



Dear Fellow Shareholders,

Fiscal 2026 marked another year of significant progress for Barnes & Noble Education. We grew revenue and profitability, generated positive operating cash flow, improved our balance sheet, and continued investing in the future of our business.

Revenue increased 6.5% to approximately \$1.7 billion, despite Fiscal 2026 having one fewer week than the prior year. Adjusted EBITDA increased 28.8% to \$76.5 million, and we returned to profitability with net income of \$16.9 million. Over the past two fiscal years, Adjusted EBITDA has more than doubled from \$36.7 million to \$76.5 million, while total debt has declined by approximately \$125 million, from \$196.3 million to \$71.0 million. Our Board also recently declared the company's inaugural quarterly dividend of \$0.08 per share, an important milestone in BNED's continued progress.

At the center of our transformation are our First Day® affordable access programs. First Day program revenue increased 28% to \$760.1 million and represented approximately 44% of total company revenue. These programs provide students with their required course materials on or before the first day of class, improving affordability and access while creating a more predictable, recurring, subscription-like business model for BNED.

During the spring 2026 academic term, First Day Complete was available to approximately 1.25 million students across 232 of our 647 physical campus stores. At the end of Fiscal 2026, the program was deployed across only 36% of that network, providing significant runway to expand adoption and participation across both existing and new campus partnerships.

Our evolution also extends beyond course materials. We are investing in initiatives that expand the value we deliver to our institutional partners and their campus communities, including Room Service, enhanced merchandising and customer experiences, new partnership opportunities, and the thoughtful application of artificial intelligence to improve productivity and service.

Looking ahead, our priorities remain clear. We aim to build on the momentum in First Day, enhance operating leverage and capital efficiency, and invest in initiatives that strengthen our competitive position. We will continue to allocate capital thoughtfully by investing for growth, further reducing debt, and returning capital to shareholders.

The accomplishments of Fiscal 2026 would not have been possible without the dedication of our employees, the trust of our institutional partners, and the continued support of our shareholders. On behalf of our Board of Directors and leadership team,

thank you for your confidence in Barnes & Noble Education. We remain committed to building on our momentum and creating lasting value for all of our stakeholders.

Sincerely,

A handwritten signature in cursive script that reads "Jonathan Shar".

Jonathan Shar

Chief Executive Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

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

For the fiscal year ended May 2, 2026 OR

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

Commission File Number: 1-37499

BARNES & NOBLE EDUCATION, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

46-0599018

(State or Other Jurisdiction of Incorporation or Organization)

(I.R.S. Employer Identification No.)

180 Park Avenue, Suite 301 Florham Park NJ

07932

(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:

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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒ Emerging Growth Company ☐

Non-Accelerated Filer ☐ Smaller reporting company ☒

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report ☒

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

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

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

The aggregate market value of the voting and non-voting stock held by non-affiliates of the registrant was approximately \$206 million based upon the closing market price of \$9.13 per share of Common Stock on the New York Stock Exchange as of October 31, 2025. As of July 3, 2026, 34,643,372 shares of Common Stock, par value \$0.01 per share, were outstanding.

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES

INDEX TO FORM 10-K

	<u>Page No.</u>
Disclosure Regarding Forward-Looking Statements	3
Availability of Information	4
Risk Factor Summary	5
PART I	
Item 1. Business	7
Item 1A. Risk Factors	19
Item 1B. Unresolved Staff Comments	33
Item 1C. Cybersecurity	33
Item 2. Properties	34
Item 3. Legal Proceedings	35
Item 4. Mine Safety Disclosures	35
PART II	
Item 5. Market For The Registrant's Common Equity, Related Stockholder Matters And Issuer Purchases Of Equity Securities	36
Item 6. [Reserved]	36
Item 7. Management's Discussion And Analysis Of Financial Condition And Results Of Operations	37
Overview	37
Results Of Operations	39
Non-GAAP Measures	45
Liquidity And Capital Resources	47
Critical Accounting Policies And Estimates	51
Item 7A. Quantitative And Qualitative Disclosures About Market Risk	53
Item 8. Financial Statements And Supplementary Data	54
Item 9. Changes In And Disagreements With Accountants On Accounting And Financial Disclosure	90
Item 9A. Controls And Procedures	90
Item 9B. Other Information	95
Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	95
PART III	
Item 10. Directors, Executive Officers And Corporate Governance	95
Item 11. Executive Compensation	95
Item 12. Security Ownership Of Certain Beneficial Owners And Management And Related Stockholder Matters	95
Item 13. Certain Relationships And Related Transactions, And Director Independence	95
Item 14. Principal Accounting Fees And Services	96
PART IV	
Item 15. Exhibits, Financial Statement Schedules	96
Item 16. Form 10-K Summary	98
Signatures	99

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

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

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

- our ability to satisfy future capital and liquidity requirements;
- 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 compliance with SEC reporting requirements and NYSE continued listing rules;
- our ability to maintain adequate liquidity levels to support ongoing inventory purchases and related vendor payments in a timely manner;
- the pace of affordable access course material adoption in the marketplace being slower than anticipated, whether due to federal or state regulatory activity or our ability to successfully convert more of our institutions to our *BNC First Day*® affordable access course material models or successfully compete with third parties that provide similar affordable textbook solutions;
- 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. Fanatics Retail Group Fulfillment, LLC ("Fanatics") and Fanatics Lids College, Inc. D/B/A "Lids" ("Lids", and together with Fanatics, 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 involuntary store closings;
- decisions by K-12 schools, colleges and universities to outsource their physical and/or online bookstore operations or change the operation of their bookstores;
- the timing of the start of the various schools' semesters, as well as shifts in our fiscal calendar dates;
- the timing of cash collection from our school clients;
- 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;
- severe weather events and natural disasters across the United States may create disruptions to our store operations or college campus operations;
- 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, including as a result of recent actual and proposed U.S. policy changes and enforcement practices could materially impact the U.S. higher education landscape;
- decreased consumer demand for our products, low growth or declining sales, including as may be impacted by additional U.S. tariffs or other trade restrictions placed on imports, retaliatory trade measures taken by other countries resulting in trade wars and inflationary pressures;
- adverse changes in the general economic environment and consumer spending patterns;
- trends and challenges to our business and in the locations in which we have stores;
- technological changes, including the adoption of artificial intelligence technologies for educational content;
- 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;
- 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;
- a determination that an additional change of ownership has occurred, which may further limit the future utilization of our tax attributes;
- changes in and enactment of applicable laws, rules or regulations or changes in enforcement practices including, without limitation, with regard to artificial intelligence or consumer data privacy rights, which may restrict or prohibit our use of consumer personal information for texts, emails, interest based online advertising, or similar marketing and sales activities;
- adverse results from litigation, governmental investigations, tax-related proceedings, or audits;
- changes in future accounting standards;
- risks related to our controls and procedures and the Investigation, including costs related thereto, and our ability to remedy the ineffectiveness of our internal control over financial reporting and related remediation plan
- our ability to continue paying quarterly cash dividends at anticipated levels, or at all, which will depend on our results of operations, financial condition, cash requirements, and other factors, including restrictions under our credit agreements; and
- the other risks and uncertainties detailed in the section titled “Risk Factors” in Part I - Item 1A of this Form 10-K.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those described as anticipated, believed, estimated, expected, intended or planned. Subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements in this paragraph and in the section titled “Risk Factors” in Part I - Item 1A of this Form 10-K. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this Form 10-K, except as required by law.

AVAILABILITY OF INFORMATION

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

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

RISK FACTORS SUMMARY

Risks Relating to our Business and Industry

- We are dependent upon access to the capital markets, bank credit facilities, and short-term vendor financing for liquidity needs.
- We face significant competition for our products and services, and we expect such competition to increase.
- Our business depends on our ability to attract and retain talented employees, including senior management.
- We may not be able to enter into new managed bookstore contracts or successfully retain or renew our managed bookstore contracts on profitable terms.
- We face the risk of disruption of supplier relationships.
- We face the risk of fluctuating inventory supplies as a consequence of changes in the way publishers distribute course materials.
- Our wholesale business may not be able to manage its inventory levels effectively, which may lead to excess inventory or inventory obsolescence.
- Shipping is a critical part of our business and changes in, or disruptions to, our shipping arrangements have in the past and may in the future adversely affect our business, financial condition and results of operations.
- Our business is dependent on the overall economic environment, college enrollment and consumer spending patterns.
- Tariffs or other restrictions placed on imports, and any ensuing trade wars may have a material adverse impact on our financial condition and results of operations.
- Our business is seasonal.
- Our international operations could result in additional risks.

Risks Relating to our Strategic Plan

- Our results also depend on the successful implementation of our strategic initiatives, including implementation of our BNC First Day® affordable access course material models. We may not be able to implement this strategy successfully, on a timely basis, or at all.
- Part of our strategy includes the successful execution of strategic acquisitions and relationships, including our service provider relationships with VitalSource Technologies, Inc. (“VST”) and with the F/L Relationship which may not be successful.
- We intend to offer new products and solutions to students to grow our business. If our efforts are not successful, our business and financial results would be adversely affected.

Risks Relating to Data Privacy, Information Technology and Cybersecurity

- We face potential data privacy and information security risks with respect to unencrypted, non-deidentified personal information.
- Computer malware, viruses, hacking and phishing attacks could harm our business and results of operations.
- Defects, errors, installation difficulties or performance issues with our point-of-sales and other systems could expose us to potential liability, harm our reputation and negatively impact our business.
- We rely upon third party web service providers to operate certain aspects of our service, and any disruption of or interference with such services would impact our operations and our business would be materially and adversely impacted.

Risks Relating to Applicable Laws and Regulations

- Laws and regulations have been and may be enacted in the future that restrict or prohibit the use of emails or similar marketing activities that we currently rely on.
- Our business could be impacted by changes in federal, state, local or international laws, rules or regulations.
- Recent actual and proposed federal policy changes and enforcement practices could negatively impact college students, and our client educational institutions.
- Changes in tax laws and regulations might adversely impact our businesses or financial performance.

- Expectations regarding environmental, social, and governance matters may affect our business.

Risks Relating to Intellectual Property

- We rely on third-party digital content and applications, which may not be available to us on commercially reasonable terms or at all.
- We rely heavily on proprietary technology and sophisticated equipment to manage certain aspects of our business, including to manage textbook inventory, process deliveries and returns of the textbooks and manage warehousing and distribution.
- We may not be able to adequately protect our intellectual property rights or may be accused of infringing upon intellectual property rights of third parties.
- We do not own the Barnes & Noble trademark and instead rely on a license of that trademark and certain other trademarks, which license imposes limits on what those trademarks can be used to do.

Risks Related to Controls and Procedures and the Investigation

- We have concluded that our internal control over financial reporting and our disclosure controls and procedures were not effective as of May 2, 2026 due to material weaknesses, which could adversely affect our ability to report our financial results in a timely and accurate manner and have a material adverse impact on our business and financial condition.
- If we fail to maintain proper and effective internal controls, our business and financial condition could be materially adversely impacted.
- Due to inherent limitations, there can be no assurance that our system of disclosure and internal controls and procedures will be successful in preventing all errors, theft and fraud, or in informing management of all material information in a timely manner.
- Matters relating to or arising from the subject of the Investigation, including expenses and diversion of personnel and resources, regulatory investigations, and proceedings and litigation matters, could have an adverse effect on our business, results of operations and financial condition.
- We may incur additional substantial costs in connection with remediation efforts following the Restatement, which could adversely affect our results of operations.
- We may be required to indemnify our current and former directors, officers and employees in connection with litigation and other actions which could result in significant legal expenses and other costs to us.
- Our past failure to prepare and timely file our periodic reports with the SEC limits our access to the public markets to raise debt or equity capital, may impact our ability to obtain alternative financing, and could have negative consequences under the terms of our existing credit agreements.

Risks Relating to our Common Stock and the Securities Market

- Two of our stockholders collectively own close to a majority of the Company's outstanding shares, and their interests could differ from the interests of our other stockholders.
- The future sales, or the perception of future sales, of shares by existing stockholders may adversely affect the market price of our Common Stock.
- Our stock price may fluctuate significantly.
- Provisions in our Amended and Restated Certificate of Incorporation and Amended and Restated By-laws and of Delaware law may prevent or delay an acquisition of the Company, which could affect the trading price of our Common Stock.
- Our Amended and Restated By-laws designate courts in the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

PART I

Item 1. BUSINESS

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

Our fiscal year is comprised of 52 or 53 weeks, ending on the Saturday closest to the last day of April. “Fiscal 2026” means the 52 weeks ended May 2, 2026, and “Fiscal 2025” means the 53 weeks ended May 3, 2025. “Fiscal 2027” means the 52 weeks ended May 1, 2027.

OVERVIEW

General

Barnes & Noble Education, Inc. (“BNED”) is one of the largest contract operators of physical and virtual bookstores for college and university campuses and K-12 institutions across the United States. We are also one of the largest textbook wholesalers and inventory management hardware and software providers. As of May 2, 2026, we operated 1,116 physical and virtual bookstores, delivering essential educational content and general merchandise within a dynamic omnichannel retail environment.

The strengths of our business include our ability to compete by developing new products and solutions to meet market needs, our large operating footprint with direct access to students and faculty, our well-established, deep relationships with academic partners and stable, long-term contracts and our well-recognized brands. We provide product and service offerings designed to address the most pressing issues in higher education, including 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*® affordable access course material 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. These programs have allowed us to reverse historical long-term trends in course materials revenue declines, which has been observed at those schools where such programs have been adopted, and improve predictability of our future results. Many institutions adopted *First Day Complete* in Fiscal 2026, and we plan to continue to scale the number of schools adopting *First Day Complete* in Fiscal 2027 and beyond.

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

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

***BNC First Day*® Affordable Access Course Material Programs**

We provide product and service offerings designed to address the most pressing issues in higher education, including 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*® affordable access course material programs, consisting of *First Day Complete* and *First Day*, which provide faculty-required course materials to students on or before the first day of class at below market rates, as compared to the total retail price for the same course materials if purchased separately (a la carte), and students are billed the below market rate directly by the institution as a course charge or included in tuition.

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

substantially greater unit sales and sell-through for the bookstore.

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

Offering course materials through our *BNC First Day*® affordable access course material programs, *First Day Complete* and *First Day*, is an important strategic initiative of ours to meet the market demands of reduced pricing for students, as well as the opportunity to improve student outcomes, while, at the same time, increasing our market share, revenue and relative gross profits of course material sales given the higher volumes of units sold in such models as compared to historical sales models that rely on individual student marketing and sales. These affordable access course material programs have allowed us to reverse historical long-term trends in course materials revenue declines, which has been observed at those schools where such programs have been adopted. We continue to move quickly to accelerate our *First Day Complete* strategy. Many institutions adopted *First Day Complete* in Fiscal 2026, and we plan to continue to scale the number of schools adopting *First Day Complete*.

During the 52 weeks ended May 2, 2026, *BNC First Day*® total revenue increased by \$166.3 million, or 28.0%, to \$760.1 million compared to \$593.8 million during the prior year period.

The following table summarizes our *BNC First Day*® sales for the 52 weeks ended May 2, 2026 and 53 weeks ended May 3, 2025:

<i>Dollars in millions</i>	52 weeks ended May 2, 2026	53 weeks ended May 3, 2025	\$ Increase	% Change
<i>First Day Complete</i> Sales	\$ 500.8	\$ 376.3	\$ 124.5	33%
<i>First Day</i> Sales	\$ 259.3	\$ 217.5	\$ 41.8	19%
Total <i>BNC First Day</i> ® Sales	\$ 760.1	\$ 593.8	\$ 166.3	28%

	Spring Semester 2026	Spring Semester 2025	# Increase	% Change
<i>First Day Complete</i>				
Number of campus stores	232	191	41	21%
Estimated enrollment ^(a)	1,250,585	957,000	293,585	31%

(a) Total undergraduate and graduate student enrollment as reported by National Center for Education Statistics (NCES) as of January 6, 2026.

Financing Arrangements

On June 10, 2024, we completed various transactions (the "Transactions"), including an equity rights offering, private equity investment, Term Loan debt conversion, and Credit Facility refinancing, to substantially deleverage our Consolidated Balance Sheet. These Transactions raised additional capital for repayment of indebtedness and provide additional flexibility for working capital needs, which will also allow us to strategically invest in innovation and continue to execute our strategic initiatives, including but not limited to the growth of our *First Day Complete* program. Upon closing of the Transactions on June 10, 2024:

- We received gross proceeds of \$95.0 million of new equity capital through a \$50.0 million new private equity investment (the "Private Investment") led by Immersion and a \$45.0 million equity rights offering (the "Rights Offering"). The Private Investment and the Rights Offering infused approximately \$85.5 million of net cash proceeds after transaction costs, and resulted in Immersion obtaining a controlling interest in the Company.
- Our existing Term Loan lenders, TopLids and VitalSource, converted approximately \$34.0 million of outstanding principal and accrued and unpaid interest into our Common Stock (the "Term Loan Debt Conversion"). We recognized a loss on extinguishment of debt of \$55.2 million in the Consolidated Statement of Operations in connection with the Term Loan Debt Conversion which represents the difference between the Common Stock fair value upon conversion and the net carrying value of the Term Loan, plus unamortized deferred financing costs related to the Term Loan. As a result of the Term Loan Debt Conversion, the Term Loan and its related agreements were terminated.
- We refinanced our existing Credit Facility (the "Credit Facility Refinancing") providing access to a \$325.0 million facility maturing in 2028. The Credit Facility Refinancing has meaningfully enhanced our financial flexibility and reduced our annual interest expense.

On September 19, 2024, we entered into an at-the market ("ATM") sales agreement (the "September ATM Sales Agreement") with BTIG, LLC ("BTIG") under which we sold the maximum of \$40.0 million of our Common Stock from time to time at a weighted-average price of \$10.06 per share and received \$39.2 million in proceeds, net of commissions. BTIG, as the sales agent, sold the shares based upon our instructions (including as to price, time or size limits or other customary

parameters or conditions). We paid BTIG a commission of 2% of the gross sales proceeds of the Common Stock sold under the September ATM Sales Agreement. We were not obligated to make any sales of Common Stock under the September ATM Sales Agreement.

On December 20, 2024, we entered into an additional ATM sales agreement with BTIG (the "December ATM Sales Agreement"), under which we sold the maximum of \$40.0 million of our Common Stock from time to time at a weighted-average price of \$10.42 per share and received \$39.2 million in proceeds, net of commissions. BTIG, as the sales agent, sold the shares based upon our instructions (including as to price, time or size limits or other customary parameters or conditions). We paid BTIG a commission of 2% of the gross sales proceeds of the Common Stock sold under the December ATM Sales Agreement. We were not obligated to make any sales of Common Stock under the December ATM Sales Agreement.

Segments

We identify our segments in accordance with the way our business is managed. The current CEO (the current Chief Operating Decision Maker ("CODM")) assesses performance and allocates resources. The Company currently operates as a single operating and reporting segment.

Relationship with Fanatics and Lids

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

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

Contracts

Physical and Custom Campus Bookstore Solutions

As of May 2, 2026, we operated 647 physical campus bookstores. Our physical bookstores are typically operated under management agreements with the college or university to be the official college or university bookstore and the exclusive seller of course materials and supplies, including physical and digital products sold in-store, online or through learning management systems. We pay the school a percentage of sales for the right to be the official college or university bookstore and the use of the premises; less than 38% of our agreements have a minimum guaranteed amount to be paid to our partners. In addition, we have the non-exclusive right to sell all items typically sold in a college bookstore both in-store and online. We also have the ability to integrate the store's systems with the colleges and university's systems in order to accept student financial aid, university debit cards and other forms of payment. Our decentralized management structure empowers local teams to make decisions based on the local campus needs and fosters collaborative working relationships with our partners.

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

The physical bookstore management contracts with colleges and universities typically include five-year terms with renewal options and are typically cancellable by either party without penalty upon advance notice ranging from 90 to 180 days depending on the contract. Our campus bookstores have an average relationship tenure of 17 years. From Fiscal 2022 through Fiscal 2026, approximately 77% of these contracts were renewed or extended, often before their termination dates.

Virtual Campus Bookstore Solutions

As of May 2, 2026, we operated 469 virtual campus bookstores. Our virtual bookstores generally operate under a contract as the institution's official source of course materials with exclusive rights to book lists and access to online programs that link

course materials to the courses offered by the school. Our virtual-only solutions typically ship course materials directly to students, but also have the ability to offer ship-to-campus options.

Virtual bookstore agreements typically have terms between three and five years, with automatic renewal periods. For the past three years, we have retained approximately 89% of our contracts annually, with the majority of the contracts automatically renewed as per the contract terms or renewed before their expiration dates. We pay the school a percentage of sales for the right to be the official college or university bookstore.

Customers and Distribution Network

As of May 2, 2026, we operated 647 physical college and university bookstore locations and 469 virtual bookstores (286 K-12 virtual stores or 61% and 183 Higher Education virtual stores or 39%) located in the United States, in 50 states and the District of Columbia. Our sales team is organized by specific territory and can offer all solutions (physical, virtual or custom store solutions) to public, state, private, community college, trade and technical, for-profit, online education institutions, within their respective territories.

Product and Service Offerings

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

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

Product and service offerings include:

- *Course Material Sales and Rentals.* Sales and rentals of course materials are a core revenue driver, and our faculty and student platforms operate as a seamless extension of our partner schools' registration, student information and learning management systems. Students can purchase course materials, including new and used print (available for sale or rent), eTextbooks, and publisher digital courseware platforms. We work directly with faculty to ensure the course materials they have chosen for their courses are available in all required formats before the start of classes. Our wholesale distribution channel enables us to optimize textbook sourcing, so they are able to more efficiently source and distribute a comprehensive inventory of affordable course materials to customers.
- *Affordable Access Course Material.* As discussed above, we offer our *BNC First Day*[®] affordable access course material programs, consisting of *First Day Complete* and *First Day*, which provide faculty required course materials on or before the first day of class at below market rates, as compared to the total retail price for the same course materials if purchased separately (a la carte), and students are billed the below market rate directly by the institution as a course charge or included in tuition. We have contracted with VitalSource Technologies, Inc. ("VitalSource"), a global leader in building, enhancing and delivering digital content, to use their technology to support our *BNC First Day*[®] affordable access platform, for digitally formatted courseware, from all major publishers, including Cengage Learning, McGraw-Hill Education and Pearson Education, allowing us to accelerate *BNC First Day*[®] implementations. The seamless delivery is made possible by our *BNC First Day*[®] technology and publishers' technology integrations with campus systems. These initiatives provide students, faculty and institutions with greater access to more affordable course materials. *First Day* is offered on a class-by-class basis, as adopted by the individual instructors on a campus, as compared to *First Day Complete*, an institution adopts the program for all or the vast majority of undergraduate (and on occasion graduate) courses. In Fiscal 2026, *BNC First Day*[®] programs' total sales increased by 28.0% from the prior year. *First Day Complete* offers the delivery of both digital and physical course materials priced at below market rates, as compared to the total retail price for the same course materials if purchased separately (a la carte). Offering course materials through our affordable access course material programs is an important strategic initiative of ours to meet the market demands of substantially reduced pricing to students while, at the same time, increasing our market share, revenue and relative gross 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.
- *eTextbooks.* In addition to supporting and enabling our *BNC First Day*[®] platform, our strategic relationship with VitalSource allows us to use its technology to enable our a la carte digital course material platform and catalog, for digitally formatted course materials.

- *General Merchandise.* For our physical campus bookstores and custom store solutions, we drive general merchandise sales through both in-store and online channels and feature collegiate and athletic apparel, other custom-branded school spirit products, lifestyle and wellness products, technology products, supplies, graduation products and convenience items. We continue to see growth in general merchandise sales, which has been further bolstered through our F/L Relationship, as discussed above. We continue to enhance the user experience and product mix offered through our next generation e-commerce platform.

We operate 47 True Spirit® apparel and spirit shop e-commerce websites, through our F/L Relationship, which are virtual stores that appeal specifically to the alumni and sports fan base. We also operate pop-up retail locations at major sporting events, such as football and basketball games, for our partner colleges and universities. The True Spirit® e-commerce websites for athletic branded merchandise and the physical pop-up retail locations build our partner schools' brands through alumni and athletics, fostering school spirit and capturing the excitement of collegiate sports. We utilize event driven marketing strategies around tournaments, playoffs, homecoming, and similar events, to target students, alumni and sports fans online, through email, social media, and search engine marketing.

- *Cafés and Convenience Stores.* At our physical campus locations, we operate 54 customized cafés, featuring Starbucks Coffee®, as well as regional coffee roasters, and 5 stand-alone convenience stores. Our Café locations and convenience marketplaces offer diverse grab-and-go options including organic, vegan, gluten-free and regional fresh food products. These offerings increase traffic and time spent in our physical stores. As market needs change, we are adapting our model to include more grab-and-go pre-packed fresh food items, simplified menus to reduce food waste and new technology to reduce operating complexity and make the customer experience more efficient.
- *Brand Marketing Programs.* Through our unique relationship with students, colleges and universities, and our premier locations on campus and online, we operate as a media channel for brands looking to target the college demographic, and derive revenue from these marketing programs. We create strategic, integrated campaigns which include research, email, social media, display advertising, on-campus events, signage, and sampling. Our client list includes brands such as Neutrogena, College Ave, Dell, DoorDash, HelloFresh, YouTube, Venmo, and the Wall Street Journal. Revenue from these services have high margin rates due to the relatively low incremental cost structure to provide these services.
- *Wholesale Textbook Distribution.* Our large inventory of used textbooks consists of approximately 200,000 unique textbook titles in stock, and utilizes a highly automated distribution facility that is capable of processing over 21 million textbooks annually.

Additionally, we are a national distributor for rental textbooks offered through McGraw-Hill Education's consignment rental program (which includes approximately 1,428 titles) and Pearson Education's consignment rental program (which includes approximately 1,077 titles). Through our centrally located, advanced distribution center, we offer seamless integration of these consignment rental programs and centralized administration and distribution to 1,268 stores, including the retail stores. These consignment rental programs are available to our wholesale customers, including institutionally run and contract managed campus bookstores, as well as our physical and virtual bookstores.

- *Wholesale Inventory Management, Hardware and POS Software.* We sell hardware and a software suite of applications that provide inventory management and point-of-sale solutions to approximately 311 college bookstores. We provide on-site installation for point-of-sale terminals and servers, and offer technical assistance through user training and our support center facility. The cost savings and ease of deployment ensure clients get the most out of their management systems and create strong customer loyalty.

Merchandising and Supply Chain Management

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

Course Materials and Trade Books

The products that we sell originate from a wide variety of domestic and international vendors. Our financial results are highly dependent upon our ability to build our textbook inventory from suppliers in advance of the selling season because the demand for used textbooks has historically been greater than the available supply. Some textbook publishers supply textbooks pursuant to consignment or rental programs which could impact used textbook supplies in the future. We are a national distributor for rental textbooks offered through McGraw-Hill Education's and Pearson Education's consignment rental program. We do not have long-term arrangements with most of our suppliers to guarantee availability of content or services, particular payment terms or the extension of credit limits. If our current suppliers were to stop selling 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 content or services from other suppliers in a timely and efficient manner and on acceptable terms, or at all. Additionally, delayed or incomplete publisher shipments of physical textbook orders, or delays in receiving

digital courseware access codes, could have an adverse impact on sales, including our BNC First Day® Complete affordable 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 sold in our campus bookstores, including technology-related products and emblematic clothing and gifts.

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

The physical bookstores' fulfillment order is directed first to our wholesale operations before other sources of inventory are utilized. The products that we sell originate from a wide variety of domestic and international vendors. Additionally, we aggregate remaining store demand to place larger orders with publishers and distribute from our MBS facility to individual stores. After internal sourcing, the bookstore purchases textbooks from outside suppliers and publishers. Through this close inventory management, we consolidate textbook units from multiple retail stores and other non-traditional wholesale sources into fewer, but larger, store shipments, reducing our shipping expenses and providing for efficiency of store handling, which puts our books on the stores' shelves faster. Our broad wholesale distribution channel and warehousing systems also drive inventory efficiencies by using real-time information regarding title availability, edition status and market prices, allowing us to optimize course material sourcing and purchasing processes.

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

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

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

General Merchandise

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

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

Customer Engagement and Marketing

Campus Community

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

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

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

Faculty and School Administrators

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

Seasonality

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

Product sales are 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 upon delivery of the digital content as product revenue in our consolidated financial statements. Revenue from the rental of physical textbooks is deferred and recognized over the rental period based on the passage of time commencing at the point of sale, when control of the product transfers to the customer and is recognized as rental income in our consolidated financial statements. Depending on the product mix offered under the *BNC First Day*® offerings, revenue recognized is consistent with our policies for product, digital and rental sales, net of an anticipated opt-out or return provision.

Given the growth of *BNC First Day*® affordable access course material 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*® affordable access course material 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*® affordable access course material offerings, we are focused on efforts to better align the timing of our cash outflows to course material vendors and cash inflows from collections from schools. As the concentration of digital product sales increases, revenue will be recognized earlier during the academic term as digital textbook revenue is recognized when the digital content is made available to the customer compared to: (i) the rental of physical textbooks where revenue is recognized over the rental period, and (ii) a la carte courseware sales where revenue is recognized when the customer takes physical possession of our products, which occurs either at the point of sale for products purchased at physical locations or upon receipt of our products by our customers for products ordered through our websites and virtual bookstores.

COMPETITION

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

content and distribution services and also have direct-to-student selling channels for digital materials. VitalSource is the owner of Akademos, providing a distribution solution for print materials.

Competitors for institutional contracts for our cafe and convenience general merchandise offerings include Sodexo and Aramark. Our general merchandise business also faces competition from direct-to-student sales from Walmart, Amazon, Dick's Sporting Goods, Rally House, Fanatics, Lids, and other third-party online retailers, physical and online office supply stores and local and national retailers that offer college-themed and other general merchandise.

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

TRENDS AND OTHER BUSINESS CONDITIONS AFFECTING OUR BUSINESS

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

- *Overall Capital Markets, Economic Environment, College Enrollment and Consumer Spending Patterns.* Our business is affected by capital markets, the overall economic environment, funding levels at colleges and universities, by changes in enrollments at colleges and universities, and spending on course materials and general merchandise.
- *Capital Market Trends:* We may require additional capital in the future to sustain or grow our business, including implementation of our strategic initiatives. The future availability of financing will depend on a variety of factors, such as economic and market conditions, and the availability of credit. These factors have and could continue to materially adversely affect our costs of borrowing, and our financial position and results of operations would be adversely impacted. Volatility in global financial markets may also limit our ability to access the capital markets at a time when we would like, or need, to raise capital, which could have an impact on our ability to react to changing economic and business conditions.
- *Economic Environment:* 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 2025 and Spring of 2026, we observed increased year-over-year enrollment trends. Enrollment trends, specifically at community colleges, generally correlate with changes in the economy and unemployment factors, e.g., low unemployment tends to lead to low enrollment and higher unemployment rates tend to lead to higher enrollment trends, as students generally enroll to obtain skills that are in demand in the workforce. Additionally, enrollment trends are impacted by the dip in the United States birth rate resulting in fewer students at the traditional 18 to 24 year-old college age. Online degree program enrollments continue to grow, which impacts the level of in-store traffic for general merchandise sales, just as for cafe and convenience products.
- *Regulatory Trends:* In 2025 and into 2026, numerous actions and proposals by the federal government have created uncertainty for public and private college institutions, as well as their students. These actions and proposals include: restrictions on issuances of student visas, deportation of foreign students; reduced federal funding for colleges and universities; and reductions to, or the elimination of, student loan programs and potentially the elimination of the U.S. Department of Education itself. Should any of these actions and policies move forward, they, or even the threat of these actions continue, could negatively impact student enrollment at U.S. colleges and universities, decrease operating budgets, and adversely affect our business and operating results and financial condition.
- *Increased Use of Open Educational Resources ("OER"), Online and Digital Platforms as Companions or Alternatives to Traditional Course Materials, Including Artificial Intelligence ("AI") Technologies.* Students and faculty can now choose from a wider variety of educational content and tools than ever before, delivered across both print and digital platforms.
- *Increasing Costs Associated with Defending Against Security Breaches and Other Data Loss, Including Cyber-Attacks.* We are increasingly dependent upon information technology systems, infrastructure and data. Cyber-attacks are increasing in their frequency, sophistication and intensity, and have become increasingly difficult to detect. We continue to invest in data

protection, including insurance, and information technology to prevent or minimize these risks and, to date, we have not experienced any material service interruptions and are not aware of any material breaches.

- *Distribution Network Evolving.* The way course materials are distributed and consumed is changing significantly, a trend that is expected to continue. The market for course materials, including textbooks and supplemental materials, is intensely competitive and subject to rapid change.
- *Disintermediation.* We are experiencing growing competition from alternative media and alternative sources of textbooks and other course materials. In addition to the official physical or virtual campus bookstore, course materials are also sold through off-campus bookstores, e-commerce outlets, digital platform companies, and publishers, including Cengage Learning, McGraw-Hill Education and Pearson Education, bypassing the bookstore distribution channel by selling or renting directly to students and educational institutions, including student-to-student transactions over the Internet, and multi-title subscription access.
- *Suppliers, Supply Chain and Inventory.* The products that we sell originate from a wide variety of domestic and international vendors. During Fiscal 2026, our four largest suppliers accounted for approximately 56% of our merchandise purchased, with the largest supplier accounting for approximately 50% 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 our wholesale business' ability to build its textbook inventory from suppliers in advance of the selling season. Some textbook publishers have begun to supply textbooks pursuant to consignment or rental programs which could impact used textbook supplies in the future. Additionally, our wholesale business is a national distributor for rental textbooks offered through McGraw-Hill Education's and Pearson Education's consignment rental program. We do not have long-term arrangements with most of our suppliers to guarantee availability of merchandise, content or services, particular payment terms or the extension of credit limits. If our current suppliers were to stop selling merchandise, content or services to us on acceptable terms, including as a result of one or more supplier bankruptcies due to poor economic conditions or refusal by such suppliers to ship products to us due to delayed or extended payment windows as a result of our own liquidity constraints, we may be unable to procure the same merchandise, content or services from other suppliers in a timely and efficient manner and on acceptable terms, or at all. Additionally, delayed or incomplete publisher shipments of physical textbook orders, or delays in receiving digital courseware access codes, could have an adverse impact on sales, including our *BNC First Day*® Complete affordable access course material 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 affordable 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. We are moving quickly to continue implementing our *First Day Complete* and *First Day* strategy. Many institutions adopted *First Day Complete* in Fiscal 2026, and we continue to scale the number of schools adopting *First Day Complete*. We cannot guarantee that we will be able to achieve these plans within these timeframes or at all.

- *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 affordable access course material programs) and general merchandise.
- *New and Existing Bookstore Contracts.* We expect awards of new accounts resulting in new physical and virtual store openings will continue to be an important driver of future growth in our business. We also expect that certain less profitable or non-essential bookstores we operate may close, as we focus on the profitability of our stores. In Fiscal 2026, the growth of our *BNC First Day*[®] programs offset the declines in a la carte courseware sales. We are moving quickly and decisively to accelerate our *First Day Complete* strategy.

GOVERNMENT LAWS AND REGULATIONS

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

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

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

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

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

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

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

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

For our K-12 virtual campus bookstores, the Children's Online Privacy Protection Act of 1998 (“COPPA”) regulates the online collection of personal information about children under 13 years of age.

The Company is subject to certain laws related to the collection, use, retention, security and transfer of personal information. In many cases, these laws and regulations apply to not only third-party transfers of personal information, but also may impact transfers of personal information among the Company and its affiliates. In the absence of a federal comprehensive consumer data privacy law, 22 U.S. states have enacted comprehensive consumer privacy laws as of May 2, 2026, including Alabama, California, Colorado, Connecticut, Delaware, Florida, Indiana, Iowa, Kentucky, Maryland, Minnesota, Montana, Nebraska, New Hampshire, New Jersey, Oklahoma, Oregon, Rhode Island, Tennessee, Texas, Utah and Virginia.

HUMAN CAPITAL

Overview

As of May 2, 2026, we had approximately 3,613 domestic employees, of which approximately 2,196 were full-time and the remaining were regularly scheduled part-time employees, and approximately 169 full-time international employees. In addition, we employed approximately 3,459 temporary and seasonal domestic employees in peak periods during Fiscal 2026. Of our approximate 2,196 full-time employees, 1,397 work in our retail stores, 453 work in our wholesale business, and 346 work in corporate support functions. None of our employees are represented by unions. We believe that our relationship with our employees is good.

Personnel Recruitment and Training

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

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

Barnes & Noble Education is proud to be an equal opportunity employer. Our Equal Employment Opportunity Policy ensures that all employment decisions are made without discrimination and with full access to opportunity. We provide equal employment opportunities to all current and prospective employees and ensure that employment, training, compensation, transfer, promotion, and all conditions and privileges of employment are offered without regard to race, color, religion, national origin, gender, age, disability, sexual orientation, veteran status, or any other protected status. This commitment is maintained in full compliance with all applicable national, state, and local laws.

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

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

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

Compensation and Benefits

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

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

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

Safety

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

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The following sets forth information regarding our executive officers, including their positions (ages as of July 3, 2026):

Name	Age	Position
Jonathan Shar	57	Chief Executive Officer
Jason Snagusky	46	Executive Vice President, Chief Financial Officer
Christopher Neumann	56	Executive Vice President, General Counsel & Corporate Secretary
Gary Luster	58	Senior Vice President, Chief Accounting Officer

Jonathan Shar, age 57, has served as Chief Executive Officer since June 2024, and leads the Company’s mission to support student success through innovative and accessible education solutions. Under his leadership, BNED has navigated a rapidly evolving higher education landscape by driving strategic growth, operational excellence, and enhanced value for students, partner institutions and shareholders. Since becoming CEO, Mr. Shar has accelerated the expansion of BNED’s First Day® program, setting new standards for affordability and access to course materials nationwide. He has also strengthened the Company’s retail and digital operations, elevating the customer experience and deepening institutional partnerships through a client-focused approach that supports their highest-priority goals. With an extensive background in education, digital content and media, Mr. Shar brings a track record of transformative leadership. Before becoming CEO, he served as Executive Vice President of BNED Retail and President of Barnes & Noble College, overseeing the Company’s campus bookstore and e-commerce strategy. Prior to joining BNED, he held executive roles at Akademos, Barnes & Noble, Inc., CNNMoney and Time Inc., shaping growth and innovation across multiple industries. Mr. Shar holds a Bachelor of Arts from Tufts University and an MBA from the University of Michigan.

Jason Snagusky, age 46, has served as Executive Vice President and Chief Financial Officer for Barnes & Noble Education since January 2025, and is a member of the Company’s executive team. In this role, he is responsible for leading the Company’s financial management, including financial planning and operations, reporting, accounting, treasury, tax, internal audit and investor relations. Mr. Snagusky joined the Company in 2007, working in various finance and treasury roles with increased levels of responsibility across the business. In his most recent role prior to serving as Executive Vice President and Chief Financial Officer, he served as Senior Vice President, Treasurer, where he was responsible for financial planning, budgeting, forecasting, reporting and regulatory compliance, ensuring Barnes & Noble Education’s financial health and alignment with the Company’s strategic goals. Mr. Snagusky also led the Loss Prevention & Procurement departments. Prior to Barnes & Noble Education, he held positions at NYSE Euronext, Inc. and Toys R Us, Inc. Mr. Snagusky holds a B.S. in Finance and Marketing from Lehigh University’s College of Business.

Christopher Neumann, age 56, has served as Executive Vice President, General Counsel and Corporate Secretary since March 2025, overseeing all aspects of the Company’s legal function. Prior to joining the Company, from January 2018 to December 2024, he served in various roles for Six Flags Entertainment Corporation, most recently as General Counsel and Corporate Secretary. From 2010 through 2017, Mr. Neumann served as Vice President, Deputy General Counsel for Kaplan, Inc., an international educational services company, where he handled transactional matters and managed Kaplan’s U.S. legal function. Before joining Kaplan, Mr. Neumann was an Associate General Counsel in BlackRock’s real estate private equity group. Previously, Mr. Neumann was an attorney in Kirkland & Ellis’ New York office, representing clients in various corporate transactions. Mr. Neumann holds a Juris Doctor from St. John’s University School of Law and earned a B.S. in Business Administration from the University of Vermont.

Gary Luster, age 58, has served as Senior Vice President, Chief Accounting Officer since March 2025, overseeing the Company’s accounting functions, ensuring compliance with financial regulations, and providing strategic financial leadership. From August 2020 to June 2024, Mr. Luster served as Vice President and Corporate Controller at TerrAscend, a publicly-traded vertically integrated North American cannabis operator. Prior to that, from July 2019 to August 2020, Mr. Luster served as Vice President of Accounting & Reporting at Capri Holdings Limited, the former parent company of luxury fashion brands Versace, Jimmy Choo, and Michael Kors. From September 2016 to June 2019, he served as Senior Director and Assistant Corporate Controller at Tiffany & Co., a luxury jewelry and specialty retailer. Mr. Luster holds both a BA and MBA from Rutgers University and is a Certified Public Accountant (CPA).

Item 1A. RISK FACTORS

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

Risks Relating to our Business and Industry

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

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

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

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

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

business model, including our *BNC First Day*® affordable access course material models. Furthermore, the market for course materials is diluted from counterfeiting and piracy of digital and print copies or illegal copies of selected chapters made by students or others; user-generated and faculty-created content; and sharing or non-purchase of required course materials by students.

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

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

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

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

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

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

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

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

In addition, we may face significant competition in retaining existing physical and virtual store contracts when renewing those contracts as they expire. Our physical bookstore contracts are typically for five years with renewal options, and most contracts are cancellable by either party without penalty upon advance notice ranging from 90 to 180 days depending on contract. Our virtual bookstore contracts are typically for three to five years, and most are cancellable without penalty with notice. Despite the lower startup and ongoing operating expense associated with virtual stores, the loss of such contracts could impact revenue and profitability. We may not be successful in retaining our current contracts, renewing our current contracts or renewing our current contracts on terms that provide us the opportunity to improve or maintain the profitability of managing stores that are the subject matter of such contracts.

We face the risk of disruption of supplier relationships.

The products that we sell originate from a wide variety of domestic and international vendors. During Fiscal 2026, our four largest suppliers accounted for approximately 56% of our merchandise purchased, with the largest supplier accounting for approximately 50% of our merchandise purchased. While we believe that our relationships with our suppliers are good, suppliers may modify the terms of these relationships due to general economic conditions or otherwise or, especially with respect to wholesale inventory, publishers could terminate distribution to wholesalers, including our wholesale business.

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

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

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

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

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

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

Our wholesale business is a national distributor for rental textbooks offered through McGraw-Hill Education's consignment rental program (which includes approximately 1,428 titles) and Pearson Education's consignment rental program (which includes approximately 1,077 titles). Through its centrally located, advanced distribution center, our wholesale business offers the seamless integration of these consignment rental programs and centralized administration and distribution to approximately 1,268 stores, including our retail stores. These consignment rental programs are available to our wholesale customers, including institutionally run and contract-managed campus bookstores, as well as our physical and virtual bookstores.

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

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

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

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

We rely on a limited number of shipping companies to deliver inventory to us and deliver completed orders to our customers. An inability to negotiate acceptable terms with these companies or performance problems, staffing limitations, union strikes, or other difficulties experienced by these companies or by our own transportation systems, including as a result of labor market constraints and related costs, could negatively impact our operating results and customer experience. In addition, our ability to receive inbound inventory efficiently and ship completed orders to customers also may be negatively affected by natural or human-caused disasters (including public health crises) or extreme weather (including as a result of climate change), geopolitical events and security issues, labor or trade disputes, and similar events. Furthermore, changes to the terms of our shipping arrangements or the imposition of surcharges or surge pricing have in the past and may in the future adversely impact our margins and profitability. We have from time to time experienced increased shipping costs as a result, and these costs may continue to increase in the future. We may not be able to or choose to pass such increases on to our customers in the future.

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

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

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

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

Tariffs or other restrictions placed on imports, and any ensuing trade wars may have a material adverse impact on our financial condition and results of operations.

Many of our products are sourced and manufactured abroad. The Trump administration announced a series of tariffs throughout 2025 and 2026 on many products originating from countries worldwide, including potential higher tariffs on most products of Chinese origin. The Trump administration has since reduced or temporarily paused some of the tariffs and has reached agreement on tariffs with certain countries. We cannot predict whether such reductions will remain in place or pauses will be extended, whether the Trump administration will continue to increase tariffs, or whether the Trump administration will enter into agreements with other countries to reduce tariffs. If these or other incremental tariffs go into effect, it could have a material adverse effect on our business, financial condition and results of operations.

Our business is seasonal.

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

Given the growth of *BNC First Day*[®] programs, the timing of cash collection from our school partners may shift to periods subsequent to when the revenue is recognized. When a school adopts our *BNC First Day*[®] affordable access course material

programs, 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*® affordable access course material programs, we are focused on efforts to better align the timing of our cash outflows to course material vendors and cash inflows from collections from schools. As the concentration of digital product sales increases, revenue will be recognized earlier during the academic term as digital textbook revenue is recognized when the digital content is made available to the customer compared to: (i) the rental of physical textbook where revenue is recognized over the rental period, and (ii) a la carte courseware sales where revenue is recognized when the customer takes physical possession of our products, which occurs either at the point of sale for products purchased at physical locations or upon receipt of our products by our customers for products ordered through our websites and virtual bookstores.

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

Our international operations could result in additional risks.

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

Risks Relating to our Strategic Plan

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

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

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

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

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

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

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

Risks Relating to Data Privacy, Information Technology and Cybersecurity

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

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

target, we may be unable to anticipate these techniques or to implement adequate preventative measures. A party that is able to circumvent our security measures could misappropriate our proprietary information or our customers' and employees' personal information, and cause interruption in our operations. Any compromise of our data security could result in a violation of applicable laws, regulations or industry standards, significant legal and financial exposure beyond the scope or limits of insurance coverage, increased operating costs associated with remediation, equipment acquisitions or disposal, and added personnel, and a loss of confidence in our security measures, which could harm our business or affect investor confidence. Data security breaches may also result from non-malicious and non-technical means (for example, inadvertent actions by an employee).

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

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

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

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

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

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

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

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

Amazon Web Services ("AWS") and other third-party web service providers provide a distributed computing infrastructure platform for business operations, or what is commonly referred to as a "cloud" computing service. We have architected our

software and computer systems so as to utilize data processing, storage capabilities, and other services provided by AWS and other providers.

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

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

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

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

Risks Relating to Applicable Laws and Regulations

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

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

- the CAN-SPAM Act of 2003 and similar laws adopted by most U.S. states pertaining directly or indirectly to commercial email regulate unsolicited commercial emails, create civil and criminal penalties for emails containing fraudulent headers and control other abusive online marketing practices;
- the U.S. Federal Trade Commission (the "FTC") has guidelines that impose responsibilities on companies with respect to communications with consumers and impose fines and liability for failure to comply with rules with respect to advertising or marketing or sales practices they may deem misleading or deceptive;
- the Telephone Consumer Protection Act of 1991 ("TCPA") restricts telemarketing and the use of automated telephone equipment. The TCPA limits the use of automatic dialing systems, artificial or prerecorded voice messages and SMS text messages. It also applies to unsolicited text messages advertising the commercial availability of goods or services. Additionally, a number of states have enacted statutes that address telemarketing. For example, some states, such as California, Illinois and New York, have created do-not-call lists. Other states, such as Oregon and Washington, have enacted "no rebuttal statutes" that require the telemarketer to end the call when the consumer indicates that he or she is not interested in the product being sold. Restrictions on telephone marketing, including calls and text messages, are enforced by the FTC, the Federal Communications Commission, states and through the availability of statutory damages and class action lawsuits for violations of the TCPA;
- The Restore Online Shopper Confidence Act ("ROSCA"), and similar state laws, impose requirements and restrictions on online services that automatically charge payment cards on a periodic basis to renew a subscription service, if the consumer does not cancel the service;
- In the absence of a federal comprehensive data privacy law, 22 U.S. states have enacted comprehensive consumer privacy laws as of May 2, 2026, including California with the California Consumer Privacy Act ("CCPA"), which became effective on January 1, 2020, with enforcement commencing on July 1, 2020. CCPA, as amended, provides California consumers the right to know what personal data companies collect, how it is used, and the right to access, delete and opt out of sale of their personal information to third parties. It also expands the definition of personal information and gives consumers increased privacy rights and protections for that information. The California Privacy Rights Act ("CPRA") took effect on December 16, 2020, and became fully operative on January 1, 2023. CPRA amends and adds to CCPA by strengthening rights of California consumers, further restricting business use of consumer personal information, and establishing a new government agency for enforcement. Other states enacting comprehensive consumer privacy laws include Alabama, Colorado, Connecticut, Delaware, Florida, Indiana, Iowa, Kentucky, Maryland, Minnesota, Montana, Nebraska, New Hampshire, New Jersey, Oklahoma, Oregon, Rhode Island, Tennessee, Texas, Utah and Virginia.

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

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

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

Recent actual and proposed federal policy changes and enforcement practices could negatively impact college students, and our client educational institutions.

There have been numerous recent actions and proposals by the federal government that have created uncertainty for public and private college institutions, as well as their students. Should any of these actions and policies move forward they, or even the threat of these actions, could negatively impact student enrollment at U.S. colleges and universities, decrease operating budgets, and adversely affect our business and operating results and financial condition. Among these proposed or actual policies are:

- *Restrictions on issuances of student visas, and deportation of foreign students.* In 2026, we have continued to witness high profile instances of students with traditionally protective immigration status being arrested, deported, or having their student visas revoked. There have also been proposals to expand the scope of bans on visa issuances. In addition, an executive order issued in late 2025 that bans travelers from 19 countries from entering the U.S. and partial bans apply with respect to 20 other countries. Changes in U.S. immigration regulations or other laws, practices and frequency or methods of enforcement which discourage immigration or international study could adversely affect our future growth. Reduced or disrupted international study patterns are likely to reduce enrollment and harm our operating results.
- *Reduced government funding.* Actual or threatened withholdings of federal funding to colleges and universities could negatively impact our results of operations. While some schools reached agreement with the U.S. government to allow for funding to continue in whole or in part - subject to specified conditions - others have not, and unreconciled instances continue to create uncertainty. Changes at the federal level regarding education policy could impact state funding for higher education. This could result in financial uncertainty for public universities that rely on state support, potentially constraining budgetary. Any reduction in federal funding could adversely affect our college client's financial stability, leading to diminished operational budgets, fewer student services, and declines in enrollment, which could reduce the demand for our services and negatively impact our operating results.
- *Reductions to, or elimination of, student loan programs and the U.S. Department of Education.* Changes in student loan regulations or a reduction in U.S. government support for loan programs - particularly for international study - could make the cost of attending college prohibitively expensive for families, leading to decreased enrollment. This could also deter prospective students from enrolling. We have historically, and expect to continue to, process U.S. student loan payments and a loss of these payment flows or a reduction in the number of students enrolling in higher education institutions that accept U.S. student loan payments could have a material adverse effect on our results of operations and business.

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

We collected sales tax on the majority of the products and services that we sold in our respective prior fiscal years that were subject to sales tax, and we generally have continued the same policies for sales tax within the current fiscal year. While management believes that the financial statements included elsewhere in this Form 10-K reflect management's best current estimate of any potential additional sales tax liability based on current discussions with taxing authorities, we cannot assure you that the outcome of any discussions with any taxing authority will not result in the payment of sales taxes for prior periods or otherwise, or that the amount of any such payments will not be materially in excess of any liability currently recorded. In the

future, our businesses may be subject to claims for not collecting sales tax on the products and services we currently sell for which sales tax is not collected. In addition, our provision for income taxes and our obligation to pay income tax is based on existing federal, state and local tax laws. Changes to these laws, in particular as they relate to depreciation, amortization and cost of goods sold, could have a significant impact on our income tax provision, our projected cash tax liability, or both.

Expectations regarding environmental, social, and governance matters may affect our business.

Certain stakeholders, including some investors, customers, and employees, have expectations regarding environmental, social, and governance (“ESG”) matters, including with respect to human capital management, diversity and inclusion, and corporate governance. These expectations may influence our business practices and disclosures. If our practices or disclosures do not meet the expectations of particular stakeholders, our relationships with those stakeholders could be adversely affected.

Risks Relating to Intellectual Property

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

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

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

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

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

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

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

We may not be able to discover or determine the extent of any unauthorized use of our proprietary rights. The protection of our intellectual property may require the expenditure of significant financial and managerial resources. Moreover, the steps we take to protect our intellectual property may not adequately protect our rights or prevent third parties from infringing or

misappropriating our proprietary rights. We also cannot be certain that others will not independently develop or otherwise acquire equivalent or superior technology or other intellectual property rights.

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

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

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

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

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

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

Risks Related to Controls and Procedures and the Investigation

We have concluded that our internal control over financial reporting and our disclosure controls and procedures were not effective as of May 2, 2026 due to material weaknesses, which could adversely affect our ability to report our financial results in a timely and accurate manner and have a material adverse impact on our business and financial condition.

We are required to evaluate the effectiveness of our disclosure controls and procedures and our internal control over financial reporting on a periodic basis and publicly disclose the results of these evaluations and related matters in accordance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002. As described in *Part II - Item 9A. Controls and Procedures* of this Annual Report on Form 10-K, our remediation of material weaknesses in internal controls over financial reporting first identified in connection with the audit of our Fiscal 2025 financial results have not yet been fully completed or tested by us and our independent auditors, and therefore, remain outstanding. As a result of these material weaknesses, our

management concluded that our internal control over financial reporting and disclosure controls and procedures were not effective as of May 2, 2026.

We have developed and implemented our remediation plan, as described in *Part II - Item 9A. Controls and Procedures* of this Form 10-K, designed to address the material weaknesses, but our remediation efforts are not complete and are ongoing, and must be tested by us before such weaknesses can be deemed to no longer exist. Although we continue to remedy the ineffectiveness of the Company's internal control over financial reporting, there can be no assurance as to when the remediation plan will be implemented; our management will continue to devote time and attention to these efforts. If we do not complete our remediation in a timely fashion, or at all, or if our remediation plan is inadequate, there will continue to be an increased risk that we will be unable to timely file future periodic reports with the SEC and that our future consolidated financial statements could contain errors that will be undetected. If we are unable to report our results in a timely and accurate manner, our stock may be delisted from the New York Stock Exchange (the "NYSE") and we will not be able to comply with the applicable covenants in our financing arrangements, including our credit agreement, as described in *Risks Related to our Business and Industry*, "We are dependent upon access to the capital markets, bank credit facilities and short-term vendor financing for liquidity needs." In addition, we could be subject to regulatory investigations and penalties or stockholder litigation. Any of these risks could have a material adverse impact on our business and financial condition.

If we fail to maintain proper and effective internal controls, our business and financial condition could be materially adversely impacted.

We cannot assure you that we will not discover additional deficiencies in our internal control over financial reporting. Moreover, as discussed in the following risk factor, because of the inherent limitations of any control system, material misstatements due to error or fraud may not be prevented or detected on a timely basis, or at all. Prior to May 3, 2025, we had been a non-accelerated filer under the Exchange Act and were not required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act). Therefore, our internal controls over financial reporting for the prior periods did not receive the level of review provided by the process relating to the auditor attestation included in annual reports of issuers that are subject to the auditor attestation requirements.

Further and continued determinations that there are deficiencies in the effectiveness of the Company's internal control over financial reporting could result in another restatement of our consolidated financial statements, cause us to fail to meet our reporting obligations, reduce our ability to obtain financing, negatively affect investor confidence in our management and the accuracy of our financial statements and disclosures, or result in adverse publicity and concerns from investors, any of which could have a negative effect on the price of our common stock, subject us to regulatory investigations and penalties or stockholder litigation, and materially adversely impact our business, financial condition, results of operations and cash flows.

Due to inherent limitations, there can be no assurance that our system of disclosure and internal controls and procedures will be successful in preventing all errors, theft and fraud, or in informing management of all material information in a timely manner.

Management does not expect that our disclosure controls and procedures and internal controls over financial reporting will prevent all errors or fraud. A control system is designed to give reasonable, but not absolute, assurance that the objectives of the control system are met. In addition, any control system reflects resource constraints and the benefits of controls must be considered relative to their costs. Inherent limitations of a control system may include: judgments in decision making may be faulty, breakdowns can occur simply because of error or mistake and controls can be circumvented by collusion or management override. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected.

Matters relating to or arising from the subject of the Investigation, including expenses and diversion of personnel and resources, regulatory investigations, and proceedings and litigation matters, could have an adverse effect on our business, results of operations and financial condition.

As previously reported, in July 2025, certain information regarding the recording of cost of digital sales was brought to the attention of the Audit Committee of the Board of Directors (the "Audit Committee"). With the assistance of outside counsel and advisors, the Audit Committee conducted an investigation into these matters (the "Investigation"). The Investigation was completed in the fall of 2025 and, based on the Investigation, the Audit Committee concluded that a former employee made unsupported manual journal entries that improperly reduced cost of sales. As a result of the Investigation and additional accounting matters, the Audit Committee concluded that our previously issued audited consolidated financial statements and related disclosures for certain prior periods should no longer be relied upon, and we have since restated those financial statements in our Annual Report on Form 10-K for the fiscal year ended May 3, 2025 (the "Restatement").

We have incurred, and may continue to incur, significant expenses related to legal, accounting and other professional services in connection with matters relating to or arising from the subject of the Investigation and Restatement. To the extent

steps we take to remediate deficiencies in our internal controls over financial reporting are not successfully identified and implemented, we may incur significant additional time and expense.

In addition, we elected to self-report the Investigation to the Securities and Exchange Commission (the “SEC”). If the SEC or any other regulator were to commence legal action against us, we could be required to pay significant penalties and become subject to injunctions, cease and desist orders or other remedies. We can provide no assurances as to the outcome of any governmental inquiry or investigation. Further, we, our officers and members of our Board of Directors could be named as defendants in lawsuits asserting claims arising out of the subject matter of the Investigation. As a result of any legal proceedings and any related indemnification requirements to our officers and directors, we could be required to pay monetary damages that may be in excess of our insurance coverage or may have additional penalties or other remedies imposed against us or our officers and directors.

All of these expenses, and the diversion of the attention of management and other personnel that has occurred and is expected to continue, could adversely affect our business, financial condition, results of operations and cash flows.

We may incur additional substantial costs in connection with remediation efforts following the Restatement, which could adversely affect our results of operations.

We have taken and continue to take significant efforts to remediate material weaknesses in our internal control over financial reporting and to enhance our disclosure controls and procedures. These efforts have required and will continue to require significant management time and financial resources. We may incur substantial costs in connection with these remediation activities, including consulting fees, audit and professional service fees, and upgrades to our financial reporting systems and controls and internal control processes. These additional expenses could materially adversely affect our results of operations and financial condition.

We may be required to indemnify our current and former directors, officers and employees in connection with litigation and other actions which could result in significant legal expenses and other costs to us.

Our corporate governance documents and applicable indemnification agreements require us to defend and indemnify our current and former directors and officers, and certain employees and contractors against enumerated liabilities and expenses incurred as a result of legal proceedings and investigations, including any potential regulatory actions or litigation arising out of the matters related to the investigation and restatement. As a result, we may be obligated to advance and ultimately pay substantial legal costs, settlement amounts, or judgments on behalf of these individuals. These indemnification obligations could significantly increase our legal expenses and could materially adversely affect our financial condition and cash flows.

Our past failure to prepare and timely file our periodic reports with the SEC limits our access to the public markets to raise debt or equity capital, may impact our ability to obtain alternative financing, and could have negative consequences under the terms of our existing credit agreements.

As a result of matters arising from the Investigation and Restatement, we were unable to timely file our Annual Report on Form 10-K for Fiscal 2025 and certain Quarterly Reports on Form 10-Q. Although we have since filed those reports and are currently in compliance with our SEC reporting obligations, our prior untimely filings continue to restrict our ability to use a registration statement on Form S-3, which limits our ability to access the public markets quickly and efficiently. It may also restrict our ability to raise capital through traditional private placements, as potential investors may be reluctant to invest in a company that has a history of not being current in its SEC filings. In addition, our past failure to file periodic reports could constitute a default under certain covenants in existing or future credit facilities, which could lead to the acceleration of outstanding indebtedness or other adverse consequences. The combined effect of these factors could materially and adversely affect our liquidity, financial condition, and results of operations.

Risks Relating to our Common Stock and the Securities Market

Two of our stockholders collectively own close to a majority of the Company’s outstanding shares, and their interests could differ from the interests of our other stockholders.

As of May 2, 2026, Immersion Corporation (“Immersion”) and VitalSource own 32.9% and 9.5%, respectively, of the Company’s outstanding shares of Common Stock.

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

Our Board of Directors is composed of six members, three of whom are members of the Board of Directors of Immersion Corporation, two of whom are also executives of Immersion Corporation. Immersion has agreed to maintain at least three directors on our Board of Directors that satisfy the independence standard under NYSE rules applicable to audit committee

members. However, Immersion through its stock ownership may have significant influence over the election of all Board members, inclusive of the independent directors.

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

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

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

Our stock price may fluctuate significantly.

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

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

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

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

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

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

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

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

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

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

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

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 1C. CYBERSECURITY

Cybersecurity Risk Management and Strategic Approach

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

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

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

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

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

Cybersecurity Governance

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

With over a decade of dedicated service to BNED, our current CISO brings a wealth of experience and expertise to the organization, including over three decades of Information Technology ("IT") experience. The last two decades have focused on IT security and innovative ways to manage and lead a security team. Previously, the CISO was the Director of IT Security and Infrastructure at The Children's Place Inc. The CISO is experienced in deploying a Zero Trust framework, Identity and Access Management programs, Email and Web Gateways, managing IT compliance for SOX, PCI, and ADA, and has developed and

introduced new information security and computer risk management programs based on the National Institute of Standards and Technology (NIST) Cybersecurity Framework across numerous platforms for multiple retail chains.

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

Item 2. *PROPERTIES*

Facilities

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

For our physical campus retail operations, we typically have the exclusive right to operate the official physical school bookstore on college campuses through multi-year management operating agreements with our schools. In turn, we pay the school a percentage of store sales and, in some cases, a minimum fixed guarantee. These contracts with colleges and universities are typically five years with renewal options, but can range from one to 17 years, and are typically cancellable by either party without penalty upon advance notice ranging from 90 to 180 days depending on the contract.

As of May 2, 2026, these contracts for the 647 physical stores that we operate expire as follows:

Contract Terms to Expire During (12 months ending on or about April 30)	Number of Physical Campus Stores
2027	94
2028	74
2029	42
2030	46
2031	62
2032 and later	329

Item 3. *LEGAL PROCEEDINGS*

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

Item 4. *MINE SAFETY DISCLOSURES*

Not applicable.

PART II

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

Market Information

Our common stock trades on the New York Stock Exchange (“NYSE”) under the symbol “BNED.”

Holders

As of May 2, 2026, there were approximately 608 registered holders of record of our common stock. A substantially greater number of holders of our common stock are “street name” or beneficial holders, whose shares of record are held by banks, brokers, and other financial institutions.

Repurchase of Shares

On December 14, 2015, our Board of Directors authorized a stock repurchase program of up to \$50 million, in the aggregate, of our outstanding common stock. The stock repurchase program is carried out at the direction of management (which may include a plan under Rule 10b5-1 of the Securities Exchange Act of 1934). The stock repurchase program may be suspended, terminated, or modified at any time. Any repurchased shares will be held as treasury stock and will be available for general corporate purposes. During the fourth quarter of Fiscal 2026, we did not repurchase shares under the stock repurchase program. As of May 2, 2026, approximately \$26.7 million remains available under the stock repurchase program.

Dividends

We did not pay any dividends to common stockholders during the fiscal years ended May 2, 2026 and May 3, 2025. On June 24, 2026, our Board of Directors declared a quarterly cash dividend on our common stock in the amount of \$0.08 per share of common stock outstanding, which will be paid on July 30, 2026 to the holders of record as of July 16, 2026. We currently anticipate that we will continue to pay comparable quarterly cash dividends in the future. However, the payment, amount and timing of future dividends remain within the discretion of our Board of Directors and will depend on our results of operations, financial condition, cash requirements, and other factors.

Unregistered Sales of Equity Securities

None.

Item 6. *[RESERVED]*

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

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

Our fiscal year is comprised of 52 or 53 weeks, ending on the Saturday closest to the last day of April. “Fiscal 2026” means the 52 weeks ended May 2, 2026, “Fiscal 2025” means the 53 weeks ended May 3, 2025.

The following should be read in conjunction with “Disclosures Regarding Forward-Looking Statements” and our consolidated financial statements and notes thereto included in Item 15 of this Annual Report on Form 10-K (this “Form 10-K”).

Overview

Description of Business

Barnes & Noble Education, Inc. (“BNED”) is one of the largest contract operators of physical and virtual bookstores for college and university campuses and K-12 institutions across the United States. We are also one of the largest textbook wholesalers and inventory management hardware and software providers. We operate 1,116 physical and virtual bookstores, delivering essential educational content and general merchandise within a dynamic omnichannel retail environment. The *Barnes & Noble* brand (licensed from our former parent) and our subsidiary brands, *BNC* and *MBS*, are important to our relationships with leading publishers who rely on us as one of their primary distribution channels. For a detailed description of our business, products and services, strategic initiatives, key relationships, and competitive position, see “Business” in Part I, Item 1 of this Form 10-K.

BNC First Day®

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 affordable 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®* affordable access course material programs, consisting of *First Day Complete* and *First Day*, which provide faculty required course materials on or before the first day of class at below market rates, as compared to the total retail price for the same course materials if purchased separately (a la carte), and students are billed the below market rate directly by the institution as a course charge or included in tuition. During the 52 weeks ended May 2, 2026, *BNC First Day®* total revenue increased by \$166.3 million, or 28.0%, to \$760.1 million compared to \$593.8 million during the prior year period. These programs have allowed us to reverse historical long-term trends in course materials revenue declines, which has been observed at those schools where such programs have been adopted, and improve predictability of our future results. In Fiscal 2026, the growth of our *BNC First Day®* programs offset the declines in a la carte courseware sales and closed store sales. We continue to see strong institutional interest in *First Day Complete* and *First Day* programs, reflecting an ongoing shift by colleges and universities toward affordable access course material models that increase student participation and improve access to required course materials.

The following table summarizes our *BNC First Day®* sales for the 52 weeks ended May 2, 2026 and the 53 weeks ended May 3, 2025:

<i>Dollars in millions</i>	52 weeks ended	53 weeks ended		
	May 2, 2026	May 3, 2025	\$ Increase	% Change
<i>First Day Complete Sales</i>	\$ 500.8	\$ 376.3	\$ 124.5	33%
<i>First Day Sales</i>	\$ 259.3	\$ 217.5	\$ 41.8	19%
<i>Total BNC First Day® Sales</i>	<u>\$ 760.1</u>	<u>\$ 593.8</u>	<u>\$ 166.3</u>	<u>28%</u>
	Spring 2026	Spring 2025	# Increase	% Change
<i>First Day Complete</i>				
Number of campus stores	232	191	41	21%
Estimated enrollment ^(a)	1,250,585	957,000	293,585	31%

(a) Total undergraduate and graduate student enrollment as reported by National Center for Education Statistics (NCES) as of January 6, 2026.

Relationship with Fanatics and Lids

We have strategic service provider relationships with Fanatics Retail Group Fulfillment, LLC (“Fanatics”) and Fanatics Lids College, Inc. D/B/A “Lids” (together with Fanatics, the “F/L Relationship”), which provide e-commerce capabilities, product assortment expertise, and digital marketing tools to accelerate growth of our logo general merchandise business. As the logo and emblematic general merchandise sales are fulfilled by Lids and Fanatics, we recognize commission revenue earned for these sales on a net basis in our consolidated financial statements. For a full description of the F/L Relationship, see “Relationship with Fanatics and Lids” in Part I, Item 1, *Business*.

Financing Arrangements

On June 10, 2024, we completed various transactions (the “Transactions”), including an equity rights offering, private equity investment, Term Loan debt conversion, and Credit Facility refinancing, to substantially deleverage our Consolidated Balance Sheet. For a detailed description of these transactions, see “Financing Arrangements” in Part I, Item 1, *Business* and Note 10, *Debt*, in the Notes to Consolidated Financial Statements.

Segments

We identify our segments in accordance with the way our business is managed. The current CEO (the current Chief Operating Decision Maker (“CODM”)) assesses performance and allocates resources. The Company currently operates as a single operating and reportable segment.

Seasonality

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

Revenue Recognition

Product sales are 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 upon delivery of the digital content as product revenue in our consolidated financial statements. Revenue from the rental of physical textbooks is deferred and recognized over the rental period based on the passage of time commencing at the point of sale, when control of the product transfers to the customer and is recognized as rental income in our consolidated financial statements. Depending on the product mix offered under the *BNC First Day®* offerings, revenue recognized is consistent with our policies for product, digital and rental sales, net of an anticipated opt-out or return provision.

Cash Collection Timing

Given the growth of *BNC First Day®* affordable access course material 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®* affordable access course material 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®* affordable access course material program offerings, we are focused on efforts to better align the timing of our

cash outflows to course material vendors and cash inflows from collections from schools. As the concentration of digital product sales increases, revenue will be recognized earlier during the academic term as digital textbook revenue is recognized when the digital content is made available to the customer compared to: (i) the rental of physical textbooks where revenue is recognized over the rental period, and (ii) a la carte courseware sales where revenue is recognized when the customer takes physical possession of our products, which occurs either at the point of sale for products purchased at physical locations or upon receipt of our products by our customers for products ordered through our websites and virtual bookstores.

Trends and Other Factors Affecting Our Business

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

Results of Operations

Elements of Results of Operations

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

Our sales are primarily derived from the sale of course materials, which include new, used, rental and digital textbooks, and 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, 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.

Results of Operations Summary ^(a)

For a detailed discussion of Fiscal 2026 and year-over-year comparison to Fiscal 2025, see *Results of Operations* below.

<i>Dollars in thousands</i>	52 weeks ended May 2, 2026	53 weeks ended May 3, 2025
Sales:		
Product sales and other	\$ 1,564,365	\$ 1,463,245
Rental income	150,405	146,925
Total sales	<u>\$ 1,714,770</u>	<u>\$ 1,610,170</u>
Gross profit	\$ 366,168	\$ 337,804
Income (loss) before income taxes	\$ 20,672	\$ (61,569)
Net income (loss)	\$ 16,872	\$ (65,825)
Adjusted Net income (loss) ^(a)	\$ 22,262	\$ (61,717)
Adjusted EBITDA ^(a)		
Total Adjusted EBITDA	\$ 76,513	\$ 59,390

(a) Adjusted Net income (loss) and Adjusted EBITDA are non-GAAP financial measures. See *Use of Non-GAAP Measures*.

Results of Operations - 52 weeks ended May 2, 2026, compared with the 53 weeks ended May 3, 2025

<i>Dollars in thousands</i>	52 weeks ended May 2, 2026	53 weeks ended May 3, 2025
Sales:		
Product sales and other	\$ 1,564,365	\$ 1,463,245
Rental income	150,405	146,925
Total sales	1,714,770	1,610,170
Cost of sales (exclusive of depreciation and amortization expense):		
Product and other cost of sales	1,269,051	1,193,015
Rental cost of sales	79,551	79,351
Total cost of sales	1,348,602	1,272,366
Gross profit	366,168	337,804
Selling and administrative expenses	288,573	283,800
Depreciation and amortization expense	32,754	37,939
Impairment loss	12,584	1,713
Other (income) expense, net	(4,281)	(1,572)
Operating income	\$ 36,538	\$ 15,924

Percentage of Total Sales:

	52 weeks ended May 2, 2026	53 weeks ended May 3, 2025
Sales:		
Product sales and other	91.2 %	90.9 %
Rental income	8.8 %	9.1 %
Total sales	100 %	100 %
Cost of sales (exclusive of depreciation and amortization expense):		
Product and other cost of sales	81.1 %	81.5 %
Rental cost of sales	52.9 %	54.0 %
Total cost of sales	78.6 %	79.0 %
Gross margin	21.4 %	21.0 %
Selling and administrative expenses	16.8 %	17.6 %
Depreciation and amortization expense	1.9 %	2.4 %
Impairment loss	0.7 %	0.1 %
Other (income) expense, net	(0.2)%	(0.1)%
Operating income	2.1 %	1.0 %

Sales

The following table summarizes our sales:

<i>Dollars in thousands</i>	52 weeks ended May 2, 2026	53 weeks ended May 3, 2025	\$ Increase	% Change
Product sales and other	\$ 1,564,365	\$ 1,463,245	\$ 101,120	6.9%
Rental income	150,405	146,925	\$ 3,480	2.4%
Total sales	\$ 1,714,770	\$ 1,610,170	\$ 104,600	6.5%

Our total sales increased by \$104.6 million, or 6.5%, to \$1,714.8 million during the 52 weeks ended May 2, 2026 from \$1,610.2 million during the 53 weeks ended May 3, 2025 which is primarily related to improved comparable store sales driven by growth in our *BNC First Day*® programs and new store sales, offset by declines in general merchandise sales, a la carte course material sales and lower sales as a result of closed stores.

The components of the sales variances are reflected in the table below:

Sales variances		52 weeks ended May 2, 2026
<i>Dollars in millions</i>		
New stores	\$	100.0
Closed stores		(69.0)
Comparable stores ^(a)		83.0
Textbook rental deferral		(0.3)
Other ^(b)		(9.1)
Total sales variance:		\$ 104.6

(a) Logo general merchandise sales recognized on a net basis as commission revenue in the Consolidated Financial Statements. For Gross Comparable Store Sales details, see below.

(b) Other includes inventory liquidation sales to third parties, marketplace sales and other deferred items.

The following is a store count summary for physical stores.

<i>Number of Stores:</i>	May 2, 2026			May 3, 2025		
	Physical	Virtual	Total	Physical	Virtual	Total
Beginning of period	653	493	1,146	707	538	1,245
Opened	50	14	64	32	24	56
Closed	56	38	94	86	69	155
End of period	647	469	1,116	653	493	1,146

During the 52 weeks ended May 2, 2026, we opened 64 stores that contributed approximately \$100.0 million of sales in Fiscal 2026, and closed 94 physical and virtual stores that had estimated net annual sales of \$69.0 million. The Company's strategic initiative is to close under-performing and less profitable stores.

Generally, sales are impacted by revenue from net new/closed stores, conversion to *BNC First Day*[®] programs, increased campus and eCommerce website 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.

- Product sales and other, which consists of sales of course material products, general merchandise and services and other revenue, increased by \$101.1 million, or 6.9%, to \$1,564.4 million during the 52 weeks ended May 2, 2026 from \$1,463.2 million during the 53 weeks ended May 3, 2025.
 - Course material product sales increased by \$107.3 million, or 10.5%, to \$1,128.8 million during the 52 weeks ended May 2, 2026, compared to \$1,021.5 million in the prior year period. The increase was primarily due to the growth of our *BNC First Day*[®] programs, which increased by \$166.3 million, or 28.0%, to \$760.1 million, and new store sales, offset by a decline in a la carte courseware sales and including lower sales resulting from closed stores.

<i>Dollars in millions</i>	52 weeks ended		53 weeks ended	
	May 2, 2026	May 3, 2025	\$ Increase	% Change
<i>First Day Complete Sales</i>	\$ 500.8	\$ 376.3	\$ 124.5	33%
<i>First Day Sales</i>	259.3	217.5	\$ 41.8	19%
Total <i>BNC First Day</i> [®] Sales	<u>\$ 760.1</u>	<u>\$ 593.8</u>	\$ 166.3	28%

<i>First Day Complete</i>	Spring 2026	Spring 2025	# Increase	% Change
Number of campus stores	232	191	41	21%
Estimated enrollment ^(a)	1,250,585	957,000	293,585	31%

(a) Total undergraduate and graduate student enrollment as reported by National Center for Education Statistics (NCES) as of January 6, 2026.

- General merchandise product net sales increased by \$2.8 million, or 0.8%, to \$358.1 million, compared to \$355.3 million in the prior year period, primarily due to higher graduation product and cafe and convenience product sales.
- Service and other revenue decreased by \$9.1 million, or 10.5%, to \$77.4 million, compared to \$86.5 million in the prior year period, primarily due lower liquidation and marketplace sales.

- Rental income for course materials increased by \$3.5 million, or 2.4%, to \$150.4 million during the 52 weeks ended May 2, 2026 from \$146.9 million during the 53 weeks ended May 3, 2025, primarily due to the growth of our *BNC First Day*® programs, partially offset by closed stores and the shift to digital products.

Gross Comparable Store Sales

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

We believe the current 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. 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.

Gross Comparable Store Sales increased by \$71.3 million or 4.4% during the 52 weeks ended May 2, 2026, primarily driven by an increase in Course Materials sales, partially offset by lower General Merchandise sales. Course Materials sales increased by \$82.3 million or 7.6% primarily due to the growth of BNC First Day® affordable access course material programs (as discussed above), offset by declines in a la carte courseware sales.

Gross Comparable Store Sales variances by category are as follows:

<i>Dollars in millions</i>	52 weeks ended		53 weeks ended	
	May 2, 2026		May 3, 2025	
Textbooks (Course Materials)	\$	82.3 7.6%	\$	106.7 10.6%
General Merchandise		(11.0) (2.1)%		10.5 1.9%
Total Gross Comparable Store Sales	\$	71.3 4.4%	\$	117.2 7.5%

Cost of Sales and Gross Margin

Our cost of sales decreased as a percentage of sales to 78.6% during the 52 weeks ended May 2, 2026 compared to 79.0% during the 53 weeks ended May 3, 2025. Our gross margin increased by \$28.4 million, or 8.4%, to \$366.2 million, or 21.4% of sales, during the 52 weeks ended May 2, 2026 from \$337.8 million, or 21.0% of sales, during the 53 weeks ended May 3, 2025.

The following table summarizes the cost of sales:

<i>Dollars in thousands</i>	52 weeks ended		53 weeks ended	
	May 2, 2026	% of Related Sales	May 3, 2025	% of Related Sales
Product and other cost of sales	\$ 1,269,051	81.1%	\$ 1,193,015	81.5%
Rental cost of sales	\$ 79,551	52.9%	\$ 79,351	54.0%
Total cost of sales	\$ 1,348,602	78.6%	\$ 1,272,366	79.0%

The following table summarizes the gross margin for the 52 and 53 weeks ended May 2, 2026 and May 3, 2025:

<i>Dollars in thousands</i>	52 weeks ended		53 weeks ended	
	May 2, 2026	% of Related Sales	May 3, 2025	% of Related Sales
Product and other gross margin	\$ 295,314	18.9%	\$ 270,230	18.5%
Rental gross margin	70,854	47.1%	67,574	46.0%
Gross Margin	\$ 366,168	21.4%	\$ 337,804	21.0%

For the 52 weeks ended May 2, 2026, the gross margin as a percentage of sales increased as discussed below:

- Product and other gross margin increased 40 basis points from prior year, primarily due to 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, partially offset by unfavorable logo, general merchandise, liquidation and marketplace.
- Rental gross margin as a percentage of sales increased 1.1% from prior year, primarily reflecting lower contract costs as a percentage of sales associated with the continued expansion of our *BNC First Day®* programs and increased participation in affordable access course material offerings.

Selling and Administrative Expenses

<i>Dollars in thousands</i>	52 weeks ended		53 weeks ended	
	May 2, 2026	% of Sales	May 3, 2025	% of Sales
Selling and administrative expenses	\$ 288,573	16.8%	\$ 283,800	17.6%

During the 52 weeks ended May 2, 2026, selling and administrative expenses as a percentage of sales decreased 80 basis points as compared to the 53 weeks ended May 3, 2026 as a result in continued cost containment efforts in addition to overall sales growth.

Depreciation and Amortization Expense

<i>Dollars in thousands</i>	52 weeks ended		53 weeks ended	
	May 2, 2026	% of Sales	May 3, 2025	% of Sales
Depreciation and amortization expense	\$ 32,754	1.9%	\$ 37,939	2.4%

Depreciation and amortization expense decreased by \$5.2 million to \$32.8 million during the 52 weeks ended May 2, 2026 from \$37.9 million during the 53 weeks ended May 3, 2025 primarily due to lower depreciable assets and intangibles due store closures during Fiscal 2026.

Impairment Loss

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.

During the 52 weeks ended May 2, 2026, we evaluated certain of our store-level long-lived assets for impairment. Based on the results of the impairment tests, we recognized an impairment loss of \$12.6 million (both pre-tax and after-tax), comprised of \$2.8 million, \$6.0 million, and \$3.8 million of property and equipment, operating lease right-of-use assets, and amortizable intangibles, respectively, on the Consolidated Statement of Operations.

During the 53 weeks ended May 3, 2025, we evaluated certain of our store-level long-lived assets for impairment. Based on the results of the impairment tests, we recognized an impairment loss of \$1.7 million (both pre-tax and after-tax), comprised of \$0.3 million, \$0.3 million, and \$1.1 million of property and equipment, operating lease right-of-use assets, and amortizable intangibles, respectively, on the Consolidated Statement of Operations.

For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data*, Note 3, - *Store Closures and Impairment of Long-Lived Assets* and Note 8. *Fair Value Measurements*.

Other (Income) and Expense, net

During the 52 weeks ended May 2, 2026, we recognized other income totaling \$4.3 million. During the fourth quarter of fiscal 2026, the Company recognized income of approximately \$12.6 million related to the resolution of its participation interest purchase agreement associated with the Visa/Mastercard interchange litigation. The income represents the recognition of previously deferred amounts upon settlement of the underlying litigation. See Note 9, *Participation Interest Purchase Agreements* for additional details. This was offset by professional fees related to the Investigation cost of \$7.3 million and other professional service fees of \$1.0 million. See *Part II - Item 8. - Financial Statements and Supplementary Data - Note 2. Summary of Significant Accounting Policies*.

During the 53 weeks ended May 3, 2025, we recognized other expense totaling \$1.6 million, comprised primarily of an \$8.8 million gain related to the termination of liabilities related to a frozen retirement benefits plan, primarily offset by \$2.1 million related to severance and other employee termination and benefit costs associated with elimination of various positions as part of cost reduction initiatives, \$2.1 million for legal and advisory professional service costs primarily related to restructuring activities and other charges of \$2.0 million of severance primarily related to the resignation of our former Chief Executive Officer on June 11, 2024, \$1.4 million of which is included in accrued liabilities in the Consolidated Balance Sheet as of May 3, 2025, and \$1.1 million related to the settlement of a class action lawsuit and related legal fees. We recognized an increase to additional paid in capital on the Consolidated Balance Sheet for the reimbursement of the former Chief Executive Officer severance from VitalSource (a principal stockholder) as part of the June 10, 2024 financing transactions.

Operating Income (Loss)

<i>Dollars in thousands</i>	52 weeks ended		53 weeks ended	
	May 2, 2026	% of Sales	May 3, 2025	% of Sales
Operating income (loss)	\$ 36,538	2.1%	\$ 15,924	1.0%

Our operating income was \$36.5 million during the 52 weeks ended May 2, 2026 compared to operating income of \$15.9 million during the 53 weeks ended May 3, 2025. The improvements in operating results were due to the matters discussed above.

Loss on extinguishment of debt

On June 10, 2024, our existing Term Loan lenders converted approximately \$34.0 million of outstanding principal and accrued and unpaid interest into our Common Stock. We recognized a loss on extinguishment of debt of \$55.2 million during the 53 weeks ended May 3, 2025 in the Consolidated Statement of Operations in connection with the Term Loan Debt Conversion which represents the difference between the Common Stock fair value issued upon conversion and the net carrying value of the Term Loan, plus unamortized deferred financing costs related to the Term Loan. As a result of the Term Loan Debt Conversion, the Term Loan and its related agreements were terminated. There were no debt conversions in the comparable prior period. See *Part II - Item 8. Financial Statements and Supplementary Data - Note 6. Equity and Note 10. Debt*.

Interest Expense, Net

<i>Dollars in thousands</i>	52 weeks ended	53 weeks ended
	May 2, 2026	May 3, 2025
Interest expense, net	\$ 15,866	\$ 22,260

Net interest expense decreased by \$6.4 million to \$15.9 million during the 52 weeks ended May 2, 2026 from \$22.3 million during the 53 weeks ended May 3, 2025. Interest expense decreased primarily due to lower borrowings, lower interest rates and a \$1.5 million decrease in amortization of deferred financing costs. The following table disaggregates interest expense for the 52-week period:

<i>Dollars in thousands</i>	52 weeks ended	53 weeks ended
	May 2, 2026	May 3, 2025
Interest Incurred		
Credit Facility	\$ 12,290	\$ 16,279
Term Loan	—	1,167
Total Interest Incurred	\$ 12,290	\$ 17,446
Amortization of Deferred Financing Costs		
Credit Facility	\$ 3,662	\$ 5,014
Term Loan	—	150
Total Amortization of Deferred Financing Costs	\$ 3,662	\$ 5,164
Interest Income, net of expense	\$ (86)	\$ (350)
Total Interest Expense	\$ 15,866	\$ 22,260

Cash interest paid during the 52 weeks ended May 2, 2026 and the 53 weeks ended May 3, 2025 was \$12.5 million and \$17.9 million, respectively.

Income Tax Expense

<i>Dollars in thousands</i>	52 weeks ended		52 weeks ended	
	May 2, 2026	Effective Rate	May 3, 2025	Effective Rate
Income tax expense	\$ 3,800	18.3%	\$ 4,256	(6.9)%

We recorded an income tax expense of \$3.8 million on a pre-tax income of \$20.7 million during the 52 weeks ended May 2, 2026, which represented an effective income tax rate of 18.3% and an income tax expense of \$4.3 million on a pre-tax loss of \$61.6 million during the 53 weeks ended May 3, 2025, which represented an effective income tax rate of (6.9%).

The effective tax rate for the 52 weeks ended May 2, 2026 is higher than the prior year comparable period due to permanent differences related to the debt-to-equity conversion in the prior year period.

<i>Dollars in thousands</i>	52 weeks ended	53 weeks ended
	May 2, 2026	May 3, 2025
Net income (loss)	\$ 16,872	\$ (65,825)

As a result of the factors discussed above, we reported a net income of \$16.9 million during the 52 weeks ended May 2, 2026, compared with a net loss of \$(65.8) million during the 53 weeks ended May 3, 2025. Adjusted Net income is \$22.3 million during the 52 weeks ended May 2, 2026, compared with a Adjusted Net loss of \$(61.7) million during the 53 weeks ended May 3, 2025. See *Adjusted Net income (loss)* below.

Use of Non-GAAP Measures - Adjusted Net Income (Loss), Adjusted EBITDA, and Adjusted Free Cash Flow

To supplement our results prepared in accordance with generally accepted accounting principles ("GAAP"), we present certain non-GAAP financial measures, including Adjusted Net Income (Loss), Adjusted EBITDA, and Adjusted Free Cash Flow. These measures are "non-GAAP financial measures" as defined in Regulation G of the Securities Exchange Act of 1934 and Item 10(e) of Regulation S-K.

We define Adjusted Net Income (Loss) as net income (loss), the most directly comparable GAAP measure, adjusted for certain reconciling items that are subtracted from or added to net income (loss). We define Adjusted EBITDA as net income (loss), the most directly comparable GAAP measure, plus (1) depreciation and amortization; (2) interest expense (3) income taxes; and (4) as adjusted for non-cash or non-recurring items, and other adjustments permitted under our credit agreement. We define Adjusted Free Cash Flow as net cash flows provided by (used in) operating activities, the most directly comparable GAAP measure, less capital expenditures, cash interest and cash taxes.

We consistently calculate these non-GAAP measures using the same methodology each period. Management uses these measures as internal performance metrics to evaluate results at the consolidated level, to plan and forecast performance, to allocate capital, and in connection with performance incentive plans. The Board of Directors and management also use Adjusted EBITDA as one of the primary tools for assessing operating performance and determining capital allocation. We believe that Adjusted Free Cash Flow provides useful additional information about liquidity, including cash available for debt service, working capital requirements, and strategic investments.

We encourage investors to review our consolidated financial statements included elsewhere in this Form 10-K. Reconciliations of Adjusted Net Income (Loss) to net income (loss), Adjusted EBITDA to net income (loss), and Adjusted Free Cash flow to cash flow from operating activities, 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 definitions of these non-GAAP financial measures may differ from those used by other companies, limiting comparability.

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

Adjusted Net Income (Loss)

	52 weeks ended	53 weeks ended
<i>Dollars in thousands</i>	May 2, 2026	May 3, 2025
Net Income (loss)	\$ 16,872	\$ (65,825)
Reconciling items	5,390	4,108
Adjusted Net income (loss)	<u>\$ 22,262</u>	<u>\$ (61,717)</u>

Reconciling items		
Impairment loss ^(b)	\$ 12,584	\$ 1,713
Stock-based compensation expense	6,214	5,386
Other (income) expense, net		
Participation interest purchase agreement settlement	(12,625)	—
Severance and cost reduction initiatives	—	4,058
Legal settlement and related legal fees	—	1,059
Settlement of obligations and actuarial gain related to frozen retirement plan	—	(8,780)
Other professional services fees	1,048	2,091
Estimated tax effect on reconciling items above ^(a)	(1,831)	(1,419)
Reconciling items	<u>\$ 5,390</u>	<u>\$ 4,108</u>

(a) The tax effect on reconciling items was calculated for Fiscal 2026 using the statutory rate of 25.36%. The tax effect on reconciling items was calculated for Fiscal 2025 using the statutory rate of 25.67%.

Adjusted EBITDA

	52 weeks ended	53 weeks ended
<i>Dollars in thousands</i>	May 2, 2026	May 3, 2025
Net income (loss)	\$ 16,872	\$ (65,825)
Add:		
Depreciation and amortization expense	32,754	37,939
Interest expense, net	15,866	22,260
Income tax expense	3,800	4,256
Impairment loss ^(a)	12,584	1,713
Loss on extinguishment of debt	—	55,233
Other (income) expense, net ^{(a)(b)}	(11,577)	(1,572)
Stock-based compensation expense	6,214	5,386
Adjusted EBITDA	<u>\$ 76,513</u>	<u>\$ 59,390</u>

(a) See *Management's Discussion and Analysis - Results of Operations*.

(b) Other (income) expense is exclusive of Investigation costs of \$7.3 million incurred during the 52 weeks ended May 2, 2026.

Adjusted Free Cash Flow

	52 weeks ended	53 weeks ended
<i>Dollars in thousands</i>	May 2, 2026	May 3, 2025
Net cash flows provided by (used in) operating activities ^(a)	\$ 50,057	\$ (85,413)
Less:		
Capital expenditures ^(b)	16,196	12,894
Cash interest	12,531	17,912
Cash taxes (refund) paid, net	7,917	2,130
Adjusted Free Cash Flow	<u>\$ 13,413</u>	<u>\$ (118,349)</u>

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

Given the growth of our *BNC First Day*® programs, the timing of cash collection from our school partners may shift to periods subsequent to when the revenue is recognized. When a school adopts our *BNC First Day*® affordable access course material program 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*® affordable access course material program offerings, we are focused on efforts to better align the timing of our cash outflows to course material vendors and cash inflows from collections from schools.

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

Capital Expenditures

	52 weeks ended	53 weeks ended
<i>Dollars in thousands</i>	May 2, 2026	May 3, 2025
Physical store capital expenditures	\$ 10,527	\$ 8,866
Product and system development	4,597	3,063
Other	1,072	965
Total Capital Expenditures	<u>\$ 16,196</u>	<u>\$ 12,894</u>

Liquidity and Capital Resources

During Fiscal 2026, our primary sources of cash are net cash flows from operating activities, funds available under our Credit Agreement, and short-term vendor financing. Our liquidity is highly dependent on the seasonal nature of our business, particularly with respect to course material sales, as sales are generally highest in the second and third fiscal quarters, when college students purchase textbooks for the upcoming Fall and Spring semesters, respectively. As of May 2, 2026, we had \$8.4 million of cash on hand and \$19.8 million of restricted cash including \$17.4 million related to segregated funds for commission due to Lids for logo merchandise sales as per the F/L Relationship-related agreements and \$2.4 million related amounts held in trust for future distributions related to employee benefit plans.

On June 10, 2024, we completed the Transactions, including the Rights Offering, the Private Investment, the Term Loan Debt Conversion, and the Credit Facility Refinancing, to substantially deleverage our Consolidated Balance Sheet. These transactions also raised additional capital for repayment of indebtedness and provide additional flexibility for future working capital needs. For additional information, see *Financing Arrangements*. Additionally, on September 19, 2024 and December 20, 2024, respectively, we entered into an at-the market ("ATM") sales agreement with BTIG, LLC ("BTIG") under which we sold our Common Stock from time to time through BTIG as the sales agent (*See Note 6. Equity*).

We believe that our future cash from operations, access to borrowings under the credit facility, and short-term vendor financing will provide adequate resources to fund our operating and financing needs for the next twelve months and beyond. To the extent that available funds are insufficient to fund our future activities, we may need to raise additional funds through public or private financing of debt or equity. Our access to, and the availability of, financing in the future will be impacted by many factors, including the liquidity of the overall capital markets and the current state of the economy. There can be no assurances that we will have access to capital markets on acceptable terms.

Sources and Uses of Cash Flow

	52 weeks ended	53 weeks ended
<i>Dollars in thousands</i>	May 2, 2026	May 3, 2025
Net cash flows provided by (used in) operating activities	\$ 50,057	\$ (85,413)
Net cash flows used in investing activities	(16,196)	(12,101)
Net cash flows (used in) provided by financing activities	(34,365)	97,667
Net change in cash, cash equivalents, and restricted cash	<u>\$ (504)</u>	<u>\$ 153</u>

As of May 2, 2026, and May 3, 2025, we had cash of \$8.4 million and \$9.1 million, respectively. As of May 2, 2026 and May 3, 2025, we had restricted cash of \$19.8 million and \$19.7 million, respectively, comprised of \$17.4 million and \$17.3 million, respectively, in prepaid and other current assets in the Consolidated Balance Sheets primarily related to segregated funds for commission due to Lids for logo merchandise sales as per the Lids service provider merchandising agreement and

\$2.4 million and \$2.3 million, respectively, in other noncurrent assets in the Consolidated Balance Sheets related to amounts held in trust for future distributions related to employee benefit plans.

Cash Flow from Operating Activities

Our business is highly seasonal. Cash flows from operating activities are typically a source of cash in the second and third fiscal quarters, when students generally purchase and rent textbooks and other course materials for the upcoming semesters based on the typical academic semester. Given the growth of our *BNC First Day*® programs, the timing of cash collection from our school partners may shift to periods subsequent to when the revenue is recognized. When a school adopts our *BNC First Day*® affordable access course material program 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*® affordable access course material program offerings, we are focused on efforts to better align the timing of our cash outflows to course material vendors and cash inflows from collections from schools. Our quarterly cash flows also may fluctuate depending on the timing of the start of the various schools' semesters, as well as shifts in our fiscal calendar dates. These shifts in timing may affect the comparability of our results across periods.

Net cash provided by operating activities during the 52 weeks ended May 2, 2026, was \$50.1 million compared with net cash used in operating activities of \$85.4 million during the 53 weeks ended May 3, 2025. The \$135.5 million improvement in operating cash flows was primarily driven by favorable changes in working capital and improved operating performance, including a \$184.0 million favorable change in accounts payable and accrued liabilities, primarily reflecting the timing of payments to vendors for inventory purchases and operating expenses, as well as an \$82.7 million improvement in earnings. These favorable impacts were partially offset by \$(19.2) million unfavorable change in accounts receivable and a \$(43.3) million reduction in the cash flow benefit associated with merchandise inventory balances compared with the prior year.

Cash Flow from Investing Activities

Net cash used in investing activities during the 52 weeks ended May 2, 2026, was \$16.2 million compared to \$12.1 million during the 53 weeks ended May 3, 2025. The increase in cash used was primarily attributable to higher capital expenditures, reflecting continued investments in technology, store operations and strategic initiatives.

Cash Flow from Financing Activities

Net cash used in financing activities during the 52 weeks ended May 2, 2026, was \$(34.4) million compared to net cash provided by financing activities of \$97.7 million during the 53 weeks ended May 3, 2025. The net change of \$(132.0) million was primarily due to the absence of significant equity financing transactions completed during fiscal 2025, including \$50.0 million private equity investment led by Immersion Corporation, and a \$45.0 million fully backstopped Rights Offering, and proceeds of \$78.5 million proceeds from the Company's at-the-market equity program. In addition, borrowings under the Company's credit facilities were lower in fiscal 2026, resulting in net repayment of debt of \$29.8 million.

Financing Arrangements

Dollars in thousands

	Maturity Date ^(a)	As of	
		May 2, 2026	May 3, 2025
Credit Facility	June 9, 2028	\$ 71,000	\$ 103,100
Total debt		\$ 71,000	\$ 103,100
Balance Sheet classification:			
Long-term borrowings		\$ 71,000	\$ 103,100

- (a) On June 10, 2024, we completed the Transactions, including amending and extending the maturity date of the Credit Facility to June 9, 2028 and converting all outstanding principal and interest amounts owed under our Term Loan Credit Agreement into shares of our Common Stock. For additional information, see Note 10. *Debt*.

June 2024 Equity and Debt Transactions

On June 10, 2024, we completed the Transactions, including the Rights Offering, the Private Investment, the Term Loan Debt Conversion, and the Credit Facility Refinancing, to substantially deleverage our Consolidated Balance Sheet. These transactions raised additional capital for repayment of indebtedness and provide additional flexibility for working capital needs, which will also allow us to strategically invest in innovation and continue to execute our strategic initiatives, including but not limited to the growth of our *First Day Complete* program. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data*.

Credit Facility

We are a party to that certain Credit Agreement, dated as of August 3, 2015, by and among the Company, as borrower, the lenders party thereto, Bank of America, N.A., as administrative agent, and the other agents party thereto (the "Original Credit Agreement"), which was amended from time to time (as amended, the "Credit Agreement"). On June 10, 2024 (the "Closing Date"), we amended and restated the Credit Agreement, and through such amendment and restatement, further extended the maturity of our asset-based credit facility under the Credit Agreement (such amended and restated Credit Agreement, the "A&R Credit Agreement").

Pursuant to the A&R Credit Agreement, the lenders have committed to provide a four-year asset-based revolving credit facility (the "Credit Facility") in an aggregate committed principal amount of up to \$325.0 million, with a maturity date of June 9, 2028. During the 53 weeks ended May 3, 2025, we incurred debt issuance costs totaling \$3.7 million related to the A&R Credit Agreement.

In connection with the delayed filing of our 2025 Annual Report and our Quarterly Reports on Form 10-Q for the first and second quarters of Fiscal 2026, we entered into a series of limited consent and waiver agreements with our lenders to extend certain financial reporting deadlines. These waivers related solely to the timing of our filings and did not arise from noncompliance with any financial covenants. Aggregate fees incurred in connection with these waivers totaled approximately \$1.0 million, recognized as interest expense during Fiscal 2026.

As of May 2, 2026, and as of the issuance date of this Annual Report on Form 10-K, we were in compliance with all covenants under the A&R Credit Agreement. For information regarding the A&R Credit Agreement terms, deferred financing costs, and covenant requirements, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 10, Debt*.

As of both May 2, 2026, and May 3, 2025, we have issued \$0.7 million and \$0.6 million, respectively, in letters of credit under the Credit Facility.

Term Loan

On June 10, 2024, pursuant to the Term Loan Credit Agreement by and among the Company, TopLids LendCo, LLC and Vital Fundco, LLC dated June 7, 2022 (the "Term Loan"), lenders converted approximately \$34.0 million of outstanding principal and accrued and unpaid interest into our Common Stock, resulting in financing noncash flow activity totaling \$86.8 million. We recognized a loss on extinguishment of debt of \$55.2 million in the Consolidated Statement of Operations in connection with the Term Loan Debt Conversion which represents the difference between the Common Stock fair value issued upon conversion and the net carrying value of the Term Loan, plus unamortized deferred financing costs related to the Term Loan. As a result of the Term Loan Debt Conversion, the Term Loan and its related agreements were terminated. For information regarding the Term Loan amendments, deferred financing costs and terms, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 10, Debt*.

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

Balance Sheet Location	Maturity Date/ Amortization Term ^(a)	As of	
		May 2, 2026	May 3, 2025
Credit Facility - Other noncurrent assets	June 9, 2028	\$ 7,935	\$ 11,597

- (a) On June 10, 2024, we completed the Transactions, including amending and extending the maturity date of the Credit Facility, and converting all outstanding principal and interest amounts owed under our Term Loan into shares of our Common Stock. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data*.

Interest

The following table presents interest expense on the Consolidated Statements of Operations and cash interest paid:

	52 weeks ended May 2, 2026	53 weeks ended May 3, 2025
Interest Incurred		
Credit Facility	\$ 12,290	\$ 16,279
Term Loan	—	1,167
Total Interest Incurred	\$ 12,290	\$ 17,446
Amortization of Deferred Financing Costs		
Credit Facility	\$ 3,662	\$ 5,014
Term Loan	—	150
Total Amortization of Deferred Financing Costs	\$ 3,662	\$ 5,164
Interest Income, net of expense	\$ (86)	\$ (350)
Total Interest Expense	\$ 15,866	\$ 22,260
Cash Interest Paid	\$ 12,531	\$ 17,912

Share Repurchases

On December 14, 2015, our Board of Directors authorized a stock repurchase program of up to \$50 million, in the aggregate, of our outstanding common stock. The stock repurchase program is carried out at the direction of management (which may include a plan under Rule 10b5-1 of the Securities Exchange Act of 1934). The stock repurchase program may be suspended, terminated, or modified at any time. Any repurchased shares will be held as treasury stock and will be available for general corporate purposes. During Fiscal 2026 and Fiscal 2025, we did not purchase shares under the stock repurchase program. As of May 2, 2026, approximately \$26.7 million remains available under the stock repurchase program.

During Fiscal 2026 and Fiscal 2025, we purchased 93,842 shares and 429 shares, respectively, outside of the stock repurchase program in connection with employee tax withholding obligations for vested stock awards.

Contractual Obligations

The following table sets forth our contractual obligations as of May 2, 2026 (in millions):

	Payments Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
New Credit Facility ^(a)	\$ 71.0	\$ —	\$ —	\$ 71.0	\$ —
Lease obligations (excluding imputed interest) ^(b)	69.6	0.1	26.5	43.0	—
Purchase obligations ^(c)	29.7	14.9	13.2	1.6	—
Total	\$ 170.3	\$ 15.0	\$ 39.7	\$ 115.6	\$ —

(a) On June 10, 2024, we completed the Transactions, including the Rights Offering, the Private Investment, the Term Loan Debt Conversion, and the Credit Facility Refinancing, to substantially deleverage our Consolidated Balance Sheet. These transactions raised additional capital for repayment of indebtedness and provide additional flexibility for working capital needs, which will also allow us to strategically invest in innovation and continue to execute our strategic initiatives, including but not limited to the growth of our *First Day Complete* program. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data*.

(b) Our contracts for physical bookstores with colleges and universities are typically five years with renewal options, but can range from one to 15 years, and are typically cancelable by either party without penalty upon advance notice ranging from 90 to 180 days depending on the contract. Annual projections are based on current minimum guarantee amounts. In the less than approximately 40% of our contracts with colleges and universities that include minimum guarantees, the minimum guaranteed amounts typically adjust annually to equal less than the prior year's commission earned. See *Part II - Item 8. Financial Statements and Supplementary Data — Note 11. Leases*.

(c) Includes information technology contracts.

Certain Relationships and Related Party Transactions

See *Part II - Item 8. Financial Statements and Supplementary Data — Note 13. Related Party Transactions*.

Critical Accounting Policies and Estimates

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

Revenue Recognition and Deferred Revenue

Product sales and rentals

The majority of our revenue is derived from the sale of products through our bookstore locations, including virtual bookstores, and our bookstore affiliated e-commerce websites, and contains a single performance obligation. Revenue from sales of our products is recognized at the point in time when control of the products is transferred to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for the products. For additional information, see *Part II - Item 8. Financial Statements and Supplementary Data - Note 4. 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 upon the delivery of the digital content as product revenue in our consolidated financial statements. A software feature is embedded within the content of our digital textbooks, such that upon expiration of the term the customer is no longer able to access the content. While the sale of the digital textbook allows the customer to access digital content for a fixed period of time, once the digital content is delivered to the customer, our performance obligation is complete.

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

Revenue recognized for our *BNC First Day*® offerings is consistent with our policies outlined above for product, digital and rental sales, net of an anticipated opt-out or return provision. Given the growth of *BNC First Day* programs, the timing of cash collection from our school partners may shift to periods subsequent to when the revenue is recognized. When a school adopts our *BNC First Day*® affordable access course material program 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.

We recognize revenue commissions from logo general merchandise sales, which are fulfilled by Lids and Fanatics, on a net basis in our consolidated financial statements.

As of Fiscal 2026 year-end, we did not have a customer loyalty program. In the beginning of Fiscal 2027, we launched our own gift card program, and continue to honor Barnes & Noble Booksellers gift cards and sell third-party gift cards in our stores. We do not treat any promotional offers as expenses. Sales tax collected from our customers is excluded from reported revenues. Our payment terms are generally 30 days and do not extend beyond one year.

Service and other revenue

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

Merchandise Inventories

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

Cost is determined primarily by the retail inventory method for our retail business. Our textbook and trade book inventories, for our retail and wholesale businesses, are valued using the LIFO method. In Fiscal 2026, there was no required LIFO adjustment. In Fiscal 2025 we recorded a LIFO adjustment in the amount of \$6.4 million.

Reserves for non-returnable inventory represent write-downs that reduce the cost basis of the asset. These write-downs are based on our history of liquidating non-returnable inventory. Reserve calculations are sensitive to certain assumptions, including markdowns and inventory aging. We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions used to calculate the non-returnable inventory reserve. However, if assumptions based on our history of liquidating non-returnable inventory are incorrect, we may be exposed to losses or gains that could be material. A 10% change in actual non-returnable inventory would have affected pre-tax earnings by approximately \$5.2 million in Fiscal 2026.

For our physical bookstores, we also estimate and accrue shortage for the period between the last physical count of inventory and the balance sheet date. Shortage rates are estimated and accrued based on historical rates and can be affected by changes in merchandise mix and changes in actual shortage trends. We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions used to calculate shortage rates. However, if our estimates regarding shortage rates are incorrect, we may be exposed to losses or gains that could be material. A change of 10 basis points of actual shortage rates would not have a material impact on pre-tax earnings in Fiscal 2026.

Evaluation of Other Long-Lived Assets Impairment

As of May 2, 2026, our other long-lived assets include property and equipment, operating lease right-of-use assets, and amortizable intangibles of \$34.1 million, \$145.6 million, and \$58.1 million, respectively, on our Consolidated Balance Sheet.

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

During Fiscal 2026, we evaluated certain of our store-level long-lived assets for impairment. Based on the results of the impairment tests, we recognized an impairment loss of \$12.6 million (both pre-tax and after-tax), comprised of \$2.8 million, \$6.0 million, and \$3.8 million of property and equipment, operating lease right-of-use assets, and amortizable intangibles, respectively, on the Consolidated Statement of Operations.

During Fiscal 2025, we evaluated certain of our store-level long-lived assets for impairment. Based on the results of the impairment tests, we recognized an impairment loss of \$1.7 million (both pre-tax and after-tax), comprised of \$0.3 million, \$0.3 million, and \$1.1 million of property and equipment, operating lease right-of-use assets, and amortizable intangibles, respectively, on the Consolidated Statement of Operations.

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

The impairment analysis process requires significant estimation to determine recoverability of each asset group and to determine the fair value of asset groups that were not recoverable, as well as the fair values of certain operating right-of-use assets included within the asset groups that were not recoverable. The significant assumptions used included annual revenue growth rates, gross margin rates and the estimated relationship of selling and administrative costs to revenue used to estimate the projected cash-flow directly related to the future operation of the stores as well as the weighted average cost of capital used to calculate the fair value. Significant assumptions used to determine the fair values of certain operating right-of-use assets

included the current market rent and discount rate. These assumptions are subjective in nature and are affected by expectations about future market or economic conditions.

We do not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions used to calculate long-lived asset impairment losses. However, if actual results are not consistent with estimates and assumptions used in estimating future cash flows and asset fair values, we may be exposed to losses that could be material. A 10% decrease in our estimated discounted cash flows would not have materially affected the results of our operations in Fiscal 2026.

Income Taxes

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

Recent Accounting Pronouncements

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

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

Not applicable.

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

	Page No.
Report of BDO USA P.C., Independent Registered Public Accounting Firm (PCAOB ID 243)	55
Consolidated Statements of Operations for the years ended May 2, 2026 and May 2, 2025	59
Consolidated Balance Sheets as of May 2, 2026 and May 3, 2025	60
Consolidated Statements of Cash Flows for the years ended May 2, 2026 and May 3, 2025	61
Consolidated Statements of Equity for the years ended May 2, 2026 and May 3, 2025	62
Notes to Consolidated Financial Statements	
Note 1. Organization	63
Note 2. Basis of Presentation and Summary of Significant Accounting Policies	63
Note 3. Store Closures and Impairment of Long-Lived Assets	70
Note 4. Revenue	70
Note 5. Segment Reporting	72
Note 6. Equity	72
Note 7. Income (Loss) Per Share	72
Note 8. Fair Value Measurements	76
Note 9. Participation Interest Purchase Agreement	76
Note 10. Debt	77
Note 11. Leases	79
Note 12. Supplementary Information	81
Note 13. Related Party Transactions	81
Note 14. Employees Benefit Plans	82
Note 15. Long-Term Incentive Compensation Expense	82
Note 16. Income Taxes	84
Note 17. Legal Proceedings	88
Note 18. Commitments and Contingencies	88
Note 19. Concentration Risk	88
Note 20. Subsequent Event	88
Financial Statement Schedule	
Schedule II Valuation and Qualifying Accounts	89

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
Barnes & Noble Education, Inc.
Florham Park, New Jersey

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Barnes & Noble Education, Inc. (the “Company”) as of May 2, 2026 and May 3, 2025, the related consolidated statements of operations, equity, and cash flows for each of the years then ended, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at May 2, 2026 and May 3, 2025, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company's internal control over financial reporting as of May 2, 2026, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) and our report dated July 9, 2026 expressed an adverse opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the Audit Committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Transactions - Product Sales

As described in Notes 2 and 4 to the consolidated financial statements, the majority of the Company's revenue was derived from the sale of products through its bookstore locations, including virtual bookstores, and its bookstore affiliated e-commerce websites. The Company's total revenue from product sales was approximately \$1.48 billion for the fiscal year ended May 2, 2026.

We identified the auditing of the accuracy and existence of revenue transactions from product sales as a critical audit matter. Auditing the accuracy and existence of revenue from product sales was especially challenging due to the high degree of auditor effort in performing procedures, given the significance of revenue from product sales and the large volume of transactions.

The primary procedures we performed to address this critical audit matter included:

- Evaluating the accuracy and existence of revenue transactions, on a sample basis, by inspecting invoices, evidence of delivery of physical and digital content, and evidence of cash collected, where applicable.
- Obtaining confirmations directly from certain customers.

We have served as the Company's auditor since 2024.

/s/ BDO USA, P.C.

San Francisco, California

July 9, 2026

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
Barnes & Noble Education, Inc.
Florham Park, New Jersey

Opinion on Internal Control over Financial Reporting

We have audited Barnes & Noble Education, Inc.'s (the "Company's") internal control over financial reporting as of May 2, 2026 based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of May 2, 2026, based on the COSO criteria.

We do not express an opinion or any other form of assurance on management's statements referring to any corrective actions taken by the Company after the date of management's assessment.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of May 2, 2026 and May 3, 2025, the related consolidated statements of operations, equity, and cash flows for each of the years then ended, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements"), and our report dated July 9, 2026 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A(b), Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. Material weaknesses were identified and described in management's assessment regarding the following:

- Lack of an effective control environment due to insufficient reporting lines authorities and responsibilities in certain areas and a lack of resources to operate certain internal controls over financial reporting;
- Failure to maintain an effective risk assessment related to financial reporting, including the consideration of potential fraud and the impact of business changes on internal controls over financial reporting;
- Lack of effective control activities and, in some cases, the design of such control activities related to (a) the review and approval of manual journal entries, including maintaining appropriate segregation of duties, (b) the completeness and accuracy of information produced by the Company, (c) accounting for nonroutine transactions, (d) the monthly account reconciliation process, and (e) controls over lease accounting;
- Lack of effective information and communication activities to (a) timely communicate role expectations and backup responsibilities and (b) the evidence of reviews over the completeness and accuracy of information produced by the Company; and
- Lack of effective monitoring activities to evaluate the operation of certain key controls, including over account reconciliations.

These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements, and this report does not affect our report dated July 9, 2026 on those consolidated financial statements.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ BDO USA, P.C.
San Francisco, California
July 9, 2026

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

	52 weeks ended May 2, 2026	53 weeks ended May 3, 2025
Sales:		
Product sales and other	\$ 1,564,365	\$ 1,463,245
Rental income	150,405	146,925
Total sales	<u>1,714,770</u>	<u>1,610,170</u>
Cost of sales (exclusive of depreciation and amortization expense):		
Product and other cost of sales	1,269,051	1,193,015
Rental cost of sales	79,551	79,351
Total cost of sales	<u>1,348,602</u>	<u>1,272,366</u>
Gross profit	366,168	337,804
Selling and administrative expenses	288,573	283,800
Depreciation and amortization expense	32,754	37,939
Impairment loss	12,584	1,713
Other (income) expense, net	(4,281)	(1,572)
Operating income (loss)	<u>36,538</u>	<u>15,924</u>
Loss on extinguishment of debt	—	55,233
Interest expense, net	15,866	22,260
Income (loss) before income taxes	20,672	(61,569)
Income tax expense	3,800	4,256
Net income (loss)	<u>\$ 16,872</u>	<u>\$ (65,825)</u>
Earning per share - Basic and Diluted		
Net income (loss) attributable to BNED shareholders - basic	<u>\$ 0.49</u>	<u>\$ (2.50)</u>
Net income (loss) attributable to BNED shareholders - diluted	<u>\$ 0.49</u>	<u>\$ (2.50)</u>
Weighted average shares of common stock outstanding - Basic	<u>34,330,274</u>	<u>26,298,984</u>
Weighted average shares of common stock outstanding - Diluted	<u>34,614,155</u>	<u>26,298,984</u>

See accompanying notes to consolidated financial statements.

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

	As of	
	May 2, 2026	May 3, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,418	\$ 9,058
Accounts receivable (less allowance \$977 and \$2,148, respectively)	116,526	98,077
Merchandise inventories, net	298,347	299,562
Textbook rental inventories	27,035	26,439
Prepaid expenses and other current assets	34,137	32,249
Total current assets	484,463	465,385
Property and equipment, net	34,123	40,229
Operating lease right-of-use assets	145,594	183,695
Intangible assets, net	58,092	78,241
Other noncurrent assets	17,625	22,735
Total assets	<u>\$ 739,897</u>	<u>\$ 790,285</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 135,564	\$ 148,848
Accrued liabilities	80,990	65,853
Current operating lease liabilities	67,050	64,524
Total current liabilities	283,604	279,225
Long-term deferred taxes, net	—	1,135
Long-term operating lease liabilities	85,455	115,495
Other long-term liabilities	5,399	19,142
Long-term borrowings	71,000	103,100
Total liabilities	445,458	518,097
Commitments and contingencies (Note 18)		
Stockholders' equity:		
Preferred stock, \$0.01 par value; authorized, 5,000,000 shares; 0 shares issued and 0 shares outstanding	—	—
Common stock, \$0.01 par value; authorized, 200,000,000 shares; issued, 34,456,977 and 34,081,114 shares, respectively; outstanding, 34,429,710 and 34,053,847 shares, respectively	345	341
Additional paid-in capital	1,012,349	1,006,974
Accumulated deficit	(695,699)	(712,571)
Treasury stock, at cost	(22,556)	(22,556)
Total stockholders' equity	294,439	272,188
Total liabilities and stockholders' equity	<u>\$ 739,897</u>	<u>\$ 790,285</u>

See accompanying notes to consolidated financial statements.

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

	52 weeks ended May 2, 2026	53 weeks ended May 3, 2025
Cash flows from operating activities:		
Net income (loss)	\$ 16,872	\$ (65,825)
Adjustments to reconcile net income (loss) to net cash flows from operating activities		
Depreciation and amortization expense	32,754	37,939
Impairment loss (non cash)	12,584	1,713
Loss on debt extinguishment	—	55,233
Amortization of deferred financing costs	3,662	5,164
Deferred taxes	(1,135)	(829)
Stock-based compensation expense	6,214	5,386
Changes in operating lease right-of-use assets and liabilities	6,795	(4,218)
Changes in other long-term assets and liabilities and other, net	(10,906)	7,072
Changes in other operating assets and liabilities, net:		
Receivables, net	(18,449)	761
Merchandise inventories	1,215	44,475
Textbook rental inventories	(596)	1,876
Prepaid expenses and other current assets	(1,799)	7,096
Accounts payable and accrued liabilities	2,846	(181,256)
Changes in other operating assets and liabilities, net	(16,783)	(127,048)
Net cash flows provided by (used in) operating activities	\$ 50,057	\$ (85,413)
Cash flows from investing activities:		
Purchases of property and equipment	\$ (16,196)	\$ (12,894)
Proceeds from the sale of fixed assets	—	793
Net cash flows provided by (used in) investing activities	\$ (16,196)	\$ (12,101)
Cash flows from financing activities:		
Proceeds from borrowings	\$ 812,900	\$ 887,055
Repayments of borrowings	(845,000)	(948,920)
Payment of deferred financing costs	(1,900)	(5,569)
Proceeds from Private Equity Investment	—	50,000
Proceeds from Rights Offering	—	45,000
Payment of equity issuance costs	—	(9,914)
Principal stockholder expense reimbursement	—	1,940
Payment on principal portion of finance lease	(365)	(370)
Shares sold under at-the-market offering, net of commissions	—	78,450
Purchase of treasury shares	—	(5)
Net cash flows (used in) provided by financing activities	\$ (34,365)	\$ 97,667
Net (decrease) increase in cash, cash equivalents, and restricted cash	\$ (504)	\$ 153
Cash, cash equivalents, and restricted cash at beginning of year	28,723	28,570
Cash, cash equivalents, and restricted cash at end of year	28,219	28,723
Supplemental cash flow information:		
Cash paid during the period for:		
Interest paid	\$ 12,531	\$ 17,912
Income taxes paid (net of refunds) (See Note 16)	\$ 7,917	\$ 2,130

See accompanying notes to consolidated financial statements.

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

	Common Stock		Additional Paid-In Capital	Accumulated Deficit As Restated	Treasury Stock		Total Equity
	Shares	Amount			Shares (a)	Amount	
Balance April 27, 2024	558,402	\$ 6	\$ 749,692	\$ (646,746)	26,838	\$ (22,552)	\$ 80,400
Stock-based compensation expense	—	—	5,386	—	—	—	5,386
Vested equity awards	34,198	—	—	—	—	—	—
Shares repurchased for tax withholdings for vested stock awards	(429)	—	—	—	429	(4)	(4)
Private Equity Investment	10,000,000	100	49,900				50,000
Rights Offering	9,000,000	90	44,910				45,000
Equity issuance costs			(9,914)				(9,914)
Term Loan debt conversion	6,673,978	67	86,688				86,755
Principal stockholder expense reimbursement			1,940				1,940
Proceeds from sales of Common Stock under ATM facility, net of commissions	7,814,965	78	78,372				78,450
Net loss	—	—	—	(65,825)	—	—	(65,825)
Balance May 3, 2025	34,081,114	\$ 341	\$ 1,006,974	\$ (712,571)	27,267	\$ (22,556)	\$ 272,188
Stock-based compensation expense	—	—	6,214	—	—	—	6,214
Vested equity awards	375,863	4	(839)	—	—	—	(835)
Net income	—	—	—	16,872	—	—	16,872
Balance May 2, 2026	34,456,977	\$ 345	\$ 1,012,349	\$ (695,699)	27,267	\$ (22,556)	\$ 294,439

See accompanying notes to consolidated financial statements.

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(In thousands, except share data)

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

Note 1. Organization

Description of Business

Barnes & Noble Education, Inc. ("BNED" or the "Company") 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. The Company is also a textbook wholesaler, and bookstore management hardware and software provider. The Company operates 1,116 physical and virtual bookstores, delivering essential educational content and general merchandise within a dynamic omnichannel retail environment.

The Company provides product and service offerings designed to address the most pressing issues in higher education, including affordable access, enhanced convenience and improved affordability through innovative course material delivery models designed to drive improved student experiences and outcomes. The Company offers its *BNC First Day*® affordable access course material programs, consisting of *First Day Complete* and *First Day*, which provide faculty-required course materials to students on or before the first day of class.

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

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

Note 2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

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

Our fiscal year is comprised of 52 or 53 weeks, ending on the Saturday closest to the last day of April. The fiscal year periods for each of the last two fiscal years consisted of the 52 weeks ended May 2, 2026 ("Fiscal 2026") and 53 weeks ended May 3, 2025 ("Fiscal 2025").

Seasonality

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

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

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - Continued
(In thousands, except share and per share data)

for products ordered through our websites and virtual bookstores. See Revenue Recognition and Deferred Revenue discussion below.

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 the *Revenue Recognition and Deferred Revenue* discussion below.

Use of Estimates

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

Cash and Cash Equivalents and Restricted Cash

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

As of May 2, 2026, BNED had cash on hand of \$8,418 and restricted cash of \$19,801, comprised of \$17,422 in the prepaid expenses and other current assets line item in the Consolidated Balance Sheet related to segregated funds for commission due to Lids for logo merchandise sales as per the Lids service provider merchandising agreement and \$2,379 in other noncurrent assets in the Consolidated Balance Sheet related to amounts held in trust for future distributions related to employee benefit plans.

As of May 3, 2025, BNED had cash on hand of \$9,058 and restricted cash of \$19,665, comprised of \$17,332 in other current assets in the Consolidated Balance Sheet related to segregated funds for commission due to Lids for logo merchandise sales as per the Lids service provider merchandising agreement and \$2,333 in other noncurrent assets in the Consolidated Balance Sheet related to amounts held in trust for future distributions related to employee benefit plans.

Accounts Receivable

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

	As of	
	May 2, 2026	May 3, 2025
Trade accounts	\$ 67,749	\$ 54,952
Advances for book buybacks	677	993
Credit/debit card receivables	7,535	14,991
Other receivables ^(a)	40,565	27,141
Total receivables, net	<u>\$ 116,526</u>	<u>\$ 98,077</u>

(a) Includes receivables from graduation regalia of \$17.8 million and \$11.0 million and textbook returns of \$14.8 million and \$11.0 million, respectively, as of May 2, 2026 and May 3, 2025.

Changes to the allowance for expected credit losses related to Accounts receivable are as follows:

	As of	
	May 2, 2026	May 3, 2025
Allowance, beginning of period	\$ 2,148	\$ 867
Current period provision	3,172	4,066
Recoveries	(2,246)	(2,291)
Write-offs charged against allowance	(2,097)	(494)
Allowance, total end of period	<u>\$ 977</u>	<u>\$ 2,148</u>

Accounts receivable are presented on our Consolidated Balance Sheets net of allowances. An allowance for credit losses is determined through an analysis of the aging of accounts receivable and assessments of collectability based on historical trends, the financial condition of our customers and an evaluation of current economic conditions. BNED write-off uncollectible trade

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - Continued
(In thousands, except share and per share data)

receivables once collection efforts have been exhausted and record bad debt expense related to textbook rentals not returned and the Company is unable to successfully charge the customer.

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 represent write-downs that reduce the cost basis of the asset. These write-downs are based on our history of liquidating non-returnable inventory, which includes certain assumptions, including markdowns and inventory aging.

Cost is determined primarily by the retail inventory method for our retail business. Textbook and trade book inventories for retail and wholesale are valued using the LIFO method. In Fiscal 2026, there was no required LIFO adjustment. In Fiscal, 2025 BNED recorded a LIFO adjustment of \$6,446.

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

The physical bookstores fulfillment order is directed first to our wholesale operations before other sources of inventory are utilized. The products that BNED sells 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 with the amortization expense recognized in cost of goods sold. At the end of the rental period, upon return, the book is removed from textbook rental inventories and recorded in merchandise inventories at its amortized cost.

Cloud Computing Arrangements

Implementation costs incurred in a cloud computing arrangement (or hosting arrangement) that is a service contract are amortized to hosting expense over the term of the arrangement, beginning when the module or component of the hosting arrangement is ready for its intended use. Implementation costs are included in prepaid expenses and other assets in the Consolidated Balance Sheets and amortized to selling and administrative expense in the Consolidated Statements of Operations. Implementation costs incurred in cloud computing arrangements reflected in prepaid and other assets in the Consolidated Balance Sheets were \$3,548 and \$5,504 as of May 2, 2026 and May 3, 2025, respectively. BNED had \$3,679 and \$2,730 of amortization of implementation costs in selling and administrative expense in the Consolidated Statements of Operations, for the 52 and the 53 weeks ended May 2, 2026 and May 3, 2025, respectively.

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method over estimated useful lives. Maintenance and repairs are expensed as incurred, however major maintenance and remodeling costs are capitalized if they extend the useful life of the asset. BNED had \$18,190 and \$22,876 of depreciation expense in the Consolidated Statements of Operations for the 52 and 53 weeks ended May 2, 2026 and May 3, 2025, respectively.

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - Continued
(In thousands, except share and per share data)

Components of property and equipment are as follows:

	Useful Life	As of	
		May 2, 2026	May 3, 2025
Property and equipment:			
Leasehold improvements	(a)	\$ 93,280	\$ 100,867
Machinery, equipment and display fixtures	5	211,293	232,883
Computer hardware and capitalized software costs	(b)	171,283	169,190
Office furniture and other	5 - 7	55,172	59,122
Construction in progress		1,685	1,698
Total property and equipment		532,713	563,760
Less accumulated depreciation and amortization		498,590	523,531
Total property and equipment, net		\$ 34,123	\$ 40,229

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

Intangible Assets

Amortizable intangible assets are as follows:

	Estimated Useful Life	As of May 2, 2026		
		Gross Carrying Amount	Accumulated Amortization	Total
Amortizable intangible assets				
Customer relationships ^(a)	5 - 25	\$ 174,880	\$ (117,080)	\$ 57,800
Other ^(b)	2	3,500	(3,208)	292
		<u>\$ 178,380</u>	<u>\$ (120,288)</u>	<u>\$ 58,092</u>
	Estimated Useful Life	As of May 3, 2025		
		Gross Carrying Amount	Accumulated Amortization	Total
Amortizable intangible assets				
Customer relationships	5 - 25	\$ 209,680	\$ (132,081)	\$ 77,599
Other ^(b)	2 - 3	3,500	(2,858)	642
		<u>\$ 213,180</u>	<u>\$ (134,939)</u>	<u>\$ 78,241</u>

- (a) Includes \$6.0 million of accumulated charges related to store closures and impairments. See Note 3. *Store Closures and Impairments*.
- (b) Other consists of recognized intangibles for non-compete agreements and trade names

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

Aggregate Amortization Expense:

For the 52 weeks ended May 2, 2026	\$ 14,189
For the 53 weeks ended May 3, 2025	\$ 14,842

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - Continued
(In thousands, except share and per share data)

Estimated Amortization Expense: (Fiscal Year)

2027	\$	7,801
2028	\$	7,509
2029	\$	7,509
2030	\$	7,342
2031	\$	6,509
After 2031	\$	21,422
Total	\$	58,092

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

Leases

BNED recognizes lease assets and lease liabilities on the Consolidated Balance Sheets for all operating lease arrangements based on the present value of future lease payments as required by ASC 842, *Leases*. BNED does not recognize lease assets or lease liabilities for short-term leases (i.e., those with a term of twelve months or less). BNED recognizes lease expense for contracts with fixed lease payments on a straight-line basis over the contractual term. BNED recognizes variable lease payments as incurred. BNED recognizes lease expense related to our college and university contracts as cost of sales in our Consolidated Statements of Operations and recognizes lease expense related to various office spaces as selling and administrative expenses in our Consolidated Statements of Operations. For additional information, see Note 11. *Leases*.

Evaluation of Long-Lived Assets and Impairment

As of May 2, 2026, our long-lived assets include property and equipment, operating lease right-of-use assets, amortizable intangibles, and other noncurrent assets of \$34,123, \$145,594, \$58,092, and \$17,625, respectively, on our Consolidated Balance Sheet. As of May 3, 2025, our long-lived assets include property and equipment, operating lease right-of-use assets, amortizable intangibles, and other noncurrent assets of \$40,229, \$183,695, \$78,241, and \$22,735, respectively, on our Consolidated Balance Sheet.

BNED reviews 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*. BNED evaluates the long-lived assets for impairment at the lowest asset group level for which individual cash flows can be identified. When evaluating long-lived assets for potential impairment, BNED first compares the carrying amount of the asset group to the estimated future undiscounted cash flows. The impairment loss calculation compares the carrying amount of the assets to the fair value based on estimated discounted future cash flows. If required, an impairment loss is recorded for that portion of the asset's carrying value in excess of fair value. See Note 3, *Store Closures and Impairment of Long-Lived Assets*.

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

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

Revenue Recognition and Deferred Revenue

Product sales and rentals

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - Continued
(In thousands, except share and per share data)

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 BNED expects to be entitled to in exchange for the products. For additional information, see Note 4.*Revenue*.

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

Revenue from the rental of physical textbooks is deferred and recognized over the rental period based on the passage of time commencing at the point of sale, when control of the product transfers to the customer and is recognized as rental income in our consolidated financial statements. Rental periods are typically for a single semester and are always less than one year in duration. BNED offers 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. BNED records 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, BNED accelerated any remaining deferred rental revenue at the point of sale. Such buyouts have historically been, and continue to be, immaterial to the financial statements.

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*® affordable access course material program 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.

BNED estimates 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, BNED evaluates whether BNED is acting as a principal or an agent. Our determination is based on our evaluation of whether BNED controls the specified goods or services prior to transferring them to the customer. There are significant judgments involved in determining whether BNED controls the specified goods or services prior to transferring them to the customer including whether BNED has 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 BNED is the principal, BNED records revenue on a gross basis, and for those transactions where BNED is an agent to a third-party, BNED records revenue on a net basis.

Our logo and emblematic general merchandise sales are fulfilled by Lids and Fanatics and BNED recognizes commission revenue earned for these sales on a net basis in our consolidated financial statements.

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

Service and other revenue

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

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - Continued
(In thousands, except share and per share data)

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

Cost of Sales

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.

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.

Long-Term Incentive Compensation

BNED has granted awards in accordance with the Barnes & Noble Education Inc. Equity Incentive Plan (the "Equity Incentive Plan"). Types of equity awards that can be granted under the Equity Incentive Plan include options, restricted stock, restricted stock units, performance shares, performance share units, and phantom share units. See Note 15. *Long-Term Incentive Compensation Expense* for additional information regarding expense recognition for each type of award.

Advertising Costs

The costs of advertising are expensed as incurred during the year pursuant to ASC 720-35, *Advertising Costs*. Advertising costs charged to selling and administrative expenses were \$4,142 and \$5,235 in the Consolidated Statements of Operations for the 52 and 53 weeks ended May 2, 2026 and May 3, 2025, respectively.

Income Taxes

The provision for income taxes includes federal, state and local income taxes currently payable and those deferred because of temporary differences between the financial statement and tax basis of assets and liabilities. The deferred tax assets and liabilities are measured using the enacted tax rates and laws that are expected to be in effect when the differences reverse. BNED regularly reviews deferred tax assets for recoverability and establish a valuation allowance, if determined to be necessary. For additional information, see Note 16. *Income Taxes*.

Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In September 2025, the Financial Accounting Standards Board (the "FASB") issued ASU No. 2025-07 ("ASU 2025-07"), *Derivatives and Hedging (Topic 815)* ("Topic 815") and "Revenue from Contracts with Customers (Topic 606)." The guidance refines the scope of Topic 815 to clarify which contracts are subject to derivative accounting. This ASU also provides clarification under Topic 606 for share-based payments from a customer in a revenue contract. The amendments in ASU 2025-07 are effective for fiscal years beginning after December 15, 2026, and interim reporting periods, with early adoption permitted. The Company adopted ASU No. 2025-07 during the fiscal quarter ending November 2, 2025. See Note 9. *Participation Interest Purchase Agreement* for discussion on the impact of the adoption.

In December 2023, the FASB issued *ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which enhances annual income tax disclosure requirements, including additional information related to the effective tax rate reconciliation and income taxes paid. The Company adopted this guidance on a retrospective basis during the fourth quarter of fiscal 2026. Adoption of the ASU did not impact the Company's consolidated financial position, results of operations, cash flows, or earnings per share, but resulted in enhanced income tax disclosures in the notes to the consolidated financial statements. See Note 16, *Income Taxes*.

Recently Issued But Not Yet Adopted

In September 2025, the FASB issued ASU 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic*

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - Continued
(In thousands, except share and per share data)

350-40): *Targeted Improvements to the Accounting for Internal-Use Software* ("ASU 2025-06"). ASU 2025-06 modernizes and simplifies the accounting for software development costs by establishing a single capitalization framework for all internally developed or acquired software, regardless of whether the software is intended for internal use, to be sold, or to be used in delivering products and services. The new guidance retains the concept of project stages but eliminates the historical distinction between internal-use software and software to be sold or marketed. ASU 2025-06 is effective for fiscal years beginning after December 15, 2027, including interim periods within those fiscal years, with early adoption permitted. The guidance is required to be applied prospectively, with optional retrospective or modified retrospective transition methods. The Company is currently evaluating the impact of ASU 2025-06 on its consolidated financial statements.

In November 2024, the FASB issued *ASU No. 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses"*, which is intended to enhance expense disclosures by requiring additional disaggregation of certain costs and expenses, on an interim and annual basis, within the footnotes to the financial statements. The guidance will be effective for annual disclosures beginning in Fiscal 2028 and subsequent interim periods. Early adoption is permitted and the amendments may be applied either prospectively or retrospectively. The Company is evaluating the impact that adopting this guidance will have on the Company's disclosures.

Note 3. Store Closures and Impairment of Long-Lived Assets

The Company performed long-lived asset impairment testing of the asset groups associated with the affected locations. Each asset group consists of the following assets attributable to each bookstore location or portfolio: (i) operating lease right-of-use ("ROU") assets; (ii) customer relationship intangible assets recognized in connection with the respective bookstore management services agreements; (iii) leasehold improvements, capitalized implementation and signing bonuses, and capital improvement reimbursements classified within property and equipment; and (iv) other assets.

The Company determined that the carrying values of the affected asset groups were not recoverable, as the sum of the expected undiscounted future cash flows attributable to each asset group was insufficient to recover the respective carrying values given the planned cessation of operations. Accordingly, the Company measured and recognized an impairment loss equal to the amount by which each asset group's carrying value exceeded its estimated fair value. Fair value was estimated using a discounted cash flow approach; for operating lease ROU assets, fair value reflected the present value of reasonably obtainable sublease income, which was determined to be nominal given the campus-specific nature of the bookstore locations.

The following table summarizes impairment charges recognized by asset class (in thousands):

	For the Year Ended May 2, 2026			
	Leasehold Improvements, Capital & Signing Bonuses	Customer Relationships	Operating Lease ROU Assets	Total
Impairment charges	\$ 2,832	\$ 5,960	\$ 3,792	\$ 12,584

	For the Year Ended May 3, 2025			
	Leasehold Improvements, Capital & Signing Bonuses	Customer Relationships	Operating Lease ROU Assets	Total
Impairment charges	\$ 314	\$ 290	\$ 1,109	\$ 1,713

Note 4. 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 BNED expects to be entitled to in exchange for the products or services.

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - Continued
(In thousands, except share and per share data)

See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* for additional information related to our revenue recognition policies.

Disaggregation of Revenue

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

	52 weeks ended May 2, 2026	53 weeks ended May 3, 2025
Product and Other Sales		
Course Materials Product Sales	\$ 1,128,820	\$ 1,021,456
General Merchandise Product Sales ^(a)	358,101	355,274
Service and Other Revenue ^(b)	77,444	86,515
Product and Other Sales sub-total	1,564,365	1,463,245
Course Materials Rental Income	150,405	146,925
Total Sales	<u>\$ 1,714,770</u>	<u>\$ 1,610,170</u>

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

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

Contract Assets and Contract Liabilities

Contract assets represent the sale of goods or services to a customer before BNED has the right to obtain consideration from the customer. Contract assets consist of unbilled amounts at the reporting date and are transferred to accounts receivable when the rights become unconditional. Contract assets (unbilled receivables) were \$1.2 million and \$0.6 million as of May 2, 2026 and May 3, 2025, respectively, on our Consolidated Balance Sheets.

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

- advanced payments from customers related to textbook rental performance obligations, which are recognized ratably over the terms of the related rental period;
- unsatisfied performance obligations associated with partnership marketing services, which are recognized when the contracted services are provided to our partnership marketing customers; and
- unsatisfied performance obligations associated with the premium paid for the sale of treasury shares, which are expected to be recognized over the term of the merchandising contracts for Fanatics and Lids. respectively, as discussed in Note 6. *Equity - Sale of Treasury Shares.*

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

	52 weeks ended May 2, 2026	53 weeks ended May 3, 2025
Deferred revenue at the beginning of period	\$ 13,565	\$ 14,892
Additions to deferred revenue during the period	179,893	180,174
Reductions to deferred revenue for revenue recognized during the period	(180,266)	(181,501)
Deferred revenue balance at the end of period:	<u>\$ 13,192</u>	<u>\$ 13,565</u>
Balance Sheet classification:		
Accrued liabilities	\$ 10,418	\$ 10,410
Other long-term liabilities	2,774	3,155
Deferred revenue balance at the end of period:	<u>\$ 13,192</u>	<u>\$ 13,565</u>

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - Continued
(In thousands, except share and per share data)

Revenue recognized during the 52 weeks ended May 2, 2026 and the 53 weeks ended May 3, 2025 that was included in the contract liability balance at the beginning of each respective fiscal year was \$10.7 million and \$11.5 million respectively.

Note 5. Segment Reporting

BNED identifies its segments in accordance with the way its business is managed. During fiscal year 2025, management realigned the Company's operating and reporting segments to better reflect a centralized management structure supporting company-wide procurement, marketing and selling, delivery, and customer service.

The CODM reviews financial information on a consolidated basis to evaluate operational performance, allocate resources, and assess trends in financial performance. The CODM uses Net income (loss) as the primary measure of segment profit or loss. In evaluating performance, the CODM also reviews significant expense categories, including adjusted cost of sales, payroll expense, contract payments, direct expenses, and indirect expenses, which are considered material to understanding the segment's financial results.

This measure provides a consistent basis for strategic decision-making, budgeting, and performance evaluation. Segment assets are not used by the CODM for evaluating performance as presented on our Consolidated Balance Sheet.

The following table presents sales, profitability, and significant expense information about our segment.

	52 weeks ended May 2, 2026	53 weeks ended May 3, 2025
Sales	\$ 1,714,770	\$ 1,610,170
Adjusted Cost of sales ^(a)	1,123,513	1,046,615
Payroll expense	206,776	206,362
Contract payments	197,345	200,545
Direct expenses	101,976	96,599
Indirect expenses	1,351	659
Other segment expenses, net ^(b)	66,937	125,215
Net income (loss)	<u>\$ 16,872</u>	<u>\$ (65,825)</u>

^(a) Adjusted Cost of sales includes all cost of sales presented in the Consolidated Statements of Operations, adjusted for contract payments and other various expenses.

^(b) Other segment expenses, net, represents GAAP income statement line items that are not considered to be significant segment expenses. These items primarily include stock-based compensation, depreciation and amortization, impairment, settlement of the interchange litigation (see Note 9), investigation costs and other charges, loss on extinguishment of debt, interest income and expense, and income tax expense (benefit).

Note 6. Equity

Stock Authorization

As of May 2, 2026, our authorized capital stock consists of 200,000,000 shares of common stock, par value \$0.01 per share, and 5,000,000 shares of preferred stock, par value \$0.01 per share. Our common stock trades on the New York Stock Exchange ("NYSE") under the symbol "BNED".

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - Continued
(In thousands, except share and per share data)

On October 5, 2023, our shareholders approved an amendment and restatement of the Equity Incentive Plan to increase the number of shares available for issuance by an additional 4,500,000 of our Common Stock. BNED has reserved an aggregate of 2,179,093 shares of common stock for future grants in accordance with the Barnes & Noble Education Inc. Equity Incentive Plan. See Note 15. *Long-Term Incentive Compensation Expense*.

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

On June 10, 2024, BNED completed the Transactions, including the Rights Offering, the Private Investment, the Term Loan Debt Conversion, and the Credit Facility Refinancing, to substantially deleverage our Consolidated Balance Sheet. These transactions raised additional capital for repayment of indebtedness and provide additional flexibility for working capital needs. See Note 10. *Debt*.

On June 11, 2024, our shareholders approved an amendment to our Amended and Restated Certificate of Incorporation, as amended, to effect a 100 to 1 reverse stock split, thus reducing the number of authorized shares of Common Stock to 100,000,000.

On September 18, 2024, our stockholders (1) approved the Company's Amended and Restated Certificate of Incorporation to decrease the aggregate number of authorized shares of our Common Stock from 10,000,000,000 shares to 200,000,000 shares; and (2) approved an amendment to the Equity Incentive Plan to increase the number of shares available for issuance by an additional 2,000,000 shares of our Common Stock, for an aggregate total of 2,179,093 shares (post-reverse stock split).

At-the-Market Equity Offerings

On September 19, 2024, BNED entered into an at-the market ("ATM") sales agreement (the "September ATM Sales Agreement") with BTIG, LLC ("BTIG"), under which BNED sold the maximum of \$40,000 of our Common Stock from time to time at a weighted-average price of \$10.06 per share and received \$39,200 in proceeds, net of commissions. BTIG, as the sales agent, sold the shares based upon our instructions (including as to price, time or size limits or other customary parameters or conditions). BNED paid BTIG a commission of 2% of the gross sales proceeds of the Common Stock sold under the September ATM Sales Agreement. BNED was not obligated to make any sales of Common Stock under the September ATM Sales Agreement.

On December 20, 2024, BNED entered into an additional ATM sales agreement with BTIG (the "December ATM Sales Agreement"), under which BNED sold the maximum of \$40,000 of our Common Stock from time to time at a weighted-average price of \$10.42 per share and received \$39,200 in proceeds, net of commissions. BTIG, as the sales agent, sold the shares based upon our instructions (including as to price, time or size limits or other customary parameters or conditions). BNED paid BTIG a commission of 2% of the gross sales proceeds of the Common Stock sold under the December ATM Sales Agreement. BNED was not obligated to make any sales of Common Stock under the December ATM Sales Agreement.

Reverse Stock Split

On June 11, 2024, BNED completed a reverse stock split of the Company's outstanding shares of Common Stock at a ratio of 100-for-1 (the "Reverse Stock Split").

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

Repurchase of Shares

On December 14, 2015, our Board of Directors authorized a stock repurchase program of up to \$50,000 in the aggregate, of our outstanding common stock. The stock repurchase program is carried out at the direction of management (which may include a plan under Rule 10b5-1 of the Securities Exchange Act of 1934). The stock repurchase program may be suspended, terminated, or modified at any time. Any repurchased shares will be held as treasury stock and will be available for general

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - Continued
(In thousands, except share and per share data)

corporate purposes. During Fiscal 2026 and Fiscal 2025, BNED did not purchase shares under the stock repurchase program. As of May 2, 2026, approximately \$26,669 remains available under the stock repurchase program.

During Fiscal 2026 and Fiscal 2025, BNED repurchased 0 shares and 429 shares of our Common Stock, respectively, outside of the stock repurchase program in connection with employee tax withholding obligations for vested stock awards.

Sale of Treasury Shares

In December 2020 (Fiscal 2021), BNED entered into a merchandising agreement with Fanatics and Lids which included a strategic equity investment in the Company. Fanatics, Inc. and Lids Holdings, Inc. jointly as TopLids LendCo, LLC (“TopLids”), purchased an aggregate 2,307,692 of our common shares (issued from treasury shares) for \$15,000, representing a share price of \$6.50 per share. The premium price paid above the fair market value of our common stock at closing was approximately \$4,131 and was recorded as a contract liability which is recognized over the term of the merchandising contracts for Fanatics and Lids (\$300 and \$300, respectively, in accrued liabilities, and \$2,604 and \$2,905, respectively, as of May 2, 2026 and May 3, 2025, in other long-term liabilities on the Consolidated Balance Sheets) which is expected to be recognized over the term of the merchandising contracts for Fanatics and Lids. For information related to additional equity investments by TopLids, see Note 13. *Related Party Transactions*.

Dividends

On June 24, 2026, our Board of Directors declared a quarterly cash dividend on our common stock in the amount of \$0.08 per share of common stock outstanding, which will be paid on July 30, 2026 to the holders of record as of July 16, 2026. The payment, amount and timing of future dividends remain within the discretion of our Board of Directors and will depend on our results of operations, financial condition, cash requirements, and other factors. See Note 10. *Debt* for details.

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - Continued
(In thousands, except share and per share data)

Note 7. Income (Loss) Per Share

Basic EPS is computed based upon the weighted average number of common shares outstanding for the period. Diluted EPS is computed based upon the weighted average number of common shares outstanding for the 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 period. BNED includes 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 income (loss) per share is an allocation method that calculates income (loss) 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.

On June 10, 2024, BNED completed the Transactions, including a Rights Offering, Private Investment, Term Loan Debt Conversion, and the Credit Facility Refinancing, to substantially deleverage our Consolidated Balance Sheet. Because the rights issuance was offered to all existing stockholders at an exercise price that was less than the fair value of our Common Stock, as of such time, the weighted average shares outstanding and basic and diluted income (loss) per share were adjusted retroactively to reflect the bonus element of the rights offering for all periods presented by a factor of 5.03.

On June 11, 2024, BNED completed the Reverse Stock Split, which was approved by stockholders at a special meeting held on June 5, 2024. In connection with the Reverse Stock Split, every 100 shares of the common stock issued and outstanding were converted into one share of the Company's common stock.

For Fiscal 2025, the weighted average common shares and loss per common share reflect the bonus element resulting from the Rights Offering and the Reverse Stock Split.

The following is a reconciliation of the basic and diluted income (loss) per share calculation:

<i>(in thousands except share and per share data)</i>	52 weeks ended May 2, 2026	53 weeks ended May 3, 2025
Numerator for basic and diluted income (loss) per share:		
Net Income (loss) available to common shareholders	\$ 16,872	\$ (65,825)
Denominator for basic income (loss) per share:		
Basic weighted average shares of Common Stock	34,330,274	26,298,984
Denominator for diluted income (loss) per share:		
Basic weighted average shares of Common Stock	34,330,274	26,298,984
Average dilutive restricted share units	17,488	—
Average dilutive performance share units	266,393	—
Basic and diluted weighted average shares of Common Stock ^(a)	34,614,155	26,298,984
Income (loss) per Common Share:		
Net income (loss) per share - Basic	\$ 0.49	\$ (2.50)
Net income (loss) per share - Diluted	\$ 0.49	\$ (2.50)

^(a) During Fiscal 2026 and Fiscal 2025, 201,949 and 407,763, respectively, were excluded from the diluted income (loss) per share calculation using the two-class method as their inclusion would have been antidilutive.

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - Continued
(In thousands, except share and per share data)

Note 8. Fair Value Measurements

In accordance with ASC 820, *Fair Value Measurements and Disclosures*, the fair value of an asset is considered to be the price at which the asset could be sold in an orderly transaction between unrelated knowledgeable and willing parties. A liability's fair value is defined as the amount that would be paid to transfer the liability to a new obligor, not the amount that would be paid to settle the liability with the creditor.

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

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

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

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

Our financial instruments include cash and cash equivalents, receivables, accrued liabilities, accounts payable, and long-term debt. The fair values of cash and cash equivalents, receivables, accrued liabilities, and accounts payable approximate their carrying values because of the short-term nature of these instruments, which are all considered Level 1 within the fair value hierarchy. The fair value of our short-term and long-term debt approximates its carrying value and is classified as Level 2, as it is estimated using observable market inputs such as current interest rates and credit spreads for similar instruments. See Note 9. *Participation Interest Purchase Agreement* for fair value information about our derivative instrument that is fair valued using Level 3 inputs.

Non-Financial Assets

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

During the 52 and 53 weeks ended May 2, 2026 and May 3, 2025, respectively, BNED evaluated certain of our store-level long-lived assets for impairment, and recognized impairment loss of \$12,584 and \$1,713, respectively, on the Consolidated Statements of Operations. The fair value of the impaired long-lived assets was 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. *Basis of Presentation and Summary of Significant Accounting Policies*.

The following table shows the fair values of our non-financial assets 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:

	As of May 2, 2026			As of May 3, 2025		
	Carrying Value Prior to Impairment	Fair Value	Impairment Loss	Carrying Value Prior to Impairment	Fair Value	Impairment Loss
Property and equipment, net	\$ 2,837	\$ 5	\$ 2,832	\$ 314	\$ —	\$ 314
Operating lease right-of-use assets	5,567	1,775	3,792	1,006	716	290
Intangible assets, net	5,960	—	5,960	1,109	—	1,109
Total	<u>\$ 14,364</u>	<u>\$ 1,780</u>	<u>\$ 12,584</u>	<u>\$ 2,429</u>	<u>\$ 716</u>	<u>\$ 1,713</u>

Note 9. Participation Interest Purchase Agreement

During April 2025, the Company entered into a Participation Interest Purchase Agreement (the "Agreement") with Jefferies Leveraged Credit Products LLC ("Jefferies"), under which Jefferies paid the Company \$12,625 in exchange for a participation

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - Continued
(In thousands, except share and per share data)

interest in the proceeds of a specified litigation claim related to the Visa and Mastercard Interchange Litigation. The Agreement was non-recourse to the Company with respect to financial risk; Jefferies' entitlement to payment was limited to proceeds, if any, received from the litigation.

During the fiscal quarter ended November 1, 2025, the Company early adopted ASU 2025-07, *Derivatives and Hedging (Topic 815)* and *Revenue from Contracts with Customers (Topic 606): Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract*, using the modified retrospective transition method. Upon adoption, the Agreement qualified for the operations and activities scope exception under ASC 815 and no longer met the definition of a derivative. As a result, the previously recognized derivative liability of \$12,625 was reclassified to deferred income as of May 4, 2025, the first day of fiscal year 2026. No cumulative-effect adjustment to retained earnings was required, as the fair value of the derivative liability at adoption equaled the initial transaction price of \$12,625 and no mark-to-market adjustments had been recognized in any prior period.

During February 2026, the Interchange Litigation was resolved through a settlement among the plaintiffs and the Visa and Mastercard defendants. Pursuant to the terms of the Agreement, all proceeds attributable to the Company's claims were distributed directly to Jefferies and its assignees, net of legal fees and expenses. The Company received no cash proceeds from the settlement. Upon resolution of the litigation and distribution of proceeds, the Company's obligations under the Agreement were fully discharged.

As a result of the settlement, the deferred income balance of \$12,625 was recognized in earnings during the fiscal quarter ended May 2, 2026 and is presented within Other income (expense), net on the Consolidated Statements of Operations. As of May 2, 2026, no deferred income balance remains on the consolidated balance sheet related to this Agreement.

Note 10. Debt

	Maturity Date	As of	
		May 2, 2026	May 3, 2025
Credit Facility	June 9, 2028	\$ 71,000	\$ 103,100
Total long-term debt		\$ 71,000	\$ 103,100
Balance Sheet classification:			
Long-term borrowings		71,000	103,100
Total long-term debt		\$ 71,000	\$ 103,100

Transaction

On June 10, 2024, BNED completed the Transactions, including the Rights Offering, the Private Investment, the Term Loan Debt Conversion, and the Credit Facility Refinancing, to substantially deleverage our Consolidated Balance Sheet. These Transactions raised additional capital for repayment of indebtedness and provide additional flexibility for working capital needs, which will also allow us to strategically invest in innovation and continue to execute our strategic initiatives, including but not limited to the growth of our *First Day Complete* program.

Upon closing of the Transactions on June 10, 2024:

- BNED received gross proceeds of \$95,000 of new equity capital through a \$50,000 new equity investment (the "Private Investment") led by Immersion Corporation ("Immersion") and a \$45,000 fully backstopped equity rights offering (the "Rights Offering"). The Transactions infused approximately \$85,500 of net cash proceeds after transaction costs. The transaction resulted in Immersion obtaining controlling financial interest.
- Our existing Term Loan credit agreement lenders, TopLids LendCo, LLC and Vital Fundco, LLC, converted approximately \$34,000 of outstanding principal and any accrued and unpaid interest into our common stock.
- BNED refinanced our Credit Facility providing access to a \$325,000 facility maturing in 2028. The refinanced Credit Facility will meaningfully enhance our financial flexibility and reduce our annual interest expense.

Credit Facility

In connection with the delayed filing of the Company's Fiscal 2025 Annual Report on Form 10-K and its Quarterly Reports on Form 10-Q for the first and second quarters of Fiscal 2026, the Company entered into a series of limited consent and waiver

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - Continued
(In thousands, except share and per share data)

agreements with the lenders under its asset-based revolving credit facility to extend certain financial reporting deadlines. These waivers related solely to the timing of the Company's filings and did not arise from noncompliance with any financial covenants. The Investigation and related restatement of the Company's previously issued financial statements have been completed.

On August 8, 2025, the Company and the administrative agent entered into a limited consent and waiver providing a 75-day extension of the applicable reporting deadlines to October 22, 2025, in exchange for a fee equal to 0.10% of the aggregate revolving commitments. On October 21, 2025, the Company exercised an additional 45-day extension option under the waiver, extending the reporting deadline to December 6, 2025, in exchange for an additional fee equal to 0.10% of the revolving commitments. On December 5, 2025, the Company entered into a Second Limited Consent and Waiver, further extending the reporting deadlines to January 20, 2026, in exchange for an additional fee equal to 0.10% of each consenting lender's revolving commitment. The aggregate fees incurred in connection with these waivers totaled approximately \$1,000 and were recognized as interest expense in the Consolidated Statements of Operations during Fiscal 2026.

On June 10, 2024 (the "Closing Date"), the Company amended, restated and extended the maturity of its existing asset-based revolving credit facility with Bank of America, N.A., as administrative agent, collateral agent and swing line lender, and the other lenders party thereto (as amended and restated, the "A&R Credit Agreement"). Pursuant to the A&R Credit Agreement, the lenders committed to provide the Company with a four-year asset-based revolving credit facility with aggregate revolving commitments of up to \$325,000 and a maturity date of June 9, 2028 (the "Credit Facility").

Borrowings under the Credit Facility may be used for general corporate purposes, including seasonal working capital needs. The Company has interest-only obligations under the Credit Facility until maturity, at which time all outstanding principal is due and payable. Interest accrues, at the Company's election, either (i) at a rate based on the Secured Overnight Financing Rate ("SOFR"), subject to a floor of 2.50%, plus an applicable margin of 3.50%, or (ii) at an alternate base rate, subject to a floor of 3.50%, plus an applicable margin of 2.50%. The applicable margins may be reduced by 0.25% upon achievement of certain financial performance thresholds, as defined in the A&R Credit Agreement.

The A&R Credit Agreement contains customary negative covenants that limit the Company's ability to incur or assume additional indebtedness, grant or permit liens, make investments, make Restricted Payments (as defined in the A&R Credit Agreement) and other specified payments, merge with other entities, dispose of or acquire assets, or engage in transactions with affiliates, among other things. Additionally, the A&R Credit Agreement includes the following financial maintenance covenants:

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

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

In connection with the Credit Facility, a 1.00% fee was payable in connection with the eighth amendment to the Original Credit Agreement (prior to its amendment and restatement), of which 50% was paid on September 2, 2024 and 50% was due and payable on June 10, 2025.

As of May 2, 2026 and May 3, 2025, BNED issued \$676 and \$575, respectively, in letters of credit under the Credit Facility.

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - Continued
(In thousands, except share and per share data)

During the 53 weeks ended May 3, 2025, BNED incurred debt issuance costs totaling \$11,516 related to the July 2023 amendment to the Original Credit Agreement. The debt issuance costs have been deferred and are presented as prepaid and other current assets and other noncurrent assets in the Consolidated Balance Sheets, and subsequently amortized ratably over the term of the A&R Credit Agreement.

As of May 2, 2026, the Company remained in compliance with all covenants under the A&R Credit Agreement.

Term Loan

On June 10, 2024, our existing Term Loan Credit Agreement (the "Term Loan") dated June 7, 2022, lenders converted approximately \$34,000 of outstanding principal and accrued and unpaid interest into our Common Stock, resulting in financing noncash flow activity totaling \$86,755. BNED recognized a loss on extinguishment of debt of \$55,233 in the Consolidated Statement of Operations in connection with the Term Loan debt conversion which represents the difference between the Common Stock fair value issued upon conversion and the net carrying value of the Term Loan, plus unamortized deferred financing costs related to the Term Loan. Upon completion of the Term Loan Debt Conversion, the Term Loan and its related agreements were terminated. See Note 6. Equity.

Deferred Financing Costs

The debt issuance costs have been deferred and are presented as noted below in the Consolidated Balance Sheets and are subsequently amortized ratably over the term of respective debt.

Balance Sheet Location	Maturity Date/ Amortization Term ^(a)	As of	
		May 2, 2026	May 3, 2025
Credit Facility - Other noncurrent assets ^(a)	June 9, 2028	\$ 7,935	\$ 11,597

- (a) On June 10, 2024, BNED completed the Transactions, including amending and extending the maturity date of the Credit Facility and converting all outstanding principal and interest amounts owed under our Term Loan Credit Agreement into shares of our Common Stock.

Interest

The following table presents interest expense and cash interest paid:

	52 weeks ended May 2, 2026	53 weeks ended May 3, 2025
Interest Incurred		
Credit Facility	\$ 12,290	\$ 16,279
Term Loan	—	1,167
Total Interest Incurred	\$ 12,290	\$ 17,446
Amortization of Deferred Financing Costs		
Credit Facility	\$ 3,662	\$ 5,014
Term Loan	—	150
Total Amortization of Deferred Financing Costs	\$ 3,662	\$ 5,164
Interest Income, net of expense	\$ (86)	\$ (350)
Total Interest Expense	\$ 15,866	\$ 22,260
Cash Interest Paid	\$ 12,531	\$ 17,912

Note 11. Leases

BNED recognizes lease assets and lease liabilities on the Consolidated Balance Sheets for substantially all lease arrangements based on the present value of future lease payments as required by ASC Topic 842, *Leases*. Our portfolio of leases consists of operating leases comprised of operating agreements which grant us the right to operate on-campus bookstores

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - Continued
(In thousands, except share and per share data)

at colleges and universities; real estate leases for office and warehouse operations; and vehicle leases. BNED has one immaterial finance lease and no short-term leases (i.e., those with a term of twelve months or less).

BNED recognizes a right of use (“ROU”) asset and lease liability in our Consolidated Balance Sheets for leases with a term greater than twelve months. Options to extend or terminate a lease are included in the determination of the ROU asset and lease liability when it is reasonably certain that such options will be exercised.

Our lease terms generally range from one year to fifteen years, and a number of agreements contain minimum annual guarantees, many of which are adjusted at the start of each contract year based on the actual sales activity of the leased premises for the most recently completed contract year.

Payment terms are based on the fixed rates explicit in the lease, including minimum annual guarantees, and/or variable rates based on: (i) a percentage of revenues or sales arising at the relevant premises (“variable commissions”), and/or (ii) operating expenses, such as common area charges, real estate taxes and insurance. For contracts with fixed lease payments, including those with minimum annual guarantees, BNED recognizes lease expense on a straight-line basis over the lease term. For variable commissions, BNED recognizes lease expense as incurred. Our lease agreements do not contain any material residual value guarantees, material restrictions or covenants.

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

The following table summarizes lease expenses:

	52 weeks ended May 2, 2026	53 weeks ended May 3, 2025
Variable lease expense	\$ 137,951	\$ 134,934
Fixed lease expense	55,694	60,515
Total lease expense	<u>\$ 193,645</u>	<u>\$ 195,449</u>

The following table summarizes our minimum fixed lease obligations, excluding variable commissions, as of May 2, 2026:

Fiscal 2027	\$ 75,534
Fiscal 2028	26,494
Fiscal 2029	22,393
Fiscal 2030	16,169
Fiscal 2031	18,858
Thereafter	7,500
Total lease payments	166,948
Less: imputed interest	(14,443)
Operating lease liabilities at period end	<u>\$ 152,505</u>

Future lease payment obligations related to leases that were entered into, but did not commence as of May 2, 2026, were not material.

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - Continued
(In thousands, except share and per share data)

The following summarizes additional information related to our operating leases:

	As of	
	May 2, 2026	May 3, 2025
Weighted average remaining lease term (in years)	4.1 years	4.6 years
Weighted average discount rate	5.4 %	5.5 %
<u>Supplemental cash flow information related to leases is as follows:</u>		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 55,065	\$ 72,434
Operating cash flows from financing leases	37	32
Financing cash flows from financing leases	365	370
ROU assets obtained in exchange for lease obligations:		
Operating leases	46,061	24,716
Financing leases	—	1,128

Note 12. Supplementary Information

Other (income) expense, net

During the 52 weeks ended May 2, 2026, BNED recognized other income totaling \$4,281. During fiscal 2026, the Company recognized income of approximately \$12,625 related to the resolution of its participation interest purchase agreement associated with the Visa/Mastercard interchange litigation. The income represents the recognition of previously deferred amounts upon settlement of the underlying litigation. See Note 9, *Participation Interest Purchase Agreement* for additional details. This was offset by Investigation related costs of \$7,296 and other professional service fees of \$1,048.

During the 53 weeks ended May 3, 2025, BNED recognized other income totaling \$1,572, comprised primarily of an \$8,780 gain related to the termination of liabilities related to a frozen retirement benefit plan, primarily offset by \$2,095 related to severance and other employee termination and benefit costs associated with elimination of various positions as part of cost reduction initiatives, \$2,091 for legal and advisory professional service costs primarily related to restructuring activities and other charges, \$1,963 of severance primarily related to the resignation of our former Chief Executive Officer on June 11, 2024, \$1,388 of which is included in accrued liabilities in the Consolidated Balance Sheet as of May 3, 2025, and \$1,059 related to the settlement of a class action lawsuit and related legal fees. BNED recognized an increase to additional paid in capital on the Consolidated Balance Sheet for the reimbursement of the former Chief Executive Officer severance from VitalSource (a principal stockholder) as part of the June 10, 2024 financing transactions.

Note 13. Related Party Transactions

TopLids LendCo, LLC

In December 2020 (Fiscal 2021), BNED entered into the F/L Relationship to execute a merchandising agreement with Fanatics and Lids which included a strategic equity investment in the Company. Fanatics, Inc. and Lids Holdings, Inc., jointly as TopLids LendCo, LLC (“TopLids”), purchased an aggregate 2,307,692 of our common shares. On June 7, 2022, BNED entered into a Term Loan Credit Agreement with TopLids LendCo, LLC and Vital Fundco, LLC (see discussion below). On June 10, 2024, BNED completed the Transactions, including the Rights Offering, the Private Investment, the Term Loan Debt Conversion, and the Credit Facility Refinancing, to substantially deleverage our Consolidated Balance Sheet. TopLids ceased to be a related party during the fourth quarter of fiscal 2025. Total commission revenue from the F/L Relationship was \$126,886, during the 53 weeks ended May 3, 2025. Total receivables from Fanatics was \$1,208 as of May 3, 2025.

VitalSource Technologies, Inc.

On June 7, 2022, BNED entered into a Term Loan Credit Agreement with TopLids LendCo, LLC (see discussion above) and Vital Fundco, LLC (a subsidiary of Vital Technologies, Inc. (“VitalSource”). BNED has contracted with VitalSource to provide digitally formatted courseware, from all major publishers. On June 10, 2024, BNED completed the Transactions, including the Rights Offering, the Private Investment, the Term Loan Debt Conversion, and the Credit Facility Refinancing, to substantially deleverage our Consolidated Balance Sheet. VitalSource owns more than 5% of our Common Stock outstanding following the closing of the Transactions. Total purchases from VitalSource were \$573,412 and \$454,502, during the 52 weeks

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - Continued
(In thousands, except share and per share data)

ended May 2, 2026 and 53 weeks ended May 3, 2025, respectively. Total accounts payable to VitalSource was \$21,543 and \$38,484, as of May 2, 2026 and May 3, 2025, respectively. For additional information, see Note 1. Organization, Note 6. Equity, and Note 10. Debt.

Immersion

On June 10, 2024, Immersion purchased a controlling interest in the Company. During Fiscal 2026 and 2025, the Company reimbursed Immersion approximately \$560 and \$750, respectively, in professional fees related to integration costs.

Note 14. Employees Benefit Plans

The Company sponsors a defined contribution plan for the benefit of substantially all of the employees. The Company is responsible to fund the employer contributions directly. The 401(k)-retirement savings plan provides an annual end of plan year discretionary match, in lieu of the current pay period match. Total employee benefit expense for these plans was \$0 during the 52 weeks ended May 2, 2026 and the 53 weeks ended May 3, 2025, respectively.

Note 15. Long-Term Incentive Compensation Expense

BNED has reserved 2,179,093 shares of our common stock for future grants in accordance with the Barnes & Noble Education Inc. Equity Incentive Plan. Types of equity awards that can be granted under the Equity Incentive Plan include options, restricted stock ("RS"), restricted stock units ("RSU"), performance shares ("PS"), performance share units ("PSU"), and phantom share units (or "Phantom Shares").

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

Restricted Stock Awards

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

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

Stock Options

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

Long-Term Incentive Compensation Activity

On June 11, 2024, BNED completed the Reverse Stock Split, which was approved by stockholders at a special meeting

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - Continued
(In thousands, except share and per share data)

held on June 5, 2024. In connection with the Reverse Stock Split, every 100 shares of the common stock issued and outstanding were converted into one share of the Company's common stock. The following table presents a summary of awards activity related to our current Equity Incentive Plan and reflects the Reverse Stock Split for all periods presented:

	Restricted Stock Awards		Restricted Stock Units		Performance Share Units	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
Balance, May 3, 2025	81,720	\$ —	61,993	\$ 12.39	1,636,950	\$ 9.55
Granted	—	\$ 9.79	143,202	\$ 8.38	10,000	\$ 7.85
Vested	(81,720)	\$ 9.79	(1,197)	\$ 336.79	(374,766)	\$ 7.62
Forfeited	—	\$ —	—	\$ —	(86,720)	\$ 9.55
Balance, May 2, 2026	—	\$ —	203,998	\$ 8.80	1,185,464	\$ 9.53

As of the 52 weeks ended May 2, 2026, BNED granted the following awards under the Equity Incentive Plan:

- On March 12, 2026, BNED granted 143,202 RSUs to members of the Board of Directors. The RSUs vest on the earlier of one year from the date of grant or the next annual meeting of stockholders.
- On March 12, 2026, BNED granted 10,000 PSUs to employees that include both a service condition and a market condition in order for PSUs to vest. The PSUs vest upon our Common Stock achieving a specified price per share (measured using a 100-day average volume weighted average price ("VWAP") for each of three tranches), and continued employment through a specified date. There is a period of seven years from the grant date in order to achieve the specific target share price. BNED has determined the grant date fair value using the Monte Carlo simulation model and compensation expense is recognized ratably over the derived service period regardless of whether the market condition is satisfied. The fair value models for the PSUs use assumptions that include the risk-free interest rate and expected volatility. The risk-free interest rate is based on United States Treasury yields in effect at the date of grant for periods corresponding to the expected PSU term. Volatility is based on the historical volatility of the Company's Common Stock over a period of time corresponding to the expected PSU term.

March 12, 2026	PSU Tranche #1	PSU Tranche #2	PSU Tranche #3
Performance Milestone (VWAP)	\$ 10.00	\$ 15.00	\$ 20.00
Valuation method utilized	Monte Carlo	Monte Carlo	Monte Carlo
Risk-free interest rate	3.96 %	3.96 %	3.96 %
Company volatility	122.83 %	122.83 %	122.83 %
Derived service period	0.45 years	0.90 years	1.21 years
Grant date fair value per award	\$ 7.94	\$ 7.85	\$ 7.77

March 12, 2026	PSU Tranche #1	PSU Tranche #2	PSU Tranche #3
Performance Milestone (VWAP)	\$ 10.00	\$ 15.00	\$ 20.00
Valuation method utilized	Monte Carlo	Monte Carlo	Monte Carlo
Risk-free interest rate	3.98 %	3.98 %	3.98 %
Company volatility	121.72 %	121.70 %	121.70 %
Derived service period	0.45 years	0.91 years	1.23 years
Grant date fair value per award	\$ 7.94	\$ 7.85	\$ 7.77

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - Continued
(In thousands, except share and per share data)

	Stock Options		
	Number of Shares	Weighted Average Grant Date Fair Value	Weighted Average Exercise Price
Balance, May 3, 2025	3,818	\$ 261.35	\$ 552.07
Granted	—	\$ —	\$ —
Exercised	—	\$ —	\$ —
Forfeited	—	\$ —	\$ —
Expired	—	\$ —	\$ —
Balance, May 2, 2026	3,818	\$ 261.35	\$ 552.07
Exercisable, May 2, 2026	3,612	\$ 268.05	\$ 562.69

The aggregate grant date fair value of stock options that vested during the 52 weeks ended May 2, 2026 and the 53 weeks ended May 3, 2025 was \$172 and \$566, respectively.

Total fair value of vested share awards during the periods ended May 2, 2026 and May 3, 2025 was \$4,049 and \$2,258, respectively.

Long-Term Incentive Compensation Expense

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

	52 weeks ended May 2, 2026	53 weeks ended May 3, 2025
<i>Stock-based awards</i>		
Restricted stock expense	\$ 333	\$ 667
Restricted stock units expense	278	604
Performance share units expense ^(a)	5,545	4,913
Stock option expense ^(b)	58	(798)
Sub-total stock-based awards:	\$ 6,214	\$ 5,386
<i>Cash settled awards</i>		
Phantom share units expense	\$ —	\$ (4)
Total compensation expense for long-term incentive awards	\$ 6,214	\$ 5,382

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

(b) The stock option expense for the 53 weeks ended May 3, 2025 was primarily impacted due to forfeitures resulting from the resignation of our former Chief Executive Officer on June 11, 2024.

Total unrecognized compensation cost related to unvested awards as of May 2, 2026 was \$5,621 and is expected to be recognized over a weighted-average period of 1.33 years.

Note 16. Income Taxes

The components of income (loss) before taxes are as follows:

	52 weeks ended May 2, 2026	53 weeks ended May 3, 2025
Domestic	\$ 20,030	\$ (62,469)
International	642	900
Total income (loss) before taxes	\$ 20,672	\$ (61,569)

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - Continued
(In thousands, except share and per share data)

Impact of U.S. Tax Reform

On July 4, 2025, the One Big Beautiful Bill Act ("OBBA Act") was enacted into law. The OBBA Act includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. The significant provisions of the OBBA Act is effective between Fiscal 2026 and Fiscal 2027. It did not have a material impact on the Fiscal 2026 effective tax rate and is not expected to have a material impact on the Fiscal 2027 effective tax rate.

The components of Income tax expense are as follows:

	52 weeks ended May 2, 2026	53 weeks ended May 3, 2025
Current:		
Federal	\$ 3,224	\$ 3,484
State	1,305	1,329
International	406	272
Total Current	4,935	5,085
Deferred:		
Federal	(1,135)	(829)
State	—	—
International	—	—
Total Deferred	(1,135)	(829)
Total	<u>\$ 3,800</u>	<u>\$ 4,256</u>

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

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - Continued
(In thousands, except share and per share data)

	52 weeks ended May 2, 2026		53 weeks ended May 3, 2025	
	%	\$ Amount	%	\$ Amount
US Federal Statutory Tax Rate	21.0 %	\$ 4,341	21.0 %	\$ (12,930)
State and Local Income Taxes, Net of Federal Income Tax Effect ⁽¹⁾	5.8 %	\$ 1,193	(1.7)%	\$ 1,044
Foreign Tax Effects				
India				
India - Withholding Tax	0.4	\$ 76	—	\$ 28
India - Other	0.9	\$ 196	(0.1)	\$ 55
Tax Credits				
WOTC	(1.4)	\$ (283)	0.6	\$ (341)
Other	(0.1)	\$ (16)	—	\$ (16)
Changes in Valuation Allowances	(6.8)	\$ (1,403)	(6.7)	\$ 4,138
Nontaxable or Nondeductible Items				
Book Loss on Debt to Equity Conversion	—	\$ —	(18.9)	\$ 11,599
Other	0.3	\$ 62	(1.0)	\$ 640
Changes in Unrecognized Tax Benefits	—	\$ —	—	\$ —
Other Adjustments				
Return to Provision	(1.4)	\$ (282)	0.1	\$ (36)
Other	(0.4)	\$ (84)	(0.2)	\$ 75
Effective Tax Rate	18.3 %	\$ 3,800	(6.9)%	\$ 4,256

(1) State taxes in California, Florida, Pennsylvania and Texas make up the majority (greater than 50%) of the tax effect in this category.

The effective tax rate for the 52 weeks ended May 2, 2026 is higher than the prior year comparable period due to permanent differences related to the debt-to-equity conversion in the prior year period.

One percentage point on our Fiscal 2026 effective tax rate is approximately \$207.

Income Taxes Paid, Net of Refunds Received

	52 weeks ended	53 weeks ended
	May 02, 2026	May 03, 2025
<u>Jurisdiction</u>		
U.S. Federal	\$ 5,870	\$ 988
State and Local	1,772	913
Foreign	275	229
Total income taxes paid, net of refunds received	\$ 7,917	\$ 2,130

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - Continued
(In thousands, except share and per share data)

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

	As of	
	May 2, 2026	May 3, 2025
Deferred tax assets:		
Estimated accrued liabilities	\$ 4,258	\$ 7,061
Inventory	17,194	18,964
Stock-based compensation	2,592	1,809
Operating lease liabilities	34,832	43,582
Tax credits	1,241	1,072
Goodwill	5,365	6,395
Divestitures & Capital Losses	2,649	2,796
Net operating losses	60,273	65,404
Interest carryforwards	10,901	14,889
Property and equipment	993	2,514
Other	1,074	1,398
Gross deferred tax assets	141,372	165,884
Valuation allowance	(83,121)	(84,566)
Net deferred tax assets	58,251	81,318
Deferred tax liabilities:		
Intangible asset amortization	(11,557)	(16,304)
Operating lease right-of-use assets	(36,819)	(46,955)
Deferred financing costs	(1,524)	(2,250)
LIFO inventory valuation	(8,351)	(16,944)
Gross deferred tax liabilities	(58,251)	(82,453)
Net deferred tax liability	\$ —	\$ (1,135)

As of May 2, 2026 and May 3, 2025, BNED had \$0 of unrecognized tax benefits.

Our policy is to recognize interest and penalties related to income tax matters in income tax expense. As of both May 2, 2026 and May 3, 2025, BNED had accrued \$0 for net interest and penalties.

In assessing the realizability of the deferred tax assets, management considered whether it is more likely than not that some or all of the deferred tax assets would be realized. In evaluating our ability to utilize our deferred tax assets, BNED considered all available evidence, both positive and negative, in determining future taxable income on a jurisdiction-by-jurisdiction basis. As of May 2, 2026, BNED recorded a valuation allowance of \$83,121 compared to \$84,566 as of May 3, 2025, a net increase of \$1,445 due to fluctuations in U.S. deferred tax assets and liabilities.

As of May 2, 2026, BNED had state NOL carryforwards of approximately \$389,568, which will begin to expire in 2027, state tax credit carryforwards totaling \$210 which will begin to expire in 2027, federal tax credit carryforward of \$1,075 which will begin to expire in 2040 and federal NOLs of approximately \$195,845, which have an indefinite carryforward period.

As of May 2, 2026, BNED recorded \$305 of foreign withholding tax related to future repatriations of earnings from certain foreign subsidiaries.

BNED is subject to U.S. federal income tax, as well as income tax in jurisdictions of each state having an income tax. The tax years that remain subject to examination are primarily Fiscal 2019 and forward. Some earlier years remain open for a small minority of states.

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - Continued
(In thousands, except share and per share data)

Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the “Code”), if a corporation undergoes an “ownership change” (generally defined as a cumulative change in our ownership by “5-percent shareholders” that exceeds 50 percentage points over a rolling three-year period), the corporation’s ability to use its pre-change net operating losses and certain other pre-change tax attributes to offset its post-change income and taxes may be limited. Similar rules may apply under state tax laws. As a result of the Rights Offering, Backstop Commitment, Private Investment, and Term Loan Debt Conversion completed on June 10, 2024, BNED may have experienced an ownership change as defined by Sections 382 and 383. The Company conducted a study to determine if an ownership change occurred. It was determined that an ownership change occurred under Section 382 and 383, and the corresponding annual limitations materially impact the utilization of our tax attributes including our \$195,845 NOL carryforwards, \$44,297 disallowed interest expense carryforwards, and \$1,075 tax credit carryforwards as of May 2, 2026. The Company anticipates that \$29,691 of these tax attributes will be made available during Fiscal 2027. The Company does not have any material uncertain tax positions requiring recognition in the financial statements as of May 2, 2026 and May 3, 2025, respectively.

Note 17. Legal Proceedings

BNED is 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. BNED records a liability when BNED believes 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, BNED does not believe that there is a reasonable possibility that the final outcome of any pending or threatened legal proceedings to which BNED 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.

Note 18. Commitments and Contingencies

BNED generally operates our physical bookstores pursuant to multi-year school management contracts under which a school designates us to operate the official school physical bookstore on campus and BNED provides the school with regular payments that represent a percentage of store sales and, in some cases, include a minimum fixed guaranteed payment. BNED accounts for these operating agreements for our physical bookstores under lease accounting. BNED recognizes lease assets and lease liabilities on the Consolidated Balance Sheets for substantially all fixed lease arrangements (excluding variable obligations) with a term greater than twelve months. For additional information on lease expense and minimum fixed lease obligations, excluding variable commissions, see Note 11. *Leases*.

Purchase obligations, which includes information technology contracts, as of May 2, 2026, are as follows:

Less Than 1 Year	\$	14,845
1-3 Years		13,244
3-5 Years		1,645
Total	\$	<u>29,734</u>

Note 19. Concentration Risk

The Company purchases a significant portion of its merchandise from a related-party supplier, which accounted for approximately 50% of total purchases for the fiscal year ended May 3, 2025. In accordance with ASC 850 – *Related Parties*, the Company discloses this related-party relationship and evaluates all transactions with this supplier to ensure they are conducted on terms comparable to those with unrelated parties. While the Company actively monitors supplier performance, seeks to diversify its supplier base, and pursues alternative sources of supply where feasible, a disruption in the supply chain from this supplier could have a material adverse effect on the Company’s operations and financial results.

Note 20. Subsequent Event

On June 24, 2026, the Company's Board of Directors declared a quarterly cash dividend on its common stock in the amount of \$0.08 per share of common stock outstanding, which will be paid on July 30, 2026 to the holders of record as of July 16, 2026. The payment, amount and timing of future dividends remain within the discretion of the Board of Directors and will depend on the Company's results of operations, financial condition, cash requirements, and other factors.

Schedule II—Valuation and Qualifying Accounts

**Receivables Valuation and Qualifying Accounts
(In thousands)**

	Balance at beginning of period	Charge (recovery) to costs and expenses	Write-offs	Balance at end of period
Allowance for Credit Losses				
May 2, 2026	\$ 2,148	\$ 926	\$ (2,097)	\$ 977
May 3, 2025	\$ 867	\$ 1,775	\$ (494)	\$ 2,148
	Balance at beginning of period	Addition Charged to Costs	Deductions	Balance at end of period
Sales Returns Reserves				
May 2, 2026	\$ 1,830	\$ 134,294	\$ (134,755)	\$ 1,369
May 3, 2025	\$ 2,181	\$ 165,055	\$ (165,406)	\$ 1,830

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

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

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

Item 9A. *CONTROLS AND PROCEDURES*

(a) *Evaluation of Disclosure Controls and Procedures*

Management of the Company established and maintains disclosure controls and procedures that are designed to ensure that material information relating to the Company and its subsidiaries required to be disclosed in the reports that are filed or submitted under the Exchange Act are recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Such information is accumulated and communicated to management, including the Company's Chief Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure. As of the end of the period covered by this report, the Company's management conducted an evaluation (as required under Rules 13a-15(b) and 15d-15(b) under the Exchange Act), under the supervision and with the participation of the principal executive officer and principal financial officer, of the Company's "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in the Company's periodic reports. Based on management's evaluation, and considering the items noted below, the principal executive officer and principal financial officer concluded that while the Company continues to implement remediation plans with respect to material weaknesses first identified in connection with the preparation of its consolidated financial statements for Fiscal 2025, the Company is in the process of testing such remediations, as of the end of the period covered by this report, the Company's disclosure controls and procedures were not effective due to such material weaknesses in internal control over financial reporting having not been fully remediated and tested as of May 2, 2026, as described below.

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

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

Under the supervision and with the participation of management, including the Chief Executive Officer and Principal Financial Officer, the Company conducted an evaluation of the effectiveness of the Company's internal control over financial reporting based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013 framework). Based upon the Company's evaluation under this framework, and due to the material weaknesses first identified in connection with the preparation of our consolidated financial statements for Fiscal 2025 which were not fully remediated as of May 2, 2026 (and are more fully described below with our ongoing implementation and testing of remediation plans), management concluded that the Company's internal control over financial reporting was not effective as of May 2, 2026. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Our independent registered public accounting firm, BDO USA, P.C., has audited the effectiveness of our internal control over financial reporting as of May 2, 2026, as stated in the firm's attestation report, which is included within "Report of Independent Registered Public Accounting Firm" under *Part II - Item 8. Financial Statements and Supplementary Data*.

Material Weakness in Internal Control Over Financial Reporting

The material weaknesses as of May 2, 2026 described below were first identified in connection with the audit of our Fiscal 2025 financial results. While the Company did not maintain adequate controls in certain areas, the Audit Committee's investigation also revealed that in Fiscal 2025 and certain prior periods, a former employee knowingly circumvented controls that were in place in connection with the investigation matter described in this Form 10-K. *See Risks Related to Controls and Procedures and the Investigation*.

The Company is actively working on remediation of these material weaknesses and has already implemented control improvements as it continues to execute its remediation plans with respect to each of the following material weaknesses. As of May 2, 2026, the Company has made progress in its remediation efforts and we may take additional measures to remediate such material weaknesses. Although we believe that these actions will remediate the material weaknesses, the weaknesses will not be considered remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. See *Remediation Efforts* below for a further discussion of the Company's efforts to improve its control environment.

Control Environment

As a result of significant turnover in key leadership roles in our accounting and finance organization during Fiscal 2025, the Company did not establish reporting lines authorities and responsibilities effectively with respect to certain areas of the business, and lacked resources to develop and operate certain internal controls over financial reporting.

Risk Assessment

The Company did not maintain an effective risk assessment to identify and analyze risks related to the achievement of certain of its financial reporting objectives, including the consideration of potential fraud and the impact of business changes on the system of internal controls. Specifically, in part because of the turnover described above, the Company was unable to consistently perform or document risk assessments, inadequately assessed the need to supplement internal audit and finance functions and did not regularly assess the need to update our existing controls or provide continual training for control owners.

Information and Communication

As a result of the turnover described above, the Company did not maintain effective information and communication activities because it did not timely communicate (i) expectations regarding certain roles, or (ii) roles and responsibilities for designated backup of personnel during employee absences or departures, and also did not consistently evidence reviews over the completeness and accuracy of information produced by the Company used in its controls.

Monitoring Activities

As a result of the turnover described above, the Company did not maintain effective monitoring activities because it did not sufficiently perform an evaluation over the effectiveness of the operation of certain of our key controls, which included certain account reconciliation controls.

Control Activities

In Fiscal 2025, the Company did not effectively operate, and in some cases, design, control activities with respect to certain aspects of its business as follows:

- The Company did not design and effectively operate controls over the review and approval of manual journal entries including, at times, maintaining appropriate segregation of duties and processes to review underlying journal entry support.
- The Company did not effectively operate general information technology controls relating to user access for certain systems supporting financial reporting at one of its subsidiaries. The user access controls were not adequately designed or effectively operating to ensure proper segregation of duties and appropriate system access levels were granted. This material weakness has been fully remediated as of May 2, 2026, See *Remediated Material Weaknesses* below.
- The Company did not effectively operate controls over the completeness and accuracy of information produced by the Company used in the execution of key controls.
- The Company did not effectively operate controls over the accounting for nonroutine transactions in order to apply the relevant accounting standard under U.S. GAAP to the transaction.
- The Company did not effectively design and operate controls over the monthly account reconciliation process in certain areas, which includes ensuring these account reconciliations have an independent preparer and qualified reviewer. In addition, the Company failed to ensure that certain account reconciliations include adequate support and documentation for reconciling items, evidence of reviews are maintained, and timely resolution of reconciling items.
- The Company did not effectively operate controls over the accounting for leases to ensure compliance with the relevant accounting standard under U.S. GAAP.

The material weaknesses identified in Fiscal 2025 contributed to the errors that resulted in the Restatement. As a result, the Company performed additional procedures to ensure that our consolidated financial statements for Fiscal 2025 and Fiscal 2026 included in this annual report on Form 10-K were prepared in accordance with GAAP. Following such additional procedures, our management, including our CEO and CFO, has concluded that our consolidated financial statements present fairly, in all

material respects, our financial position, results of operations, and cash flows for the periods presented in this annual report on form 10-K, in conformity with GAAP.

Remediation Efforts

The Company acknowledges its internal control deficiencies and is fully committed to remediating the material weaknesses identified above. The Company will seek to foster continuous improvement in internal controls, and enhance our overall internal control environment. The Company also plans to continue to monitor and evaluate the effectiveness of these controls to ensure timely and accurate financial reporting. In addition, the Company has hired personnel into its accounting and finance organization to address turnover, with key leadership positions in the group remaining stable throughout Fiscal 2026.

The Company is actively engaged in remediating the identified material weaknesses and improving the overall effectiveness of its internal control environment. Actions taken to date include:

- **Manual Journal Entry Process:** The Company has implemented several procedural changes to enhance the manual journal entry process including ensuring that all manual journal entries submitted for posting have a clear preparer and an independent approver, ensuring that manual journal entries are routed to a qualified approver at the next level of organizational responsibility, ensuring that adequate support is maintained with the manual journal entry, and ensuring that material manual journal entries are routed to the Chief Accounting Officer for review and approval. The Company has explored and tested the use of its general ledger software to ensure appropriate segregation of duties in the manual journal entry process and plans to go live with the solution in the first half of Fiscal 2027.
- **Information Produced by the Entity (IPE) and Key Reports:** The Company has identified and prepared a list of key reports and completed its assessment of procedures required to ensure the accuracy and completeness of the reports. The Company has held training with Key Report owners to communicate the required testing procedures, and report owners have begun to execute the testing required, including ensuring that query reports are subject to change management procedures and retesting guidelines. The Company intends to complete its remediation in the first half of Fiscal 2027.
- **Technical Accounting – Review of Nonroutine Transactions:** The Company has strengthened its review and documentation procedures for nonroutine transactions, including the use of a technical accounting tracker, establishing recurring technical accounting review meetings, enhancing formal documentation of accounting positions, and consulting with external advisors as appropriate.
- **Account Reconciliations:** The Company has re-enforced the importance of the account reconciliation process and has held formal training sessions with reviewers and preparers of account reconciliations. It has defined the following success criteria for account reconciliations including: the need for adequate and proper support, evidence of review, documented actions and description for all reconciling items, and formal written sign off by the preparer and reviewer. The Company has re-assessed the account reconciliation responsibilities to ensure all reconciliations were assigned appropriately based on skillset and areas of expertise. In addition, the Company has explored the use of account reconciliation software tools to further enhance the process and hopes to implement a software solution during Fiscal 2027.
- **Other Ongoing Remediation Efforts:** Following the completion of the Investigation, the Company has established a working group to collect information to (i) more clearly define and document roles and responsibilities related to financial oversight and ensure appropriate segregation of duties, (ii) establish a centralized platform for accounting policies and standard operating procedures, and (iii) conduct employee training on accounting controls and ethics. This working group has completed its efforts in each of these areas and the Company now maintains documentation of roles and responsibilities related to financial oversight, which includes appropriate segregation of duties, has developed a repository for its accounting policies and standard operating procedures and has implemented a training program on accounting controls and ethics.

Management is committed to fully remediating the identified material weaknesses as quickly as practicable, and management plans to continue to monitor and evaluate the effectiveness of these remediation efforts through ongoing testing and review.

Remediated Materials Weaknesses

- **Information Technology General Control – User Access:** The Company has enhanced and re-enforced the purpose of its periodic user access review controls that ensure role and responsibility-based access provisioning. It has completed a thorough review of users with elevated access rights in key financial systems and has removed rights to restrict this access to key systems administrators, which has remediated this weakness.

(c) Changes in Internal Control over Financial Reporting

Other than as described above, there have been no changes in the Company's internal control over financial reporting during the fourth fiscal quarter ended May 2, 2026, that materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

MANAGEMENT’S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

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

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

BDO USA, P.C. and the internal auditors have full and free independent access to the Audit Committee. The role of BDO USA, P.C., an independent registered public accounting firm, is to provide an objective examination of the consolidated financial statements and the underlying transactions in accordance with the standards of the Public Company Accounting Oversight Board. The report of BDO USA, P.C. appears on page 63 of this report on Form 10-K for the year ended May 2, 2026.

OTHER INFORMATION

The Company has included the Section 302 certifications of the Chief Executive Officer and the Principal Financial Officer of the Company as Exhibits 31.1 and 31.2 to its Annual Report on Form 10-K for Fiscal 2026 filed with the Securities and Exchange Commission, and the Company will submit to the New York Stock Exchange a certificate of the Chief Executive Officer of the Company certifying that he is not aware of any violation by the Company of New York Stock Exchange corporate governance listing standards.

Item 9B. *OTHER INFORMATION***Securities Trading Plans of Directors and Executive Officers**

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

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

None.

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

Information regarding our executive officers is incorporated by reference herein from the discussion under Part I - Item 1. Business - Executive Officers of this Annual Report on Form 10-K. The remaining information with respect to directors, executive officers, the code of ethics and corporate governance of the Company is incorporated herein by reference to the Company’s definitive Proxy Statement relating to the Company’s 2026 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the Company’s fiscal year ended May 2, 2026 (the “Proxy Statement”).

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

Item 11. *EXECUTIVE COMPENSATION*

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

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

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

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

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

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

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information with respect to principal accounting fees and services is incorporated herein by reference to the Proxy Statement.

PART IV**Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

(a) Documents filed as part of this report:

1. Consolidated Financial Statements of Barnes & Noble Education, Inc.:

Included in Part II of this Report:

Consolidated Statements of Operations for the years ended May 2, 2026 and May 3, 2025

Consolidated Balance Sheets as of May 2, 2026 and May 3, 2025

Consolidated Statements of Cash Flows for the years ended May 2, 2026 and May 3, 2025

Consolidated Statements of Equity for the years ended May 2, 2026 and May 3, 2025

Notes to Consolidated Financial Statements, for the years ended May 2, 2026 and May 3, 2025

Report of BDO USA, P.C. Independent Registered Public Accounting Firm, on the consolidated financial statements of Barnes & Noble Education, Inc. for the years ended May 2, 2026 and May 3, 2025 (PCAOB ID#243)

2. Financial Statement Schedules of Barnes & Noble Education, Inc.:

Included in Part II of this report: Schedule II - Valuation and Qualifying Accounts

All other schedules are omitted because they are not applicable, not significant or not required, or because the required information is included in the financial statement notes thereto.

3. Exhibits:

EXHIBIT INDEX

Exhibit Number	Exhibit Description
Articles of Incorporation and By-Laws.	
3.1	Amended and Restated Certificate of Incorporation of Barnes & Noble Education, Inc., filed as Exhibit 3.1 to Report on Form 8-K filed with the SEC on September 20, 2024, and incorporated herein by reference.
3.2	<u>Second Amended and Restated By-Laws</u> , as Amended, Effective as of October 5, 2023, of Barnes & Noble Education, Inc., filed as Exhibit 3.1 to Report on Form 8-K filed with the SEC on October 12, 2023, and incorporated herein by reference.
Instruments Defining the Rights of Securities; Description of Registrant's Securities.	
4.1*	Description of Capital Stock,
Material contracts.	
10.1	Amended and Restated Credit Agreement, dated as of June 10, 2024, by and among Barnes & Noble Education, Inc., as borrower, the lenders party thereto, Bank of America, N.A., as administrative agent, and the other agents party thereto, filed as Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on June 11, 2024, and incorporated herein by reference.
10.2	Trademark License Agreement, dated as of August 2, 2015, between Barnes & Noble Education, Inc. and Barnes & Noble, Inc., filed as Exhibit 10.4 to Report on Form 8-K filed with the SEC on August 3, 2015, and incorporated herein by reference.
10.3	Barnes & Noble Education, Inc. Amended and Restated Equity Incentive Plan, amended and restated as of September 18, 2024 filed as appendix A to Schedule 14A filed August 12, 2024, and is incorporated here by reference.
10.4	Barnes & Noble Education, Inc. Form of Performance Unit Award Agreement, filed as Exhibit 10.5 to Report on Form S-1/A filed with the SEC on June 29, 2015, and incorporated herein by reference.
10.5	Barnes & Noble Education, Inc. Form of Performance-Based Stock Unit Award Agreement, filed as Exhibit 10.6 to Report on Form S-1/A filed with the SEC on June 29, 2015, and incorporated herein by reference.

10.6	Barnes & Noble Education, Inc. Form of Performance-Based Stock Unit Award Agreement, filed as Exhibit 10.2 to Report on Form 10-Q filed with the SEC on December 4, 2018, and incorporated herein by reference.
10.7	Barnes & Noble Education, Inc. Form of Performance Share Award Agreement, filed as Exhibit 10.1 to Report on Form 10-Q filed with the SEC on September 8, 2016, and incorporated herein by reference.
10.8	Barnes & Noble Education, Inc. Form of Restricted Stock Unit Award Agreement, filed as Exhibit 10.7 to Report on Form S-1/A filed with the SEC on June 29, 2015, and incorporated herein by reference.
10.9	Barnes & Noble Education, Inc. Form of Restricted Stock Unit Award Agreement, filed as Exhibit 10.3 to Report on Form 10-Q filed with the SEC on December 4, 2018, and incorporated herein by reference.
10.10	Barnes & Noble Education, Inc. Form of Restricted Stock Award Agreement, filed as Exhibit 10.8 to Report on Form S-1/A filed with the SEC on June 29, 2015, and incorporated herein by reference.
10.11	Barnes & Noble Education, Inc. Form of Restricted Stock Award Agreement, filed as Exhibit 10.4 to Report on Form 10-Q filed with the SEC on December 4, 2018, and incorporated herein by reference.
10.12	Barnes & Noble Education, Inc. Form of Phantom Share Units Award Agreement, filed as Exhibit 10.15 to Annual Report on Form 10-K filed with the SEC on June 30, 2021, and incorporated herein by reference.
10.13	Barnes & Noble Education, Inc. Form of Non-Qualified Stock Options Award Agreement, filed as Exhibit 10.16 to Annual Report on Form 10-K filed with the SEC on June 30, 2021, and incorporated herein by reference.
10.14	At-the-Market Sales Agreement, dated September 17, 2024, between Barnes & Noble Education, Inc. and BTIG, LLC., filed as Exhibit 1.1 to Report on Form 8-K filed with the SEC on September 20, 2024, and incorporated herein by reference.
10.15	At-the-Market Sales Agreement, dated December 20, 2024, between Barnes & Noble Education, Inc. and BTIG, LLC., filed as Exhibit 1.1 to Report on Form 8-K filed with the SEC on December 20, 2024, and incorporated herein by reference.
10.16#	Amended and Restated Employment Letter, dated June 19, 2019, between B&N Education, LLC, a subsidiary of Barnes & Noble Education, Inc. and Jonathan Shar, filed as Exhibit 10.2 to Form 10-Q filed with the SEC on September 2, 2021, and incorporated herein by reference.
10.17#	Retention Agreement Amendment, dated September 8, 2023, between Jonathan Shar and Barnes & Noble Education, Inc., filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on September 14, 2023, and incorporated herein by reference.
10.18#	Employment Agreement, dated February 19, 2025, with Gary Luster, as filed as Exhibit 10.1# to the Company's Current Report on Form 8-K filed with the SEC on March 6, 2025, and incorporated herein by reference.
10.19#	Form of Director and/or Officer Indemnification Agreement, filed as Exhibit 10.14 to Report on Form S-1/A filed with the SEC on June 29, 2015, and incorporated herein by reference.
10.20	Standby, Securities Purchase and Debt Conversion Agreement, among the Company, Toro 18 Holdings LLC, Vital Fundco, LLC, TopLids LendCo, LLC, Outerbridge Capital Management, LLC and Selz Family 2011 Trust, dated April 16, 2024, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 16, 2024, and incorporated herein by reference.
10.21#	Employment Agreement, dated February 12, 2025, with Christopher Neumann, filed as Exhibit 10.33# to the Annual Report on Form 10-K filed with the SEC on December 23, 2025, and incorporated herein by reference.
Other.	
19.1 *	Insider trading policies and procedures.
21.1*	List of subsidiaries of Barnes & Noble Education, Inc.
23.1*	Consent of BDO USA, P.C.
31.1*	Certification by the Chief Executive Officer pursuant to Rule 17 CFR 240. 13a-14(a)/15(d)-14(a), under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification by the Chief Financial Officer pursuant to Rule 17 CFR 240. 13a-14(a)/15(d)-14(a), under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2**	Certification of Chief Financial Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1	Policy Relating to Recovery of Erroneously Awarded Compensation, filed as Exhibit 97.1 to the Company's Annual Report on Form10-K filed with the SEC on July 1, 2024, and incorporated herein by reference.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File - (formatted as Inline XBRL and contained in Exhibit 101)

Management contract or compensatory plan or arrangement.

* Filed herewith.

** Furnished herewith

† Certain exhibits and schedules have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K under the Securities Act of 1933, as amended, because they are both (i) not material and (ii) the type of information that the Registrant treats as confidential. The Registrant agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.

Item 16. *FORM 10-K SUMMARY*

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Barnes & Noble Education, Inc. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BARNES & NOBLE EDUCATION, INC.

(Registrant)

By:

/s/ Jonathan Shar

Jonathan Shar

Chief Executive Officer

Date: July 9, 2026

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
<u>/s/ Jonathan Shar</u> Jonathan Shar	Chief Executive Officer (Principal Executive Officer)	July 9, 2026
<u>/s/ Jason Snagusky</u> Jason Snagusky	Chief Financial Officer (Principal Financial Officer)	July 9, 2026
<u>/s/ Gary Luster</u> Gary Luster	Chief Accounting Officer (Principal Accounting Officer)	July 9, 2026
<u>/s/ William C. Martin</u> William C. Martin	Chairman and Director	July 9, 2026
<u>/s/ Emily S. Hoffman</u> Emily S. Hoffman	Director	July 9, 2026
<u>/s/ Sean Madnani</u> Sean Madnani	Director	July 9, 2026
<u>/s/ Eric Singer</u> Eric Singer	Director	July 9, 2026
<u>/s/ Kathryn Eberle Walker</u> Kathryn Eberle Walker	Director	July 9, 2026
<u>/s/ Denise Warren</u> Denise Warren	Director	July 9, 2026

[This page intentionally left blank]

[This page intentionally left blank]

[This page intentionally left blank]

CORPORATE INFORMATION

Barnes & Noble Education, Inc.

• LEADERSHIP TEAM •

Jonathan Shar
Chief Executive Officer

Jason Snagusky
Executive Vice President, Chief Financial Officer

Christopher Neumann
Executive Vice President, General Counsel &
Corporate Secretary

Stephen Culver
Senior Vice President, Chief Information Officer

Cynthia Origlio
Senior Vice President, Chief Human Resources Officer

Gary Luster
Senior Vice President, Chief Accounting Officer

Barnes & Noble Education, Inc.

• BOARD OF DIRECTORS •

William C. Martin
Chairman, BNED
Chief Strategy Officer, Immersion Corporation

Emily S. Hoffman
Chief Marketing Officer, eCornell

Sean V. Madnani
Chief Executive Officer, Twist Capital LLC

Eric B. Singer
President, Chief Executive Officer, and
Chairman of the Board, Immersion Corporation

Kathryn Eberle Walker
Chief Executive Officer, Presence Learning Inc.

Denise Warren
Founder and Chief Executive Officer, Netlyst, LLC

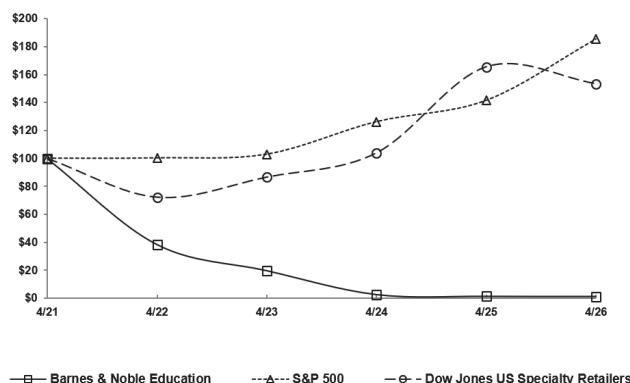
STOCKHOLDER INFORMATION

• STOCK PERFORMANCE •

The Stock Price Performance Chart below compares the cumulative stockholder return of the Company with that of the S&P 500 Index and the Dow Jones US Specialty Retailers Index from April 30, 2021 to April 30, 2026. The comparison assumes \$100 was invested on April 30, 2021 in shares of our common stock and in each of the indices show and assumes that all of the dividends were reinvested.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Barnes & Noble Education, the S&P 500 Index
and the Dow Jones US Specialty Retailers Index



*\$100 invested on 4/30/21 in stock or index, including reinvestment of dividends.
Fiscal year ending April 30.

Copyright© 2026 Standard & Poor's, a division of S&P Global. All rights reserved.
Copyright© 2026 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

Corporate Headquarters

Barnes & Noble Education, Inc.
180 Park Avenue, Suite 301, Florham Park, NJ 07932

Common Stock

New York Stock Exchange,
Symbol: BNED

Stock Transfer & Registrar

Stockholder Inquiries:
866-484-7158 (Non-US: 781-575-2758)

First Class, Registered, Certified Mail:

Computershare
C/O: Shareholder Services
P.O. Box 43078
Providence, RI 02940-3078

Overnight, Courier Mail:

Computershare
C/O: Shareholder Services
150 Royall Street, Suite 101
Canton, MA 02021

**Independent Registered
Public Accountants**

BDO USA, P.C.
One Bush Street, Suite 1800
San Francisco, CA 94104

Investor & Media Contact

Rob Fink
FNK IR
BNED@fnkir.com
646-809-4048

Stockholder Services

General financial information, as well as copies of our Annual Reports and Form 10-K and Form 10-Q documents, can be obtained free of charge on the Company's corporate website: www.bnec.com.

Annual Stockholder Meeting

Virtual Meeting
September 24, 2026 – 10:00 a.m. ET



*Serving all who work to elevate
their lives through education*

