

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

	52 weeks ended April 27, 2019	52 weeks ended April 28, 2018	52 weeks ended April 29, 2017
Sales:			
Product sales and other	\$ 1,838,760	\$ 1,984,472	\$ 1,641,881
Rental income	195,883	219,145	232,481
Total sales	2,034,643	2,203,617	1,874,362
Cost of sales:			
Product and other cost of sales	1,395,339	1,522,687	1,281,043
Rental cost of sales	111,578	123,697	134,258
Total cost of sales	1,506,917	1,646,384	1,415,301
Gross profit	527,726	557,233	459,061
Selling and administrative expenses	423,880	433,746	380,793
Depreciation and amortization expense	65,865	65,586	53,318
Impairment loss (non-cash)	57,748	313,130	—
Restructuring and other charges	7,233	5,429	1,790
Transaction costs	654	2,045	9,605
Operating (loss) income	(27,654)	(262,703)	13,555
Interest expense, net	9,780	10,306	3,464
Income (loss) before income taxes	(37,434)	(273,009)	10,091
Income tax (benefit) expense	(13,060)	(20,443)	4,730
Net (loss) income	\$ (24,374)	\$ (252,566)	\$ 5,361
(Loss) Earnings per share of Common Stock			
Basic	\$ (0.52)	\$ (5.40)	\$ 0.12
Diluted	\$ (0.52)	\$ (5.40)	\$ 0.11
Weighted average shares of Common Stock outstanding:			
Basic	47,306	46,763	46,317
Diluted	47,306	46,763	46,763

See accompanying notes to consolidated financial statements.

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

	As of	
	April 27, 2019	April 28, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 14,013	\$ 16,126
Receivables, net	98,246	100,060
Merchandise inventories, net	420,322	443,559
Textbook rental inventories	47,001	47,779
Prepaid expenses and other current assets	11,778	11,847
Total current assets	591,360	619,371
Property and equipment, net	109,777	111,287
Intangible assets, net	194,978	219,129
Goodwill	4,700	49,282
Deferred tax assets, net	2,425	—
Other noncurrent assets	42,940	40,142
Total assets	\$ 946,180	\$ 1,039,211
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 186,818	\$ 187,909
Accrued liabilities	121,720	125,556
Short-term borrowings	100,000	100,000
Total current liabilities	408,538	413,465
Long-term deferred taxes, net	—	2,106
Other long-term liabilities	53,514	59,277
Long-term borrowings	33,500	96,400
Total liabilities	495,552	571,248
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, \$0.01 par value; authorized, 5,000 shares; issued and outstanding, none	—	—
Common stock, \$0.01 par value; authorized, 200,000 shares; issued, 51,030 and 50,032 shares, respectively; outstanding, 47,563 and 46,917 shares, respectively	510	501
Additional paid-in capital	726,331	717,323
Accumulated deficit	(244,577)	(220,203)
Treasury stock, at cost	(31,636)	(29,658)
Total stockholders' equity	450,628	467,963
Total liabilities and stockholders' equity	\$ 946,180	\$ 1,039,211

See accompanying notes to consolidated financial statements.

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

	52 weeks ended April 27, 2019	52 weeks ended April 28, 2018	52 weeks ended April 29, 2017
Cash flows from operating activities:			
Net (loss) income	\$ (24,374)	\$ (252,566)	\$ 5,361
Adjustments to reconcile net (loss) income to net cash flows from operating activities:			
Depreciation and amortization expense	65,865	65,586	53,318
Content amortization expense	1,096	—	—
Amortization of deferred financing costs	1,550	1,502	792
Impairment loss (non-cash)	57,748	313,130	—
Deferred taxes	(4,531)	(14,765)	(11,961)
Stock-based compensation expense	9,017	8,459	9,366
Changes in other long-term liabilities and other	(6,314)	(36,823)	14,235
Changes in other operating assets and liabilities, net	20,760	(24,481)	(3,125)
Net cash flows provided by operating activities	120,817	60,042	67,986
Cash flows from investing activities:			
Purchases of property and equipment	(46,420)	(42,809)	(34,670)
Acquisition of business, net of cash and restricted cash acquired	(10,000)	(58,259)	(186,720)
Changes in other noncurrent assets and other	1,774	1,036	(3,048)
Net cash flows used in investing activities	(54,646)	(100,032)	(224,438)
Cash flows from financing activities:			
Proceeds from borrowings under Credit Agreement	521,200	674,500	312,700
Repayments of borrowings under Credit Agreement	(584,100)	(637,700)	(153,100)
Payment of deferred financing costs	(3,395)	—	(2,912)
Purchase of treasury shares	(1,977)	(1,638)	(9,405)
Net cash flows (used in) provided by financing activities	(68,272)	35,162	147,283
Net decrease in cash, cash equivalents, and restricted cash	(2,101)	(4,828)	(9,169)
Cash, cash equivalents, and restricted cash at beginning of period	16,869	21,697	30,866
Cash, cash equivalents, and restricted cash at end of period	\$ 14,768	\$ 16,869	\$ 21,697
Changes in other operating assets and liabilities, net:			
Receivables, net	\$ 1,814	\$ (13,670)	\$ (6,407)
Merchandise inventories	23,237	(9,495)	6,197
Textbook rental inventories	778	5,047	(4,150)
Prepaid expenses and other current assets	69	(2,648)	(2,834)
Accounts payable and accrued liabilities	(5,138)	(3,715)	4,069
Changes in other operating assets and liabilities, net	\$ 20,760	\$ (24,481)	\$ (3,125)
Supplemental cash flow information:			
Cash paid during the period for:			
Interest paid	\$ 8,589	\$ 8,035	\$ 2,082
Income taxes paid (net of refunds)	\$ 10,277	\$ 25,549	\$ 1,473

See accompanying notes to consolidated financial statements.

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

	Common Stock		Additional	Accumulated	Treasury Stock		Total
	Shares	Amount	Paid-In Capital		Shares	Amount	
Balance at April 29, 2017	49,372	\$ 494	\$ 708,871	\$ 32,363	2,855	\$ (28,020)	\$ 713,708
Stock-based compensation expense			8,459				8,459
Vested equity awards	660	7	(7)				—
Shares repurchased for tax withholdings for vested stock awards					260	(1,638)	(1,638)
Net loss				(252,566)			(252,566)
Balance at April 28, 2018	50,032	\$ 501	\$ 717,323	\$ (220,203)	3,115	\$ (29,658)	\$ 467,963
Stock-based compensation expense			9,017				9,017
Vested equity awards	998	9	(9)				—
Shares repurchased for tax withholdings for vested stock awards					352	(1,978)	(1,978)
Net loss				(24,374)			(24,374)
Balance at April 27, 2019	51,030	\$ 510	\$ 726,331	\$ (244,577)	3,467	\$ (31,636)	\$ 450,628

See accompanying notes to consolidated financial statements.