	4,762
Operating (loss) income	$ (14,029)	$ 2,454	$ (20,281)	$ (157)	$ (32,013)

Sales

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

	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 %
Product sales and other	$ 415,375	$ 393,745	$ 21,630	5.5%	$ 1,237,723	$ 1,204,806	$ 32,917	2.7%
Rental income	41,298	44,309	$ (3,011)	(6.8)%	93,490	96,555	$ (3,065)	(3.2)%
Total Sales	$ 456,673	$ 438,054	$ 18,619	4.3%	$ 1,331,213	$ 1,301,361	$ 29,852	2.3%

The sales increase during the 13 and 39 weeks ended January 27, 2024 is primarily related to higher course material sales, primarily at our *BNC First Day* 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 39 week periods are reflected in the table below.

Sales variances	13 weeks ended	39 weeks ended
Dollars in millions	January 27, 2024	January 27, 2024
Retail Sales [(a)]		
New stores	$ 10.1	$ 31.0
Closed stores	(25.0)	(62.0)
Comparable stores [(a)]	37.3	61.9
Textbook rental deferral	(4.4)	(4.1)
Service revenue [(b)]	0.7	0.3
Other [(c)]	(0.5)	0.8
Retail sales subtotal:	$ 18.2	$ 27.9
Wholesale Sales	$ (1.8)	$ (0.2)
Eliminations [(d)]	$ 2.2	$ 2.2
Total sales variance:	$ 18.6	$ 29.9

(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						39 weeks ended					
	January 27, 2024			January 28, 2023			January 27, 2024			January 28, 2023		
Number of Stores:	Physical	Virtual	Total	Physical	Virtual	Total	Physical	Virtual	Total	Physical	Virtual	Total
Beginning of period	717	554	1,271	793	606	1,399	774	592	1,366	805	622	1,427
Opened	6	4	10	—	4	4	19	22	41	34	28	62
Closed	6	3	9	8	7	15	76	59	135	54	47	101
End of period	717	555	1,272	785	603	1,388	717	555	1,272	785	603	1,388

During the 39 weeks ended January 27, 2024, we opened 41 stores and closed 135 stores in the Retail Segment, with estimated net annual sales of $65 million as we pruned some under-performing, less profitable stores, satellite stores, and certain other contracts were awarded to competitors. 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.

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

Retail sales increased by $18.2 million, or 4.3%, to $439.4 million during the 13 weeks ended January 27, 2024 from $421.2 million during the 13 weeks ended January 28, 2023.

- Product sales and other increased by $21.2 million, or 5.6%, to $398.1 million during the 13 weeks ended January 27, 2024 from $376.9 million during the 13 weeks ended January 28, 2023.
    - Course material product sales increased by $31.0 million, or 10.8%, to $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, 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 $9.0 million, or 11.0%, to $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 adjust as the relationship matures, as well as the impact of closed stores, lower trade books and cafe and convenience product sales. Retail Gross Comparable Store Sales for general merchandise decreased by $5.7 million, or 4.6%, compared to the prior year period as discussed below.
- ◦ Service and other revenue decreased by $0.8 million, or 9.9%, to $7.6 million, compared to $8.4 million in the prior year period, primarily due to lower marketplace sales.

- Rental income for course materials decreased by $3.0 million, or 6.8%, to $41.3 million during the 13 weeks ended 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, offset by the growth in rental income resulting from the adoption of our BNC First Day programs.

Retail sales increased by $27.9 million, or 2.2%, to $1,284.2 million during the 39 weeks ended January 27, 2024 from $1,256.3 million during the 39 weeks ended January 28, 2023.

- Product sales and other increased by $30.9 million, or 2.7%, to $1,190.7 million during the 39 weeks ended January 27, 2024 from $1,159.8 million during the 39 weeks ended January 28, 2023.
  - ◦ Course material product sales increased by $57.4 million, or 6.9%, to $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, 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 $26.7 million, or 9.1%, to $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 adjust as the relationship 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. Retail Gross Comparable Store Sales for general merchandise decreased by $2.0 million, or 0.4%, compared to the prior year period as discussed below.
- ◦ Service and other revenue increased by $0.2 million to $32.6 million, compared to $32.4 million in the prior year period, primarily due to higher other income for non-return rental penalty fees, offset by lower marketplace sales.

- Rental income for course materials decreased by $3.1 million, or 3.2%, to $93.5 million during the 39 weeks ended 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, offset by the growth in rental income resulting from the adoption of our BNC First Day 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), offset by declines in a la carte courseware sales. The decrease in general merchandise sales are primarily related to lower logo product sales, as well as lower trade books and cafe and convenience product sales, offset by higher graduation and supplies product sales.

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

	13 weeks ended				39 weeks ended			
Dollars in millions	January 27, 2024		January 28, 2023		January 27, 2024		January 28, 2023	
Textbooks (Course Materials)	$ 43.8	14.1 %	$ 21.3	7.4 %	$ 78.3	8.8 %	$ 2.9	0.3 %
General Merchandise	(5.7)	(4.6)%	2.6	2.3 %	(2.0)	(0.4)%	42.6	11.3 %
Total Retail Gross Comparable Store Sales	$ 38.1	8.8 %	$ 23.9	5.9 %	$ 76.3	5.7 %	$ 45.5	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 0.2% to $96.9 million during the 39 weeks ended January 27, 2024 from $97.1 million during the 39 weeks ended January 28, 2023. The decrease is primarily due to higher returns and allowances of $2.0 million, partially offset by higher gross sales of $1.8 million compared to the prior year period.

Cost of Sales and Gross Margin

Our cost of sales increased as a percentage of sales to 78.1% during the 13 weeks ended January 27, 2024 compared to 77.9% during the 13 weeks ended January 28, 2023. Our gross margin increased by $3.0 million, or 3.1%, to $100.0 million, or 21.9% of sales, during the 13 weeks ended January 27, 2024 from $97.0 million, or 22.1% of sales during the 13 weeks ended January 28, 2023.

Our cost of sales increased as a percentage of sales to 78.4% during the 39 weeks ended January 27, 2024 compared to 77.6% during the 39 weeks ended January 28, 2023. Our gross margin decreased by $4.2 million, or 1.5%, to $286.9 million, or 21.6% of sales, during the 39 weeks ended January 27, 2024 from $291.1 million, or 22.4% of sales during the 39 weeks ended January 28, 2023.

Retail

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

	13 weeks ended				39 weeks ended			
Dollars in thousands	January 27, 2024	% of Related Sales	January 28, 2023	% of Related Sales	January 27, 2024	% of Related Sales	January 28, 2023	% of Related Sales
Product and other cost of sales	$ 326,294	82.0%	$ 309,123	82.0%	$ 966,573	81.2%	$ 931,539	80.3%
Rental cost of sales	23,909	57.9%	23,210	52.4%	52,606	56.3%	52,416	54.3%
Total Cost of Sales	$ 350,203	79.7%	$ 332,333	78.9%	$ 1,019,179	79.4%	$ 983,955	78.3%

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

	13 weeks ended				39 weeks ended			
Dollars in thousands	January 27, 2024	% of Related Sales	January 28, 2023	% of Related Sales	January 27, 2024	% of Related Sales	January 28, 2023	% of Related Sales
Product and other gross margin	$ 71,854	18.0%	$ 67,827	18.0%	$ 224,179	18.8%	$ 228,282	19.7%
Rental gross margin	17,389	42.1%	21,099	47.6%	40,884	43.7%	44,139	45.7%
Gross Margin	$ 89,243	20.3%	$ 88,926	21.1%	$ 265,063	20.6%	$ 272,421	21.7%

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

- For the 13 weeks ended January 27, 2024, Product and other gross margin as a percentage of sales was flat primarily from 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 as a result of the shift to digital and *First Day* models and lower performing school contracts not 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 39 weeks ended January 27, 2024, Product and other gross margin as a percentage of sales decreased (90 basis points), driven primarily by lower margin rates for course materials 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 due to the shift to digital course 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 as a result of the shift to digital and *First Day* models, and lower performing school contracts not renewed (115 basis points).

For the 13 and 39 weeks ended January 27, 2024, the Retail Rental gross margin as a percentage of sales decreased driven primarily by lower rental margin rates, higher markdowns and unfavorable rental mix, partially offset by lower contract costs as a percentage of sales related to our college and university contracts as a result of the shift to digital 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 $29.2 million, or 78.5% of sales, and $8.0 million, or 21.5% of sales, respectively, during the 13 weeks ended January 27, 2024. The cost of sales and gross margin for Wholesale was $32.3 million or 82.9% of sales and $6.7 million or 17.1% of sales, respectively, during the 13 weeks ended January 28, 2023. The gross margin rate increased during the 13 weeks ended January 27, 2024 primarily due to lower returns and allowances and lower warehouse costs, partially offset by higher markdowns.

The cost of sales and gross margin for Wholesale were $77.1 million, or 79.5% of sales, and $19.9 million, or 20.5% of sales, respectively, during the 39 weeks ended January 27, 2024. The cost of sales and gross margin for Wholesale was $78.1

million or 80.4% of sales and $19.0 million or 19.6% of sales, respectively, during the 39 weeks ended January 28, 2023. The gross margin rate increased during the 39 weeks ended January 27, 2024 primarily due to lower warehouse costs, partially offset by higher product costs and higher markdowns.

Intercompany Eliminations

During the 13 weeks ended January 27, 2024 and January 28, 2023, our sales eliminations were $(19.9) million and $(22.2) million, respectively. During the 39 weeks ended January 27, 2024 and January 28, 2023, our sales eliminations were $(50.0) million and $(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 January 27, 2024 and January 28, 2023, the cost of sales eliminations were $(22.7) million and $(23.6) million, respectively. During the 39 weeks ended January 27, 2024 and January 28, 2023, the cost of sales eliminations were $(51.9) million and $(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 January 27, 2024 and January 28, 2023, the gross margin eliminations were $2.8 million and $1.4 million, respectively. During the 39 weeks ended January 27, 2024 and January 28, 2023, the gross margin eliminations were $2.0 million and $(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				39 weeks ended			
Dollars in thousands	January 27, 2024	% of Sales	January 28, 2023	% of Sales	January 27, 2024	% of Sales	January 28, 2023	% of Sales
Total Selling and Administrative Expenses	$ 79,756	17.5%	$ 91,841	21.0%	$ 243,193	18.3%	$ 281,136	21.6%

During the 13 weeks ended January 27, 2024, selling and administrative expenses decreased by $12.1 million, or 13.2%, to $79.8 million from $91.8 million during the 13 weeks ended January 28, 2023. During the 39 weeks ended January 27, 2024, selling and administrative expenses decreased by $37.9 million, or 13.5%, to $243.2 million from $281.1 million during the 39 weeks ended January 28, 2023. The variances by segment are discussed below.

Retail

During the 13 weeks ended January 27, 2024, Retail selling and administrative expenses decreased by $11.4 million, or 13.7%, to $71.4 million from $82.8 million during the 13 weeks ended January 28, 2023. This decrease was primarily due to cost savings initiatives comprised of a $7.9 million decrease in comparable store payroll expense, new/closed store payroll expense and related operating costs, and a $3.4 million decrease in corporate payroll expense, infrastructure and product development costs.

During the 39 weeks ended January 27, 2024, Retail selling and administrative expenses decreased by $34.1 million, or 13.5%, to $217.7 million from $251.8 million during the 39 weeks ended January 28, 2023. This decrease was primarily due to cost savings initiatives comprised of a $25.7 million decrease in comparable store payroll expense, new/closed store payroll expense and related operating costs, and a $8.4 million decrease in corporate payroll expense, infrastructure and product development costs.

Wholesale

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

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

Corporate Services

During the 13 weeks ended January 27, 2024, Corporate Services' selling and administrative expenses decreased by $0.5 million, or 8.6%, to $5.1 million from $5.6 million during the 13 weeks ended January 28, 2023. The decrease 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 payroll expense of $1.8 million and lower operating costs of $0.8 million.

Depreciation and Amortization Expense

	13 weeks ended				39 weeks ended			
Dollars in thousands	January 27, 2024	% of Sales	January 28, 2023	% of Sales	January 27, 2024	% of Sales	January 28, 2023	% of Sales
Total Depreciation and Amortization Expense	$ 10,148	2.2%	$ 10,112	2.3%	$ 30,576	2.3%	$ 31,264	2.4%

Depreciation and amortization expense was flat at $10.1 million for both the 13 weeks ended January 27, 2024 and the 13 weeks ended January 28, 2023. Depreciation and amortization expense decreased by $0.7 million, or 2.2%, to $30.6 million during the 39 weeks ended January 27, 2024 from $31.3 million during the 39 weeks ended 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 39 weeks ended January 27, 2024, we recognized restructuring and other charges totaling $3.4 million and $12.3 million, respectively, comprised primarily of $3.4 million and $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 39 weeks ended January 28, 2023, we recognized restructuring and other charges totaling $4.1 million and $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				39 weeks ended			
Dollars in thousands	January 27, 2024	% of Sales	January 28, 2023	% of Sales	January 27, 2024	% of Sales	January 28, 2023	% of Sales
Total Operating Income (Loss)	$ 921	0.2%	$ (15,077)	(3.5)%	$ (4,975)	(0.3)%	$ (32,013)	(2.5)%

Our operating income was $0.9 million during the 13 weeks ended January 27, 2024, compared to operating loss of $(15.1) million during the 13 weeks ended January 28, 2023. The increase in operating income is due to the matters discussed above. For the 13 weeks ended January 27, 2024, operating income, excluding the $5.8 million of impairment loss (non-cash) and the $3.4 million of restructuring and other charges, discussed above, was $10.1 million (or 2.2% of sales). For the 13 weeks ended January 28, 2023, operating loss, excluding the $6.0 million of impairment loss (non-cash) and the $4.1 million of restructuring and other charges, discussed above, was $(5.0) million (or (1.1)% of sales).

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

Interest Expense, Net

	13 weeks ended		39 weeks ended	
Dollars in thousands	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Interest Expense, Net	$ 10,620	$ 6,918	$ 29,538	$ 15,672

Net interest expense increased by $3.7 million to $10.6 million during the 13 weeks ended January 27, 2024 from $6.9 million during the 13 weeks ended January 28, 2023. Net interest expense increased by $13.9 million to $29.5 million during the 39 weeks ended January 27, 2024 from $15.7 million during the 39 weeks ended January 28, 2023. 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. 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 39 weeks ended January 27, 2024 and January 28, 2023 was $19,640 and $13,406, respectively.

Income Tax Expense

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

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

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

The effective tax rate for the 13 weeks ended January 27, 2024 is lower than the prior year comparable period due to immaterial return to provision adjustments recorded in the 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 Loss from Continuing Operations

	13 weeks ended		39 weeks ended	
Dollars in thousands	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Net Loss from Continuing Operations	$ (9,928)	$ (22,134)	$ (35,045)	$ (48,288)

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

Adjusted Earnings (non-GAAP) is $(0.7) million during the 13 weeks ended January 27, 2024, compared with $(12.0) million during the 13 weeks ended January 28, 2023. Adjusted Earnings (non-GAAP) is $(16.9) million during the 39 weeks ended January 27, 2024, compared with $(37.5) million during the 39 weeks ended 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

	13 weeks ended		39 weeks ended	
Dollars in thousands	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Net loss from continuing operations [(a)]	$ (9,928)	$ (22,134)	$ (35,045)	$ (48,288)
Reconciling items *(below)*	9,211	10,135	18,118	10,796
Adjusted Earnings (non-GAAP)	$ (717)	$ (11,999)	$ (16,927)	$ (37,492)
Reconciling items				
Impairment loss (non-cash) [(a)]	$ 5,798	$ 6,008	$ 5,798	$ 6,008
Content amortization (non-cash)	—	—	—	26
Restructuring and other charges [(b)]	3,413	4,127	12,320	4,762
Reconciling items [(c)]	$ 9,211	$ 10,135	$ 18,118	$ 10,796

(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		39 weeks ended	
Dollars in thousands	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Net loss from continuing operations [a]	$ (9,928)	$ (22,134)	$ (35,045)	$ (48,288)
Add:				
Depreciation and amortization expense	10,148	10,112	30,576	31,264
Interest expense, net [b]	10,620	6,918	29,538	15,672
Income tax expense	229	139	532	603
Impairment loss (non-cash) [c]	5,798	6,008	5,798	6,008
Content amortization (non-cash)	—	—	—	26
Restructuring and other charges [c]	3,413	4,127	12,320	4,762
Adjusted EBITDA (Non-GAAP) - Continuing Operations	$ 20,280	$ 5,170	$ 43,719	$ 10,047
Adjusted EBITDA (Non-GAAP) - Discontinued Operations	$ (177)	$ 1,253	$ (393)	$ 2,322
Adjusted EBITDA (Non-GAAP) - Total	$ 20,103	$ 6,423	$ 43,326	$ 12,369

(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 39 weeks ended January 27, 2024 and January 28, 2023.

Adjusted EBITDA - by Segment

	13 weeks ended January 27, 2024				
Dollars in thousands	Retail	Wholesale	Corporate Services[b]	Eliminations	Total
Net income (loss) from continuing operations [a]	$ 3,235	$ 3,404	$ (19,364)	$ 2,797	$ (9,928)
Add:					
Depreciation and amortization expense	8,817	1,321	10	—	10,148
Interest expense, net	—	—	10,620	—	10,620
Income tax expense	—	—	229	—	229
Impairment loss (non-cash) [a]	5,798	—	—	—	5,798
Content amortization (non-cash)	—	—	—	—	—
Restructuring and other charges [c]	—	—	3,413	—	3,413
Adjusted EBITDA (non-GAAP)	$ 17,850	$ 4,725	$ (5,092)	$ 2,797	$ 20,280

Adjusted EBITDA - by Segment

	13 weeks ended January 28, 2023				
Dollars in thousands	Retail	Wholesale	Corporate Services[b]	Eliminations	Total
Net (loss) income from continuing operations [a]	$ (10,036)	$ 817	$ (14,379)	$ 1,464	$ (22,134)
Add:					
Depreciation and amortization expense	8,749	1,357	6	—	10,112
Interest expense, net	—	—	6,918	—	6,918
Income tax benefit	—	—	139	—	139
Impairment loss (non-cash) [a]	6,008	—	—	—	6,008
Content amortization (non-cash)	—	—	—	—	—
Restructuring and other charges [c]	1,452	931	1,744	—	4,127
Adjusted EBITDA (non-GAAP)	$ 6,173	$ 3,105	$ (5,572)	$ 1,464	$ 5,170

Adjusted EBITDA - by Segment	**39 weeks ended January 27, 2024**				
Dollars in thousands	Retail	Wholesale	Corporate Services[b]	Eliminations	Total
Net income (loss) from continuing operations [a]	$ 14,268	$ 5,351	$ (56,636)	$ 1,972	$ (35,045)
Add:					
Depreciation and amortization expense	26,694	3,852	30	—	30,576
Interest expense, net	—	—	29,538	—	29,538
Income tax expense	—	—	532	—	532
Impairment loss (non-cash) [a]	5,798	—	—	—	5,798
Content amortization (non-cash)	—	—	—	—	—
Restructuring and other charges [c]	555	526	11,239	—	12,320
Adjusted EBITDA (non-GAAP)	$ 47,315	$ 9,729	$ (15,297)	$ 1,972	$ 43,719

Adjusted EBITDA - by Segment	**39 weeks ended January 28, 2023**				
Dollars in thousands	Retail	Wholesale	Corporate Services[b]	Eliminations	Total
Net (loss) income from continuing operations [a]	$ (14,029)	$ 2,454	$ (36,556)	$ (157)	$ (48,288)
Add:					
Depreciation and amortization expense	27,147	4,076	41	—	31,264
Interest expense, net	—	—	15,672	—	15,672
Income tax expense	—	—	603	—	603
Impairment loss (non-cash) [a]	6,008	—	—	—	6,008
Content amortization (non-cash)	26	—	—	—	26
Restructuring and other charges [c]	1,452	931	2,379	—	4,762
Adjusted EBITDA (non-GAAP)	$ 20,604	$ 7,461	$ (17,861)	$ (157)	$ 10,047

(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	13 weeks ended		39 weeks ended	
	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Income (loss) from discontinued operations [a]	$ 289	$ (2,915)	$ (802)	$ (7,324)
Add:				
Depreciation and amortization expense	—	506	3	2,646
Income tax expense	—	128	20	297
Content amortization (non-cash)	—	1,686	—	4,855
Gain on sale of business	(477)	—	(3,545)	—
Impairment loss (non-cash)	—	—	610	—
Restructuring and other charges	11	1,848	3,308	1,848
Transaction costs	—	—	13	—
Adjusted EBITDA (Non-GAAP) - Discontinued Operations	$ (177)	$ 1,253	$ (393)	$ 2,322

(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		39 weeks ended	
Dollars in thousands	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Net cash flows used in operating activities from continuing operations [(a)]	$ (36,061)	$ (31,321)	$ (83,221)	$ (21,248)
Less:				
Capital expenditures [(b)]	3,263	4,877	11,459	21,700
Cash interest	5,668	6,105	19,640	13,406
Cash taxes	(118)	1	270	(15,582)
Free Cash Flow (non-GAAP)	$ (44,874)	$ (42,304)	$ (114,590)	$ (40,772)

(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	13 weeks ended		39 weeks ended	
Dollars in thousands	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Physical store capital expenditures	$ 1,158	$ 1,700	$ 5,106	$ 12,248
Product and system development	1,588	2,691	5,048	7,866
Other	517	486	1,305	1,586
Total Capital Expenditures	$ 3,263	$ 4,877	$ 11,459	$ 21,700

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 January 27, 2024, we had $15.0 million of cash on hand, including $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 Loss from Continuing Operations of $(9.9) million and $(22.1) million for the 13 weeks ended January 27, 2024 and January 28, 2023, respectively, and a Net Loss from Continuing Operations of $(35.0) million and $(48.3) million for the 39 weeks ended January 27, 2024 and January 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 $(83.2) million and $(21.2) million for the 39 weeks ended January 27, 2024 and January 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 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 is contingent upon the successful execution of management's plan to improve the Company's liquidity, including (1) raising additional liquidity and (2) continuing to take additional operational restructuring 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 course of Fiscal 2024, we have achieved annualized savings of approximately $30 million to $35 million from the Fiscal 2023 cost savings initiatives. Additionally, during Fiscal 2024, Management's plan to implement further cost savings measures, including reduction of gross capital expenditures, amounting to approximately $25 million, of which approximately $18 million has been achieved during the 39 weeks ended January 27, 2024. Management believes that these plans are within its control and will be focused on implementing these cost savings measures.

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

Dollars in millions	13 weeks ended January 27, 2024	13 weeks ended January 28, 2023	Var $	Var %	39 weeks ended January 27, 2024	39 weeks ended 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 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 *Deferred Financing Costs* and *Interest Expense* below.

Sources and Uses of Cash Flow - Continuing Operations

Dollars in thousands	39 weeks ended January 27, 2024	39 weeks ended January 28, 2023
Net cash flows used in operating activities from continuing operations	$ (83,221)	$ (21,248)
Net cash flows used in investing activities from continuing operations	(11,381)	(21,128)
Net cash flows provided by financing activities from continuing operations	59,893	56,422
Net change in cash, cash equivalents, and restricted cash from continuing operations	$ (34,709)	$ 14,046

As of January 27, 2024 and January 28, 2023, we had restricted cash of $6.9 million and $18.3 million, respectively, comprised of $6.0 million and $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. 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 39 weeks ended January 27, 2024 were $(83.2) million compared to $(21.2) million during the 39 weeks ended January 28, 2023. This increase in cash flows used in operating activities from continuing operations of $62.0 million was primarily due to changes in working capital, including higher accounts receivables of $81.7 million and higher inventory levels of $88.2 million primarily related to our increased adoption of our *BNC First Day* equitable and inclusive access sales; higher payments for interest expense of $6.2 million; offset by higher payables of $78.0 million due to delayed payments to vendors for inventory purchases and expenses, as a result of borrowing 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 39 weeks ended January 27, 2024 were $(11.4) million compared to $(21.1) million during the 39 weeks ended January 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 $11.5 million and $21.7 million during the 39 weeks ended January 27, 2024 and January 28, 2023, respectively.

Cash Flow from Financing Activities from Continuing Operations

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

Financing Arrangements

		As of	
	Maturity Date	January 27, 2024	January 28, 2023
Credit Facility	December 28, 2024	$ 224,067	$ 255,600
Term Loan	April 7, 2025	31,750	30,000
sub-total		255,817	285,600
Less: Deferred financing costs, Term Loan [(a)]		(1,559)	(1,743)
Total debt		$ 254,258	$ 283,857
Balance Sheet classification:			
Short-term borrowings		$ 224,067	$ —
Long-term borrowings		30,191	283,857
Total debt		$ 254,258	$ 283,857

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

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

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

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.

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 39 weeks ended 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.

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 39 weeks ended 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 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 39 weeks ended January 27, 2024, we borrowed $454.5 million and repaid $384.5 million under the Credit Agreement, and had outstanding borrowings of $224.1 million as of January 27, 2024, comprised entirely of borrowings under the Credit Facility. During the 39 weeks ended January 28, 2023, we borrowed $482.0 million and repaid $452.1 million under the Credit Agreement, and had outstanding borrowings of $255.6 million as of January 28, 2023, comprised entirely of borrowings under the Credit Facility. As of January 27, 2024 and January 28, 2023, we have issued $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 39 weeks ended January 27, 2024, we incurred $1.8 million for interest in kind on the Term Loan and repaid $0 under the Term Loan Credit Agreement, with $31.8 million of outstanding borrowings as of January 27, 2024. During the 39 weeks ended 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 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 a reduction to long-term borrowings in the consolidated balance sheets, and subsequently amortized ratably over the term of the Term Loan Facility.

July 2023 Term Loan Credit Agreement Amendment

On July 28, 2023, we amended our Term Loan to (i) extend the maturity date of the Term Loan Agreement to April 7, 2025, (ii) allow for interest to be paid in kind until September 2, 2024, (iii) amend the 1.50% anniversary fee to recur on June 7 of each year that the Term Loan Agreement remains outstanding, with 2024 fee deferred to the earlier of September 2, 2024 and the Termination Date (as defined in the Term Loan Agreement) and (iv) amend certain negative covenants and affirmative and add certain additional covenants. We must pay a fee of $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 39 weeks ended 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 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 January 27, 2024 and January 28, 2023, we recognized interest expense of $10.6 million and $6.9 million, respectively, and during the 39 weeks ended January 27, 2024 and January 28, 2023, we recognized interest expense of $29.5 million and $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 39 weeks ended January 27, 2024 and January 28, 2023 was $19.6 million and $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 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 $2.4 million.

Share Repurchases

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

During the 13 and 39 weeks ended January 27, 2024, we repurchased 3,135 and 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 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 the potential loss of control over personal information;
- risks associated with the potential misappropriation of our intellectual property;
- disruptions to our information technology systems, infrastructure, data, supplier systems, and customer ordering and payment systems due to computer malware, viruses, hacking and phishing attacks, resulting in harm to our business and results of operations;
- disruption of or interference with third party service providers and our own proprietary technology;
- risks associated with the impact that public health crises, epidemics, and pandemics, such as the COVID-19 pandemic, have on the overall demand for 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 January 27, 2024.

Management has not identified any changes in the Company’s internal control over financial reporting that occurred during the 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 39 weeks ended 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 January 27, 2024 with respect to shares of Common Stock we purchased during the 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
October 29, 2023 - November 25, 2023	—	$ —	—	$ 26,669,324
November 26, 2023 - December 30, 2023	—	$ —	—	$ 26,669,324
December 31, 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 39 ended January 27, 2024, we did not repurchase any shares of our Common Stock under the stock repurchase program.

During the 13 and 39 ended January 27, 2024, we repurchased 3,135 and 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

10.1	Tenth Amendment, dated as of December 12, 2023, among the Company, as the lead borrower, the other borrowers party thereto, the lenders party thereto and Bank of America, N.A., as administrative agent and collateral agent for the lenders, to the Credit Agreement, dated as of August 3, 2015, filed as Exhibit 10.1 to the Company's Current Form on Form 8-K filed with the SEC on December 13, 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)

March 12, 2024

Exhibit 31.1

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

I, Michael P. Huseby, certify that:

1. I have reviewed this report on Form 10-Q for the quarterly period ended 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: 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 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: 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 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.

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 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.

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.