

Risk Factors Comparison 2024-07-01 to 2023-07-31 Form: 10-K

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The risks and uncertainties set forth below, as well as other risks and uncertainties described elsewhere in this Annual Report on Form 10-K including in our consolidated financial statements and related notes and “ Management’s Discussion and Analysis of Financial Condition and Results of Operations ” or in other filings by BNED with the SEC, could adversely affect our business, financial condition, results of operations and the trading price of our common stock. Additional risks and uncertainties that are not currently known to us or that are not currently believed by us to be material may also harm our business operations and financial results. Because of the following risks and uncertainties, as well as other factors affecting our financial condition and operating results, past financial performance should not be considered to be a reliable indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods. Risks Relating to ~~Our~~ **our** Business and Industry We are dependent upon access to the capital markets, bank credit facilities, and short- term vendor financing for liquidity needs. We must have sufficient sources of liquidity to fund working capital requirements. The combination of cash- on- hand, cash flow received from operations, funds available under our credit agreements and short- term vendor financing must be sufficient to meet our normal working capital and debt service requirements for at least the next twelve months. If these sources of liquidity do not satisfy our requirements, we may not operate as a going concern and will need to seek additional financing, **such as recently completed Transactions detailed in Part II- Item 8. Financial Statements and Supplementary Data- Note 17. Subsequent Events**. In addition, we may require additional capital in the future to sustain or grow our business, including implementation of our strategic initiatives. The future availability of financing will depend on a variety of factors, such as economic and market conditions, and the availability of credit. Additional financing may not be available to us on favorable terms when required or at all. Failure to secure adequate financing when required could lead to going concern issues, the consequences of which would have a severe negative impact upon our business. These factors could also materially adversely affect our costs of borrowing, and our financial position and results of operations would be adversely impacted. Volatility in global financial markets may also limit our ability to access the capital markets at a time when we would like, or need, to raise capital, which could have an impact on our ability to react to changing economic and business conditions. Accordingly, if the economy worsens, our business, results of operations and financial condition could be materially and adversely affected. If we raise additional funds through the issuance of equity, equity- linked, or debt securities, those securities may have rights, preferences or privileges senior to the rights of our common stock, and our stockholders may experience substantial dilution. There can be no assurances that such financing can or will be obtained at any time in the future if needed. In addition, as noted above, our liquidity is dependent in part on the availability of funds under our credit agreements. If we are not able to comply with the covenants under our credit agreements, we may need to seek consents, waivers and / or amendments to our credit agreements from our lenders to avoid an event of default thereunder. Although we have been successful in negotiating consents, waivers and / or amendments to our credit agreements, we may be unsuccessful in negotiating any further consents, waivers and / or amendments to any such agreements as we may deem necessary. Further, the terms of any such consents, waivers and / or amendments may be less favorable than the current terms of our credit agreements or may impose additional restrictions on the operations of our business. Under such circumstances, our business and liquidity could be materially and adversely affected. See Part II- Item 8. Financial Statements and Supplementary Data- Note 2. Summary of Significant Accounting Policies. We face significant competition for our products and services, and we expect such competition to increase. We operate within a competitive and rapidly changing business environment, in general, and each of our lines of business faces competition for the products and services they offer. We face competition from other college bookstore operators and educational content providers, including Follett Corporation, a contract operator of campus bookstores; Textbook Brokers ~~and Texas Book Company, a~~ bookstore management and operations ~~providers~~ **provider**; Slingshot **; BibliU**; and BBA Solutions, a college textbook retailer. Our online / virtual course material store operations also face competition from eCampus, an online provider of course materials, and Akademos, a virtual bookstore and marketplace for academic institutions, and on occasion, Ambassador Educational Solutions. We also face competition from other third- party sellers and local bookstores, as well as direct- to- student platforms including, bn. com, the e- commerce platform of Barnes & Noble, Inc.; Chegg. com, an online textbook rental company; publishers, including Cengage Learning, Pearson Education and McGraw- Hill Education, which bypass the traditional retail distribution channel by selling directly to students and institutions. We face competition from e- Textbook / digital content providers, VitalSource Technologies, Inc., and Red Shelf. Our wholesale business competes with Amazon, **GoTextbooks** ~~BBA Solutions~~, and Texas Book Company. Competitors that compete with our general merchandise offerings include Amazon, Sodexo and Aramark, online retailers, physical and online office supply stores and local and national retailers that offer college themed and other general merchandise. Students often purchase from multiple textbook providers, are highly price sensitive, and can easily shift spending from one provider or format to another. As a consequence, in addition to being competitive in the services we provide to our customers, our textbook business faces significant price competition. Some of our competitors have adopted, and may continue ~~to adopt, aggressive pricing policies and devote substantial resources to marketing,~~ **to adopt, aggressive pricing policies and devote substantial resources to** ~~marketing, website and~~ **marketing, website and** systems development. In addition, a variety of business models are being pursued for the provision of print and digital textbooks, some of which may be more profitable or successful than our business model, including our BNC First Day equitable and include access models. Furthermore, the market for course materials is diluted from counterfeiting and piracy of digital and print copies or illegal copies of selected chapters made by students or others; user- generated and faculty-

created content; and sharing or non-purchase of required course materials by students. We have encountered and will continue to encounter these risks and, if we do not manage them successfully, our business, financial condition, results of operations and prospects may be materially and adversely affected. Our business depends on our ability to attract and retain talented employees, including senior management. Management believes that our continued success will depend to a significant extent upon the efforts and abilities of certain of our executive officers and senior management, many of whom have significant experience and strong commercial relationships in our industry and capital market relationships. The loss of any of these individuals could harm our business, financial condition and results of operations. We do not maintain “key man” life insurance on any of our officers or other employees. Experienced management and technical, marketing and support personnel in our industry are in high demand, and competition for their talents is intense. ~~The COVID-19 pandemic and the measures taken to contain it has had a material adverse effect on our business, financial condition, results of operations, stock price, and liquidity, which has impacted our recruitment and retention of employees.~~ In addition, changes we make to our current and future work environments may not meet the needs or expectations of our employees or may be perceived as less favorable compared to other companies’ policies, which could negatively impact our ability to hire and retain qualified personnel. The loss of any of our executive officers or other key employees, the failure to successfully transition key roles, or the inability to hire, train, retain, and manage qualified personnel, could harm our business. We also rely on a significant number of personnel to operate our stores, fulfillment network, and carry out our other operations. Failure to successfully hire, train, manage, and retain sufficient personnel to meet our needs can strain our operations, increase payroll and other costs, and harm our business and reputation. In addition, changes in laws and regulations applicable to employees, independent contractors, and temporary personnel could increase our payroll costs, decrease our operational flexibility, and negatively impact how we are able to staff our operations and supplement our workforce. We are also subject to labor union efforts to organize groups of our employees from time to time. These organizational efforts, if successful, decrease our operational flexibility, which could adversely affect our operating efficiency. In addition, our response to any organizational efforts could be perceived negatively and harm our business and reputation. We may not be able to enter into new managed bookstore contracts or successfully retain or renew our managed bookstore contracts on profitable terms. An important part of our business strategy for our retail operation is to expand sales for our college bookstore operations by being awarded additional contracts to manage physical and / or virtual bookstores for colleges and universities, and K-12 schools, across the United States. Our ability to obtain those additional contracts is subject to a number of factors that we are not able to control. In addition, the anticipated strategic benefits of new and additional college and university bookstores may not be realized at all or may not be realized within the time frames contemplated by management. In particular for the operation of physical bookstores, contracts for additional managed stores may involve a number of special risks, including adverse short-term effects on operating results, diversion of management’s attention and other resources, standardization of accounting systems, dependence on retaining, hiring and training key personnel, unanticipated problems or legal liabilities, and actions of our competitors and customers. Because certain terms of any contract are generally fixed for the initial term of the contract and involve judgments and estimates that may not be accurate, including for reasons outside of our control, we have contracts that are not profitable and may have such contracts in the future. The retail price charged to the consumer for textbooks is set by our contracts with colleges and universities to be a maximum markup based on the publishers’ costs and as colleges continue to focus on affordability those prices have been reduced, which has negatively impacted our revenue and margin and further reductions could continue to have a negative impact. In addition, we may face significant competition in retaining existing physical and virtual store contracts and when renewing those contracts as they expire. Our physical bookstore contracts are typically for five years with renewal options, and most contracts are cancellable by either party without penalty with 90 to 120 days notice. Our virtual bookstore contracts are typically for three to five years, and most are cancellable without penalty with notice. Despite the lower startup and ongoing operating expense associated with virtual stores, the loss of such contracts could impact revenue and profitability. We may not be successful in retaining our current contracts, renewing our current contracts or renewing our current contracts on terms that provide us the opportunity to improve or maintain the profitability of managing stores that are the subject matter of such contracts. We face the risk of disruption of supplier relationships. The products that we sell originate from a wide variety of domestic and international vendors. During Fiscal 2023-2024, our four largest retail suppliers, excluding our wholesale business which fulfills orders for all our physical and virtual bookstores, accounted for approximately 28% of our merchandise purchased, with the largest supplier accounting for approximately 8-7% of our merchandise purchased. Our wholesale business sources over 90-95% of its inventory from two primary channels, approximately 54-55% from third-party suppliers and approximately 38-40% from retail bookstores (including our retail bookstores). While we believe that our relationships with our suppliers are good, suppliers may modify the terms of these relationships due to general economic conditions or otherwise or, especially with respect to wholesale inventory, publishers could terminate distribution to wholesalers, including our wholesale business. We do not have long-term arrangements with most of our suppliers to guarantee availability of merchandise, content or services, particular payment terms or the extension of credit limits. If our current suppliers were to stop selling merchandise, content or services to us on acceptable terms, including as a result of one or more supplier bankruptcies due to poor economic conditions or refusal by such suppliers to ship products to us due to delayed or extended payment windows as a result of our own liquidity constraints, we may be unable to procure the same merchandise, content or services from other suppliers in a timely and efficient manner and on acceptable terms, or at all. **Additionally, delayed or incomplete publisher shipments of physical textbook orders, or delays in receiving digital courseware access codes, could have an adverse impact on sales, including our BNC First Day Complete equitable access program, which relies upon timely receipt of inventory in advance of class start dates each academic term.** Furthermore, certain of our merchandise is sourced indirectly from outside the United States. Political or financial instability, merchandise quality issues, product safety concerns, trade restrictions, work stoppages, tariffs, foreign currency exchange rates, transportation capacity and costs, inflation, civil unrest, natural disasters, public health crises, epidemics, and

pandemics, and other factors relating to foreign trade are beyond our control and could disrupt our supply of foreign- sourced merchandise. We face the risk of fluctuating inventory supplies as a consequence of changes in the way publishers distribute course materials. Our traditional retail and wholesale businesses are dependent on the continued supply of textbooks. The publishing industry generally has suffered recently due to, among other things, changing consumer preferences away from the print medium and the economic climate. A significant disruption in this industry generally or a significant unfavorable change in our relationships with key suppliers could adversely impact our business. In addition, any significant change in the terms that we have with our key suppliers, including purchase or rental terms, payment terms, return policies, the discount or margin on products or changes to the distribution model of textbooks, could adversely affect our financial condition and liquidity. For example, some textbook publishers have proposed to supply textbooks on consignment terms, instead of selling to us, which would eliminate those titles from the used textbook inventory supply. With respect to our wholesale business, the demand for used and new textbooks is typically greater than the available supply, and our wholesale business is highly dependent upon its ability to build its textbook inventory from publishers and suppliers in advance of the selling season. These publisher and supplier relationships are not generally governed by long- term contracts and publishers and suppliers could choose not to sell to us. Any negative impact on our ability to build our textbook inventory could have an adverse impact on financial results. In response to changes in the market over the last few years, we have also significantly increased our textbook rental business, offering students a lower cost alternative to purchasing textbooks, which is also subject to certain inventory risks, such as textbooks not being resold or re- rented due to textbooks being returned late or in poor condition, faculty members not continuing to adopt or use certain textbooks, or, as discussed below, changes in the way publishers supply textbooks to us. Some textbook publishers rent textbooks on consignment terms directly to students. Accordingly, we have entered into agreements with a number of textbook publishers to administer their consignment rental programs with distributors and their direct to student textbook consignment rental programs. These programs, if successful, will result in a substantial decrease in the supply of those titles from the used textbook inventory supply, which impacts our wholesale business. Our wholesale business is a national distributor for rental textbooks offered through McGraw- Hill Education's consignment rental program (which includes approximately 1, 016-136 titles) and Pearson Education's consignment rental program (which includes approximately 817-922 titles). Through its centrally located, advanced distribution center, our wholesale business offers the seamless integration of these consignment rental programs and centralized administration and distribution to approximately 1, 576-450 stores, including our Retail Segment stores. These consignment rental programs are available to our wholesale customers, including institutionally run and contract- managed campus bookstores, as well as our physical and virtual bookstores. In addition, the profit margins associated with the traditional distribution model are fairly predictable and constant, but the move to a model of increased consignment rental programs combined with pressure to provide more affordable course materials to students could result in lower profit margins for a substantial part of our wholesale and retail business. Our wholesale business may not be able to manage its inventory levels effectively, which may lead to excess inventory or inventory obsolescence. Our wholesale business sources new textbooks from publishers and new and used textbooks from other suppliers to resell to its customers. If it is unable to appropriately manage its inventory and anticipate the release of new editions of titles, faculty's change in choice of titles, return rate, or use of alternative educational material, our wholesale business could be exposed to risks of excess inventory and less marketable or obsolete inventory. This may lead to excess or obsolete inventory that might have to be sold at a deep discount, which may impact its revenues and profit margin and may have a negative impact on our financial condition and results of operations. Shipping is a critical part of our business and changes in, or disruptions to, our shipping arrangements have in the past and may in the future adversely affect our business, financial condition and results of operations. We rely on a limited number of shipping companies to deliver inventory to us and deliver completed orders to our customers. An inability to negotiate acceptable terms with these companies or performance problems, staffing limitations, union strikes, or other difficulties experienced by these companies or by our own transportation systems, including as a result of labor market constraints and related costs, could negatively impact our operating results and customer experience. In addition, our ability to receive inbound inventory efficiently and ship completed orders to customers also may be negatively affected by natural or human- caused disasters (including public health crises) or extreme weather (including as a result of climate change), geopolitical events and security issues, labor or trade disputes, and similar events. We currently rely on a limited number of third- party global providers to deliver inventory to us and deliver completed orders to our customer. If we are not able to negotiate acceptable pricing and other terms with these providers, or if these providers experience performance problems or other difficulties in processing our orders or delivering our products to customers, it could negatively impact our results of operations and our customers' experience. Furthermore, changes to the terms of our shipping arrangements or the imposition of surcharges or surge pricing have in the past and may in the future adversely impact our margins and profitability. We have from time to time experienced increased shipping costs as a result, and these costs may continue to increase in the future. We may not be able to or choose to pass such increases on to our customers in the future. Any The COVID-19 pandemic or any future pandemic, epidemic or outbreak of an infectious disease may also continue to adversely affect workforces and supply chains globally, potentially impacting the operations of our third- party shipping providers, which could negatively impact our business and results of operations. Our ability to receive inbound inventory efficiently and ship merchandise to customers, including at costs to which we are accustomed, may also be negatively affected by other factors beyond our and / or these providers' control, including pandemic, weather, fire, flood, power loss, earthquakes, acts of war, or terrorism or other events specifically impacting other shipping partners-providers, such as labor disputes or shortages, financial difficulties, system failures and other disruptions to the operations of the shipping companies on which we rely. For example, a strike by employees of any of our third- party global providers or a port worker strike, work slow- down or other transportation disruption could significantly disrupt our business. We have in the past experienced, and may in the future experience, shipping delays for reasons outside of our control. Our business is dependent on the overall economic environment, college enrollment and consumer spending

patterns. A deterioration of the current economic environment could have a material adverse effect on our financial condition and operating results, as well as our ability to fund our growth and strategic business initiatives. Our business is affected by funding levels at colleges and universities and by changes in enrollments at colleges and universities, changes in student enrollments and lower spending on course materials and general merchandise. The growth of our business depends on our ability to attract new students and to increase the level of engagement by current student customers. To the extent we are unable to attract new students or students spend less generally, our business could be adversely affected. Our business is seasonal. Our business is seasonal, particularly with respect to textbook sales and rentals, with sales and rentals attributable to our retail businesses generally highest in the second and third fiscal quarters, when college students generally purchase textbooks for the upcoming semesters, and lowest in the first and fourth fiscal quarters. Sales attributable to our wholesale business are generally highest in our first, second and third ~~quarter~~ **quarters** as it sells textbooks for retail distribution. Given the growth of our BNC First Day programs, the timing of cash collection from our school partners may shift to periods subsequent to when the revenue is recognized. When a school adopts our BNC First Day equitable and inclusive access offerings, cash collection from the school generally occurs after the ~~student~~ **institution's** drop / add dates, which is later in the working capital cycle, particularly in our third quarter given the timing of the Spring Term and our quarterly reporting period, as compared to direct- to- student point- of- sale transactions where cash is generally collected during the point- of- sale transaction or within a few days from the credit card processor. As a higher percentage of our sales shift to BNC First Day equitable and inclusive access offerings, we are focused on efforts to better align the timing of our cash outflows to course material vendors ~~with~~ **and** cash inflows ~~collected from collections~~ from schools. **As the concentration of digital product sales increases, including modifying payment revenue will be recognized earlier during the academic terms- term in existing and future school contracts. For both as digital textbook revenue is recognized when the customer accesses the digital content compared to: (i) the retail- rental and wholesale of physical textbook where revenue is recognized over the rental period, and (ii) cash flows from operating activities are typically a la carte courseware sales where revenue is recognized use of cash in the fourth fiscal quarter, when the customer takes physical possession of our products, which occurs either at the point of sales- sale volumes are materially lower than the other quarters for products purchased at physical locations or upon receipt of our products by our customers for products ordered through our websites and virtual bookstores.** Our quarterly cash flows also may fluctuate depending on the timing of the start of the various ~~school~~ **schools'** s- semesters, as well as shifts in our fiscal calendar dates. These shifts in timing may affect the comparability of our results across periods. Less than satisfactory net sales during our peak fiscal quarters could have a material adverse effect on our financial condition or operating results for the year, and our results of operations from those quarters may not be sufficient to cover any losses that may be incurred in the other fiscal quarters of the year. Our international operations could result in additional risks. Our operations are substantially limited to the United States; however, we have operations in India, ~~offer services and products to students and other customers internationally,~~ contract with service providers outside the United States and may continue to expand internationally in accordance with applicable laws and regulations. Such international expansion may result in additional risks that are not present domestically and could adversely affect our business or our results of operations, including compliance with additional United States laws and regulations and those of other nations applicable to international operations; cultural and language differences; currency fluctuations between the U. S. dollar and foreign currencies, which are harder to predict in the current adverse global economic climate; restrictions on the repatriation of earnings; potentially adverse tax consequences and limitations on our ability to utilize losses generated in our foreign operations; different legal and regulatory requirements and other barriers to conducting business; and different or less stable political and economic environments. Further, conducting business abroad subjects us to increased legal and regulatory compliance and oversight. For example, in connection with our international operations, we are subject to laws prohibiting certain payments to governmental officials, such as the Foreign Corrupt Practices Act. A failure to comply with applicable laws and regulations could result in regulatory enforcement actions, as well as substantial civil and criminal penalties assessed against us and our employees. The impact of public health crises, epidemics, and pandemics, ~~such as the COVID-19 pandemic,~~ could have a material adverse effect on our business, financial condition, results of operations, stock price, and liquidity. ~~Our business, results of operations and financial condition were adversely affected by the COVID-19 pandemic in Fiscal 2021 and Fiscal 2022. The COVID-19 pandemic, and measures taken to contain it, have subjected our business, results of operations, financial condition, stock price and liquidity to a number of material risks and uncertainties.~~ Public health crises, epidemics, and pandemics, ~~such as COVID-19,~~ related governmental reactions and economic conditions may have a negative impact on our business, liquidity, results of operations, and stock price due to the occurrence of some, or all, of the following events or circumstances: • the closing or limited operations of our campus retail stores; • reductions in government funding of education could negatively impact the budgets of public educational institutions and K- 12 schools, which could impact the demand for our products and services; • our inability to realize our expected return on textbooks in our print textbook library as educators transition to online curriculums and the lack of supply of used textbooks as a result of limited on- campus buyback opportunities; • disruptions to the operations of our logistics and distribution ~~partners~~ **suppliers**, which could impact our ability to timely deliver our print textbooks to students; • our ~~partners~~ **vendors'** inability to fill our textbook or general merchandise orders due to disruptions to their operations, supply chains or overwhelming demand from their own customers; • system interruptions that slow our website or make our website unavailable as our third- party software and service providers experience increased usage; • a significant reduction in U. S. economic activity and increased unemployment, which could lead to decreased enrollment and consumer spending; • the potential negative impact on the health of our employees, particularly if a significant number of them are impacted, could affect our ability to ensure business continuity during the period of disruption related to the pandemic; and • governmental orders have forced many of our on- site and management office employees to work remotely, which may adversely impact our ability to effectively manage our business and maintain our financial reporting processes and related controls, as well as introduce operational risk, including an increased vulnerability to potential cyber

security attacks. Risks relating **Relating** to our Strategic Plan Our results also depend on the successful implementation of our strategic initiatives, including implementation of our BNC First Day equitable and inclusive access course material models. We may not be able to implement this strategy successfully, on a timely basis, or at all. In response to our changing business environment and to adapt to industry trends, we are focused on offering course materials sales through our equitable and inclusive access First Day Complete and First Day models to meet the market demands of reducing costs to students and ~~contribute~~ **contributing** to improved student outcomes, while increasing our market share, revenue and relative gross profits of course materials sales given the higher volumes of units sold in such models as compared to historical sales models that rely on individual student marketing and sales. These programs have allowed us to reverse historical long- term trends in course materials revenue declines, which ~~have~~ **has** been observed at those schools where such programs have been adopted. We are moving quickly ~~and decisively~~ to accelerate our First Day Complete strategy. ~~While we plan to move many~~ **Many** institutions to ~~adopted~~ **adopted** First Day Complete in Fiscal 2024 , and ~~we plan to continue to scale~~ **the majority number** of our campus stores ~~schools adopting First Day Complete~~ **in Fiscal 2025 , we and beyond. We** cannot guarantee that we will be able to achieve these plans within these timeframes or at all. While we believe we have the capital resources, experience, management resources and internal systems to successfully implement our BNC First Day equitable and inclusive access models across our client portfolio, we may not be successful in implementing this strategy. The implementation of this strategy is a complex process and relies on leveraging our services and relationships to help accelerate the adoption of our First Day Complete strategy. The success of our future operating results will be dependent upon rapid customer adoption of BNC First Day equitable and inclusive access models and our ability to scale our business to meet customer demand appropriately. If colleges and universities, faculty and students are not receptive to our BNC First Day equitable and inclusive access models or these models do not meet the expectations of these constituencies, there could be a negative impact on the implementation of our strategy. To successfully execute ~~on~~ this strategy, we need to continue to further evolve the focus of our organization towards the delivery of cost effective and unique solutions for our customers. Any failure to successfully execute this strategy could adversely affect our operating results. Part of our strategy includes the successful execution of strategic acquisitions and ~~partnerships~~ **relationships**, including our ~~strategic partnership~~ **service provider relationships** with VitalSource Technologies, Inc. (“ VST ”) and ~~with~~ the F / L ~~Partnership~~ **Relationship** which may not be successful. As part of our strategy, we will continue to seek, and may, in the future acquire, businesses or business operations, or enter into other business transactions to grow our business and expand our product and service offerings. We may not be able to identify suitable candidates for additional business combinations and strategic investments, obtain financing on acceptable terms for such transactions, obtain necessary regulatory approvals, if any, or otherwise consummate such transactions on acceptable terms, or at all. In addition, we compete for acquisitions with other potential acquirers, some of which may have greater financial or operational resources than we do. Any strategic acquisitions or investments that we are able to identify and complete may also involve a number of risks, including our inability to successfully or profitably integrate, operate, maintain and manage our newly acquired operations or employees; the diversion of our management’ s attention from our existing business to integrate operations and personnel; possible material adverse effects on our results of operations during the integration process; becoming subject to contingent or other liabilities, including liabilities arising from events or conduct predating the acquisition that were not known to us at the time of the acquisition; and our possible inability to achieve the intended objectives of the transaction, including the inability to achieve cost savings and synergies. Acquisitions may also have unanticipated tax, legal, regulatory and accounting ramifications, including recording goodwill and non- amortizable intangible assets that are subject to impairment testing on a regular basis and potential periodic impairment charges and incurring amortization expenses related to certain intangible assets. A strategic ~~partnership~~ **service provider relationship** between two independent businesses is a complex, costly, and time-consuming process that will require significant management attention and resources. Realizing the benefits of our strategic ~~business partnerships, particularly our~~ relationship with VST and ~~with~~ the F / L ~~Partnership~~ **Relationship**, will depend in part on our ability to work with our strategic ~~partners~~ **service providers** to integrate our systems, simplify the customer experience, offer compelling solutions to our customers, and maintain financially beneficial terms. Setting up and maintaining the operations and processes of these strategic ~~partnerships~~ **relationships** may cause us to incur significant costs, disrupt our business and, if implemented ineffectively, would limit the expected benefits to us. The failure to successfully and timely implement and operate our strategic ~~partnerships~~ **relationships** could harm our ability to realize the anticipated benefits of these ~~partnerships~~ **relationships** and could adversely affect our results of operations. We intend to offer new products and solutions to students to grow our business. If our efforts are not successful, our business and financial results would be adversely affected. In the future, we may invest in new products and services and other initiatives to generate revenues, but there is no guarantee these approaches will be successful. ~~Acquisitions~~ **Development** of new ~~companies~~, products and services create integration risk, while development of new products and services and enhancements to existing products and services involve significant time, labor and expense, and are also subject to risks and challenges, including managing the length of the development cycle, entry into new markets, integration into our existing business, legal and regulatory compliance, evolution in sales and marketing methods, and maintenance and protection of intellectual property and proprietary rights. If we are not successful with our new products and services, we may not be able to maintain or increase our revenues as anticipated or recover any associated ~~acquisition or~~ development costs, and our financial results could be adversely affected. Risks relating **Relating** to Data Privacy, Information Technology and Cybersecurity We face potential data privacy and information security risks with respect to unencrypted, non- deidentified personal information. Our business involves the receipt, storage, processing and transmission of personal information about customers and employees. In accordance with our published privacy policies, we may share non- deidentified personal information about such persons between our affiliates and with **certain** vendors and third parties that assist with certain aspects of our business pursuant to written agreements. Also, in connection with our student financial aid platform and the processing of college and university debit cards, we have access to certain student personal information that has been

provided to us by the colleges and universities we serve. Our handling and use of personal information is subject to applicable federal and state privacy and information security laws and regulations, and industry standards, such as the Payment Card Industry Data Security Standard. As an entity that provides services to institutions of higher education, we are contractually bound to handle certain personal information from student education records in accordance with the requirements of Family Educational Rights and Privacy Act (“ FERPA ”). Privacy and information security laws, regulations, and applicable industry standards are evolving rapidly, and our on- going compliance with them may result in cost increases due to necessary systems changes and the development of new processes, which may be difficult to timely implement. If we fail to materially comply with these applicable laws, regulations and industry standards, we could be subject to increased legal risk. In addition, even if we materially comply with all applicable laws, regulations and industry standards, and even though we have taken significant steps to protect non- deidentified personal information, e. g., encrypting such personal information in transit and at rest, we could experience a data security breach, and our reputation could be damaged, possibly resulting in a material breach of contract with one or more of our clients, litigation, and / or lost future sales or decreased usage of credit and debit card products. Further, in the event that we disclose unencrypted, non- deidentified student information in violation of our contractual FERPA obligations, the U. S. Department of Education could require a client to suspend our access to their student information. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. A party that is able to circumvent our security measures could misappropriate our proprietary information or our customers' and employees' personal information, and cause interruption in our operations. Any compromise of our data security could result in a violation of applicable laws, regulations or industry standards, significant legal and financial exposure beyond the scope or limits of insurance coverage, increased operating costs associated with remediation, equipment acquisitions or disposal, and added personnel, and a loss of confidence in our security measures, which could harm our business or affect investor confidence. Data security breaches may also result from non- malicious and non- technical means (for example, inadvertent actions by an employee). Our business is subject to a variety of domestic and international laws, rules, policies and other obligations regarding data protection. Although most of our ~~operations~~ **operations personnel and consumers** are in the United States, we do have some ~~operations personnel~~ and ~~offer some services and products internationally~~ **consumers located outside the United States**. ~~Our~~ ~~These~~ international operations ~~may~~ subject us to a complex array of international laws and regulations relating to the collection, use, retention, disclosure, security and transfer of personally identifiable information. Many jurisdictions have passed laws in this area, and other jurisdictions are considering imposing additional restrictions. The interpretation and application of data protection laws in the United States and elsewhere are rapidly evolving. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our current data practices. Complying with applicable international laws and regulations could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business. Further, although we continue to implement internal controls and procedures designed to protect our proprietary and confidential information, and non- deidentified customer and employee personal data, including sensitive personal data, in order to comply with privacy and information security laws and regulations, our facilities and systems may be vulnerable to security breaches and other data loss, including cyber- attacks. Such a security breach or data loss could lead to negative publicity, damage to our reputation, exposure to litigation and liability, theft, modification or destruction of proprietary information and personal data, damage to or inaccessibility of critical systems, manufacture of defective products, production downtimes, operational disruptions and remediation and other significant costs, which could adversely affect our reputation, financial condition and results of operations. Computer malware, viruses, hacking and phishing attacks could harm our business and results of operations. We are increasingly dependent upon information technology systems, infrastructure and data. Our computer systems may be vulnerable to service interruption or destruction, malicious intrusion, ransomware and cyber- attacks. Cyber- attacks are increasing in their frequency, sophistication and intensity, and have become increasingly difficult to detect. Cyber- attacks could include the deployment of harmful malware, denial- of service, social engineering, ransomware and other means to affect service reliability and threaten data confidentiality, integrity and availability. Our key business ~~partners~~ **service providers and vendors** face similar risks, and a security breach of their systems could adversely affect our security posture. While we continue to invest in data protection and information security technology to prevent or minimize these risks and, to date, we have not experienced any material service interruptions and are not aware of any material breaches, there can be no assurance that our efforts will prevent service interruptions, or identify breaches in our systems, that could adversely affect our business and operations and / or result in the loss of critical or sensitive information, which could result in financial, legal, business or reputational harm. Defects, errors, installation difficulties or performance issues with our point- of- sales and other systems could expose us to potential liability, harm our reputation and negatively impact our business. Our wholesale business sells and services point- of- sales systems to its college bookstore customers. These systems are complex and incorporate third- party hardware and software. Despite testing and quality control, we cannot be certain that defects or errors will not be found in these systems. In addition, because these systems are installed in different environments, we may experience difficulty or delay in installation. Our products may be integrated with other components or software, and, in the event that there are defects or errors, it may be difficult to determine the origin of defects or errors. Additionally, any difficulty or failure in the operation of these systems could cause business disruption for our customers. If any of these risks materialize, they could result in additional costs and expenses, exposure to liability claims, diversion of technical and other resources to engage in remediation efforts, loss of customers or negative publicity, each of which could impact our business and operating results. We rely upon third party web service providers to operate certain aspects of our service, and any disruption of or interference with such services would impact our operations and our business would be materially and adversely impacted. Amazon Web Services (“ AWS ”) and other third- party web service providers provide a distributed computing infrastructure platform for business operations, or what is commonly referred to as a “ cloud ” computing service. We have

architected our software and computer systems so as to utilize data processing, storage capabilities, and other services provided by AWS and other providers. We rely on third- party software and service providers, including AWS, to provide systems, storage and services, including user log in authentication, for our website. Any technical problem with, cyber- attack on, or loss of access to such third parties' systems, servers or technologies could result in the inability of our students to rent or purchase print textbooks, interfere with access to our digital content and other online products and services or result in the theft of end-user personal information. Our reliance on AWS or other third- party providers makes us vulnerable to any errors, interruptions, or delays in their operations. Any disruption in the services provided by AWS could harm our reputation or brand, adversely impact consumers, and / or cause us to lose revenues or incur substantial recovery costs and distract management from operating our business. Any disruption of or interference with our use of AWS or other third- party service providers would impact our operations and our business would be materially and adversely impacted. AWS may terminate its agreement with us upon 30 days' notice. Upon expiration or termination of our agreement with AWS, we may not be able to replace the services provided to us in a timely manner or on terms and conditions, including service levels and cost, that are favorable to us, and a transition from one vendor to another vendor could subject us to operational delays and inefficiencies until the transition is complete. Risks relating to Applicable Laws and Regulations Laws and regulations have been and may be enacted in the future that restrict or prohibit the use of emails or similar marketing activities that we currently rely on. Our marketing and sales efforts are centered around an active digital community, which includes engaged email subscribers, text messaging, interest- based online advertising, recurring billing and our continuous dialogue with customers on our school- customized social media channels. For example, the following laws and regulations may apply: • the CAN- SPAM Act of 2003 and similar laws adopted by most U. S. states pertaining directly or indirectly to commercial email regulate unsolicited commercial emails, create civil and criminal penalties for emails containing fraudulent headers and control other abusive online marketing practices; • the U. S. Federal Trade Commission (the " FTC ") has guidelines that impose responsibilities on companies with respect to communications with consumers and impose fines and liability for failure to comply with rules with respect to advertising or marketing or sales practices they may deem misleading or deceptive; • the Telephone Consumer Protection Act of 1991 (" TCPA ") restricts telemarketing and the use of automated telephone equipment. The TCPA limits the use of automatic dialing systems, artificial or prerecorded voice messages and SMS text messages. It also applies to unsolicited text messages advertising the commercial availability of goods or services. Additionally, a number of states have enacted statutes that address telemarketing. For example, some states, such as California, Illinois and New York, have created do- not- call lists. Other states, such as Oregon and Washington, have enacted " no rebuttal statutes " that require the telemarketer to end the call when the consumer indicates that he or she is not interested in the product being sold. Restrictions on telephone marketing, including calls and text messages, are enforced by the FTC, the Federal Communications Commission, states and through the availability of statutory damages and class action lawsuits for violations of the TCPA; • The Restore Online Shopper Confidence Act (" ROSCA "), and similar state laws, impose requirements and restrictions on online services that automatically charge payment cards on a periodic basis to renew a subscription service, if the consumer does not cancel the service; • **In the absence of a federal comprehensive data privacy law, 16 U. S. states have enacted comprehensive consumer privacy laws as of April 29, 2024, e. g., the California Consumer Privacy Act (" CCPA ") , which became effective on January 1, 2020, with enforcement commencing on July 1, 2020. CCPA, as amended, provides California consumers the right to know what personal data companies collect, how it is used, and the right to access, delete and opt out of sale of their personal information to third parties. It also expands the definition of personal information and gives consumers increased privacy rights and protections for that information. The California Privacy Rights Act (" CPRA ") took effect on December 16, 2020, and became fully operative on January 1, 2023. CPRA amends and adds to CCPA by strengthening rights of California consumers, further restricting business use of consumer personal information, and establishing a new government agency for enforcement ; • The Virginia Consumer Data Protection Act (" VCDPA ") , similar in scope to CCPA, went into effect on January 1, 2023 . VCDPA is the **Other** second U. S. state **states** -level consumer privacy law after CCPA, but unlike California, will not apply to employees and business contacts, nor provide for a private right of action. VCDPA also defines the " sale " of personal information narrowly, including only exchanges for monetary consideration; • Colorado is the third state to enact a comprehensive data privacy statute, the Colorado Privacy Act (" CPA "). CPA takes effect on July 1, 2023. Although similar in scope to VCDPA, CPA defines " sale " of personal information in the same manner as CCPA, which includes any exchange for monetary or any other valuable consideration; • The Connecticut Data Privacy Act (" CTDPA ") also takes effect July 1, 2023. CTDPA protects a Connecticut consumer acting **enacting** in an individual or household context, but does not protect an individual acting in an employment context. • The Utah Consumer Privacy Act (" UCPA ") adopts the VCDPA' s definition of " sale " of personal information. UCPA goes into effect on December 31, 2023; • On March 29, 2023, Iowa became the sixth state to pass a comprehensive consumer privacy law **laws include Colorado , joining Connecticut, Delaware, Indiana, Iowa, Kentucky, Montana, Nebraska, New Hampshire, New Jersey, Oregon, Tennessee, Texas, Utah and , Connecticut, Colorado, Virginia and California. The Iowa Consumer Data Protection Act will go into effect on January 1, 2025; • On May 1, 2023, Indiana became the seventh state to pass similar data privacy legislation, the Indiana Data Privacy Law, which will become effective January 1, 2026. • The Tennessee Information Protection Act, enacted on May 11, 2023, will go into effect on July 1, 2024. • On May 19, 2023, Montana became the ninth state to enact comprehensive consumer privacy law, the Montana Consumer Data Privacy Act, which goes into effect October 1, 2024.** Even if no applicable laws or regulations are further enacted, we may discontinue use or support of these activities if we become concerned that **consumers** students or potential students deem them intrusive , or they otherwise adversely affect our goodwill and brand. If our marketing activities are curtailed, our ability to attract new customers may be adversely affected. Our business could be impacted by changes in federal, state, local or international laws, rules or regulations. We are subject to laws and regulations applicable to our business. These laws and regulations may cover taxation, data privacy, information security, our access to student financial aid, pricing and availability of educational materials, competition and / or antitrust, content,**

copyrights, distribution, college distribution, mobile communications, electronic contracts and other communications, consumer protection, **artificial intelligence**, the provision of online payment services, unencumbered Internet access to our services, the design and operation of websites and mobile application (including complying with the Americans with Disabilities Act), digital content (including governmental investigations and litigation relating to the agency pricing model for digital content distribution), the characteristics and quality of products and services and labor and employee benefits (including the costs associated with complying with the Patient Protection and Affordable Care Act or any legislation enacted in connection with repeal of the Affordable Care Act). Changes in applicable federal, state, local or international laws, rules or regulations relating to these matters could increase regulatory compliance requirements in addition to increasing our costs of doing business or otherwise impact our business. For example, changes in federal and state minimum wage laws could raise the wage requirements for certain of our employees at our retail locations, which would increase our selling costs and may cause us to reexamine our wage structure for such employees. Changes in tax laws and regulations might adversely impact our businesses or financial performance. We collected sales tax on the majority of the products and services that we sold in our respective prior fiscal years that were subject to sales tax, and we generally have continued the same policies for sales tax within the current fiscal year. While management believes that the financial statements included elsewhere in this Form 10-K reflect management's best current estimate of any potential additional sales tax liability based on current discussions with taxing authorities, we cannot assure you that the outcome of any discussions with any taxing authority will not result in the payment of sales taxes for prior periods or otherwise, or that the amount of any such payments will not be materially in excess of any liability currently recorded. In the future, our businesses may be subject to claims for not collecting sales tax on the products and services we currently sell for which sales tax is not collected. In addition, our provision for income taxes and our obligation to pay income tax is based on existing federal, state and local tax laws. Changes to these laws, in particular as they relate to depreciation, amortization and cost of goods sold, could have a significant impact on our income tax provision, our projected cash tax liability, or both. Risks relating to Intellectual Property We rely on third-party digital content and applications, which may not be available to us on commercially reasonable terms or at all. We contract with certain third parties to offer their digital content. Our licensing arrangements with these third parties do not guarantee the continuation or renewal of these arrangements on reasonable terms, if at all. Some third-party content providers currently, or in the future, may offer competing products and services, and could take action to make it more difficult or impossible for us to license our content in the future. Other content owners, providers or distributors may seek to limit our access to, or increase the total cost of, such content. If we are unable to offer a wide variety of content at reasonable prices with acceptable usage rules, our business may be materially adversely affected. We rely heavily on proprietary technology and sophisticated equipment to manage certain aspects of our business, including to manage textbook inventory, process deliveries and returns of the textbooks and manage warehousing and distribution. We use a proprietary system to source, distribute and manage inventory of textbooks and to manage other aspects of our operations, including systems to consider the market pricing for textbooks, general availability of textbook titles and other factors to determine how to buy textbooks and set prices for textbooks and other content in real time. We have invested significant amounts of resources in the hardware and software to develop this system. We rely on the expertise of our engineering and software development teams to maintain and enhance the equipment and software used for our distribution operations. We cannot be sure that the maintenance and enhancements we make to our distribution operations will achieve the intended results or otherwise be of value to students. If we are unable to maintain and enhance our technology to manage textbook sourcing, distribution and inventory, it could disrupt our business operations and have a material adverse impact on our results. Our wholesale business is also dependent on sophisticated equipment and related software technology for the warehousing and distribution of the vast majority of **used** textbooks supplied to our retail business and others, which is located at MBS' warehouse facility in Columbia, Missouri. Our ability to efficiently manage our wholesale business depends significantly on the reliability and capacity of these systems. The failure of these systems to operate effectively, problems with maintenance, upgrading or transitioning to replacement systems, especially if such events were to occur during peak periods, could adversely affect our operations, the ability to serve our customers and our results of operations. In addition, substantially all of our wholesale inventory is located in the Columbia warehouse facility. We could experience significant interruption in the operation of this facility or damage or destruction of our inventory due to physical damage to the facility caused by natural disasters, accidents or otherwise. If a material portion of our inventory were to be damaged or destroyed, we would likely incur significant financial loss, including loss of revenue and harm to our customer relationships. We may not be able to adequately protect our intellectual property rights or may be accused of infringing upon intellectual property rights of third parties. We regard our trademarks, service marks, copyrights, patents, trade dress, trade secrets, proprietary technology and similar intellectual property as important to our success, and we rely on trademark, copyright and patent law, domain name regulations, trade secret protection and confidentiality or license agreements to protect our proprietary rights, including our use of the Barnes & Noble trademark. Laws and regulations may not adequately protect our trademarks and similar proprietary rights. We may be unable to prevent third parties from acquiring domain names that are similar to, infringe upon or diminish the value of our trademarks and other proprietary or licensed rights. We may not be able to discover or determine the extent of any unauthorized use of our proprietary rights. The protection of our intellectual property may require the expenditure of significant financial and managerial resources. Moreover, the steps we take to protect our intellectual property may not adequately protect our rights or prevent third parties from infringing or misappropriating our proprietary rights. We also cannot be certain that others will not independently develop or otherwise acquire equivalent or superior technology or other intellectual property rights. Other parties also may claim that we infringe their proprietary rights. Because of the changes in Internet commerce and digital content businesses, current extensive patent coverage, and the rapid rate of issuance of new patents, it is possible that certain of our products, content and business methods may unknowingly infringe existing patents or intellectual property rights of others. Successful intellectual property infringement claims against us could result in monetary liability or a material disruption in the

conduct of our business. We cannot be certain that our products, content and business methods do not or will not infringe valid patents, trademarks, copyrights or other intellectual property rights held by third parties. We expect that infringement claims in our markets will increase in number. We may be subject to legal proceedings and claims from time to time relating to the intellectual property of others in the ordinary course of our business. If we were found to have infringed the intellectual property rights of a third party, we could be liable to that party for license fees, royalty payments, lost profits or other damages, and the owner of the intellectual property might be able to obtain injunctive relief to prevent us from using the technology or software in the future. If the amounts of these payments were significant or we were prevented from incorporating certain technology or software into our products, our business could be significantly harmed. We may incur substantial expenses in defending against these third- party infringement claims, regardless of their merit. As a result, due to the diversion of management time, the expense required to defend against any claim and the potential liability associated with any lawsuit, any significant litigation could significantly harm our business, financial condition and results of operations. Our digital content offerings depend in part on effective digital rights management technology to control access to digital content. If the digital rights management technology that we use is compromised or otherwise malfunctions, we could be subject to claims, and content providers may be unwilling to include their content in our service. In addition, the publishing industry has been, and we expect in the future will continue to be, the target of counterfeiting and piracy. We have entered into agreements with major textbook publishers to implement the textbook industry' s Anti- Counterfeit Best Practices. These best practices were developed as a mechanism to assist publishers and distributors in the eradication of counterfeit copies of textbooks in the marketplace. While we have agreed to implement the Anti- Counterfeit Best Practices and have in place our anti- counterfeit policies and procedures (which include removing from distribution suspected counterfeit titles) for preventing the proliferation of counterfeit textbooks, we may inadvertently purchase counterfeit textbooks, which may unknowingly be included in the textbooks we offer for sale or rent to students or we may purchase such textbooks through our buyback program. As such, we may be subject to allegations of selling counterfeit books. We have in the past and may continue to receive communications from publishers alleging that certain textbooks sold or rented by us are counterfeit. When receiving such communications, we cooperate, and will continue to cooperate in the future, with such publishers in identifying fraudulent textbooks and removing them from our inventory. We may implement measures in an effort to protect against these potential liabilities that could require us to spend substantial resources. Any costs incurred as a result of liability or asserted liability relating to sales of counterfeit textbooks could harm our business, reputation and financial condition. We do not own the Barnes & Noble trademark and instead rely on a license of that trademark and certain other trademarks, which license imposes limits on what those trademarks can be used to do. In connection with the Spin- Off, Barnes & Noble, Inc. granted us an exclusive, perpetual, fully paid up, non- transferable and non- assignable license to use the trademarks " Barnes & Noble College, " " B & N College, " " Barnes & Noble Education " and " B & N Education " and the non- exclusive, perpetual, fully paid up, non- transferable and non- assignable license to use the marks " Barnes & Noble, " " B & N " and " BN, " solely in connection with the contract management of college and university bookstores and other bookstores associated with academic institutions and related websites, as well as education products and services (including digital education products and services) and related websites. These restrictions may materially limit our ability to use the licensed marks in the expansion of our operations in the future. In addition, we are reliant on Barnes & Noble, Inc. to maintain the licensed trademarks.

Risks Relating to our Common Stock and the Securities Market

We are not in compliance with the NYSE' s minimum share price requirement and thus are at risk of the NYSE delisting shares of our Common Stock, which would have an adverse impact on the trading volume, liquidity and market price of shares of our Common Stock. On February 27, 2024, we received a letter from NYSE notifying us that, for the last 30 consecutive business days, the bid price of our common stock had closed below \$ 1. 00 per share, the minimum closing bid price required by the continued listing requirements of Rule 802. 01C of the NYSE Listed Company Manual. Pursuant to Rule 802. 01C of the NYSE Listed Company Manual, a company will be considered to be below compliance standards if the average closing price of a security fell below \$ 1. 00 over a period of 30 consecutive trading days. A company can regain compliance with the minimum share price requirement at any time during the six- month cure period if, on the last trading day of any calendar month during the cure period, the company has (i) a closing share price of at least \$ 1. 00 and (ii) an average closing share price of at least \$ 1. 00 over the 30 trading- day period ending on the last trading day of that month. In the event that at the expiration of the six- month cure period, both a \$ 1. 00 closing share price on the last trading day of the cure period and a \$ 1. 00 average closing share price over the 30 trading- day period ending on the last trading day of the cure period are not attained, the NYSE will commence suspension and delisting procedures. We have taken remedial actions to cure such deficiency. On June 11, 2024, we 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. However, we cannot assure you that we will be able to cure this deficiency or comply with other NYSE continued listing standards. A delisting of shares of our Common Stock from the NYSE could negatively impact us as it would likely reduce the liquidity and market price of shares of our Common Stock, reduce the number of investors willing to hold or acquire shares of our Common Stock, and negatively impact our ability to access equity markets and obtain financing. Three of our stockholders collectively own over 72 % of the Company' s outstanding shares, and their interests could differ from the interests of our other stockholders. As of June 10, 2024, Immersion Corporation (" Immersion "), Fanatics and VitalSource respectively own 42. 0 %, 17. 1 % and 12. 3 % of the Company' s outstanding shares of Common Stock. Based on the foregoing, Immersion, TopLids and Vital have considerable influence or collective veto control regarding the outcome of any transaction or action that requires stockholder approval, including the election of our Board of Directors, mergers, acquisitions, amendments to our charter and various corporate governance actions. Our Board of

Directors is composed of seven members, four of whom are executives and members of the Board of Directors of Immersion Corporation. Immersion has agreed to maintain at least three directors on our Board of Directors that satisfy the independence standard under NYSE rules applicable to audit committee members. However, Immersion through its stock ownership may have significant influence over the election of all Board members, inclusive of the independent directors. Each of Immersion, TopLids and Vital may have interests different than those of other stockholders. For example, they may delay or prevent a change of control of us, even if such a change of control would benefit other stockholders, or pursue strategies that are different from the wishes of other investors. The significant concentration of stock ownership may adversely affect the trading price of our Common Stock due to investors' perception that conflicts of interest may exist or arise. The future sales, or the perception of future sales, of shares by existing stockholders may adversely affect the market price of our Common Stock. Sales of a substantial number of shares of Common Stock in the public market could occur at any time. If our existing stockholders sell substantial amounts of Common Stock in the public market, or the market perceives that they intend to do so, the market price of our Common Stock could decline. The registration of shares of Common Stock for resale creates the possibility of a significant increase in the supply of our Common Stock in the market. The increased supply, coupled with the potential disparity in purchase prices, may lead to heightened selling pressure, which could negatively affect the public trading price of our Common Stock. Our stock price may fluctuate significantly. We cannot predict the prices at which our Common Stock may trade. The market price of our Common Stock may fluctuate widely, depending on many factors, some of which may be beyond our control, including:

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

Stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations could adversely affect the trading price of our Common Stock. Provisions in our Amended and Restated Certificate of Incorporation and Amended and Restated By-laws and of Delaware law may prevent or delay an acquisition of the Company, which could affect the trading price of our Common Stock. Our Amended and Restated Certificate of Incorporation and our Amended and Restated By-laws contain provisions which, together with applicable Delaware law, may discourage, delay or prevent a merger or acquisition that our stockholders consider favorable, including provisions that:

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

In addition, Section 203 of the General Corporation Law of the State of Delaware, or the DGCL, may affect the ability of an "interested stockholder" to engage in certain business combinations, for a period of three years following the time that the stockholder becomes an "interested stockholder". These provisions may discourage, delay or prevent certain types of transactions involving an actual or a threatened acquisition or change in control of the Company, including unsolicited takeover attempts, even though the transaction may offer our stockholders the opportunity to sell their Common Stock at a price above the prevailing market price. Our **stockholder rights plan, or "poison pill," includes terms and conditions that could discourage a takeover or other transaction that stockholders may consider favorable. In order to provide the Board with time to make informed decisions that are in the best long-term interests of the Company and its stockholders, on April 16, 2024, our Board adopted a stockholders rights plan, such plan which could discourage, delay or prevent an acquisition of the Company at a premium price. The rights plan provides for preferred stock purchase rights attached to each share of our Common Stock, which will cause substantial dilution to a person or group acquiring 10 % or more of our stock if the acquisition is not approved by our Board of Directors. As a result, the overall effect of the rights plan may be to render more difficult or discourage a merger, tender or exchange offer or other business combination involving our Company that is not approved by the Board of Directors even if the offer may be considered beneficial by some stockholders. The Rights will expire no later than January 31, 2025.** Our Amended and Restated By-laws designate courts in the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees. Our Amended and Restated By-laws provide that, subject to limited exceptions, the state and federal courts of the State of Delaware are the sole and exclusive forum for (a) any derivative action or proceeding brought on our behalf, (b) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (c) any action asserting a claim arising pursuant to any provision of the DGCL, our Amended and Restated Certificate of Incorporation or our Amended and Restated By-laws or (d) any other action asserting a claim that is governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of our capital stock will be deemed to have notice of and to have consented to these provisions. This provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees.

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