

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended January 31, 2026

OR

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

**For the transition period from _____ to _____
Commission File Number: 1-37499**

BARNES & NOBLE EDUCATION, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

180 Park Avenue, Suite 301, Florham Park, NJ
(Address of Principal Executive Offices)

46-0599018
(I.R.S. Employer
Identification No.)

07932
(Zip Code)

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

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

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

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

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

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

Large accelerated Filer	☐	Accelerated Filer	☒
Non-accelerated Filer	☐	Smaller reporting company	☒
		Emerging Growth Company	☐

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

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

As of March 6, 2026, 34,296,119 shares of Common Stock, par value \$0.01 per share, were outstanding.

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Fiscal Quarter Ended January 31, 2026
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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

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

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

- 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 restrictions placed on imports, retaliatory trade measures taken by other countries and resulting trade wars;
- 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 matters regarding the Investigation, including costs related thereto, and our ability to remedy the ineffectiveness of our internal control over financial reporting and related remediation plan; and
- the other risks and uncertainties detailed in the section titled “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended May 3, 2025.

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

PART I - FINANCIAL INFORMATION

Item 1: Financial Statements

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

	13 weeks ended		39 weeks ended	
	January 31, 2026	January 25, 2025	January 31, 2026	January 25, 2025
		As Restated		As Restated
Sales:				
Product sales and other	\$ 471,825	\$ 419,663	\$ 1,344,215	\$ 1,230,263
Rental income	43,267	43,162	103,451	98,115
Total sales	515,092	462,825	1,447,666	1,328,378
Cost of sales (exclusive of depreciation and amortization expense):				
Product and other cost of sales	394,782	343,559	1,109,131	1,005,970
Rental cost of sales	24,212	25,516	57,223	55,185
Total cost of sales	418,994	369,075	1,166,354	1,061,155
Gross profit	96,098	93,750	281,312	267,223
Selling and administrative expenses	72,551	71,561	217,714	211,524
Depreciation and amortization expense	7,427	7,827	24,237	29,440
Impairment loss	456	1,713	456	1,713
Other (income) expense	1,043	(6,268)	6,654	(2,800)
Operating income	14,621	18,917	32,251	27,346
Loss on extinguishment of debt	—	—	—	55,233
Interest expense, net	4,884	5,083	12,514	18,164
Income (loss) before income taxes	9,737	13,834	19,737	(46,051)
Income tax (benefit) expense	3,082	(4,108)	6,349	(3,230)
Net income (loss)	\$ 6,655	\$ 17,942	\$ 13,388	\$ (42,821)
Income (loss) per share of Common Stock:				
Basic:				
Total basic income (loss) per share	\$ 0.19	\$ 0.59	\$ 0.39	\$ (1.82)
Weighted average common shares outstanding - Basic	34,450,101	30,507,723	34,290,185	23,515,188
Diluted:				
Total diluted income (loss) per share	\$ 0.19	\$ 0.59	\$ 0.39	\$ (1.82)
Weighted average common shares outstanding - Diluted	34,663,763	30,642,958	34,599,168	23,515,188

See accompanying notes to condensed consolidated financial statements.

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

	January 31, 2026	May 3, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 10,139	\$ 9,058
Receivables, net	416,425	98,077
Merchandise inventories, net	329,425	299,562
Textbook rental inventories	43,662	26,439
Prepaid expenses and other current assets	26,095	32,249
Total current assets	825,746	465,385
Property and equipment, net	37,182	40,229
Operating lease right-of-use assets	180,535	183,695
Intangible assets, net	67,924	78,241
Other noncurrent assets	18,921	22,735
Total assets	<u>\$ 1,130,308</u>	<u>\$ 790,285</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 319,236	\$ 148,848
Accrued liabilities	186,919	65,853
Current operating lease liabilities	73,653	64,524
Total current liabilities	579,808	279,225
Long-term deferred taxes, net	85	1,135
Long-term operating lease liabilities	103,959	115,495
Other long-term liabilities	18,082	19,142
Long-term borrowings	138,400	103,100
Total liabilities	840,334	518,097
Commitments and contingencies		
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, 34,321,836 and 34,081,114 shares, respectively; outstanding, 34,294,569 and 34,053,847 shares, respectively	343	341
Additional paid-in capital	1,011,370	1,006,974
Accumulated deficit	(699,183)	(712,571)
Treasury stock, at cost	(22,556)	(22,556)
Total stockholders' equity	289,974	272,188
Total liabilities and stockholders' equity	<u>\$ 1,130,308</u>	<u>\$ 790,285</u>

See accompanying notes to condensed consolidated financial statements.

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

	39 weeks ended	
	January 31, 2026	January 25, 2025
		As Restated
Cash flows from operating activities:		
Net income (loss)	\$ 13,388	\$ (42,821)
Adjustments to reconcile Net income (loss) to net cash flows used in operating activities:		
Depreciation and amortization expense	24,237	29,440
Amortization of deferred financing costs	2,747	4,248
Impairment loss	456	1,713
Loss on extinguishment of debt	—	55,233
Deferred taxes	(1,050)	2,960
Stock-based compensation expense	5,191	2,953
Changes in operating lease right-of-use assets and liabilities	624	(322)
Changes in other long-term assets and liabilities and other, net	1,031	(6,006)
Changes in other operating assets and liabilities, net:		
Receivables, net	(318,348)	(244,681)
Merchandise inventories	(29,863)	17,212
Textbook rental inventories	(17,223)	(8,041)
Prepaid expenses and other current assets	(5,273)	(5,535)
Accounts payable and accrued liabilities	293,331	55,610
Changes in other operating assets and liabilities, net	(77,376)	(185,435)
Net cash flows used in operating activities	\$ (30,752)	\$ (138,037)
Cash flows from investing activities:		
Purchases of property and equipment	\$ (11,781)	\$ (9,790)
Net change in other noncurrent assets	—	792
Net cash flows used in investing activities	\$ (11,781)	\$ (8,998)
Cash flows from financing activities:		
Proceeds from borrowings	\$ 604,000	\$ 667,355
Repayments of borrowings	(568,700)	(691,121)
Proceeds from Private Equity Investment	—	50,000
Proceeds from Rights Offering	—	45,000
Proceeds from sales of Common Stock under ATM facility, net of commissions	—	78,450
Payment of equity issuance costs	(795)	(9,724)
Payment of deferred financing costs	(1,900)	(5,569)
Purchase of treasury shares	—	(4)
Proceeds from principal stockholder expense reimbursement	—	1,190
Payment of finance lease principal	(371)	(385)
Net cash flows provided by financing activities	\$ 32,234	\$ 135,192
Net decrease in cash, cash equivalents and restricted cash	(10,299)	(11,843)
Cash, cash equivalents and restricted cash at beginning of period	28,723	28,570
Cash, cash equivalents, and restricted cash at end of period	\$ 18,424	\$ 16,727

Supplemental cash flows information:

Cash paid during the period for:

Interest paid	\$	9,961	\$	14,499
Income taxes paid (net of refunds)	\$	1,724	\$	(2,018)

See accompanying notes to condensed consolidated financial statements.

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

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Treasury Stock		Other Comprehensive Income	Total Equity
	Shares	Amount			Shares	Amount		
Balance at May 3, 2025	34,053,847	\$ 341	\$ 1,006,974	\$ (712,571)	27,267	\$ (22,556)	\$ —	\$ 272,188
Stock-based compensation expense	—	—	2,536	—	—	—	—	2,536
Net loss	—	—	—	(18,271)	—	—	—	(18,271)
Balance August 2, 2025	34,053,847	\$ 341	\$ 1,009,510	\$ (730,842)	27,267	\$ (22,556)	\$ —	\$ 256,453
Stock-based compensation expense	—	—	1,781	—	—	—	—	1,781
Net income	—	—	—	25,004	—	—	—	25,004
Balance November 1, 2025	34,053,847	\$ 341	\$ 1,011,291	\$ (705,838)	27,267	\$ (22,556)	\$ —	\$ 283,238
Stock-based compensation expense	—	—	874	—	—	—	—	874
Vested equity awards	240,722	2	—	—	—	—	—	2
Equity issuance costs	—	—	(795)	—	—	—	—	(795)
Net income	—	—	—	6,655	—	—	—	6,655
Balance January 31, 2026	34,294,569	\$ 343	\$ 1,011,370	\$ (699,183)	27,267	\$ (22,556)	\$ —	\$ 289,974

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Treasury Stock		Other Comprehensive Income	Total Equity
	Shares	Amount			Shares	Amount		
As Restated								
Balance at April 27, 2024	558,402	\$ 6	\$ 749,692	\$ (646,746)	26,838	\$ (22,552)	\$ —	\$ 80,400
Stock-based compensation expense	—	—	(863)	—	—	—	—	(863)
Vested equity awards	2,923	—	—	—	—	—	—	—
Shares repurchased for tax withholdings for vested stock awards	—	—	—	—	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	—	—	(9,524)	—	—	—	—	(9,524)
Term Loan debt conversion	6,673,978	67	86,688	—	—	—	—	86,755
Principal stockholder expense reimbursement	—	—	1,940	—	—	—	—	1,940
Net loss	—	—	—	(103,925)	—	—	—	(103,925)
Balance July 27, 2024	26,235,303	\$ 263	\$ 922,743	\$ (750,671)	27,267	\$ (22,556)	\$ —	\$ 149,779
Stock-based compensation expense	—	—	1,255	—	—	—	—	1,255
Vested equity awards	31,275	—	—	—	—	—	—	—
Equity issuance costs	—	—	(178)	—	—	—	—	(178)
Pension adjustments	—	—	—	—	—	—	7,828	7,828
Proceeds from sale of Common Stock under ATM facility, net of commissions	1,046,460	11	9,579	—	—	—	—	9,590
Net income	—	—	—	43,162	—	—	—	43,162
Balance October 26, 2024	27,313,038	\$ 274	\$ 933,399	\$ (707,509)	27,267	\$ (22,556)	\$ 7,828	\$ 211,436
Stock-based compensation expense	—	—	2,561	—	—	—	—	2,561
Equity issuance costs	—	—	(22)	—	—	—	—	(22)
Pension adjustments	—	—	—	—	—	—	(7,828)	(7,828)
Proceeds from sale of Common Stock under ATM facility, net of commissions	6,768,076	67	68,793	—	—	—	—	68,860
Net income	—	—	—	17,942	—	—	—	17,942
Balance January 25, 2025	34,081,114	\$ 341	\$ 1,004,731	\$ (689,567)	27,267	\$ (22,556)	\$ —	\$ 292,949

See accompanying notes to condensed consolidated financial statements.

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(In Thousands, except share and per share data)
(unaudited)

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

This Form 10-Q should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes included in its Annual Report on Form 10-K for the fiscal year ended May 3, 2025 ("Fiscal 2025"), which includes restated consolidated financial statements for certain interim periods within Fiscal 2025 and for the fiscal year ended April 27, 2024.

Note 1. Organization

Description of Business

Barnes & Noble Education, Inc. 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 1,120 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 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 the Company's former parent) along with the Company's subsidiary brands, BNC and MBS, are synonymous with innovation in bookselling and campus retailing in the United States. The Company's large college footprint, reputation, and credibility in the marketplace not only support the Company's marketing efforts to universities, students, and faculty, but are also important to the Company's relationship with leading educational publishers who rely on the Company 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 the Company's condensed consolidated financial statements are presented on a consolidated basis. The accompanying condensed consolidated financial statements reflect the Company's condensed consolidated financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States ("GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X under the Securities Exchange Act of 1934, as amended ("Exchange Act"). Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to Securities and Exchange Commission ("SEC") rules. The Company had no other comprehensive income (loss) for the periods presented; accordingly, comprehensive income (loss) is equal to Net income (loss) on the Company's condensed consolidated statements of operations. In the opinion of the Company's management, the accompanying unaudited condensed consolidated financial statements of the Company contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly its consolidated financial position and the results of its operations and cash flows for the periods reported. All material intercompany accounts and transactions have been eliminated in consolidation.

The Company's fiscal year is comprised of 52 or 53 weeks, ending on the Saturday closest to the last day of April. Due to the seasonal nature of the business, the results of operations for the 13 and 39 weeks ended January 31, 2026 ("Fiscal 2026") are not indicative of the results expected for the 52 weeks ending May 2, 2026.

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(In Thousands, except share and per share data)
(unaudited)

Seasonality

The Company's 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. The Company's quarterly results also may fluctuate depending on the timing of the start of the various schools' semesters, as well as shifts in its fiscal calendar dates. During the current fiscal year, the Company experienced a modest increase in the number of academic start periods occurring in the 13 and 39 weeks ended January 31, 2026, compared to the prior year, primarily due to differences in the fiscal calendar week alignment year over year.

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 the Company's products, which occurs either at the point of sale for products purchased at physical locations or upon receipt of the Company's products by its customers for products ordered through the Company's websites and virtual bookstores. See *Revenue Recognition and Deferred Revenue* discussion below.

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

Use of Estimates

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

Cash and Cash Equivalents and Restricted Cash

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

Restricted cash is included within prepaid expenses and other current assets in the condensed consolidated balance sheets and consists primarily of segregated funds related to commissions payable to Fanatics Lids College, Inc., d/b/a "Lids," for logo merchandise sales pursuant to the Lids service provider merchandising agreement. Restricted cash also includes amounts classified within other noncurrent assets representing funds held in trust for future distributions related to employee benefit plans.

Restricted cash is included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts presented in the condensed consolidated statements of cash flows. The following table reconciles cash and cash equivalents and restricted cash as reported in the condensed consolidated balance sheets to the total amounts presented in the condensed consolidated statements of cash flows.

	As of	
	January 31, 2026	May 3, 2025
Cash and cash equivalents	\$ 10,139	\$ 9,058
Restricted cash included in prepaid expenses and other assets	5,905	17,332
Restricted cash included in other noncurrent assets	2,380	2,333
Total	<u>\$ 18,424</u>	<u>\$ 28,723</u>

Merchandise Inventories

Merchandise inventories, which consist of finished goods, are stated at the lower of cost or market. Market value of the Company's 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 the Company's history of liquidating non-returnable inventory, which includes certain assumptions, including markdowns and inventory aging.

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(In Thousands, except share and per share data)
(unaudited)

Cost is determined primarily by the retail inventory method for the Company's retail business. Textbook and trade book inventories for retail and wholesale are valued using the LIFO method. The LIFO reserve related to the Company's inventory balance was \$6,446 as of January 31, 2026 and May 3, 2025, respectively.

For the Company's physical bookstores, the Company estimates and accrues 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 the Company's wholesale operations before other sources of inventory are utilized. The products that the Company 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.

Leases

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

Revenue Recognition and Deferred Revenue

Product sales and rentals

The majority of the Company's revenue is derived from the sale of products through its bookstore locations, including virtual bookstores, and its bookstore affiliated e-commerce websites, and contains a single performance obligation. Revenue from sales of the Company's products is recognized at the point in time when control of the products is transferred to its customers in an amount that reflects the consideration the Company 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 the Company's products, which occurs either at the point of sale for products purchased at physical locations or upon receipt of the Company's products by its customers for products ordered through the Company's 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 the Company's consolidated financial statements. A software feature is embedded within the content of the Company's 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, the Company's 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 the Company's consolidated financial statements. Rental periods are typically for a single semester and are always less than one year in duration. The Company 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. The Company 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, the Company accelerates any

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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 the Company's *BNC First Day*® offerings is consistent with its 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 the Company's school partners may shift to periods subsequent to when the revenue is recognized. When a school adopts the Company's *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 the Company's third quarter given the timing of the Spring Term and its 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.

The Company 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, the Company evaluates whether it is acting as a principal or an agent. The Company's determination is based on the evaluation of whether the Company controls the specified goods or services prior to transferring them to the customer. There are significant judgments involved in determining whether the Company controls the specified goods or services prior to transferring them to the customer including whether it 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 the Company is the principal, the Company recognizes revenue on a gross basis; for transactions in which the Company is an agent to a third-party, the Company recognizes revenue on a net basis.

The Company's logo and emblematic general merchandise sales are fulfilled by Lids and Fanatics, and the Company recognizes commission revenue earned for these sales on a net basis in its consolidated financial statements.

The Company does not currently operate gift card or customer loyalty programs, however, it accepts Barnes & Noble Booksellers ("B&N") gift cards, and also sells third-party gift cards, including B&N gift cards, in its stores. The Company expects to launch its own gift card program in the fourth quarter of Fiscal 2026. The Company does not account for promotional offers as expenses. Sales tax collected from customers is excluded from reported revenues. The Company's payment terms are generally within 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 the Company's physical bookstores and web properties performed on behalf of third-party customers, shipping and handling, and revenue from other programs.

Brand marketing agreements often include multiple performance obligations which are individually negotiated with the Company's customers. For these arrangements that contain distinct performance obligations, the Company 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

The Company's 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 the Company's college and university contracts and other facility related expenses.

Selling and Administrative Expenses

The Company's 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 professional services.

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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. The Company regularly reviews deferred tax assets for recoverability and establishes a valuation allowance, if determined to be necessary. For additional information, see Note 14. *Income Taxes*.

Accounting Pronouncements*Recently Issued Accounting Pronouncements*

There were no new accounting pronouncements issued during the quarter ended January 31, 2026, that are expected to have a material impact on the Company's condensed consolidated financial statements.

Recently Issued Accounting Pronouncements Adopted

In September 2025, Financial Accounting Standards Board (the "FASB") issued ASU No. 2025-07 ("ASU 2025-07"), *"Derivatives and Hedging (Topic 815): Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract."* The guidance refines the scope of Topic 815 to clarify which contracts are subject to derivative accounting. The guidance also provides clarification under Topic 606 related to 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 periods within those fiscal years, with early adoption permitted. The Company elected to early adopt ASU 2025-07 effective May 4, 2025, the first day of Fiscal 2026. The adoption did not have a material impact on the Company's condensed consolidated financial statements. See Note 9. *Derivative* for further discussion.

Note 3. Restatement of Previously Issued Financial Statements

As previously disclosed in the Company's annual financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended May 3, 2025 filed with the SEC on December 23, 2025 (the "Annual Report"), the Audit Committee of the Board of Directors, with the assistance of independent advisors, completed an investigation into certain accounting matters (the "Investigation"). As previously disclosed, as a result of the Investigation and additional accounting matters identified during the preparation of the Company's consolidated financial statements for the fiscal year ended May 3, 2025, management concluded that the Company's previously issued audited consolidated financial statements for the fiscal year ended April 27, 2024, and the unaudited interim consolidated financial statements for the quarterly and year-to-date periods within fiscal years ended May 3, 2025 and April 27, 2024 should no longer be relied upon. Accordingly, the Annual Report includes a restatement of our previously issued consolidated financial statements and related disclosures for such periods.

The restatement corrects errors related to (i) the recording of cost of digital sales, (ii) the accounting for certain store operating agreements in accordance with Accounting Standards Codification 842, *Leases*, and (iii) the write-off of aged textbook rental inventory, as well as certain other immaterial errors identified during the fiscal year 2025 audit process. These errors resulted in misstatements to cost of sales, depreciation and amortization expense, other (income) expense, income tax expense, operating lease right-of-use assets and liabilities, deferred income taxes, property, and equipment, other long-term liabilities, additional paid-in capital, accumulated deficit, and certain working capital balances.

The quantitative impact of the restatement on the Company's consolidated statements of operations, balance sheets, and cash flows for the fiscal year ended April 27, 2024 is presented in Note 3, *Restatement of Previously Issued Audited Consolidated Financial Statements*, in the Annual Report. The quantitative impact of the restatement on the unaudited interim quarterly and year-to-date periods within fiscal years ended May 3, 2025 and April 27, 2024 are presented in Note 21, *Restatement of Quarterly Financial Information (Unaudited)*, in the Annual Report.

The restatement did not result in any changes to the classification of cash flows among operating, investing, or financing activities. The accompanying condensed consolidated financial statements included in this Quarterly Report on Form 10-Q reflect the restated amounts for all applicable prior periods presented and are prepared on a basis consistent with the restated consolidated financial statements included in the Annual Report.

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Note 4. Revenue

Revenue from sales of the Company's products and services is recognized either at the point in time when control of the products is transferred to its customers, or over time as services are provided in an amount that reflects the consideration the Company expects to be entitled to in exchange for the products or services.

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

Disaggregation of Revenue

The following table disaggregates the revenue associated with the Company's major product and service offerings:

	13 weeks ended		39 weeks ended	
	January 31, 2026	January 25, 2025	January 31, 2026	January 25, 2025
Product and Other Sales		As Restated		As Restated
Course Materials Product Sales	\$ 357,757	\$ 304,245	\$ 974,621	\$ 857,672
General Merchandise Product Sales ^(a)	95,136	97,313	302,546	302,091
Service and Other Revenue ^(b)	18,932	18,105	67,048	70,500
Product and Other Sales sub-total	471,825	419,663	1,344,215	1,230,263
Course Materials Rental Income	43,267	43,162	103,451	98,115
Total Sales	\$ 515,092	\$ 462,825	\$ 1,447,666	\$ 1,328,378

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

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

Contract Assets and Contract Liabilities

Contract assets represent the sale of goods or services to a customer before the Company 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 \$0.8 million and \$0.6 million as of January 31, 2026 and May 3, 2025, respectively, on the Company's condensed Consolidated Balance Sheets.

Contract liabilities represent an obligation to transfer goods or services to a customer for which the Company has received consideration and consists of its 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 the Company's 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 as discussed in Note 6. *Equity*.

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The following table presents changes in deferred revenue associated with the Company's contract liabilities:

	As of	
	January 31, 2026	May 3, 2025
Deferred revenue at the beginning of period	\$ 13,565	\$ 14,892
Additions to deferred revenue during the period	172,547	180,174
Reductions to deferred revenue for revenue recognized during the period	(130,328)	(181,501)
Deferred revenue balance at the end of period:	<u>\$ 55,784</u>	<u>\$ 13,565</u>
Balance Sheet classification:		
Accrued liabilities	\$ 52,935	\$ 10,410
Other long-term liabilities	2,849	3,155
Deferred revenue balance at the end of period	<u>\$ 55,784</u>	<u>\$ 13,565</u>

Note 5. Segment Reporting

The Company identifies its segments in accordance with the way its business is managed. On October 26, 2024, management determined that a realignment of the Company's operating and reporting segments was necessary to better reflect the operations of the organization. Following the change in Chief Executive Officer and financing transactions in June 2024, the Company streamlined operations to focus on a centralized management structure to support company-wide procurement, marketing and selling, delivery and customer service. Given the change in how the overall business is managed and how the current Chief Executive Officer (the current Chief Operating Decision Maker ("CODM")) assesses performance and allocates resources, the Company combined the operating results of the prior two segments, Retail and Wholesale, into one operating and reporting segment. Prior period disclosures have been restated to reflect the change to one segment.

The CODM reviews financial information on a consolidated basis to evaluate operational performance, allocate resources, and assess trends over time. 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 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, reflecting the segment's contribution to the Company's overall financial results. Segment assets are not used by the CODM for evaluating performance as presented on the Company's Consolidated Balance Sheet.

The following table presents sales, profitability, and significant expense information about the Company's segment.

	13 weeks ended		39 weeks ended	
	January 31, 2026	January 25, 2025	January 31, 2026	January 25, 2025
	As Restated		As Restated	
Sales	\$ 515,092	\$ 462,825	\$ 1,447,666	\$ 1,328,378
Adjusted Cost of sales ^(a)	357,233	306,354	980,365	881,911
Payroll expense	51,365	51,118	155,165	152,062
Contract payments	57,175	55,861	163,246	160,779
Direct expenses	24,687	24,708	78,977	74,383
Indirect (income) expense	211	34	1,124	591
Other segment expenses, net ^(b)	17,766	6,808	55,401	101,473
Net income (loss)	<u>\$ 6,655</u>	<u>\$ 17,942</u>	<u>\$ 13,388</u>	<u>\$ (42,821)</u>

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

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^(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, other (income) expense, loss on extinguishment of debt, interest income and expense, and income tax expense (benefit).

Note 6. Equity

Stock Authorization

On June 5, 2024, the Company's stockholders approved an amendment to its 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, the Company completed various transactions (the "Transactions"), including an equity rights offering (the "Rights Offering"), private equity investment (the "Private Investment"), a term loan debt conversion (the "Term Loan Debt Conversion"), and credit facility refinancing (the "A&R Credit Facility Refinancing"), to substantially deleverage the Company's Consolidated Balance Sheet. These transactions raised additional capital for repayment of indebtedness and provide additional flexibility for working capital needs.

On September 18, 2024, the Company's stockholders (1) approved the Company's Amended and Restated Certificate of Incorporation to decrease the aggregate number of authorized shares of the Company's 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 the Company's Common Stock, for an aggregate total of 2,179,093 shares (post-Reverse Stock Split as further described below).

At-the-Market Equity Offerings

On September 19, 2024, the Company entered into an at-the market ("ATM") sales agreement (the "September ATM Sales Agreement") with BTIG, LLC ("BTIG") under which it sold the maximum of \$40,000 of the Company's 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 the Company's instructions (including as to price, time or size limits or other customary parameters or conditions). The Company paid BTIG a commission of 2% of the gross sales proceeds of the Common Stock sold under the September ATM Sales Agreement. The Company was not obligated to make any sales of Common Stock under the September ATM Sales Agreement.

On December 20, 2024, the Company entered into an additional ATM sales agreement with BTIG (the "December ATM Sales Agreement"), under which it sold the maximum of \$40,000 of the Company's 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 the Company's instructions (including as to price, time or size limits or other customary parameters or conditions). The Company paid BTIG a commission of 2% of the gross sales proceeds of the Common Stock sold under the December ATM Sales Agreement. The Company was not obligated to make any sales of Common Stock under the December ATM Sales Agreement.

Reverse Stock Split

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

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

The Reverse Stock Split affected all issued and outstanding shares of Common Stock. All outstanding options and restricted stock units, and other securities entitling their holders to purchase or otherwise receive shares of Common Stock were adjusted as a result of the Reverse Stock Split, as required by the terms of each security. The number of shares available to be awarded under the Company's equity compensation plans was also appropriately adjusted. Following the Reverse Stock Split,

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the par value of the Common Stock remained 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

During the 39 weeks ended January 31, 2026, the Company did not purchase shares under the stock repurchase program. As of January 31, 2026, approximately \$26,669 remains available under the stock repurchase program.

Note 7. Income (Loss) Per Share

On June 10, 2024, we completed various Transactions to substantially deleverage the Company's 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 the Company's Common Stock, as of such time, the weighted average shares outstanding and basic and diluted Net 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, the Company 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 was converted into one share of the Company's Common Stock.

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

	13 weeks ended		39 weeks ended	
	January 31, 2026	January 25, 2025 As Restated	January 31, 2026	January 25, 2025 As Restated
Numerator for basic Net income (loss) per share:				
Income (loss), net of tax	\$ 6,655	\$ 17,942	\$ 13,388	\$ (42,821)
Numerator for diluted Net income (loss) per share:				
Net income (loss)	\$ 6,655	\$ 17,942	\$ 13,388	\$ (42,821)
Net income (loss) available to common shareholders	\$ 6,655	\$ 17,942	\$ 13,388	\$ (42,821)
Denominator for basic Net income (loss) per share:				
Basic weighted average shares of Common Stock ^(a)	34,450,101	30,507,723	34,290,185	23,515,188
Denominator for diluted Net income (loss) per share:				
Basic weighted average shares of common shares	34,450,101	30,507,723	34,290,185	23,515,188
Average dilutive restricted share units	—	14,176	23,317	—
Average dilutive restricted shares	—	—	—	—
Average dilutive performance share units	213,662	121,059	285,666	—
Average dilutive stock options	—	—	—	—
Diluted weighted average shares of common shares ^(a)	34,663,763	30,642,958	34,599,168	23,515,188
Income (loss) per share of Common Stock:				
Income (loss) per share Common Stock:				
Basic				
Net income (loss) per share - Basic	\$ 0.19	\$ 0.59	\$ 0.39	\$ (1.82)
Diluted				
Net income (loss) per share - Diluted	\$ 0.19	\$ 0.59	\$ 0.39	\$ (1.82)

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(a) During the 13 weeks ended January 31, 2026 and January 25, 2025, weighted-average shares of 3,821 and 8,456, respectively, were excluded from the diluted Net income (loss) per share calculation as their inclusion would have been antidilutive. During the 39 weeks ended January 31, 2026 and January 25, 2025, weighted-average shares of 3,934 and 333,770, respectively, were excluded from the diluted Net income (loss) per share calculation as their inclusion would have been antidilutive.

Note 8. Fair Value Measurements

In accordance with ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"), 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 the Company to develop its own assumptions

The Company's 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 the Company's 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. *Derivative*, for fair value information about the derivative instrument that is fair valued using Level 3 inputs.

Non-Financial Assets

The Company measures certain non-financial assets and liabilities at fair value on a nonrecurring basis in accordance with ASC 820. These assets are subject to fair value remeasurement only when specific triggering events occur, such as indicators of impairment or classification as held for sale. The Company's 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. The Company reviews its 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*.

Non-Financial Liabilities

We granted phantom share units as long-term incentive awards which are settled in cash based on the fair market value of a share of common stock of the Company at each vesting date. The fair value of the liability for the cash-settled phantom share unit awards is remeasured at the end of each reporting period through settlement using a Black-Scholes option-pricing model, which incorporates significant inputs including the risk-free interest rate, expected volatility, expected dividend yield, and expected term or vesting period. As of May 3, 2025, all phantom share units have been settled or forfeited. For additional information, see Note 13. *Long-Term Incentive Compensation Expense*.

Note 9. Derivative

In April 2025, the Company entered into a Participation Interest Purchase Agreement (the "Sale Agreement") with Jefferies Leveraged Credit Products LLC ("Jefferies"), under which Jefferies paid the Company \$12,625 in exchange for a participation interest in the proceeds of a specified litigation claim related to the interchange fees (the "Claim"). The Sale Agreement is non-recourse to the Company with respect to financial risk. In February 2026, the Claim was resolved pursuant to the Settlement agreement and litigation was dismissed.

The Company had continuing contractual obligations under the Sale Agreement, including remaining the plaintiff of record in the litigation, cooperating with Jefferies and its counsel, providing access to litigation-related documents, and complying

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with certain settlement-related provisions. With the execution of the Settlement Agreement and dismissal of the underlying litigation to which the Claim related, the Company's contractual obligations under the Sale Agreement have been satisfied in all material respects. These obligations are protective in nature and do not require the Company to repay amounts received, provide services, or otherwise create a debt obligation.

Effective May 4, 2025, the first day of the Company's fiscal year 2026, the Company early adopted ASU No. 2025-07, *Derivatives and Hedging (Topic 815): Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract*. Upon adoption, the Sale Agreement no longer met the definition of a derivative under ASC 815, as the arrangement qualifies for the scope exception applicable to litigation funding arrangements that do not create or modify debt.

Accordingly, upon adoption, the previously recognized derivative liability was reclassified to deferred income within other long-term liabilities, and the Sale Agreement is accounted for under ASC 470, *Debt*, as deferred income. The Company will recognize the related deferred income from the proceeds of the Sale Agreement in the fourth quarter of fiscal year 2026.

The guidance was applied using a modified retrospective approach, resulting in the reclassification of the derivative liability to deferred income as of the adoption date. The cumulative-effect adjustment to retained earnings upon adoption was immaterial. No amounts related to this arrangement are subject to recurring fair-value measurement.

Note 10. Debt

	Maturity Date	As of	
		January 31, 2026	May 3, 2025
Credit Facility	June 9, 2028	\$ 138,400	\$ 103,100
Total debt		\$ 138,400	\$ 103,100
Balance Sheet classification:			
Long-term borrowings		\$ 138,400	\$ 103,100
Total debt		\$ 138,400	\$ 103,100

Transactions

On June 10, 2024, the Company completed a series of Transactions, which together substantially deleveraged the Company's Consolidated Balance Sheet.

In connection with the Transactions, the Company received gross proceeds of \$95,000 of new equity capital, consisting of a \$50,000 private investment led by Immersion Corporation and a \$45,000 fully backstopped equity rights offering, resulting in approximately \$85,500 of net cash proceeds after transaction costs. In addition, approximately \$34,000 of outstanding principal and accrued interest under the Company's term loan was converted into common stock. The Company also refinanced its revolving credit facility, providing access to a \$325 million facility maturing in 2028.

Credit Facility

In connection with the timing of the Company's financial statement filings, the Company entered into a series of limited consent and waiver 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.

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(In Thousands, except share and per share data)
(unaudited)

During the applicable extension periods, the Company was subject to certain customary conditions, including enhanced reporting requirements, periodic update calls with lenders, and a minimum excess availability requirement of \$30,000. Failure to comply with these conditions would have constituted an event of default.

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 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 million 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 and financial maintenance covenants, including minimum availability, a consolidated fixed charge coverage ratio, and a consolidated EBITDA requirement, each as defined in the A&R Credit Agreement. The Credit Facility is secured by substantially all of the Company’s inventory, accounts receivable and related assets, constituting an all-assets lien, subject to customary exclusions.

As of January 31, 2026, and as of the issuance date this Quarterly Report on Form 10-Q, the Company was in compliance with all covenants under the A&R Credit Agreement.

Term Loan

On June 10, 2024, the Company’s existing Term Loan Credit Agreement (the “Term Loan”), dated June 7, 2022, with TopLids LendCo, LLC and Vital Fundco, LLC (the “Term Loan”), was terminated in connection with the conversion of approximately \$34,000 of outstanding principal and accrued and unpaid interest into shares of the Company’s Common Stock (the “Term Loan Debt Conversion”). As a result of the Term Loan Debt Conversion, the Term Loan and all related agreements were extinguished.

The Company recognized a loss on extinguishment of debt of \$55,233 in connection with the Term Loan Debt Conversion, representing the excess of the fair value of the Common Stock issued over the net carrying amount of the Term Loan, including unamortized deferred financing costs. The conversion resulted in financing noncash activity totaling \$86,755. See Note 6. *Equity*.

The Term Loan had an original principal amount of \$30,000 and was scheduled to mature on April 7, 2025. Proceeds from the Term Loan were used for working capital and related fees and expenses.

Deferred Financing Costs

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

Balance Sheet Location	Maturity Date/ Amortization Term	As of	
		January 31, 2026	May 3, 2025
Credit Facility - Other noncurrent assets	June 9, 2028	\$ 8,850	\$ 11,597
Total deferred financing costs		\$ 8,850	\$ 11,597

Interest

BARNES & NOBLE EDUCATION, INC. AND SUBSIDIARIES
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The following table disaggregates interest expense:

	13 weeks ended		39 weeks ended	
	January 31, 2026	January 25, 2025	January 31, 2026	January 25, 2025
Interest Incurred				
Credit Facility	\$ 3,982	\$ 4,179	\$ 9,804	\$ 13,797
Term Loan	—	—	—	453
Total Interest Incurred	\$ 3,982	\$ 4,179	\$ 9,804	\$ 14,250
Amortization of Deferred Financing Costs				
Credit Facility	\$ 915	\$ 915	\$ 2,747	\$ 4,098
Term Loan	—	—	—	150
Total Amortization of Deferred Financing Costs	\$ 915	\$ 915	\$ 2,747	\$ 4,248
Interest income	\$ (13)	\$ (11)	\$ (37)	\$ (334)
Total Interest Expense, net	\$ 4,884	\$ 5,083	\$ 12,514	\$ 18,164

Cash interest paid during the 13 weeks ended January 31, 2026 and January 25, 2025 was \$3,656 and \$4,633, respectively, and for the 39 weeks ended January 31, 2026 and January 25, 2025 was \$9,961 and \$14,499 respectively. Cash interest for the 13 weeks and 39 weeks ended January 31, 2026 includes \$325 and \$975, respectively, of waiver fees incurred in connection with the Investigation.

Note 11. Leases

Lease assets and lease liabilities are recognized on the condensed Consolidated Balance Sheets for substantially all lease arrangements based on the present value of future lease payments as required by *ASC 842, Leases*. The lease portfolio consists of operating leases comprised of operating agreements which grant the Company the right to operate on-campus bookstores at colleges and universities; real estate leases for office and warehouse operations; and vehicle leases. There is one immaterial finance lease and no short-term leases (i.e., those with a term of twelve months or less).

A right of use (“ROU”) asset and lease liability are recognized in the condensed Consolidated Balance Sheets for leases with a term greater than twelve months. Options to extend or terminate a lease are included in the determination of the ROU asset and lease liability when it is reasonably certain that such options will be exercised. 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, lease expense is recognized on a straight-line basis over the lease term. For variable commissions, lease expense is recognized as incurred. The Company's lease agreements do not contain any material residual value guarantees, material restrictions or covenants.

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

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The following tables summarize lease expenses:

	13 weeks ended		39 weeks ended	
	January 31, 2026	January 25, 2025	January 31, 2026	January 25, 2025
	As Restated		As Restated	
Variable lease expense	\$ 40,839	\$ 39,124	\$ 115,699	\$ 111,567
Operating lease expense	14,941	14,770	44,368	45,363
Net lease expense	<u>\$ 55,780</u>	<u>\$ 53,894</u>	<u>\$ 160,067</u>	<u>\$ 156,930</u>

The following table summarizes the Company's minimum fixed lease obligations, excluding variable commissions:

	As of January 31, 2026
Remainder of Fiscal 2026	\$ 44,188
Fiscal 2027	40,926
Fiscal 2028	32,904
Fiscal 2029	29,913
Fiscal 2030	24,149
Thereafter	25,631
Total lease payments	<u>197,711</u>
Less: imputed interest	(20,099)
Operating lease liabilities at period end	<u>\$ 177,612</u>

Future lease payment obligations related to leases that were entered into, but did not commence as of January 31, 2026, were not material.

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The following summarizes additional information related to the Company's operating leases:

	As of	
	January 31, 2026	January 25, 2025
		As Restated
Weighted average remaining lease term (in years)	4.4 years	4.2 years
Weighted average discount rate	5.7 %	4.9 %

Supplemental cash flow information related to leases is as follows:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$	45,444	\$	52,158
Operating cash flows from financing leases	\$	30	\$	17
Financing cash flows from financing leases	\$	371	\$	385
ROU assets obtained in exchange for lease obligations:				
Operating leases	\$	40,666	\$	22,621
Financing leases	\$	—	\$	1,128

Note 12. Supplementary Information

Other (Income) Expense

During the 13 and 39 weeks ended January 31, 2026, the Company recognized other (income) expense totaling \$1,043 and \$6,654, respectively, primarily reflecting Investigation related costs.

During the 13 and 39 weeks ended January 25, 2025, the Company recognized other (income) expense totaling \$(6,268) and \$(2,800), respectively, comprised primarily of \$(7,621) and \$(9,008), respectively, related to the termination of liabilities related to a frozen retirement benefit plan; \$(11) and \$2,061, respectively, related to severance and other employee termination and benefit costs associated with elimination of various positions as part of cost reduction initiatives, nil and \$1,963, respectively, of severance primarily related to the resignation of the former Chief Executive Officer on June 11, 2024, \$(1,789) of which is included in accrued liabilities in the condensed Consolidated Balance Sheet as of January 25, 2025), \$64 and \$884, respectively, for legal and advisory professional service costs for restructuring and process improvements and other charges; and \$1,300 related to the settlement of a class action lawsuit and related legal fees.

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Note 13. Long-Term Incentive Compensation Expense

During the 13 and 39 weeks ended January 31, 2026, the Company did not grant any long-term incentive plan awards. The Company recognizes compensation expense for long-term incentive plan awards in selling and administrative expenses as follows:

	13 weeks ended		39 weeks ended	
	January 31, 2026	January 25, 2025	January 31, 2026	January 25, 2025
<i>Stock-based awards</i>				
Restricted stock expense	\$ —	\$ 200	\$ 333	\$ 467
Restricted stock units expense	—	185	278	417
Performance share units expense	869	2,147	4,527	2,895
Stock option expense	5	29	53	(826)
Sub-total stock-based awards:	\$ 874	\$ 2,561	\$ 5,191	\$ 2,953
<i>Cash settled awards</i>				
Phantom share units expense	\$ —	\$ —	\$ —	\$ (4)
Total compensation expense for long-term incentive awards ^(a)	\$ 874	\$ 2,561	\$ 5,191	\$ 2,949

(a) The long-term incentive plan for the 13 and 39 weeks ended January 25, 2025 was impacted due to forfeitures of \$1,562 resulting from the resignation of the Company's former Chief Executive Officer on June 11, 2024.

Total unrecognized compensation cost related to unvested awards as of January 31, 2026 was \$5,579 and is expected to be recognized over a weighted-average period of 1.62 years.

Note 14. Income Taxes

The Company recorded an income tax expense of \$3,082 on pre-tax income of \$9,737 during the 13 weeks ended January 31, 2026, which represented an effective income tax rate of 31.7% and an income tax benefit of \$(4,108) on pre-tax income of \$13,834 during the 13 weeks ended January 25, 2025, which represented an effective income tax rate of (29.7)%. The Company recorded an income tax expense of \$6,349 on pre-tax income of \$19,737 during the 39 weeks ended January 31, 2026, which represented an effective income tax rate of 32.2% and an income tax benefit of \$(3,230) on pre-tax loss of \$(46,051) during the 39 weeks ended January 25, 2025, which represented an effective income tax rate of 7.0%. The effective tax rate for the 13 and 39 weeks ended January 31, 2026 is higher than the prior year comparable period due to the Internal Revenue Code (IRC) 382 limitation on attribute utilization, increased projections of taxable income, and decrease in the valuation allowance.

In assessing the realizability of the deferred tax assets, management considered whether it is more likely than not that some or all of the deferred tax assets would be realized. As of January 31, 2026, the Company determined that it was more likely than not that it would not realize all deferred tax assets and the Company's tax rate for the current fiscal year reflects this determination. The Company will continue to evaluate this position.

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 the Company's 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, we 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 impacts the utilization of the Company's tax attributes including its \$211,913 NOL carryforwards, \$60,195 disallowed interest expense carryforwards, and \$1,071 tax credit carryforwards as of May 3, 2025. The Company anticipates that \$63,092 of these tax attributes may be made available during the first five years following the ownership change on June 10, 2024, which would be able to offset future taxable income.

Note 15. Subsequent Events

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Subsequent to the close of the third quarter of Fiscal 2026, the Company entered into a final settlement agreement dated February 4, 2026 (the “Settlement Agreement”), resolving litigation related to interchange fees in which the Company had previously sold a participation interest to Jefferies pursuant to the Sale Agreement (see Note 9, Derivative). Pursuant to the terms of the Sale Agreement, Jefferies is entitled to all proceeds from the Settlement Agreement, and such proceeds were delivered to Jefferies in early March 2026. Because the settlement agreement was executed and funded after the close of the third quarter, the settlement represents a non-recognized subsequent event. The Company will recognize the related deferred income from the proceeds of the Sale Agreement in the fourth quarter of fiscal year 2026.

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

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The forward-looking statements involve risks and uncertainties. Please reference the disclosure regarding forward-looking statements for more information.

Overview

Restatement of Previously Issued Consolidated Financial Statements

The accompanying condensed consolidated financial statements and related disclosures reflect the restatement of the Company's previously issued consolidated financial statements and interim financial information, as described in the Company's Annual Report on Form 10-K for the fiscal year ended May 3, 2025 (the “Annual Report”). The restatement corrected errors primarily related to the accounting for cost of digital sales and lease arrangements associated with the Company's store operating agreements.

The restatement was completed and fully reflected in the Annual Report on Form 10-K for the fiscal year ended May 3, 2025 filed with the SEC on December 23, 2025, including the restated consolidated financial statements for fiscal year ended April 27, 2024 and the restated unaudited quarterly financial information for affected interim periods. Refer to Note 3, *Restatement of Previously Issued Consolidated Financial Statements*, and Note 21, *Restatement of Quarterly Financial Information (Unaudited)*, in the Annual Report on Form 10-K for the fiscal year ended May 3, 2025 filed with the SEC on December 23, 2025, for a complete description of the nature and impact of the restatement.

There have been no additional restatements or revisions to previously issued financial statements since the filing of the Annual Report.

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 1,120 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 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. 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. We are moving quickly to accelerate our BNC First Day® programs strategy. Institutions continued to adopt BNC First Day® programs during the first three quarters of Fiscal 2026.

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.

For additional information related to our business, see *Part I - Item 1. Business* in our Annual Report on Form 10-K for the fiscal year ended May 3, 2025 filed with the SEC on December 23, 2025.

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 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.

- *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 affordable access, *First Day Complete* and *First Day* models is an important strategic initiative of ours to meet the market demands of substantially reduced pricing to students, as well as the opportunity to improve student outcomes, while, at the same time, increasing our market share, revenue and relative gross profits of course material sales given the higher volumes of units sold in such models as compared to historical sales models that rely on individual student marketing and sales. These programs have allowed us to reverse historical long-term trends in course materials revenue declines, which has been observed at those schools where such programs have been adopted, and improve predictability of our future results. We are moving quickly to accelerate our *BNC First Day®* programs strategy. Institutions continued to adopt *BNC First Day®* programs during the first three quarters of Fiscal 2026.

The following table summarizes our *BNC First Day®* sales:

<i>Dollars in millions</i>	13 weeks ended				39 weeks ended			
	January 31, 2026	January 25, 2025	Var \$	Var %	January 31, 2026	January 25, 2025	Var \$	Var %
<i>First Day Complete</i> Sales	\$ 190.5	\$ 141.9	\$ 48.6	34.2%	\$ 460.0	\$ 342.7	\$ 117.3	34.2%
<i>First Day</i> Sales	\$ 103.1	\$ 80.4	\$ 22.7	28.2%	\$ 242.0	\$ 196.3	\$ 45.7	23.3%
Total <i>BNC First Day®</i> Sales	\$ 293.6	\$ 222.3	\$ 71.3	32.1%	\$ 702.0	\$ 539.0	\$ 163.0	30.2%

Financing Arrangements

On June 10, 2024, we completed various transactions (the "Transactions"), including an equity rights offering (the "Rights Offering"), private equity investment (the "Private Investment"), a term loan debt conversion (the "Term Loan Debt Conversion"), and credit facility refinancing (the "A&R 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 Investment led by Immersion Corporation and a \$45.0 million Rights Offering. The Private Investment and Rights Offering infused approximately \$85.5 million of net cash proceeds after transaction costs. The transactions resulted in Immersion Corporation 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 condensed consolidated Statement of Operations in connection with the Term Loan Debt Conversion which represents the difference between the Common stock fair value issued upon conversion and the net carrying value of the Term loan, plus unamortized deferred financing costs related to the Term Loan. As a result of the Term Loan Debt Conversion, the Term Loan and its related agreements were terminated.

- We refinanced our existing credit facility 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.

For additional information, see the *Liquidity and Capital Resources* in our *Management's Discussion and Analysis of Financial Condition and Results of Operations*, in Item 2. below.

Cost Savings Initiative

We continually seek to streamline our operations, maximize productivity and drive profitability to achieve significant cost reductions. Over the past few fiscal years, we have reduced our workforce, eliminated duplicate administrative headcounts at all levels, implemented improved system development processes to reduce maintenance costs, reduced capital expenditures, and evaluated operating contractual obligations for cost savings. In addition, we continue to close under-performing stores, and evaluate opportunities to refinance our debt.

Segments

We identify our segments in accordance with the way our business is managed. Management determined that a realignment of the Company's operating and reporting segments was necessary to better reflect the operations of the organization. Following the change in Chief Executive Officer and financing transactions in June 2024, we streamlined operations to focus on a centralized management structure to support company-wide procurement, marketing and selling, delivery and customer service. Given the change in how the overall business is managed and how the current Chief Executive Officer (the current Chief Operating Decision Maker ("CODM")) assesses performance and allocates resources, we combined the operating results of the prior two segments, Retail and Wholesale, into one operating and reporting segment. Prior period disclosures have been restated to reflect the change to one segment.

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. The Company's quarterly results also may fluctuate depending on the timing of the start of the various schools' semesters, as well as shifts in its fiscal calendar dates. During the current fiscal year, the Company experienced a modest increase in the number of academic start periods occurring in the 13 and 39 weeks ended January 31, 2026, compared to the prior year, primarily due to differences in the fiscal calendar week alignment year over year.

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 condensed consolidated financial statements. Revenue from the rental of physical textbooks is deferred and recognized over the rental period based on the passage of time commencing at the point of sale, when control of the product transfers to the customer and is recognized as rental income in our condensed consolidated financial statements. Rental revenue and margin dollars deferral from third fiscal quarter is higher compared to prior year due to the growth of the BNC First Day® programs. 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 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, Competition and Other Business Conditions Affecting Our Business

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

- *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 Spring and Fall of 2025, 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, 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. 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 and closed store sales. We continue to move quickly to accelerate our *First Day Complete* and *First Day* strategy. Institutions continued to adopt our *BNC First Day*® programs during the three quarters of Fiscal 2026. 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. We are moving quickly and decisively to accelerate our *First Day Complete* strategy.

For additional discussion of our trends and other factors affecting the Company's business, see *Part I - Item 1. Business* in our Annual Report on Form 10-K for the fiscal year ended May 3, 2025.

Results of Operations

Elements of Results of Operations

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

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, insurance, certain payroll costs, and management service agreement costs, including rent expense, related to our college and university contracts and other facility related expenses.

Our selling and administrative expenses consist primarily of store payroll and store operating expenses. Selling and administrative expenses also include long-term incentive plan compensation expense and general office expenses, such as merchandising, procurement, field support, and professional services.

Results of Operations - Summary ^(a)

	13 weeks ended		39 weeks ended	
	January 31, 2026	January 25, 2025	January 31, 2026	January 25, 2025
<i>Dollars in thousands</i>		As Restated		As Restated
Sales:				
Product sales and other	\$ 471,825	\$ 419,663	\$ 1,344,215	\$ 1,230,263
Rental income	43,267	43,162	103,451	98,115
Total sales	<u>\$ 515,092</u>	<u>\$ 462,825</u>	<u>\$ 1,447,666</u>	<u>\$ 1,328,378</u>
Gross profit	\$ 96,098	\$ 93,750	\$ 281,312	\$ 267,223
Income (loss) before income tax	\$ 9,737	\$ 13,834	\$ 19,737	\$ (46,051)
Net income (loss)	\$ 6,655	\$ 17,942	\$ 13,388	\$ (42,821)
Adjusted Net income (loss) (non-GAAP) ^(a)	\$ 8,207	\$ 15,948	\$ 18,784	\$ (40,955)
Adjusted EBITDA (non-GAAP) ^(a)	\$ 23,600	\$ 24,750	\$ 61,884	\$ 58,652

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

Results of Operations - 13 and 39 weeks ended January 31, 2026 compared with the 13 and 39 weeks ended January 25, 2025

Dollars in thousands	13 weeks ended		39 weeks ended	
	January 31, 2026	January 25, 2025	January 31, 2026	January 25, 2025
Sales:	As Restated		As Restated	
Product sales and other	\$ 471,825	\$ 419,663	\$ 1,344,215	\$ 1,230,263
Rental income	43,267	43,162	103,451	98,115
Total sales	515,092	462,825	1,447,666	1,328,378
Cost of sales (exclusive of depreciation and amortization expense):				
Product and other cost of sales	394,782	343,559	1,109,131	1,005,970
Rental cost of sales	24,212	25,516	57,223	55,185
Total cost of sales	418,994	369,075	1,166,354	1,061,155
Gross profit	96,098	93,750	281,312	267,223
Selling and administrative expenses	72,551	71,561	217,714	211,524
Depreciation and amortization expense	7,427	7,827	24,237	29,440
Impairment loss (non-cash)	456	1,713	456	1,713
Other (income) expense	1,043	(6,268)	6,654	(2,800)
Operating income	\$ 14,621	\$ 18,917	\$ 32,251	\$ 27,346

Percentage of Total Sales:

	13 weeks ended		39 weeks ended	
	January 31, 2026	January 25, 2025	January 31, 2026	January 25, 2025
	As Restated		As Restated	
Sales:				
Product sales and other	91.6 %	90.7 %	92.9 %	92.6 %
Rental income	8.4	9.3	7.1	7.4
Total sales	100.0	100.0	100.0	100.0
Cost of sales (exclusive of depreciation and amortization expense):				
Product and other cost of sales ^(a)	83.7	81.9	82.5	81.8
Rental cost of sales ^(a)	56.0	59.1	55.3	56.2
Total cost of sales	81.3	79.7	80.6	79.9
Gross margin	18.7	20.3	19.4	20.1
Selling and administrative expenses	14.1	15.5	15.0	15.9
Depreciation and amortization expense	1.4	1.7	1.7	2.2
Impairment loss (non-cash)	0.1	0.4	—	0.1
Other (income) expense	0.2	(1.4)	0.5	(0.2)
Operating income	2.9 %	4.1 %	2.2 %	2.1 %

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

Overview

For the 13 weeks ended January 31, 2026 revenue increased by 11.3%, or \$52.3 million, from last year to \$515.1 million, primarily driven by growth in our *BNC First Day*[®] programs and a net increase in physical and virtual locations. Gross Comparable Store Sales increased by \$33.8 million or 7.2%, during the quarter, driven by revenues from *BNC First Day*[®] programs which increased by \$71.3 million, or 32.1%. Net income decreased by \$11.3 million, or 62.9% to \$6.7 million, compared to \$17.9 million in the prior year. Adjusted EBITDA decreased by \$1.2 million, or 4.7%, to \$23.6 million from \$24.8 million last year, in part due to a decrease in gross margins that is a result of certain timing differences in revenue recognition during the spring rush selling season, as well as investigation costs and other expense incurred in the current period.

For the 39 weeks ended January 31, 2026 revenue increased by 9.0%, or \$119.3 million, from last year to \$1,447.7 million, primarily driven by growth in our *BNC First Day*[®] programs and a net increase in physical and virtual locations which has helped to improve profitability. Gross Comparable Store Sales increased by \$86.3 million, or 6.3%, driven by revenues from *BNC First Day*[®] programs which increased by \$163.0 million, or 30.2%, helping to offset much of the decline from closed

stores in total revenue. Net income increased by \$56.2 million, or 131.3% to \$13.4 million, compared to \$(42.8) million in the prior year. Adjusted EBITDA improved by \$3.2 million, or 5.5%, to \$61.9 million from \$58.7 million last year, primarily driven by revenue growth from the expansion of our BNC First Day® programs, which drove higher comparable store sales, as well as the closure of unprofitable stores, partially offset by investigation-related costs incurred during the current period.

Sales

The following table summarizes our sales for the 13 and 39 weeks ended January 31, 2026 and January 25, 2025:

<i>Dollars in thousands</i>	13 weeks ended				39 weeks ended			
	January 31, 2026	January 25, 2025	Var \$	Var %	January 31, 2026	January 25, 2025	Var \$	Var %
						As Restated		
Product sales and other	\$ 471,825	\$ 419,663	\$ 52,162	12.4%	\$ 1,344,215	\$ 1,230,263	\$ 113,952	9.3%
Rental income	43,267	43,162	\$ 105	0.2%	103,451	98,115	\$ 5,336	5.4%
Total Sales	<u>\$ 515,092</u>	<u>\$ 462,825</u>	<u>\$ 52,267</u>	<u>11.3%</u>	<u>\$ 1,447,666</u>	<u>\$ 1,328,378</u>	<u>\$ 119,288</u>	<u>9.0%</u>

Sales increased during the 13 and 39 weeks ended January 31, 2026, primarily due to higher comparable store sales, new store sales, and new adoptions of our BNC First Day® programs. Also contributing to the increase in sales is the shift in the fiscal year and the academic calendar year discussed above. These increases were offset by lower sales resulting from closed stores. The components of the sales variances for the 13 and 39 week periods are reflected in the table below.

Sales variances	13 weeks ended		39 weeks ended	
<i>Dollars in millions</i>	January 31, 2026		January 31, 2026	
New stores	\$ 35.2		\$ 82.0	
Closed stores	(16.2)		(46.7)	
Comparable stores ^(a)	41.2		92.3	
Textbook rental deferral	(9.4)		(5.5)	
Other ^(b)	0.8		(3.5)	
Total sales variance:	<u>\$ 51.6</u>		<u>\$ 118.6</u>	

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

(b) Other revenue includes brand partnership marketing, fulfillment operations, liquidation sales, shipping and handling, marketplace sales, certain accounting adjusting items related to return reserves, and other deferred items.

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

<i>Number of Stores:</i>	13 weeks ended						39 weeks ended					
	January 31, 2026			January 25, 2025			January 31, 2026			January 25, 2025		
	Physical	Virtual	Total	Physical	Virtual	Total	Physical	Virtual	Total	Physical	Virtual	Total
Beginning of period	656	472	1,128	653	509	1,162	653	493	1,146	707	538	1,245
Opened	6	2	8	5	8	13	43	13	56	25	24	49
Closed	14	2	16	9	2	11	48	34	82	83	47	130
End of period	<u>648</u>	<u>472</u>	<u>1,120</u>	<u>649</u>	<u>515</u>	<u>1,164</u>	<u>648</u>	<u>472</u>	<u>1,120</u>	<u>649</u>	<u>515</u>	<u>1,164</u>

During the 39 weeks ended January 31, 2026, we opened 56 stores and closed 82 stores. 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 traffic, and an increase in the number and timing of on campus activities and events, such as graduations, athletic events, alumni events, merchandising and marketing programs, and prospective student campus tours.

Our total sales increased by \$52.3 million, or 11.3%, to \$515.1 million during the 13 weeks ended January 31, 2026 from \$462.8 million during the 13 weeks ended January 25, 2025.

- Product sales and other increased by \$52.2 million, or 12.4%, to \$471.8 million during the 13 weeks ended January 31, 2026 from \$419.7 million during the 13 weeks ended January 25, 2025.
 - Course material product sales increased by \$53.5 million, or 17.6%, to \$357.8 million during the 13 weeks ended January 31, 2026, compared to \$304.2 million in the prior year period. The increase was primarily related to higher comparable store sales and new store sales primarily due to organic growth in our *BNC First Day*® programs, which increased by \$71.3 million, or 32.1%, to \$293.6 million, offset by lower sales resulting from closed stores.

<i>Dollars in millions</i>	13 weeks ended			
	January 31, 2026	January 25, 2025	Var \$	Var %
<i>First Day Complete Sales</i>	\$ 190.5	\$ 141.9	\$ 48.6	34.2%
<i>First Day Sales</i>	103.1	\$ 80.4	\$ 22.7	28.2%
Total <i>BNC First Day</i>® Sales	\$ 293.6	\$ 222.3	\$ 71.3	32.1%

- Gross Comparable Store Sales for course materials increased by \$43.7 million, or 12.2%, compared to the prior year period as discussed below.
- General merchandise product net sales decreased by \$(2.2) million, or (2.2)%, to \$95.1 million, compared to \$97.3 million in the prior year period, primarily due to lower emblematic product sales. Gross Comparable Store Sales for general merchandise decreased by \$(9.9) million, or (8.6)%, compared to the prior year period as discussed below.
- Service and other revenue increased by \$0.8 million, or 4.6%, to \$18.9 million, compared to \$18.1 million in the prior year period, primarily due to higher rental penalty fees and higher marketplace sales, offset by lower liquidation sales, lower web deferrals revenue, lower shipping and handling and lower partnership marketing income.
- Rental income for course materials increased by \$0.1 million, or 0.2%, to \$43.3 million during the 13 weeks ended January 31, 2026 from \$43.2 million during the 13 weeks ended January 25, 2025 primarily due to the growth of our *BNC First Day*® programs, offset by lower recognition of deferred rental income due to the shift in the calendar year versus the academic school year, closed stores and the shift to digital products.

Our total sales increased by \$119.3 million, or 9.0%, to \$1,447.7 million during the 39 weeks ended January 31, 2026 from \$1,328.4 million during the 39 weeks ended January 25, 2025.

- Product sales and other, increased by \$114.0 million, or 9.3%, to \$1,344.2 million during the 39 weeks ended January 31, 2026 from \$1,230.3 million during the 39 weeks ended January 25, 2025.
 - Course material product sales increased by \$116.9 million, or 13.6%, to \$974.6 million during the 39 weeks ended January 31, 2026, compared to \$857.7 million in the prior year period. The increase was primarily related to higher comparable store sales and new store sales primarily due to our *BNC First Day*® programs, which increased by \$163.0 million, or 30.2%, to \$702.0 million, offset by lower sales resulting from closed stores.

<i>Dollars in millions</i>	39 weeks ended			
	January 31, 2026	January 25, 2025	Var \$	Var %
<i>First Day Complete Sales</i>	\$ 460.0	\$ 342.7	\$ 117.3	34.2%
<i>First Day Sales</i>	242.0	\$ 196.3	\$ 45.7	23.3%
Total <i>BNC First Day</i>® Sales	\$ 702.0	\$ 539.0	\$ 163.0	30.2%

- Gross Comparable Store Sales for course materials increased by \$93.7 million, or 9.6%, compared to the prior year period as discussed below.
- General merchandise product net sales increased by \$0.4 million, or 0.2%, to \$302.5 million, compared to \$302.1 million in the prior year period. Gross Comparable Store Sales for general merchandise decreased by \$(7.4) million, or (1.9)%, compared to the prior year period as discussed below.

- Service and other revenue decreased by \$3.5 million, or 4.9%, to \$67.0 million, compared to \$70.5 million in the prior year period, primarily due to lower liquidation sales, lower web deferrals revenue, lower shipping and handling and lower partnership marketing income, offset by higher rental penalty fees and higher marketplace sales.
- Rental income for course materials increased by \$5.4 million, or 5.4%, to \$103.5 million during the 39 weeks ended January 31, 2026 from \$98.1 million during the 39 weeks ended January 25, 2025 primarily due to the growth of our *BNC First Day*® programs, offset by lower rentals due to 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 condensed 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.

The increase in course material sales for the 39 weeks ended January 31, 2026 was 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. The decrease in general merchandise sales are primarily related to lower logo sales, graduation product sales due to timing of graduation events shifting to fourth quarter of Fiscal 2025 from first quarter of Fiscal 2026.

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

<i>Dollars in millions</i>	13 weeks ended				39 weeks ended			
	January 31, 2026		January 25, 2025		January 31, 2026		January 25, 2025	
Textbooks (Course Materials)	\$ 43.7	12.2 %	\$ 23.3	6.8 %	\$ 93.7	9.6 %	\$ 67.6	7.3 %
General Merchandise	(9.9)	(8.6)%	6.8	6.1 %	(7.4)	(1.9)%	(3.2)	(0.8)%
Total Gross Comparable Store Sales	\$ 33.8	7.2 %	\$ 30.1	6.6 %	\$ 86.3	6.3 %	\$ 64.4	4.8 %

Cost of Sales and Gross Margin

Our cost of sales increased as a percentage of sales to 81.3% during the 13 weeks ended January 31, 2026 compared to 79.7% during the 13 weeks ended January 25, 2025. Our gross margin increased by \$2.3 million, or 2.5%, to \$96.1 million, or 18.7% of sales, during the 13 weeks ended January 31, 2026 from \$93.8 million, or 20.3% of sales during the 13 weeks ended January 25, 2025.

Our cost of sales increased as a percentage of sales to 80.6% during the 39 weeks ended January 31, 2026 compared to 79.9% during the 39 weeks ended January 25, 2025. Our gross margin increased by \$14.1 million, or 5.3%, to \$281.3 million, or 19.4% of sales, during the 39 weeks ended January 31, 2026 from \$267.2 million, or 20.1% of sales during the 39 weeks ended January 25, 2025.

The following table summarizes the cost of sales:

<i>Dollars in thousands</i>	13 weeks ended				39 weeks ended			
	January 31, 2026	% of Related Sales	January 25, 2025	% of Related Sales	January 31, 2026	% of Related Sales	January 25, 2025	% of Related Sales
			As Restated				As Restated	
Product and other cost of sales	\$ 394,782	83.7%	\$ 343,559	81.9%	\$ 1,109,131	82.5 %	\$ 1,005,970	81.8 %
Rental cost of sales	24,212	56.0%	25,516	59.1%	57,223	55.3 %	55,185	56.2 %
Total Cost of Sales	\$ 418,994	81.3%	\$ 369,075	79.7%	\$ 1,166,354	80.6 %	\$ 1,061,155	79.9 %

The following table summarizes the gross margin:

<i>Dollars in thousands</i>	13 weeks ended				39 weeks ended			
	January 31, 2026	% of Related Sales	January 25, 2025	% of Related Sales	January 31, 2026	% of Related Sales	January 25, 2025	% of Related Sales
	As Restated				As Restated			
Product and other gross margin	\$ 77,043	16.3%	\$ 76,104	18.1%	\$ 235,084	17.5 %	\$ 224,293	18.2 %
Rental gross margin	19,055	44.0%	17,646	40.9%	46,228	44.7 %	42,930	43.8 %
Gross Margin	<u>\$ 96,098</u>	18.7%	<u>\$ 93,750</u>	20.3%	<u>\$ 281,312</u>	19.4 %	<u>\$ 267,223</u>	20.1 %

For the 13 weeks ended January 31, 2026, the gross margin as a percentage of sales decreased as discussed below:

- Product and other gross margin decreased (180 basis points), primarily due to lower margin rates (320 basis points) due to reduced logo and non-logo general merchandise sales and higher markdowns related to closed stores, partially, offset by lower contract costs as a percentage of sales (140 basis points) related to our college and university contracts as a result of the shift to digital and *First Day* models and lower performing school contracts not renewed.
- Rental gross margin as a percentage of sales increased driven primarily by higher rental margin rates, offset by higher contract costs as a percentage of sales related to our college and university contracts.

For the 39 weeks ended January 31, 2026, the gross margin as a percentage of sales decreased as discussed below:

- Product and other gross margin decreased (70 basis points), primarily due to lower margin rates (190 basis points) due to logo and non-logo general merchandise sales, offset by lower contract costs as a percentage of sales (120 basis points) related to our college and university contracts as a result of the shift to digital and *First Day* models and lower performing school contracts not renewed.
- Rental gross margin as a percentage of sales increased driven primarily by lower contract costs as a percentage of sales related to our college and university contracts, offset by lower rental margin rates.

Selling and Administrative Expenses

<i>Dollars in thousands</i>	13 weeks ended				39 weeks ended			
	January 31, 2026	% of Sales	January 25, 2025	% of Sales	January 31, 2026	% of Sales	January 25, 2025	% of Sales
	As Restated				As Restated			
Total Selling and Administrative Expenses	<u>\$ 72,551</u>	14.1%	<u>\$ 71,561</u>	15.5%	<u>\$ 217,714</u>	15.0%	<u>\$ 211,524</u>	15.9%

During the 13 weeks ended January 31, 2026, selling and administrative expenses increased by \$1.0 million, or 1.4%, to \$72.6 million from \$71.6 million during the 13 weeks ended January 25, 2025. This increase was primarily due to a \$0.4 million increase in payroll and related operating costs, and a \$0.6 million increase in incentive plan expense.

During the 39 weeks ended January 31, 2026, selling and administrative expenses increased by \$6.2 million, or 2.9%, to \$217.7 million from \$211.5 million during the 39 weeks ended January 25, 2025. This increase was primarily due to a \$3.1 million increase in payroll and related operating costs, and a \$3.1 million increase in incentive plan expense.

Depreciation and Amortization Expense

<i>Dollars in thousands</i>	13 weeks ended				39 weeks ended			
	January 31, 2026	% of Sales	January 25, 2025	% of Sales	January 31, 2026	% of Sales	January 25, 2025	% of Sales
	As Restated				As Restated			
Total Depreciation and Amortization Expense	<u>\$ 7,427</u>	1.4%	<u>\$ 7,827</u>	1.7%	<u>\$ 24,237</u>	1.7%	<u>\$ 29,440</u>	2.2%

Depreciation and amortization expense decreased by \$0.4 million, to \$7.4 million during the 13 weeks ended January 31, 2026 from \$7.8 million during the 13 weeks ended January 25, 2025. The decrease was primarily attributable to lower depreciable assets and intangibles, offset by capital additions and accelerated intangible amortization related to closed stores.

Depreciation and amortization expense decreased by \$5.2 million, to \$24.2 million during the 39 weeks ended January 31, 2026 from \$29.4 million during the 39 weeks ended January 25, 2025. The decrease was primarily attributable to lower depreciable assets and intangibles, offset by capital additions and accelerated intangible amortization related to closed stores.

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 in accordance with ASC 360-10, *Accounting for the Impairment or Disposal of Long-Lived Assets*.

During the 13 and 39 weeks ended January 31, 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 \$0.5 million (both pre-tax and after-tax), comprised of 0.2 million, \$0.1 million, and \$0.2 million of property and equipment, operating lease right-of-use assets, and amortizable intangibles, respectively, on the condensed consolidated statement of operations.

During the 13 and 39 weeks ended January 27, 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 condensed consolidated statement of operations.

Other (income) expense

During the 13 and 39 weeks ended January 31, 2026, the Company recognized other (income) expense totaling \$1.0 million and \$6.7 million, respectively, comprised of Investigation related costs.

During the 13 and 39 weeks ended January 25, 2025, the Company recognized other expense totaling \$(6.3) million and \$(2.8) million, respectively, comprised primarily of \$(7.6) million and \$(9.0) million, respectively, related to the termination of liabilities related to a frozen retirement benefit plan; \$0 and \$2.1million, respectively, related to severance and other employee termination and benefit costs associated with elimination of various positions as part of cost reduction initiatives, \$0 and \$2.0 million, respectively, of severance primarily related to the resignation of the former Chief Executive Officer on June 11, 2024, of which \$(1.8) million is included in accrued liabilities in the condensed Consolidated Balance Sheet as of October 26, 2024), nil and \$0.9 million, respectively, for legal and advisory professional service costs for restructuring and process improvements and other charges; and \$1,300 related to the settlement of a class action lawsuit and related legal fees.

Operating Income

	13 weeks ended				39 weeks ended			
	January 31, 2026	% of Sales	January 25, 2025	% of Sales	January 31, 2026	% of Sales	January 25, 2025	% of Sales
<i>Dollars in thousands</i>								
			As Restated				As Restated	
Total Operating Income	\$ 14,621	2.9%	\$ 18,917	4.1%	\$ 32,251	2.2%	\$ 27,346	2.1%

Our operating income was \$14.6 million during the 13 weeks ended January 31, 2026, compared to operating income of \$18.9 million during the 13 weeks ended January 25, 2025. The decrease in operating income is due to the matters discussed above.

Our operating income was \$32.3 million during the 39 weeks ended January 31, 2026, compared to operating income of \$27.3 million during the 39 weeks ended January 25, 2025. The increase in operating income is 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 39 weeks ended January 25, 2025 in the condensed consolidated Statement of Operations in connection with the Term Loan Debt Conversion which represents the difference between the Common Stock fair value issued upon conversion and the net carrying value of the Term Loan, plus unamortized deferred financing costs related to the Term Loan. As a result of the Term Loan Debt Conversion, the Term Loan and its related documentation was terminated. There were no debt conversions in the comparable prior period. See *Item 1. Financial Statements* - Note 6. *Equity* and Note 10. *Debt*.

Interest Expense, Net

<i>Dollars in thousands</i>	13 weeks ended		39 weeks ended	
	January 31, 2026	January 25, 2025	January 31, 2026	January 25, 2025
Interest Expense, Net	\$ 4,884	\$ 5,083	\$ 12,514	\$ 18,164

Net interest expense decreased by \$0.2 million to \$4.9 million during the 13 weeks ended January 31, 2026 from \$5.1 million during the 13 weeks ended January 25, 2025. Interest expense decreased primarily due to lower borrowings and lower interest rates. Interest expense for the 13 weeks and 39 weeks ended January 31, 2026 includes \$0.3 and \$1.0, respectively, of waiver fees incurred in connection with the Investigation.

Net interest expense decreased by \$5.7 million to \$12.5 million during the 39 weeks ended January 31, 2026 from \$18.2 million during the 39 weeks ended January 25, 2025. Interest expense decreased primarily due to lower borrowings and lower interest rates.

Income Tax (Benefit) Expense

<i>Dollars in thousands</i>	13 weeks ended				39 weeks ended			
	January 31, 2026	Effective Rate	January 25, 2025	Effective Rate	January 31, 2026	Effective Rate	January 25, 2025	Effective Rate
Income Tax (Benefit) Expense	\$ 3,082	31.7%	\$ (4,108)	(29.7)%	\$ 6,349	32.2%	\$ (3,230)	7.0%

We recorded an income tax expense of \$3.1 million on pre-tax income of \$9.7 million during the 13 weeks ended January 31, 2026, which represented an effective income tax rate of 31.7% and we recorded an income tax benefit of \$(4.1) million on a pre-tax income of \$13.8 million during the 13 weeks ended January 25, 2025, which represented an effective income tax rate of (29.7)%. The effective tax rate for the 13 weeks ended January 31, 2026 is higher than the prior year comparable period due to the Internal Revenue Code (IRC) 382 limitation on attribute utilization, increased projections of taxable income, and decrease in the valuation allowance.

We recorded an income tax expense of \$6.3 million on pre-tax income of \$19.7 million during the 39 weeks ended January 31, 2026, which represented an effective income tax rate of 32.2% and we recorded an income tax benefit of \$(3.2) million on a pre-tax loss of \$46.1 million during the 39 weeks ended January 25, 2025, which represented an effective income tax rate of 7.0%. The effective tax rate for the 39 weeks ended January 31, 2026 is higher than the prior year comparable period due to the Internal Revenue Code (IRC) 382 limitation on attribute utilization, increased projections of taxable income, and decrease in the valuation allowance.

Net Income (Loss)

<i>Dollars in thousands</i>	13 weeks ended		39 weeks ended	
	January 31, 2026	January 25, 2025	January 31, 2026	January 25, 2025
	As Restated		As Restated	
Net Income (Loss)	\$ 6,655	\$ 17,942	\$ 13,388	\$ (42,821)

Net income was \$6.7 million during the 13 weeks ended January 31, 2026, compared with Net income of \$17.9 million during the 13 weeks ended January 25, 2025. As a result of the factors discussed above, Net income was \$13.4 million during the 39 weeks ended October 26, 2024, compared with a net loss \$42.8 million during the 39 weeks ended October 28, 2023.

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 certain other non-cash or non-recurring items, and other adjustments permitted under our A&R Credit Agreement. We define Adjusted Free Cash Flow as cash flows from 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 condensed consolidated financial statements included elsewhere in this Form 10-Q. 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 Discussion and Analysis - Seasonality* discussion above.

Adjusted Net Income (Loss)

<i>Dollars in thousands</i>	13 weeks ended		39 weeks ended	
	January 31, 2026	January 25, 2025	January 31, 2026	January 25, 2025
	As Restated		As Restated	
Net income (loss)	\$ 6,655	\$ 17,942	\$ 13,388	\$ (42,821)
Reconciling items <i>(below)</i>	1,552	(1,994)	5,396	1,866
Adjusted Net Income (Loss)	<u>\$ 8,207</u>	<u>\$ 15,948</u>	<u>\$ 18,784</u>	<u>\$ (40,955)</u>
Reconciling items				
Impairment loss ^(a)	\$ 456	\$ 1,713	\$ 456	\$ 1,713
Other (income) expense, net of Investigation expenses ^(a)	222	(6,268)	(251)	(2,800)
Stock-based compensation expense	874	2,561	5,191	2,953
Reconciling items	<u>\$ 1,552</u>	<u>\$ (1,994)</u>	<u>\$ 5,396</u>	<u>\$ 1,866</u>

Adjusted EBITDA

Dollars in thousands	13 weeks ended		39 weeks ended	
	January 31, 2026	January 25, 2025	January 31, 2026	January 25, 2025
	As Restated		As Restated	
Net income (loss)	\$ 6,655	\$ 17,942	\$ 13,388	\$ (42,821)
Add:				
Depreciation and amortization expense	7,427	7,827	24,237	29,440
Interest expense, net	4,884	5,083	12,514	18,164
Income tax (benefit) expense	3,082	(4,108)	6,349	(3,230)
Impairment loss ^(a)	456	1,713	456	1,713
Loss on extinguishment of debt ^(a)	—	—	—	55,233
Other (income) expense, net of Investigation expenses ^(a)	222	(6,268)	(251)	(2,800)
Stock-based compensation expense	874	2,561	5,191	2,953
Adjusted EBITDA	<u>\$ 23,600</u>	<u>\$ 24,750</u>	<u>\$ 61,884</u>	<u>\$ 58,652</u>

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

Adjusted Free Cash Flow

Dollars in thousands	13 weeks ended		39 weeks ended	
	January 31, 2026	January 25, 2025	January 31, 2026	January 25, 2025
	As Restated		As Restated	
Net cash flows used in operating activities ^(a)	\$ (29,388)	\$ (41,945)	\$ (30,752)	\$ (138,037)
Less:				
Capital expenditures ^(b)	3,807	2,772	11,858	9,790
Cash interest	3,656	4,633	9,961	14,499
Cash taxes	1,412	67	1,724	(2,018)
Adjusted Free Cash Flow	<u>\$ (38,263)</u>	<u>\$ (49,417)</u>	<u>\$ (54,295)</u>	<u>\$ (160,308)</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 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.

- (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 <i>Dollars in thousands</i>	13 weeks ended		39 weeks ended	
	January 31, 2026	January 25, 2025	January 31, 2026	January 25, 2025
	As Restated		As Restated	
Physical store capital expenditures	\$ 1,975	\$ 1,219	\$ 7,325	\$ 5,059
Product and system development	1,425	1,378	3,700	4,086
Other	407	175	833	645
Total Capital Expenditures	\$ 3,807	\$ 2,772	\$ 11,858	\$ 9,790

Liquidity and Capital Resources

Our primary sources of cash are net cash flows from operating activities, funds available under our A&R Credit Agreement, and short-term vendor financing. Our liquidity is highly dependent on the seasonal nature of our business, particularly with respect to course material sales, as sales are generally highest in the second and third fiscal quarters, when college students purchase textbooks for the upcoming Fall and Spring semesters, respectively. As of January 31, 2026, we had \$18.4 million of cash on hand, including \$8.3 million of restricted cash primarily related to segregated funds for commission due to Lids for logo merchandise sales as per the F/L Relationship-related agreements.

On June 10, 2024, we completed the Transactions 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. Additionally, on September 19, 2024 and December 20, 2024, we entered into the September ATM Sales Agreement and the December ATM Sales Agreement, respectively, with BTIG, under which we sold our Common Stock from time to time through BTIG as the sales agent (See *Note 6. Equity* for additional information).

We believe that our future cash from operations, access to borrowings under the Credit Facility Refinancing, 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.

Liquidity

Sources and Uses of Cash Flows

<i>Dollars in thousands</i>	39 weeks ended	
	January 31, 2026	January 25, 2025
	As Restated	
Net cash flows used in operating activities	\$ (30,752)	\$ (138,037)
Net cash flows used in investing activities	(11,781)	(8,998)
Net cash flows provided by financing activities	32,234	135,192
Net change in cash, cash equivalents, and restricted cash	\$ (10,299)	\$ (11,843)

As of January 31, 2026 and January 25, 2025, we had restricted cash of \$8.3 million and \$7.5 million, respectively, comprised of \$5.9 million and \$5.2 million, respectively, in prepaid and other current assets in the condensed Consolidated Balance Sheets related to segregated funds for commission due to Lids for logo merchandise sales as per the Lids service provider merchandising agreement and \$2.4 million and \$2.3 million, respectively, in other noncurrent assets in the condensed Consolidated Balance Sheets related to amounts held in trust for future distributions related to employee benefit plans.

Cash Flow from Operating Activities

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.

Cash Flow from Operating Activities

Cash flows used in operating activities during the 39 weeks ended January 31, 2026 were \$(30.8) million compared to \$(138.0) million during the 39 weeks ended January 25, 2025. The decrease in cash flows used in operating activities of \$107.3 million was primarily driven by favorable working capital changes, including the timing of payments to vendors reflected in higher accounts payable balances. This improvement was partially offset by increased receivables associated with the continued growth of the Company's *BNC First Day*® affordable access course material programs, as well as increased inventory levels during the period.

Cash Flow from Investing Activities

Cash flows used in investing activities during the 39 weeks ended January 31, 2026 were \$(11.8) million compared to \$(9.0) million during the 39 weeks ended January 25, 2025. The increase in cash used in investing activities is primarily due to higher capital expenditures, which totaled \$11.8 million compared to \$9.8 million in the prior year period, primarily related to investments in store construction, internal systems and website enhancements.

Cash Flow from Financing Activities

Cash flows provided by financing activities during the 39 weeks ended January 31, 2026 were \$32.2 million compared to \$135.2 million during the 39 weeks ended January 25, 2025. The net change of \$103.0 million was primarily driven by equity financing transactions completed in the prior year period, including \$50.0 million from a new equity investment led by Immersion Corporation, \$45.0 million from a fully backstopped Rights Offering, and \$78.5 million of proceeds from the sale of Common Stock under the Company's ATM facility. These prior year inflows were partially offset by higher net borrowings during the 39 weeks ended January 31, 2026 compared to the prior year period.

Capital Resources

Financing Arrangements

On June 10, 2024, the Company completed a series of financing and recapitalization Transactions that significantly deleveraged its Consolidated Balance Sheet and enhanced liquidity. The Transactions included equity issuances, the conversion of the Company's term loan indebtedness into equity, and the refinancing of the Company's asset-based revolving credit facility.

As of January 31, 2026, the Company had the full \$325 million borrowing capacity available under its revolving credit facility with no borrowing base or collateral limitations, subject to compliance with applicable covenants with \$138.4 million outstanding.

In connection with the Transactions, the Company raised \$95.0 million of gross equity proceeds through a private investment and a fully backstopped rights offering, resulting in net cash proceeds of approximately \$85.5 million after transaction costs. Upon closing, Immersion Corporation obtained a controlling interest in the Company.

Also on the Closing Date, the Company's existing term loan indebtedness was converted into shares of the Company's Common Stock and extinguished. The Company refinanced its asset-based revolving credit facility, which provides aggregate revolving commitments of up to \$325.0 million and matures in 2028. Refer to Note 6. *Equity* and Note 10. *Debt* for additional information.

Subsequent to the Closing Date, the Company entered into at-the-market equity sales agreements pursuant to which it sold an aggregate of \$80.0 million of Common Stock. The Company maintains an effective shelf registration statement for potential future issuances, however, the shelf registration statement will be available for use again after the date of this filing. It is not considered a source of liquidity as of the date of this filing.

Share Repurchases

During the 39 weeks ended January 31, 2026, we did not repurchase any of our Common Stock under the stock repurchase program. As of January 31, 2026, approximately \$26.7 million remains available under the stock repurchase program.

Critical Accounting Estimates

Our policies regarding the use of estimates and other critical accounting policies are consistent with the disclosures in *Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates* in our Annual Report on Form 10-K for the fiscal year ended May 3, 2025.

Item 4: Controls and Procedures

Evaluation of Disclosure Controls and Procedures

An evaluation (as required under Rules 13a-15(b) and 15d-15(b) under the Exchange Act) was performed under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in the Company's periodic reports. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were ineffective at the reasonable assurance level as of January 31, 2026, due to the material weaknesses in internal control over financial reporting related to our control environment, risk assessment, information and communication, monitoring, and multiple control activities as previously disclosed in Part II, Item 9A of our Annual Report on Form 10-K and continue to exist as of January 31, 2026.

Notwithstanding the identified material weaknesses, management, including our Chief Executive Officer and Chief Financial Officer have determined, that the condensed consolidated financial statements included in this Form 10-Q fairly represent in all material respects the financial condition, results of operations and cash flows of the Company as of, and for the periods presented in accordance with U.S. generally accepted accounting principles.

Remediation Update

As previously described in Item 9A of our Annual Report, the Company began implementing a remediation plan to address the material weaknesses mentioned above including enhancing our manual journal entry process and our IT user access review controls, identifying IPE and key reports and ensuring their accuracy and completeness, executing enhanced procedures for the review of non-routine transactions, and reinforcing the importance of the account reconciliation process and defining the related success criteria. In addition, the Company continues to focus on ensuring clear roles and responsibilities over financial oversight are communicated and documented, accounting policies and procedures are compiled and stored centrally, and training on accounting controls and ethics are deployed.

Other than with respect to the remediation efforts described above, management has not identified any changes in the Company's internal control over financial reporting that occurred during the third quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

There have been no material changes, during the 13 weeks ended January 31, 2026 to the risk factors discussed in *Part I - Item 1A. Risk Factors* in our Annual Report on Form 10-K for the fiscal year ended May 3, 2025.

Item 5. Other Information

Securities Trading Plans of Directors and Executive Officers

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

Item 6. Exhibits

3.1	Amended and Restated 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	Second Amended and Restated By-Laws, as Amended, Effective as of October 5, 2023, of Barnes & Noble Education, Inc., filed as Exhibit 3.1 to Report on Form 8-K filed with the SEC on October 12, 2023, and incorporated herein by reference.
31.1 *	Certification by the Chief Executive Officer pursuant to Rule 13a-14(a)/15(d)-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2 *	Certification by the Chief Financial Officer pursuant to Rule 13a-14(a)/15(d)-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1 **	Certification of Chief Executive Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2 **	Certification of Chief Financial Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Exhibits 32.1 and 32.2 are being furnished and shall not be deemed to be "filed" under the Securities Act of 1933, as amended (the "Securities Act") or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, nor shall such exhibits be deemed to be incorporated by reference in any registration statement or other document filed under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filing, except to the extent specifically stated in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BARNES & NOBLE EDUCATION, INC.

(Registrant)

By: /s/ Jonathan Shar
Jonathan Shar
Chief Executive Officer
(principal executive officer)

By: /s/ Jason Snagusky
Jason Snagusky
Chief Financial Officer
(principal financial officer)

March 10, 2026

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

I, Jonathan Shar, certify that:

1. I have reviewed this report on Form 10-Q for the quarterly period ended January 31, 2026 of Barnes & Noble Education, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 10, 2026

By: /s/ Jonathan Shar
Jonathan Shar
Chief Executive Officer
Barnes & Noble Education, Inc.

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

I, Jason Snagusky, certify that:

1. I have reviewed this report on Form 10-Q for the quarterly period ended January 31, 2026 of Barnes & Noble Education, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 10, 2026

By: /s/ Jason Snagusky
Jason Snagusky
Chief Financial Officer
Barnes & Noble Education, Inc.

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

In connection with the quarterly report of Barnes & Noble Education, Inc. (the “Company”) on Form 10-Q for the period ended January 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jonathan Shar, Chief Executive Officer of the Company, certify, to the best of my knowledge, pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jonathan Shar

Jonathan Shar

Chief Executive Officer

Barnes & Noble Education, Inc.

March 10, 2026

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

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

In connection with the quarterly report of Barnes & Noble Education, Inc. (the “Company”) on Form 10-Q for the period ended January 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jason Snagusky, Chief Financial Officer of the Company, certify, to the best of my knowledge, pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jason Snagusky

Jason Snagusky

Chief Financial Officer

Barnes & Noble Education, Inc.

March 10, 2026

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