

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended April 30, 2022

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: 001-34918



VERA BRADLEY, INC.

(Exact name of registrant as specified in its charter)

Indiana
(State or other jurisdiction of
incorporation or organization)

**12420 Stonebridge Road,
Roanoke, Indiana**
(Address of principal executive offices)

27-2935063
(I.R.S. Employer
Identification No.)

46783
(Zip Code)

(877) 708-8372
(Registrant's telephone number, including area code)

None
(Former name, former address and former fiscal year, if changed since last report)

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

Title of Each Class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, without par value	VRA	NASDAQ Global Select Market

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post 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" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

The registrant had 31,458,289 shares of its common stock outstanding as of June 1, 2022.

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FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that are subject to risks and uncertainties. All statements other than statements of historical or current fact included in this report are forward-looking statements. Forward-looking statements include references to our current expectations and projections relating to our financial condition, results of operations, plans, objectives, strategies, future performance, and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as “anticipate,” “estimate,” “expect,” “project,” “plan,” “intend,” “believe,” “may,” “might,” “will,” “should,” “can have,” and “likely” and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. For example, all statements we make relating to our estimated and projected earnings, revenues, costs, expenditures, cash flows, growth rates, and financial results, our plans and objectives for future operations, growth, initiatives, or strategies, or the expected outcome or impact of pending or threatened litigation are forward-looking statements. All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expected, including:

- possible adverse changes in general economic conditions and their impact on consumer confidence and consumer spending, including political unrest, social unrest, acts of war and terrorism, inflation, impacts related to variants of the novel coronavirus (COVID-19) outbreak, and other related matters;
- public health pandemics, including the continued outbreak of COVID-19 and actions to contain the spread of the virus by governmental or other actors;
- possible inability to successfully implement our long-term strategic plans;
- possible declines in our comparable sales;
- possible inability to maintain and enhance our brands;
- possible failure of our multi-channel distribution model;
- possible inability to predict and respond in a timely manner to changes in consumer demand;
- possible inability to successfully open new stores and/or operate current stores as planned;
- possible loss of key management associates or inability to attract and retain the talent required for our business;
- possible data security or privacy breaches or disruptions in our computer systems or website;
- possible disruptions in our supply chain;
- possible new or increased tariffs on our products that could lead to increased product costs and lower profit margins; and
- possible inability to successfully implement integration strategies related to the Pura Vida business and possible inability to derive expected benefits from or to successfully integrate any future business acquisition.

We derive many of our forward-looking statements from our operating plans and forecasts, which are based upon detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results.

For a discussion of the above described risks and uncertainties and other risks and uncertainties that could cause actual results to differ materially from those contained in our forward-looking statements, please refer to “Risk Factors” in Item 1A of our Annual Report on Form 10-K for the fiscal year ended January 29, 2022, as well as in Item 1A herein.

We caution you that the risks and uncertainties identified by us may not be all of the factors that are important to you. Furthermore, the forward-looking statements included in this report are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events, or otherwise, except as required by law.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Vera Bradley, Inc.
Condensed Consolidated Balance Sheets
(in thousands)
(unaudited)

	April 30, 2022	January 29, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 63,987	\$ 88,436
Accounts receivable, net	20,115	20,681
Inventories	161,787	144,881
Income taxes receivable	3,466	9,391
Prepaid expenses and other current assets	17,458	15,928
Total current assets	266,813	279,317
Operating right-of-use assets	79,827	79,873
Property, plant, and equipment, net	60,032	59,941
Intangible assets, net	43,454	44,223
Goodwill	44,254	44,254
Deferred income taxes	3,980	3,857
Other assets	5,337	6,081
Total assets	<u>\$ 503,697</u>	<u>\$ 517,546</u>
Liabilities, Redeemable Noncontrolling Interest, and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 39,327	\$ 30,492
Accrued employment costs	7,897	12,463
Short-term operating lease liabilities	17,288	18,699
Other accrued liabilities	17,298	16,422
Total current liabilities	81,810	78,076
Long-term operating lease liabilities	81,513	80,861
Other long-term liabilities	168	195
Total liabilities	163,491	159,132
Commitments and contingencies		
Redeemable noncontrolling interest	31,092	30,974
Shareholders' equity:		
Preferred stock; 5,000 shares authorized, no shares issued or outstanding	—	—
Common stock, without par value; 200,000 shares authorized, 42,834 and 42,429 shares issued and 32,152 and 33,170 shares outstanding, respectively	—	—
Additional paid-in-capital	107,040	107,907
Retained earnings	327,390	334,364
Accumulated other comprehensive loss	(60)	(29)
Treasury stock	(125,256)	(114,802)
Total shareholders' equity of Vera Bradley, Inc.	309,114	327,440
Total liabilities, redeemable noncontrolling interest, and shareholders' equity	<u>\$ 503,697</u>	<u>\$ 517,546</u>

The accompanying notes are an integral part of these financial statements.

Vera Bradley, Inc.
Condensed Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
Net revenues	\$ 98,459	\$ 109,094
Cost of sales	45,945	49,930
Gross profit	52,514	59,164
Selling, general, and administrative expenses	60,914	60,896
Other income (loss), net	167	(227)
Operating loss	(8,233)	(1,959)
Interest expense, net	40	90
Loss before income taxes	(8,273)	(2,049)
Income tax benefit	(1,563)	(531)
Net loss	(6,710)	(1,518)
Less: Net income attributable to redeemable noncontrolling interest	264	627
Net loss attributable to Vera Bradley, Inc.	\$ (6,974)	\$ (2,145)
Basic weighted-average shares outstanding	32,672	33,590
Diluted weighted-average shares outstanding	32,672	33,590
Basic net loss per share available to Vera Bradley, Inc. common shareholders	\$ (0.21)	\$ (0.06)
Diluted net loss per share available to Vera Bradley, Inc. common shareholders	\$ (0.21)	\$ (0.06)

The accompanying notes are an integral part of these financial statements.

Vera Bradley, Inc.
Condensed Consolidated Statements of Comprehensive Income
(in thousands)
(unaudited)

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
Net loss	\$ (6,710)	\$ (1,518)
Unrealized loss on available-for-sale debt investments	—	(2)
Cumulative translation adjustment	(31)	(6)
Comprehensive loss, net of tax	(6,741)	(1,526)
Less: Comprehensive income attributable to redeemable noncontrolling interest	264	627
Comprehensive loss attributable to Vera Bradley, Inc.	<u>\$ (7,005)</u>	<u>\$ (2,153)</u>

The accompanying notes are an integral part of these financial statements.

Vera Bradley, Inc.
Condensed Consolidated Statements of Shareholders' Equity
(in thousands, except share data)

(unaudited)

	Number of Shares						Total Shareholders' Equity of Vera Bradley, Inc.
	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	
Balance at January 29, 2022	33,170,430	9,258,741	\$ 107,907	\$ 334,364	\$ (29)	\$ (114,802)	\$ 327,440
Net loss attributable to Vera Bradley, Inc.	—	—	—	(6,974)	—	—	(6,974)
Translation adjustments	—	—	—	—	(31)	—	(31)
Restricted shares vested, net of repurchase for taxes	404,469	—	(1,410)	—	—	—	(1,410)
Stock-based compensation	—	—	543	—	—	—	543
Treasury stock purchased	(1,423,096)	1,423,096	—	—	—	(10,454)	(10,454)
Balance at April 30, 2022	<u>32,151,803</u>	<u>10,681,837</u>	<u>\$ 107,040</u>	<u>\$ 327,390</u>	<u>\$ (60)</u>	<u>\$ (125,256)</u>	<u>\$ 309,114</u>

	Number of Shares						Total Shareholders' Equity of Vera Bradley, Inc.
	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	
Balance at January 30, 2021	33,414,490	8,393,207	\$ 105,433	\$ 316,526	\$ 8	\$ (107,060)	\$ 314,907
Net loss attributable to Vera Bradley, Inc.	—	—	—	(2,145)	—	—	(2,145)
Translation adjustments	—	—	—	—	(6)	—	(6)
Unrealized loss on available-for-sale debt investments	—	—	—	—	(2)	—	(2)
Restricted shares vested, net of repurchase for taxes	570,562	—	(2,171)	—	—	—	(2,171)
Stock-based compensation	—	—	1,814	—	—	—	1,814
Balance at May 1, 2021	<u>33,985,052</u>	<u>8,393,207</u>	<u>\$ 105,076</u>	<u>\$ 314,381</u>	<u>\$ —</u>	<u>\$ (107,060)</u>	<u>\$ 312,397</u>

The accompanying notes are an integral part of these financial statements.

Vera Bradley, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
Cash flows from operating activities		
Net loss	\$ (6,710)	\$ (1,518)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation of property, plant, and equipment	2,192	2,286
Amortization of operating right-of-use assets	5,260	4,930
Impairment charges	592	—
Amortization of intangible assets	769	769
Provision for doubtful accounts	(143)	(66)
Stock-based compensation	543	1,814
Deferred income taxes	(123)	369
Other non-cash gain, net	—	(45)
Changes in assets and liabilities:		
Accounts receivable	709	5,664
Inventories	(16,906)	(8,919)
Prepaid expenses and other assets	(786)	(779)
Accounts payable	8,165	(4,234)
Income taxes	5,925	(1,731)
Operating lease liabilities, net	(6,565)	(6,800)
Accrued and other liabilities	(4,004)	(1,780)
Net cash used in operating activities	(11,082)	(10,040)
Cash flows from investing activities		
Purchases of property, plant, and equipment	(1,745)	(503)
Proceeds from disposal of property, plant, and equipment	—	45
Net cash used in investing activities	(1,745)	(458)
Cash flows from financing activities		
Tax withholdings for equity compensation	(1,410)	(2,171)
Repurchase of common stock	(10,035)	—
Distributions to redeemable noncontrolling interest	(146)	(129)
Net cash used in financing activities	(11,591)	(2,300)
Effect of exchange rate changes on cash and cash equivalents	(31)	(6)
Net decrease in cash and cash equivalents	(24,449)	(12,804)
Cash and cash equivalents, beginning of period	88,436	64,175
Cash and cash equivalents, end of period	\$ 63,987	\$ 51,371

Vera Bradley, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(continued)
(unaudited)

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
Supplemental disclosure of cash flow information		
Cash (received) paid for income taxes, net	\$ (7,359)	\$ 858
Supplemental disclosure of non-cash activity		
Non-cash operating, investing, and financing activities		
Repurchase of common stock		
Expenditures incurred but not yet paid as of April 30, 2022 and May 1, 2021	\$ 419	\$ —
Expenditures incurred but not yet paid as of January 29, 2022 and January 30, 2021	\$ —	\$ —
Purchases of property, plant, and equipment		
Expenditures incurred but not yet paid as of April 30, 2022 and May 1, 2021	\$ 788	\$ 565
Expenditures incurred but not yet paid as of January 29, 2022 and January 30, 2021	\$ 250	\$ 343

Refer to Note 3 herein for supplemental cash flow information regarding the Company's leases.

The accompanying notes are an integral part of these financial statements.

Vera Bradley, Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)

1. Description of the Company and Basis of Presentation

The term “Company” refers to Vera Bradley, Inc. and its wholly and majority owned subsidiaries, except where the context requires otherwise or where otherwise indicated.

Vera Bradley, Inc. operates two unique lifestyle brands – Vera Bradley and Pura Vida. We believe Vera Bradley and Pura Vida are complementary businesses, both with devoted, emotionally-connected, and multi-generational female customer bases; alignment as causal, comfortable, affordable, and fun brands; positioning as “gifting” and socially-connected brands; strong, entrepreneurial cultures; a keen focus on community, charity, and social consciousness; multi-channel distribution strategies; and talented leadership teams aligned and committed to the long-term success of their brands.

Vera Bradley is a leading designer of women’s handbags, luggage and travel items, fashion and home accessories, and unique gifts. Founded in 1982 by friends Barbara Bradley Baekgaard and Patricia R. Miller, the brand’s innovative designs, iconic patterns, and brilliant colors continue to inspire and connect women.

In July 2019, Vera Bradley, Inc. acquired a 75% interest in Creative Genius, Inc., which also operates under the name Pura Vida Bracelets (“Pura Vida”). Pura Vida, based in La Jolla, California, is a rapidly growing, digitally native lifestyle brand that we believe deeply resonates with its loyal consumer following. The Pura Vida brand has a differentiated and expanding offering of bracelets, jewelry, and other lifestyle accessories.

The Company has three reportable segments: Vera Bradley Direct (“VB Direct”), Vera Bradley Indirect (“VB Indirect”), and Pura Vida.

- The VB Direct business consists of sales of Vera Bradley products through Vera Bradley full-line and factory outlet stores in the United States; verabradley.com and verabradley.ca; the Vera Bradley online outlet site; and typically the Vera Bradley annual outlet sale in Fort Wayne, Indiana. As of April 30, 2022, the Company operated 67 full-line stores and 77 factory outlet stores. In light of the COVID-19 pandemic, the Company cancelled its calendar year 2022 and 2021 annual outlet sales.
- The VB Indirect business consists of sales of Vera Bradley products to approximately 1,800 specialty retail locations, substantially all of which are located in the United States, as well as department stores, national accounts, third-party e-commerce sites, third-party inventory liquidators, and royalties recognized through licensing agreements related to the Vera Bradley brand.
- The Pura Vida segment represents revenues generated through the Pura Vida websites, www.puravidabracclets.com, www.puravidabracclets.eu, and www.puravidabracclets.ca, the distribution of Pura Vida-branded products to wholesale retailers, substantially all of which are located in the United States, as well as through its first retail store which opened in August 2021.

The accompanying unaudited consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”). Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) have been condensed or omitted as permitted by such rules and regulations. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included in the Company’s Annual Report on Form 10-K for the fiscal year ended January 29, 2022, filed with the SEC.

The interim financial statements reflect all adjustments that are, in the opinion of management, necessary to present fairly the results for the interim periods presented. All such adjustments are of a normal, recurring nature. The results of operations for the thirteen weeks ended April 30, 2022, are not necessarily indicative of the results to be expected for the full fiscal year including, in part, due to the uncertainty of macroeconomic factors on future periods, including inflation and the continued impacts of the disruptions caused by the COVID-19 pandemic, among other related matters.

Vera Bradley, Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)

Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, and its majority owned subsidiary, Pura Vida. The Company has eliminated intercompany balances and transactions in consolidation.

Fiscal Periods

The Company's fiscal year ends on the Saturday closest to January 31. References to the fiscal quarters ended April 30, 2022 and May 1, 2021 refer to the thirteen week periods ended on those dates.

Recently Issued Accounting Pronouncements

There were no new accounting pronouncements issued or which became effective during the thirteen weeks ended April 30, 2022, which had, or are expected to have, a significant impact on the Company's Consolidated Financial Statements.

2. Revenue from Contracts with Customers**Disaggregation of Revenue**

The following presents the Company's net revenues disaggregated by product category for the thirteen weeks ended April 30, 2022 and May 1, 2021 (in thousands):

	Thirteen Weeks Ended			
	April 30, 2022			
	VB Direct Segment	VB Indirect Segment	Pura Vida Segment	Total
<i>Product categories</i>				
Bags	\$ 26,132	\$ 9,451	\$ 63	\$ 35,646
Travel	15,088	3,073	—	18,161
Accessories	11,499	1,768	18,860	32,127
Home	5,722	1,126	—	6,848
Apparel/Footwear ⁽⁶⁾	1,903	500	436	2,839
Other	1,292 (1)	1,059 (2)	487 (3)	2,838
Total net revenues	<u>\$ 61,636 (4)</u>	<u>\$ 16,977 (5)</u>	<u>\$ 19,846 (4)</u>	<u>\$ 98,459</u>

(1) Primarily includes net revenues from stationery, freight, and gift card breakage.

(2) Primarily includes net revenues from licensing agreements and freight.

(3) Related to freight.

(4) Net revenues were related to product sales recognized at a point in time.

(5) \$16.2 million of net revenues related to product sales recognized at a point in time and \$0.8 million of net revenues related to sales-based royalties recognized over time.

(6) Includes mask sales.

Vera Bradley, Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)

	Thirteen Weeks Ended			
	May 1, 2021			
	VB Direct Segment	VB Indirect Segment	Pura Vida Segment	Total
<i>Product categories</i>				
Bags	\$ 26,438	\$ 8,050	\$ —	\$ 34,488
Travel	15,179	2,567	—	17,746
Accessories	11,861	2,227	25,511	39,599
Home	6,538	737	—	7,275
Apparel/Footwear ⁽⁶⁾	5,361	671	628	6,660
Other	1,355 (1)	1,012 (2)	959 (3)	3,326
Total net revenues	<u>\$ 66,732 (4)</u>	<u>\$ 15,264 (5)</u>	<u>\$ 27,098 (4)</u>	<u>\$ 109,094</u>

(1) Primarily includes net revenues from freight, stationery, and gift card breakage.

(2) Primarily includes net revenues from licensing agreements and freight.

(3) Related to freight.

(4) Net revenues were related to product sales recognized at a point in time.

(5) \$14.5 million of net revenues related to product sales recognized at a point in time and \$0.8 million of net revenues related to sales-based royalties recognized over time.

(6) Includes mask sales.

Contract Balances

Contract liabilities as of April 30, 2022 and January 29, 2022, were \$3.4 million and \$3.9 million, respectively. The balance as of April 30, 2022 and January 29, 2022 consisted of unredeemed gift cards, unearned revenue related to the monthly bracelet and jewelry clubs of the Pura Vida segment, Pura Vida loyalty club points, Pura Vida customer deposits and payments collected before shipment, and an immaterial amount of unearned revenue for pre-payments of royalties in certain of the Company's licensing arrangements. These contract liabilities are recognized within other accrued liabilities on the Company's Condensed Consolidated Balance Sheets. Substantially all contract liabilities are recognized within one year. The Company did not have contract assets as of April 30, 2022 and January 29, 2022.

The balance for accounts receivable from contracts with customers, net of allowances, as of April 30, 2022 and January 29, 2022, was \$18.9 million and \$18.1 million, respectively, which is recognized within accounts receivable, net, on the Company's Condensed Consolidated Balance Sheets. The provision for doubtful accounts was \$1.1 million and \$1.2 million as of April 30, 2022 and January 29, 2022, respectively. The provision for doubtful accounts is based upon the likelihood of default expected during the life of the receivable.

Performance Obligations

The performance obligations for the VB Direct, VB Indirect, and Pura Vida segments include the promise to transfer distinct goods (or a bundle of distinct goods). The VB Indirect segment also includes the right to access intellectual property ("IP") related to the Vera Bradley brand.

Remaining Performance Obligations

The Company does not have remaining performance obligations in excess of one year or contracts that it does not have the right to invoice as of April 30, 2022.

3. Leases

Discount Rate

The weighted-average discount rate as of April 30, 2022, and May 1, 2021 was 4.9% and 4.8%, respectively. The discount rate is not readily determinable in the lease; therefore, the Company estimated the incremental borrowing

Vera Bradley, Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)

rate, at the commencement date of each lease, which is the rate of interest it would have to borrow on a collateralized basis over a similar term with similar payments.

Leases Not Yet Commenced

As of April 30, 2022, the Company had a total of five Vera Bradley and Pura Vida retail store leases which were executed, but it did not have control of the underlying assets; therefore, the lease liability and right-of-use asset are not recorded on the Condensed Consolidated Balance Sheet. These leases contain undiscounted lease payments, which will be included in the determination of the lease liability, totaling approximately \$10.4 million and have terms of up to 10 years commencing in fiscal year 2023.

Amounts Recognized in the Condensed Consolidated Financial Statements

The following lease expense is recorded within cost of sales for the Asia sourcing office and certain equipment leases and within selling, general, and administrative expenses for all other leases, including retail store leases, in the Company's Condensed Consolidated Statement of Operations for the thirteen weeks ended April 30, 2022 and May 1, 2021 (in thousands):

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
Operating lease cost	\$ 6,250	\$ 5,870
Variable lease cost	1,418	1,482
Short-term lease cost	214	193
Total lease cost	<u>\$ 7,882</u>	<u>\$ 7,545</u>

The weighted-average remaining lease term as of April 30, 2022 and May 1, 2021 was 5.5 years and 5.4 years, respectively.

Supplemental operating cash flow information was as follows (in thousands):

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
Cash paid for amounts included in the measurement of operating lease liabilities ⁽¹⁾	\$ 4,989	\$ 11,055
Right-of-use assets increase as a result of new and modified operating lease liabilities, net	\$ 5,788	\$ 2,403

(1) \$2.5 million of lease liabilities were recorded within accounts payable on the Company's Consolidated Balance Sheets as of April 30, 2022. \$2.5 million of lease liabilities were recorded within accounts payable on the Company's Consolidated Balance Sheets as of January 30, 2021, and were paid in the first quarter of fiscal 2022.

Vera Bradley, Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)

4. Earnings Per Share

Basic earnings per share is computed based on the weighted-average number of common shares outstanding during the period. Diluted earnings per share is computed based on the weighted-average number of common shares outstanding, plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares represent outstanding restricted stock units.

On July 16, 2019, as contemplated by the Interest Purchase Agreement, the Company and certain of its subsidiaries and the owners of the remaining twenty-five percent (25%) ownership interest in Pura Vida (the "Sellers") which was not acquired by the Company (the "Remaining Pura Vida Interest") entered into a Put/Call Agreement (the "Put/Call Agreement"). Pursuant to the Put/Call Agreement, and subject to the terms and conditions thereof, the Sellers have the right to sell all of the Remaining Pura Vida Interest to the Company, and the Company has the right to purchase all of the Remaining Pura Vida Interests from Sellers, in each case generally at any time following the fifth anniversary of the closing date of the transaction until the tenth anniversary thereof. The purchase price for any Remaining Pura Vida Interest put to, or called by, the Company will be determined based on the arithmetic average of a multiple of adjusted EBITDA of Pura Vida and a multiple of adjusted EBITDA of the Company, as defined in the Put/Call Agreement, over the twelve-month period ending on the last day of the month immediately preceding the month in which an exercise notice is delivered by a relevant party.

As a result of this redemption feature, the Company recorded the noncontrolling interest as redeemable and classified it in temporary equity within its Condensed Consolidated Balance Sheets initially at its acquisition-date fair value. The noncontrolling interest is adjusted each reporting period for income (or loss) attributable to the noncontrolling interest. A measurement period adjustment, if any, is then made to adjust the noncontrolling interest to the higher of the redemption value or carrying value each reporting period. These adjustments are recognized through retained earnings and are not reflected in net income or net income attributable to Vera Bradley, Inc. When calculating earnings per share attributable to Vera Bradley, Inc., the Company adjusts the net income attributable to Vera Bradley, Inc. for the measurement period adjustment to the extent the redemption value exceeds the fair value of the noncontrolling interest on a cumulative basis.

The components of basic and diluted earnings per share were as follows (in thousands, except per share data):

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
<i>Numerator:</i>		
Net loss	\$ (6,710)	\$ (1,518)
Less: Net income attributable to redeemable noncontrolling interest	264	627
Net loss attributable to Vera Bradley, Inc.	<u>\$ (6,974)</u>	<u>\$ (2,145)</u>
<i>Denominator:</i>		
Weighted-average number of common shares (basic)	32,672	33,590
Dilutive effect of stock-based awards	—	—
Weighted-average number of common shares (diluted)	<u>32,672</u>	<u>33,590</u>
<i>Net loss per share available to Vera Bradley, Inc. common shareholders:</i>		
Basic	\$ (0.21)	\$ (0.06)
Diluted	\$ (0.21)	\$ (0.06)

For the thirteen weeks ended April 30, 2022 and May 1, 2021, all potential common shares were excluded from the diluted share calculation because they were anti-dilutive due to the net loss in the period.

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5. Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities measured at fair value are classified using the following hierarchy, which is based upon the transparency of inputs to the valuation as of the measurement date:

- Level 1 – Quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly;
- Level 3 – Unobservable inputs based on the Company's own assumptions.

The classification of fair value measurements within the hierarchy is based upon the lowest level of input that is significant to the measurement.

The carrying amounts reflected on the Condensed Consolidated Balance Sheets for cash and cash equivalents, accounts receivable, other current assets, and accounts payable as of April 30, 2022 and January 29, 2022, approximated their fair values.

The following table details the fair value measurements of the Company's investments as of April 30, 2022 and January 29, 2022 (in thousands):

	Level 1		Level 2		Level 3	
	April 30, 2022	January 29, 2022	April 30, 2022	January 29, 2022	April 30, 2022	January 29, 2022
Cash equivalents ⁽¹⁾	\$ 2,856	\$ 2,856	\$ —	\$ —	\$ —	\$ —

(1) Cash equivalents represent a money market fund that has a maturity of three months or less at the date of purchase. Due to the short maturity, the Company believes the carrying value approximates fair value.

The Company assesses potential impairments to its long-lived assets, which includes property, plant, and equipment and lease right-of-use assets, on a quarterly basis or whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Store-level assets and right-of-use assets are grouped at the individual store-level for the purpose of the impairment assessment. Recoverability of an asset group is measured by a comparison of the carrying amount of an asset group to its estimated undiscounted future cash flows expected to be generated by the asset group. If the carrying amount of the asset group exceeds its estimated undiscounted future cash flows, an impairment charge is recognized as the amount by which the carrying amount of the asset group exceeds the fair value of the asset group. The fair value of the store assets is determined using the discounted future cash flow method of anticipated cash flows through the store's lease-end date using fair value measurement inputs classified as Level 3. The fair value of right-of-use assets is estimated using market comparative information for similar properties. Level 3 inputs are derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable. The Company recorded a lease right-of-use asset impairment charge of \$0.6 million during the thirteen weeks ended April 30, 2022. There were no impairment charges for the thirteen weeks ended May 1, 2021.

Assets recognized or disclosed at fair value on the consolidated financial statements on a nonrecurring basis include items such as property, plant, and equipment, including leasehold improvements, and operating lease assets, as well as assets related to the Pura Vida acquisition including goodwill and intangible assets. These assets are measured at fair value if determined to be impaired.

The discounted cash flow models used to estimate the applicable fair values involve numerous estimates and assumptions that are highly subjective. Changes to these estimates and assumptions could materially impact the fair value estimates. The estimates and assumptions critical to the overall fair value estimates include: (1) estimated future cash flow generated at the store level; (2) discount rates used to derive the present value factors used in determining the fair values; and (3) market rentals at the retail store. These and other estimates and assumptions are impacted by economic conditions and our expectations and may change in the future based on period-specific facts and circumstances. If economic conditions were to deteriorate, future impairment charges may be required which may be material.

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6. Debt

On September 7, 2018, Vera Bradley Designs, Inc. (“VBD”), a wholly-owned subsidiary of the Company, entered into an asset-based revolving Credit Agreement (the “Credit Agreement”) among VBD, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders from time to time party thereto. The Credit Agreement provides for certain credit facilities to VBD in an aggregate principal amount not to initially exceed the lesser of \$75.0 million or the amount of borrowing availability determined in accordance with a borrowing base of certain assets. Any proceeds of the credit facilities will be used to finance general corporate purposes of VBD and its subsidiaries, including but not limited to Vera Bradley International, LLC and Vera Bradley Sales, LLC (collectively, the “Named Subsidiaries”). The Credit Agreement also contains an option for VBD to arrange with lenders to increase the aggregate principal amount by up to \$25.0 million.

Amounts outstanding under the Credit Agreement bear interest at a per annum rate equal to either (i) for CBFR borrowings (including swingline loans), the CB Floating Rate, where the CB Floating Rate is the prime rate which shall never be less than the adjusted one month LIBOR rate on such day, plus the Applicable Rate, where the Applicable Rate is a percentage spread ranging from -1.00% to -1.50% or (ii) for each eurodollar borrowing, the Adjusted LIBO Rate, where the Adjusted LIBO Rate is the LIBO rate for such interest period multiplied by the statutory reserve rate, for the interest period in effect for such borrowing, plus the Applicable Rate, where the Applicable Rate is a percentage ranging from 1.00% to 1.30%. The applicable CB Floating Rate, Adjusted LIBO Rate, or LIBO Rate shall be determined by the administrative agent. The Credit Agreement also requires VBD to pay a commitment fee for the unused portion of the revolving facility of up to 0.20% per annum.

VBD’s obligations under the Credit Agreement are guaranteed by the Company and the Named Subsidiaries. The obligations of VBD under the Credit Agreement are secured by substantially all of the respective assets of VBD, the Company, and the Named Subsidiaries and are further secured by the equity interests in VBD and the Named Subsidiaries.

The Credit Agreement contains various affirmative and negative covenants, including restrictions on the Company's ability to incur debt or liens; engage in mergers or consolidations; make certain investments, acquisitions, loans, and advances; sell assets; enter into certain swap agreements; pay dividends or make distributions or make other restricted payments; engage in certain transactions with affiliates; and amend, modify, or waive any of its rights related to subordinated indebtedness and certain charter and other organizational, governing, and material agreements. The Company may avoid certain of such restrictions by meeting payment conditions defined in the Credit Agreement.

The Credit Agreement also requires the Loan Parties to maintain a minimum fixed charge coverage ratio of 1.00 during periods when borrowing availability is less than the greater of (A) \$7.5 million, and (B) 10% of the lesser of (i) the aggregate revolving commitment, and (ii) the borrowing base. The fixed charge coverage ratio, availability, aggregate revolving commitment, and the borrowing base are further defined in the Credit Agreement.

The Credit Agreement contains customary events of default, including, among other things: (i) the failure to pay any principal, interest, or other fees under the Credit Agreement; (ii) the making of any materially incorrect representation or warranty; (iii) the failure to observe or perform any covenant, condition, or agreement in the Credit Agreement or related agreements; (iv) a cross default with respect to other material indebtedness; (v) bankruptcy and insolvency events; (vi) unsatisfied material final judgments; (vii) Employee Retirement Income Security Act of 1974 (“ERISA”) events that could reasonably be expected to have a material adverse effect; and (viii) a change in control (as defined in the Credit Agreement).

Any commitments made under the Credit Agreement mature on September 7, 2023.

As of April 30, 2022 and January 29, 2022, the Company had no borrowings outstanding and availability of \$75.0 million under the Credit Agreement.

7. Income Taxes

The provision for income taxes for interim periods is based on an estimate of the annual effective tax rate adjusted to reflect the impact of discrete items. Management judgment is required in projecting ordinary income to estimate the Company’s annual effective tax rate.

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The effective tax rate for the thirteen weeks ended April 30, 2022, was 18.9%, compared to 25.9% for the thirteen weeks ended May 1, 2021. The year-over-year effective tax rate decrease was primarily due to the relative impact of permanent and discrete items in the current-year period compared to the prior-year period, primarily as a result of stock-based compensation.

8. Stock-Based Compensation

The Company recognizes stock-based compensation expense, for its awards of restricted stock units, in an amount equal to the fair market value of the underlying stock on the grant date of the respective award.

The Company reserved 3,000,000 shares of common stock for issuance or transfer under the 2020 Equity and Incentive Plan, which allows for grants of restricted stock units, as well as other equity awards. The Company maintains the 2010 Equity and Incentive Plan for awards granted prior to the effectiveness of the 2020 Equity and Incentive Plan.

Awards of Restricted Stock Units

During the thirteen weeks ended April 30, 2022, the Company granted 841,369 time-based and performance-based restricted stock units with an aggregate fair value of \$6.3 million to certain employees and non-employee directors under the 2020 Equity and Incentive Plan compared to 640,007 time-based and performance-based restricted stock units with an aggregate fair value of \$6.6 million in the same period of the prior year.

The majority of the time-based restricted stock units vest and settle in shares of the Company's common stock, on a one-for-one basis, in equal installments on each of the first three anniversaries of the grant date. Restricted stock units issued to non-employee directors vest after a one-year period from the grant date. The Company recognizes the expense relating to these units, net of estimated forfeitures, on a straight-line basis over the vesting period.

Performance-based restricted stock units vest upon the completion of a three-year period of time (cliff vesting), subject to the employee's continuing employment throughout and the Company's achievement of annual earnings per share targets, or other Company performance targets, during the three-year performance period. The Company recognizes the expense relating to these units, net of estimated forfeitures, based on the probable outcome of achievement of the financial targets, on a straight-line basis over three years.

The following table sets forth a summary of restricted stock unit activity for the thirteen weeks ended April 30, 2022 (units in thousands):

	Time-based Restricted Stock Units		Performance-based Restricted Stock Units	
	Number of Units	Weighted- Average Grant Date Fair Value (per unit)	Number of Units	Weighted- Average Grant Date Fair Value (per unit)
Nonvested units outstanding at January 29, 2022	855	\$ 7.43	708	\$ 7.95
Granted	472	7.47	369	7.47
Vested	(424)	7.73	(174)	13.10
Forfeited	(3)	7.67	(2)	7.63
Nonvested units outstanding at April 30, 2022	900	\$ 7.31	901	\$ 6.75

As of April 30, 2022, there was \$7.9 million of total unrecognized compensation cost, net of estimated forfeitures, related to nonvested restricted stock units. That cost is expected to be recognized over a weighted-average period of 1.9 years, subject to meeting performance conditions.

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9. Commitments and Contingencies

The Company is subject to various claims and contingencies arising in the normal course of business, including those relating to product liability, legal claims, employee benefits, environmental issues, and other matters. Management believes that at this time it is not probable that any of these claims will have a material adverse effect on the Company's financial condition, results of operations, or cash flows. However, the outcomes of legal proceedings and claims brought against the Company are subject to uncertainty, and future developments could cause these actions or claims, individually or in aggregate, to have a material adverse effect on the Company's financial condition, results of operations, or cash flows of a particular reporting period.

In August of 2019, Vesi Incorporated ("Vesi") filed suit against the Company in the U.S. District Court for the Southern District of Ohio related to the Company's licensing business and alleging breach of fiduciary duty, unfair competition, defamation, and tortious interference with prospective business relationships. The complaint seeks damages in an amount not less than \$10.0 million for punitive damages, attorney fees, prejudgment interest, and any other additional relief. The Company has denied any liability and intends to vigorously defend itself in the case. In November 2019, the Company filed a counterclaim against the principals of Vesi as personal guarantors for monies owed to the Company by Vesi. The Company has filed a motion for summary judgement asking the Court to dismiss all claims with prejudice and grant judgement on its counterclaim. The motion is fully briefed and the Company is awaiting a decision from the Court. At this time, we are not able to estimate a possible loss or range of loss that may result from this matter or to determine whether such loss, if any, would have a material adverse effect on our financial condition or results of operations due to the fact that the Company is vigorously defending itself and management believes that the Company has a number of meritorious legal defenses.

10. Common Stock

On November 29, 2018, the Company's board of directors approved a share repurchase plan (the "2018 Share Repurchase Program") authorizing up to \$50.0 million of repurchases of shares of the Company's common stock. On December 3, 2020, the 2018 Share Repurchase Program was extended through December 11, 2021. On March 20, 2020, the Company temporarily suspended the share repurchase program to conserve cash as a result of the COVID-19 pandemic. The board of directors authorized the resumption of the share repurchase program beginning on March 11, 2021.

In December 2021, the Company's board of directors approved a new share repurchase plan (the "2021 Share Repurchase Program") which authorized Company management to utilize up to \$50.0 million of available cash for repurchases of shares of the Company's common stock. The 2021 Share Repurchase Program went into effect beginning December 13, 2021 and expires in December 2024.

The Company purchased 1,423,096 shares at an average price of \$7.35 per share, excluding commissions, for an aggregate amount of \$10.5 million during the thirteen weeks ended April 30, 2022 under the 2021 Share Repurchase Program. There was \$35.3 million remaining available to repurchase shares of the Company's common stock under the 2021 Share Repurchase Program as of April 30, 2022.

As of April 30, 2022, the Company held as treasury shares 10,681,837 shares of its common stock at an average price of \$11.73 per share, excluding commissions, for an aggregate carrying amount of \$125.3 million. The Company's treasury shares may be issued under the 2010 Equity and Incentive Plan (with respect to outstanding awards under that plan), under the 2020 Equity and Incentive Plan, or for other corporate purposes.

11. Cloud Computing Arrangements

The Company capitalizes implementation costs associated with its Cloud Computing Arrangements ("CCA") consistent with costs capitalized for internal-use software. The CCA costs are amortized over the term of the related hosting agreement, taking into consideration renewal options, if any. The renewal period is included in the amortization period if determined that the option is reasonably certain to be exercised. The amortization expense is recorded within selling, general, and administrative expenses in the Company's Condensed Consolidated Statements of Operations, which is within the same line item as the related hosting fees. The balance of the unamortized CCA implementation costs totaled \$7.5 million and \$8.0 million as of April 30, 2022 and January 29, 2022, respectively. Of this total, \$3.0 million and \$2.8 million was recorded within prepaid expenses and other current assets and \$4.5 million

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and \$5.2 million was recorded within other assets on the Company's Condensed Consolidated Balance Sheets as of April 30, 2022 and January 29, 2022, respectively. The CCA implementation costs are recorded within operating activities in the Company's Condensed Consolidated Statements of Cash Flows.

12. Redeemable Noncontrolling Interest

Redeemable noncontrolling interest represents the remaining twenty-five percent (25%) interest in Pura Vida not acquired by the Company. Refer to Notes 1 and 4 herein for additional information.

Changes in redeemable noncontrolling interest for the thirteen weeks ended April 30, 2022, were as follows (in thousands):

Balance at January 29, 2022	\$ 30,974
Net income attributable to redeemable noncontrolling interest	264
Distributions to redeemable noncontrolling interest	(146)
Balance at April 30, 2022	\$ 31,092

Changes in redeemable noncontrolling interest for the thirteen weeks ended May 1, 2021, were as follows (in thousands):

Balance at January 30, 2021	\$ 29,809
Net income attributable to redeemable noncontrolling interest	627
Distributions to redeemable noncontrolling interest	(129)
Balance at May 1, 2021	\$ 30,307

13. Intangible Assets and Goodwill

The following tables detail the carrying value of the Company's intangible assets other than goodwill related to the acquisition of a majority interest in Pura Vida.

<i>in thousands</i>	April 30, 2022		
	Gross Basis	Accumulated Amortization ⁽¹⁾	Carrying Amount
<i>Definite-lived intangible assets</i>			
Customer Relationships	\$ 24,208	\$ (17,770)	\$ 6,438
Non-competition Agreements	788	(440)	348
Total definite-lived intangible assets	24,996	(18,210)	6,786
<i>Indefinite-lived intangible asset</i>			
Pura Vida Brand	36,668	—	36,668
Total intangible assets, excluding goodwill	\$ 61,664	\$ (18,210)	\$ 43,454

(1) Amortization expense is recorded within the Pura Vida segment.

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<i>in thousands</i>	January 29, 2022		
	Gross Basis	Accumulated Amortization ⁽¹⁾	Carrying Amount
<i>Definite-lived intangible assets</i>			
Customer Relationships	\$ 24,208	\$ (17,041)	\$ 7,167
Non-competition Agreements	788	(400)	388
Total definite-lived intangible assets	24,996	(17,441)	7,555
<i>Indefinite-lived intangible asset</i>			
Pura Vida Brand	36,668	—	36,668
Total intangible assets, excluding goodwill	\$ 61,664	\$ (17,441)	\$ 44,223

(1) Amortization expense is recorded within the Pura Vida segment.

Amortization expense is recorded within selling, general, and administrative expenses in the Company's Condensed Consolidated Statement of Operations. The future amortization expense for intangible assets is as follows (in thousands):

	Amortization Expense
Fiscal 2023 (remaining nine months)	\$ 2,304
Fiscal 2024	3,073
Fiscal 2025	1,409
Total	\$ 6,786

The total amount of the goodwill as of April 30, 2022 and January 29, 2022, of \$44.3 million was recorded within the Pura Vida segment upon acquisition. Goodwill is deductible for tax purposes, limited to the Company's 75% majority ownership interest. There were no changes to goodwill for the thirteen weeks ended April 30, 2022 and May 1, 2021.

The Company performs its annual impairment test over goodwill and the Pura Vida brand during the second quarter of each fiscal year. There was no impairment charge recorded during the second quarter of fiscal 2022. As of April 30, 2022, the Company determined that the fair values of the Pura Vida reporting unit and the Pura Vida brand exceeded their carrying values by a nominal amount and concluded that no impairment existed for the goodwill or brand assets. This assessment considered the impact of recent lower sales volumes, particularly in the Pura Vida e-commerce channel, that have been realized in the first quarter of fiscal 2023, as well as changes to other assumptions from the Company's fiscal 2022 analysis. While we consider our assumptions to be reasonable, they are complex and highly subjective.

Adverse changes in key assumptions, even by a nominal amount, in future periods may result in a decline in the fair value estimates of goodwill, Pura Vida brand, and definite-lived intangible assets below their carrying value resulting in impairment charges, which could be material. The Company's key assumptions may be impacted by macroeconomic conditions, including inflationary pressures and the continued disruptions caused by the COVID-19 pandemic, including but not limited to the duration and magnitude of the pandemic, as well as a sustained decline in stock price and potential changes in business strategy, which may also impact the triggering event assessment in future periods. A triggering event is an event or circumstance that indicates the fair value of an entity (or reporting unit) may be below its carrying amount. The adverse changes in key assumptions for goodwill may include, but are not limited to: a decline in the revenue growth rate; a decline in operating profit; or an increase in the discount rate. The adverse changes in key assumptions for the Pura Vida brand may include, but are not limited to: a decline in the revenue growth rate; a decline in the long-term growth rate; a decline in the royalty rate; or an increase in the discount rate. Refer to Note 5 herein for additional information regarding the fair value measurement.

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14. Segment Reporting

The Company has three operating segments, which are also its reportable segments: Vera Bradley Direct (“VB Direct”), Vera Bradley Indirect (“VB Indirect”), and Pura Vida. These operating segments are components of the Company for which separate financial information is available and for which operating results are evaluated on a regular basis by the chief operating decision maker in deciding how to allocate resources and in assessing the performance of the segments.

The VB Direct segment includes Vera Bradley full-line and factory outlet stores; the Vera Bradley websites, verabradley.com and verabradley.ca; the Vera Bradley online outlet site; and typically the Vera Bradley annual outlet sale. Revenues generated from this segment are driven through the sale of Vera Bradley-branded products from Vera Bradley to end consumers.

The VB Indirect segment represents revenues generated through the distribution of Vera Bradley-branded products to specialty retailers representing approximately 1,800 locations, substantially all of which are located in the United States; key accounts, which include department stores, national accounts, third-party e-commerce sites, and third-party inventory liquidators; and royalties recognized through licensing agreements related to the Vera Bradley brand.

The Pura Vida segment represents revenues generated through the Pura Vida websites, www.puravidabracelets.com, www.puravidabracelets.eu, and www.puravidabracelets.ca, the Pura Vida retail store, and through the distribution of Pura Vida-branded products to wholesale retailers, substantially all of which are located in the United States.

Corporate costs represent the Company’s administrative expenses, which include, but are not limited to: human resources, legal, finance, information technology, design, product development, merchandising, corporate-level marketing and advertising, and various other corporate-level-activity-related expenses not directly attributable to a reportable segment. All intercompany-related activities are eliminated in consolidation and are excluded from the segment reporting.

Company management evaluates segment operating results based on several indicators. The primary or key performance indicators for each segment are net revenues and operating income. Net revenues and operating income information for the Company’s reportable segments during the thirteen weeks ended April 30, 2022 and May 1, 2021, respectively, consisted of the following (in thousands):

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
Segment net revenues:		
VB Direct	\$ 61,636	\$ 66,732
VB Indirect	16,977	15,264
Pura Vida	19,846	27,098
Total	<u>\$ 98,459</u>	<u>\$ 109,094</u>
Segment operating income:		
VB Direct	\$ 5,503	\$ 10,860
VB Indirect	5,479	4,461
Pura Vida	1,056	2,508
Total	<u>\$ 12,038</u>	<u>\$ 17,829</u>
Reconciliation:		
Segment operating income	\$ 12,038	\$ 17,829
Less:		
Unallocated corporate expenses	(20,271)	(19,788)
Operating loss	<u>\$ (8,233)</u>	<u>\$ (1,959)</u>

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion summarizes the significant factors affecting the condensed consolidated operating results, financial condition, liquidity, and cash flows of the Company as of and for the thirteen weeks ended April 30, 2022 and May 1, 2021. The following discussion should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended January 29, 2022, and our unaudited condensed consolidated financial statements and the related notes included in Item 1 of this Quarterly Report. The results of operations for the thirteen weeks ended April 30, 2022, are not necessarily indicative of the results to be expected for the full fiscal year.

Macroeconomic Environment

We continue to experience challenges associated with the uncertain macroeconomic environment in which we operate our businesses. The COVID-19 pandemic caused supply chain disruptions that has resulted in continuing delivery delays and increased inbound and outbound shipping costs. We cannot predict the future impacts of the COVID-19 pandemic if cases continue to rise or new variants of the virus, or other factors, necessitate temporary closures to some, or all, of our retail stores due to guidance and mandates from governments and public health officials.

We have also been impacted by higher tariffs from previously duty-free countries, where we source products, as a result of the Generalized System of Preferences ("GSP") duty-free status that expired at the end of calendar year 2020. We cannot guarantee if or when the GSP duty-free status will be reinstated and retro-actively applied by Congress.

In addition, the macroeconomic environment has been further challenged by rising inflation, including higher gas prices, and other related factors that has impacted consumer discretionary spending.

We began initiating strategic price increases across both of our brands to mitigate some of these inflationary and supply chain pressures in late fiscal 2022, and we will continue to implement price increases throughout fiscal 2023. We are also in the midst of a comprehensive cost-reduction and efficiency process. We expect we will complete the identification of cost reductions and begin implementation in the second quarter.

While we continue to actively monitor this rapidly evolving macroeconomic environment and are working to mitigate the situation, we cannot predict the full impact these matters could have on our liquidity, operating results, and financial condition, but they could have a material adverse effect on these metrics.

Executive Summary

Below is a summary of our strategic progress and financial results for the first quarter of fiscal 2023:

Strategic Progress

At Vera Bradley, we continued to innovate and build on our lifestyle merchandising strategy amplified by targeted marketing; focused on strategic product assortment enhancements in our back-to-campus assortment; maximized our travel category; and continued with product collaborations such as Disney. We also opened two new factory outlet locations and closed three full-line locations.

At Pura Vida, we increased our focus on innovation with the launch of our expanded backpack and apparel collections during the quarter; continued to build customer excitement and engagement through collaborations such as Disney and partnering with influencers; and continued to see success in our San Diego store performance, driving our brick-and-mortar expansion plans for Pura Vida. We also focused on cost-effective marketing campaigns in reaction to the calendar year 2021 Apple IDFA update and rising digital media costs.

Financial Summary (all comparisons are to the first quarter of fiscal 2022)

- Net revenues decreased 9.7% to \$98.5 million.
- Vera Bradley Direct ("VB Direct") segment sales decreased 7.6% to \$61.6 million.
- Vera Bradley Indirect segment ("VB Indirect") sales increased 11.2% to \$17.0 million.
- Pura Vida segment sales decreased 26.8% to \$19.8 million.
- Gross profit was \$52.5 million, or 53.3% of net revenue.
- Operating loss was \$(8.2) million and net loss attributable to Vera Bradley, Inc. was \$(7.0) million.
- Capital expenditures for the thirteen weeks totaled \$1.7 million.
- Cash and cash equivalents were \$64.0 million at April 30, 2022.

How We Assess the Performance of Our Business

In assessing the performance of our business, we consider a variety of performance and financial measures.

Net Revenues

Net revenues reflect sales of our merchandise and revenue from distribution and shipping and handling fees, less returns and discounts. Revenues for the VB Direct segment reflect sales through Vera Bradley full-line and factory outlet stores; the Vera Bradley websites verabradley.com and verabradley.ca; and our Vera Bradley online outlet site. There were no sales from our Vera Bradley annual outlet sale in Fort Wayne, Indiana for the past two years as it was cancelled due to the COVID-19 pandemic. Revenues for the VB Indirect segment reflect sales of Vera Bradley-branded products to specialty retail partners; department stores; national accounts; third-party e-commerce sites; third-party inventory liquidators; and royalties recognized through licensing agreements related to the Vera Bradley brand. Revenues for the Pura Vida segment reflect revenues generated through the Pura Vida websites, www.puravidabraccets.com, www.puravidabraccets.eu, and www.puravidabraccets.ca, through the distribution of Pura Vida-branded products to wholesale retailers, and through Pura Vida's first retail store opened in August 2021.

Comparable Sales

Typically, comparable sales are calculated based upon our stores that have been open for at least 12 full fiscal months and net revenues from our Vera Bradley e-commerce operations. Pura Vida e-commerce operations are included within the Company's consolidated comparable sales beginning with the fiscal 2021 third quarter. Pura Vida e-commerce operations include sales from the subscription clubs. Comparable store sales are calculated based solely upon stores that have been open for at least 12 full fiscal months. Remodeled stores are included in both comparable sales and comparable store sales unless the store was closed for more than one week of the current or comparable prior period, in which case the non-comparable temporary closure periods are not included, or the remodel resulted in a significant change in square footage. Some of our competitors and other retailers calculate comparable or "same store" sales differently than we do. As a result, data in this report regarding our comparable sales and comparable store sales may not be comparable to similar data made available by other companies. Non-comparable sales include sales from stores not included in comparable sales or comparable store sales.

As a result of the temporary closure of all Vera Bradley stores due to COVID-19 during a portion of the fiscal 2021 first quarter, the Company's comparable store sales and comparable sales calculations for the prior-year are not meaningful and therefore are not provided.

Typically, measuring the change in year-over-year comparable sales allows us and our investors to evaluate how our store base and e-commerce operations are performing. Various factors affect our comparable sales, including:

- Overall economic trends;
- Consumer preferences and fashion trends;
- Competition;
- The timing of our releases of new patterns and collections;
- Changes in our product mix;
- Pricing and level of promotions;
- Amount of store, mall, and e-commerce traffic;
- The level of customer service that we provide in stores and to our on-line customers;
- Our ability to source and distribute products efficiently;
- The number of stores we open and close in any period; and
- The timing and success of promotional and marketing efforts.

Gross Profit

Gross profit is equal to our net revenues less our cost of sales. Cost of sales includes the direct cost of purchased merchandise, distribution center costs, operations overhead, duty, and all inbound freight costs incurred. The components of our reported cost of sales may not be comparable to those of other retail and wholesale companies.

Gross profit can be impacted by changes in volume; fluctuations in sales price; operational efficiencies, such as leveraging of fixed costs; promotional activities, including free shipping; commodity prices, such as for cotton; tariffs; and labor costs.

Selling, General, and Administrative Expenses ("SG&A")

SG&A expenses include selling; advertising, marketing, and product development; and administrative expenses. Selling expenses include:

- VB Direct business expenses, such as store expenses, employee compensation, and store occupancy and supply costs;
- VB Indirect business expenses consisting primarily of employee compensation and other expenses associated with sales to Indirect retailers; and
- Pura Vida business expenses primarily related to employee compensation.

Advertising, marketing, and product development expenses include employee compensation, media costs, creative production expenses, marketing agency fees, new product design costs, public relations expenses, and market research expenses. A portion of our advertising expenses may be reimbursed by Indirect retailers, and such amount is classified as other income. Administrative expenses include employee compensation for corporate functions, corporate headquarters occupancy costs, consulting and software expenses, and charitable donations.

Other Income (Loss), Net

Other income (loss), net primarily includes certain legal settlements and sales tax credits received for timely filings.

Operating Loss

Operating loss is equal to gross profit less SG&A expenses plus other income, net. Operating loss excludes interest income, interest expense, and income taxes.

Net Loss

Net loss is equal to operating loss plus interest income less interest expense and income taxes.

Net Income Attributable to Redeemable Noncontrolling Interest

Net income attributable to redeemable noncontrolling interest represents the operating results of Pura Vida that are not attributable to Vera Bradley, Inc.

Net Loss Attributable to Vera Bradley, Inc.

Net loss attributable to Vera Bradley, Inc. is equal to net loss less net income attributable to redeemable noncontrolling interest.

Impairment Charges

Long-lived Assets

Property, plant, and equipment and lease right-of-use assets (the "asset group" for store-related assets) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset group may not be recoverable. The reviews are conducted at the lowest identifiable level of cash flows. If the estimated undiscounted future cash flows related to the asset group are less than the carrying value, we recognize a loss equal to the difference between the carrying value and the fair value, as further defined in Note 5 to the Notes to the Condensed Consolidated Financial Statements herein. An impairment charge of \$0.6 million was recognized during the thirteen weeks ended April 30, 2022, for a lease right-of-use asset and is included in SG&A expenses in the Condensed Consolidated Statements of Operations and in impairment charges in the Condensed Consolidated Statements of Cash Flows. The impairment charge is included within corporate unallocated expenses. There were no impairment charges recorded during the thirteen weeks ended May 1, 2021. We are unable to predict the extent of the impact that the inflationary environment and disruptions caused by the COVID-19 pandemic will have on our operations, the economy, or other factors; therefore, it is possible additional impairments could be identified in future periods, and such amounts could be material.

Goodwill and Other Intangible Assets

We perform our annual impairment test over goodwill and the Pura Vida brand during the second quarter of each fiscal year. There was no impairment charge recorded during the second quarter of fiscal 2022. As of April 30, 2022, we determined that the fair values of the Pura Vida reporting unit and the Pura Vida brand exceeded their carrying values by a nominal amount and concluded that no impairment existed for the goodwill or brand assets. This assessment considered the impact of recent lower sales volumes, particularly in the Pura Vida e-commerce channel, that have been realized in the first quarter of fiscal 2023, as well as changes to other assumptions from the Company's fiscal 2022 analysis. While we consider our assumptions to be reasonable, they are complex and highly subjective.

Adverse changes in key assumptions, even by a nominal amount, in future periods may result in a decline in the fair value estimates of goodwill, Pura Vida brand, and definite-lived intangible assets below their carrying value resulting in impairment charges, which could be material. Our key assumptions may be impacted by macroeconomic conditions, including inflationary pressures and the continued disruptions caused by the COVID-19 pandemic, including but not limited to the duration and magnitude of the pandemic, as well as a sustained decline in stock price and potential changes in business strategy, which may also impact the triggering event assessment in future periods. A triggering event is an event or circumstance that indicates the fair value of an entity (or reporting unit) may be below its carrying amount. The adverse changes in key assumptions for goodwill may include, but are not limited to: a decline in the revenue growth rate; a decline in operating profit; or an increase in the discount rate. The adverse changes in key assumptions for the Pura Vida brand may include, but are not limited to: a decline in the revenue growth rate; a decline in the long-term growth rate; a decline in the royalty rate; or an increase in the discount rate.

Results of Operations

The following tables summarize key components of our condensed consolidated results of operations for the periods indicated, both in dollars and as a percentage of our net revenues (\$ in thousands):

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
Statement of Operations Data:		
Net revenues	\$ 98,459	\$ 109,094
Cost of sales	45,945	49,930
Gross profit	52,514	59,164
Selling, general, and administrative expenses	60,914	60,896
Other income (loss), net	167	(227)
Operating loss	(8,233)	(1,959)
Interest expense, net	40	90
Loss before income taxes	(8,273)	(2,049)
Income tax benefit	(1,563)	(531)
Net loss	(6,710)	(1,518)
Less: Net income attributable to redeemable noncontrolling interest	264	627
Net loss attributable to Vera Bradley, Inc.	\$ (6,974)	\$ (2,145)
Percentage of Net Revenues:		
Net revenues	100.0 %	100.0 %
Cost of sales	46.7 %	45.8 %
Gross profit	53.3 %	54.2 %
Selling, general, and administrative expenses	61.9 %	55.8 %
Other income (loss), net	0.2 %	(0.2)%
Operating loss	(8.4)%	(1.8)%
Interest expense, net	— %	0.1 %
Loss before income taxes	(8.4)%	(1.9)%
Income tax benefit	(1.6)%	(0.5)%
Net loss	(6.8)%	(1.4)%
Less: Net income attributable to redeemable noncontrolling interest	0.3 %	0.6 %
Net loss attributable to Vera Bradley, Inc.	(7.1)%	(2.0)%

The following tables present net revenues and operating income by operating segment, both in dollars and as a percentage of associated net revenues, and store data for the periods indicated (\$ in thousands, except as otherwise indicated):

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
Net Revenues by Segment:		
VB Direct	\$ 61,636	\$ 66,732
VB Indirect	16,977	15,264
Pura Vida	19,846	27,098
Total	\$ 98,459	\$ 109,094
Percentage of Net Revenues by Segment:		
VB Direct	62.6 %	61.2 %
VB Indirect	17.2 %	14.0 %
Pura Vida	20.2 %	24.8 %
Total	100.0 %	100.0 %

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
Operating Income (Loss) by Segment:		
VB Direct	\$ 5,503	\$ 10,860
VB Indirect	5,479	4,461
Pura Vida	1,056	2,508
Less: Corporate unallocated	(20,271)	(19,788)
Total	\$ (8,233)	\$ (1,959)
Operating Income as a Percentage of Net Revenues by Segment:		
VB Direct	8.9 %	16.3 %
VB Indirect	32.3 %	29.2 %
Pura Vida	5.3 %	9.3 %
Vera Bradley Store Data ⁽¹⁾:		
Total stores opened during period	2	1
Total stores closed during period	(3)	(2)
Total stores open at end of period	144	143
Total gross square footage at end of period (all stores)	401,132	379,712
Average net revenues per gross square foot ⁽²⁾	\$ 103	\$ 116
Comparable sales (including e-commerce) decrease ⁽³⁾	(11.1)%	NM
Consolidated Data:		
Comparable sales (including e-commerce) decrease ⁽³⁾	(16.5)%	NM

(1) Includes Vera Bradley full-line and factory outlet stores.

(2) Dollars not in thousands. Average net revenues per gross square foot are calculated by dividing total net revenues for our stores that have been open at least 12 full fiscal months as of the end of the period by total gross square footage for those stores. Remodeled stores are included in average net revenues per gross square foot unless the store was closed for a portion of the period. These figures do not include the Pura Vida retail store opened in August 2021.

(3) As a result of the temporary closure of Vera Bradley stores due to COVID-19 during portions of the first quarter of fiscal 2021, the Company's prior-year first quarter comparable store sales and comparable sales calculations were not meaningful and therefore were not provided.

Thirteen Weeks Ended April 30, 2022, Compared to Thirteen Weeks Ended May 1, 2021

Net Revenues

For the thirteen weeks ended April 30, 2022, net revenues decreased \$10.6 million, or 9.7%, to \$98.5 million, from \$109.1 million in the comparable prior-year period.

VB Direct. For the thirteen weeks ended April 30, 2022, net revenues in the VB Direct segment decreased \$5.1 million, or 7.6%, to \$61.6 million, from \$66.7 million in the comparable prior-year period. Vera Bradley comparable sales decreased \$7.3 million, or 11.1%, which includes an 11.8% decrease in e-commerce sales and a 10.7% decrease in comparable store sales. This comparable sales decrease was partially offset by our non-comparable stores which contributed \$2.0 million of revenue. There were two additional factory outlet stores opened in the current fiscal year and seven factory outlet stores opened in the last twelve months. The decrease in comparable sales and comparable store sales was impacted by reduced traffic, conversion, and units sold primarily in the factory outlet and e-commerce channels. These decreases were partially offset by price increases on certain merchandise in the current-year.

VB Indirect. For the thirteen weeks ended April 30, 2022, net revenues in the VB Indirect segment increased \$1.7 million, or 11.2%, to \$17.0 million, from \$15.3 million in the comparable prior-year period. The increase was primarily due to an increase in orders from certain key accounts and specialty retailers, in part due to timing of product launches.

Pura Vida. For the thirteen weeks ended April 30, 2022, net revenues in the Pura Vida segment decreased \$7.3 million, or 26.8%, to \$19.8 million, from \$27.1 million in the comparable prior-year period. The decrease was primarily due to a decline in e-commerce sales due to a shift in social and digital media effectiveness which continued to be negatively impacted by the calendar year 2021 Apple IDFA update, as well as rising digital media costs.

Gross Profit

For the thirteen weeks ended April 30, 2022, gross profit decreased \$6.7 million, or 11.2%, to \$52.5 million, from \$59.2 million in the comparable prior-year period. As a percentage of net revenues, gross profit decreased to 53.3% for the thirteen weeks ended April 30, 2022, from 54.2% in the comparable prior-year period. The decrease in the gross profit as a percentage of net revenues was primarily due to inbound and outbound freight and shipping costs, partially offset by price increases on certain merchandise in the current-year.

Selling, General, and Administrative Expenses

For the thirteen weeks ended April 30, 2022, SG&A expenses were \$60.9 million, essentially flat with the comparable prior-year period. As a percentage of net revenues, SG&A expenses increased to 61.9% for the thirteen weeks ended April 30, 2022, from 55.8% in the comparable prior-year period. SG&A expenses related to Vera Bradley and corporate unallocated were \$50.4 million compared to \$48.1 million in the comparable prior-year period. SG&A expenses related to Pura Vida were \$10.5 million compared to \$12.8 million in the comparable prior-year period. A decline of \$2.3 million in advertising expense, primarily associated with a decrease in spending related to the Pura Vida brand, was offset by an increase of \$1.2 million in professional fees and \$0.9 million related to operating leases, including \$0.6 million associated with a right-of-use asset impairment expense in the current-year period. There was also a reduction in expense associated with incentive compensation due to company performance estimates compared to the prior-year period which was partially offset by an increase in salary expense, primarily associated with new factory outlet stores and cost-of-living adjustments, and travel expense.

SG&A expenses as a percentage of net revenues increased primarily due to the aforementioned items, as well as SG&A expense de-leverage associated with decreased sales.

Other Income (Loss), Net

For the thirteen weeks ended April 30, 2022, net other income increased \$0.4 million to other income of \$0.2 million compared to an other loss of \$(0.2) million in the comparable prior-year period. The increase in net other income was primarily due to legal settlements.

Operating Loss

For the thirteen weeks ended April 30, 2022, operating loss increased \$6.2 million to \$(8.2) million in the current-year period, from \$(2.0) million in the comparable prior-year period. As a percentage of net revenues, operating loss was (8.4)% and (1.8)% for the thirteen weeks ended April 30, 2022 and May 1, 2021, respectively. Operating loss increased due to the factors described in the captions above.

VB Direct. For the thirteen weeks ended April 30, 2022, operating income in the VB Direct segment decreased \$5.4 million, to \$5.5 million from \$10.9 million in the comparable prior-year period. As a percentage of VB Direct segment net revenues, operating income in the VB Direct segment was 8.9% and 16.3% for the thirteen weeks ended April 30, 2022 and May 1, 2021, respectively. The decrease in operating income as a percentage of VB Direct segment net revenues was primarily due to SG&A expense de-leverage associated with decreased sales; a decrease in gross margin as a percentage of net revenues as described above; and an increase in SG&A expenses compared to the prior-year period including salaries, primarily related to factory outlet store labor and cost-of-living adjustments, and an increase in expense associated with operating leases due primarily to COVID-19-related rent abatements received for certain leases in the first quarter of the prior-year.

VB Indirect. For the thirteen weeks ended April 30, 2022, operating income in the VB Indirect segment increased \$1.0 million, or 22.8%, to \$5.5 million from \$4.5 million in the comparable prior-year period. As a percentage of VB Indirect segment net revenues, operating income in the VB Indirect segment was 32.3% and 29.2% for the thirteen weeks ended April 30, 2022 and May 1, 2021, respectively. The increase in operating income as a percentage of VB Indirect segment net revenues was due in part to SG&A expense leverage associated with increased sales.

Pura Vida. For the thirteen weeks ended April 30, 2022, operating income in the Pura Vida segment decreased \$1.4 million to \$1.1 million from \$2.5 million in the comparable prior-year period. As a percentage of Pura Vida segment net revenues, operating income in the Pura Vida segment was 5.3% and 9.3% for the thirteen weeks ended April 30, 2022 and May 1, 2021, respectively. The decrease in operating income as a percentage of Pura Vida net revenues was primarily due to SG&A expense de-leverage associated with decreased sales, partially offset by a decrease in advertising expense compared to the prior-year period.

Corporate Unallocated. For the thirteen weeks ended April 30, 2022, unallocated expenses increased \$0.5 million, or 2.4%, to \$20.3 million from \$19.8 million in the comparable prior-year period. The increase in unallocated expenses was primarily due to a \$1.0 million increase in professional fees and \$0.6 million related to a lease right-of-use asset impairment charge in the

current-year period, partially offset by a \$1.2 million decrease in employee-related expenses, primarily related to a decline in incentive compensation expense as a result of company performance estimates.

Income Tax Benefit

The effective tax rate for the thirteen weeks ended April 30, 2022, was 18.9%, compared to 25.9% for the thirteen weeks ended May 1, 2021. The year-over-year effective tax rate decrease was primarily due to the relative impact of permanent and discrete items in the current-year period compared to the prior-year period, primarily as a result of stock-based compensation.

Net Loss

For the thirteen weeks ended April 30, 2022, net loss increased \$5.2 million to \$(6.7) million from a net loss of \$(1.5) million in the comparable prior-year period due to the factors described in the captions above.

Net Income Attributable to Redeemable Noncontrolling Interest

For the thirteen weeks ended April 30, 2022, net income attributable to redeemable noncontrolling interest was \$0.3 million compared to \$0.6 million in the prior-year period. This represents the allocation of the Pura Vida net income to the noncontrolling interest. The decrease in net income was due to the factors described above in the Pura Vida operating segment.

Net Loss Attributable to Vera Bradley, Inc.

For the thirteen weeks ended April 30, 2022, net loss attributable to Vera Bradley, Inc. increased \$4.9 million to \$(7.0) million from a \$(2.1) million loss in the comparable prior-year period due to the factors described in the captions above.

Liquidity and Capital Resources

General

Our primary sources of liquidity are cash on hand and cash equivalents, as well as cash flow from operations. We also have access to additional liquidity, if needed, through borrowings under our \$75.0 million asset-based revolving credit agreement (the "Credit Agreement"). There was no debt outstanding as of April 30, 2022. Historically, our primary cash needs have been for merchandise inventories; payroll; store rent; capital expenditures associated with operational equipment, buildings, information technology, and opening new stores; and share repurchases. The most significant components of our working capital are cash and cash equivalents, merchandise inventories, accounts receivable, accounts payable, and other current liabilities.

We believe that cash on hand and cash equivalents, cash flows from operating activities, and the availability of borrowings under our Credit Agreement or other financing arrangements will be sufficient to meet working capital requirements and anticipated capital expenditures, and other strategic uses of cash, if any, for the foreseeable future.

Cash Flow Analysis

A summary of operating, investing, and financing activities is shown in the following table (in thousands):

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
Net cash used in operating activities	\$ (11,082)	\$ (10,040)
Net cash used in investing activities	(1,745)	(458)
Net cash used in financing activities	(11,591)	(2,300)

Net Cash Used in Operating Activities

Net cash used in operating activities consists primarily of net loss adjusted for non-cash items, including depreciation, amortization, impairment charges, deferred taxes, and stock-based compensation; and the effect of changes in assets and liabilities.

Net cash used in operating activities for the thirteen weeks ended April 30, 2022 was \$11.1 million compared to net cash used in operating activities of \$10.0 million for the thirteen weeks ended May 1, 2021. The increase in cash used in operating activities was primarily related to an increase in the net loss of \$5.2 million along with the change in non-cash items, as well as the change in assets and liabilities. Changes in assets and liabilities resulting in a source of cash were primarily related to accounts payable due primarily to timing of payments and income taxes, which we received net payments of \$7.4 million

during the current-year period. Changes in assets and liabilities resulting in a use of cash were primarily related to accounts receivable, which had increased collections from customers in the prior-year partly as a result of COVID-19 in the fiscal 2021 period. The change in inventory was also impacted by decreased sales compared to the prior-year period.

Net Cash Used in Investing Activities

Investing activities consist primarily of investments and capital expenditures related to new store openings, buildings, operational equipment, and information technology investments.

Net cash used in investing activities was \$1.7 million for the thirteen weeks ended April 30, 2022 compared to \$0.5 million for the thirteen weeks ended May 1, 2021. The increase in cash used in investing activities was primarily a result of increased spending associated with purchases of property, plant, and equipment due mostly to timing of Vera Bradley store openings.

Capital expenditures for fiscal 2023 are expected to be approximately \$10.0 million to \$12.0 million.

Net Cash Used in Financing Activities

Net cash used in financing activities was \$11.6 million for the thirteen weeks ended April 30, 2022 compared to \$2.3 million for the thirteen weeks ended May 1, 2021. The increase in cash used in financing activities was primarily due to \$10.0 million of common stock repurchases in the current-year period that did not occur in the comparable prior-year period.

Credit Agreement

On September 7, 2018, VBD, a wholly-owned subsidiary of the Company, entered into an asset based revolving Credit Agreement (the "Credit Agreement") among VBD, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders from time to time party thereto. The Credit Agreement provides for certain credit facilities to VBD in an aggregate principal amount not to initially exceed the lesser of \$75.0 million or the amount of borrowing availability determined in accordance with a borrowing base of certain assets. Any proceeds of the credit facilities will be used to finance general corporate purposes of VBD and its subsidiaries, including but not limited to Vera Bradley International, LLC and Vera Bradley Sales, LLC (collectively, the "Named Subsidiaries"). The Credit Agreement also contains an option for VBD to arrange with lenders to increase the aggregate principal amount by up to \$25.0 million.

Amounts outstanding under the Credit Agreement bear interest at a per annum rate equal to either (i) for CBFR borrowings (including swingline loans), the CB Floating Rate, where the CB Floating Rate is the prime rate which shall never be less than the adjusted one month LIBOR rate on such day, plus the Applicable Rate, where the Applicable Rate is a percentage spread ranging from -1.00% to -1.50% or (ii) for each eurodollar borrowing, the Adjusted LIBO Rate, where the Adjusted LIBO Rate is the LIBO rate for such interest period multiplied by the statutory reserve rate, for the interest period in effect for such borrowing, plus the Applicable Rate, where the Applicable Rate is a percentage ranging from 1.00% to 1.30%. The applicable CB Floating Rate, Adjusted LIBO Rate, or LIBO Rate shall be determined by the administrative agent. The Credit Agreement also requires VBD to pay a commitment fee for the unused portion of the revolving facility of up to 0.20% per annum.

VBD's obligations under the Credit Agreement are guaranteed by the Company and the Named Subsidiaries. The obligations of VBD under the Credit Agreement are secured by substantially all of the respective assets of VBD, the Company, and the Named Subsidiaries and are further secured by the equity interests in VBD and the Named Subsidiaries.

The Credit Agreement contains various affirmative and negative covenants, including restrictions on the Company's ability to incur debt or liens; engage in mergers or consolidations; make certain investments, acquisitions, loans, and advances; sell assets; enter into certain swap agreements; pay dividends or make distributions or make other restricted payments; engage in certain transactions with affiliates; and amend, modify, or waive any of its rights related to subordinated indebtedness and certain charter and other organizational, governing, and material agreements. The Company may avoid certain of such restrictions by meeting payment conditions defined in the Credit Agreement. The Company was in compliance with these covenants as of April 30, 2022.

The Credit Agreement also requires the Loan Parties to maintain a minimum fixed charge coverage ratio of 1.00 to 1.00 during periods when borrowing availability is less than the greater of (A) \$7.5 million, and (B) 10% of the lesser of (i) the aggregate revolving commitment, and (ii) the borrowing base. The fixed charge coverage ratio, availability, aggregate revolving commitment, and the borrowing base are further defined in the Credit Agreement.

The Credit Agreement contains customary events of default, including, among other things: (i) the failure to pay any principal, interest, or other fees under the Credit Agreement; (ii) the making of any materially incorrect representation or warranty; (iii) the failure to observe or perform any covenant, condition, or agreement in the Credit Agreement or related agreements; (iv) a cross default with respect to other material indebtedness; (v) bankruptcy and insolvency events; (vi) unsatisfied material final

judgments; (vii) Employee Retirement Income Security Act of 1974 (“ERISA”) events that could reasonably be expected to have a material adverse effect; and (viii) a change in control (as defined in the Credit Agreement).

Any commitments made under the Credit Agreement mature on September 7, 2023.

As of April 30, 2022 and January 29, 2022, the Company had no borrowings outstanding and availability of \$75.0 million under the Credit Agreement.

Material Cash Requirements

As of April 30, 2022, there were no material changes outside the ordinary course of business to material cash requirements, as disclosed in our Annual Report on Form 10-K for the fiscal year ended January 29, 2022.

Off-Balance-Sheet Arrangements

We do not have any off-balance-sheet financing or unconsolidated special-purpose entities.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, as well as the related disclosures of contingent assets and liabilities at the date of the financial statements. A summary of the Company’s significant accounting policies is included in Note 2 to the Company’s consolidated financial statements in the Company’s Annual Report on Form 10-K for the fiscal year ended January 29, 2022.

Certain accounting policies and estimates of the Company are considered critical, as these policies and estimates are the most important to the depiction of the Company’s consolidated financial statements and require significant, difficult, or complex judgments, often about the effect of matters that are inherently uncertain. Such policies are summarized in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Company’s Annual Report on Form 10-K for the fiscal year ended January 29, 2022. There were no significant changes to any of the critical accounting policies and estimates described in the Annual Report as of April 30, 2022.

Recently Issued Accounting Pronouncements

Refer to Note 1 “Description of the Company and Basis of Presentation” within Item 1 “Financial Statements” of this Quarterly Report on Form 10-Q for a discussion of recently issued accounting pronouncements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of April 30, 2022, there was no material change in the market risks described in “Quantitative and Qualitative Disclosures About Market Risks” in the Company’s Annual Report on Form 10-K for the fiscal year ended January 29, 2022.

ITEM 4. CONTROLS AND PROCEDURES

At the end of the period covered by this Quarterly Report on Form 10-Q, the Company carried out an evaluation, under the supervision and with the participation of the Company’s Disclosure Committee and management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures pursuant to Rule 13a-15 of the Securities Exchange Act of 1934. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were effective as of April 30, 2022.

There has been no change in our internal control over financial reporting during the most recent fiscal quarter that has materially affected, or that is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In August of 2019, Vesi Incorporated (“Vesi”) filed suit against the Company in the U.S. District Court for the Southern District of Ohio related to the Company’s licensing business and alleging breach of fiduciary duty, unfair competition, defamation, and tortious interference with prospective business relationships. The complaint seeks damages in an amount not less than \$10.0 million for punitive damages, attorney fees, prejudgment interest, and any other additional relief. The Company has denied any liability and intends to vigorously defend itself in the case. In November 2019, the Company filed a counterclaim against the principals of Vesi as personal guarantors for monies owed to the Company by Vesi. The Company has filed a motion for summary judgement asking the Court to dismiss all claims with prejudice and grant judgement on its counterclaim. The motion is fully briefed and the Company is awaiting a decision from the Court. At this time, we are not able to estimate a possible loss or range of loss that may result from this matter or to determine whether such loss, if any, would have a material adverse effect on our financial condition or results of operations due to the fact that the Company is vigorously defending itself and management believes that the Company has a number of meritorious legal defenses.

The Company is subject to other legal proceedings from time to time in the ordinary course of business, but does not believe any of these such claims would have a material adverse impact on the Company at this time.

ITEM 1A. RISK FACTORS

Except as follows, there have been no material changes to the risk factors previously set forth in the Company’s Annual Report on Form 10-K for the fiscal year ended January 29, 2022.

Because a significant portion of Pura Vida’s total assets are represented by goodwill, indefinite-lived intangible assets, and definite-lived intangible assets, we could be required to write off some or all of this goodwill and other intangibles, which may adversely affect the company’s financial condition and results of operations.

We used the purchase method of accounting to account for the acquisition of a majority interest in Pura Vida consummated on July 16, 2019. A portion of the purchase price for this business is allocated to identifiable tangible and intangible assets and assumed liabilities based on estimated fair values at the date of acquisition. Goodwill is measured indirectly as the excess of the sum of (1) the consideration transferred (including contingent consideration, if any) and (2) the fair value of any noncontrolling interest in the acquiree over the net assets acquired and liabilities assumed. The purchase price allocation resulted in a goodwill value of \$44.3 million and a value of \$61.7 million related to other intangible assets. The carrying value of these assets as of April 30, 2022, was \$44.3 million and \$43.5 million, respectively. We test goodwill and indefinite-lived intangible assets for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill may be impaired. Definite-lived intangible assets are subject to impairment testing, similar to our long-lived assets. As of April 30, 2022, we determined that the fair values of goodwill and the Pura Vida brand exceeded their carrying values by a nominal amount and concluded that no impairment existed for the assets. This assessment considered the impact of recent lower sales volumes, particularly in the Pura Vida e-commerce channel, that have been realized in the first quarter of fiscal 2023, as well as changes to other assumptions from our fiscal 2022 analysis. While we consider our assumptions to be reasonable, they are complex and highly subjective. Adverse changes in key assumptions, even by a nominal amount, in future periods may result in a decline in the fair value estimates of goodwill, Pura Vida brand, and definite-lived intangible assets below their carrying value resulting in impairment charges, which could be material. Our key assumptions may be impacted by macroeconomic conditions, including inflationary pressures and the continued disruptions caused by the COVID-19 pandemic, including but not limited to the duration and magnitude of the pandemic, as well as a sustained decline in stock price and potential changes in business strategy, which may also impact the triggering event assessment in future periods. Once these assets are adjusted to their respective fair value, there can be no assurance that there will not be further adjustments of impairment in future periods.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In December 2021, the Company's board of directors approved a new share repurchase plan (the "2021 Share Repurchase Program") which authorized Company management to utilize up to \$50.0 million of available cash for repurchases of shares of the Company's common stock. The 2021 Share Repurchase Program was effective beginning December 13, 2021 and expires in December 2024.

Details regarding the activity under the program during the thirteen weeks ended April 30, 2022 are as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Program
January 30, 2022 - February 26, 2022	316,286	\$ 8.02	316,286	\$ 43,255,217
February 27, 2022 - April 2, 2022	498,605	7.56	498,605	39,483,707
April 3, 2022 - April 30, 2022	608,205	6.82	608,205	35,338,287
	<u>1,423,096</u>	<u>\$ 7.35</u>	<u>1,423,096</u>	

ITEM 5. OTHER INFORMATION

On June 9, 2022, the Company and Chief Executive Officer, Robert Wallstrom, entered into the Third Amended and Restated Employment Agreement ("Agreement"), which is attached as Exhibit 10.3 to this filing. The Agreement amended the terms of Mr. Wallstrom's current employment agreement by updating the retirement benefits. Retirement eligibility occurs after Mr. Wallstrom has surpassed ten years of service and reached the age of fifty-five. It would allow Mr. Wallstrom to terminate his employment for retirement by providing 180 days' notice or allow The Company to terminate without cause by giving Mr. Wallstrom 90 calendar days' prior written notice. In the event he terminates his employment due to retirement or the Company terminates without cause, within 18 months of when Mr. Wallstrom would be eligible for retirement, the Company would be obligated to pay Mr. Wallstrom compensation and benefits the same as if his employment were terminated without cause. Additionally, if either Party terminates due to retirement, Mr. Wallstrom would also have the right to receive any other Company retirement benefits, including those outlined in award agreements made under the Company's Equity Plan. Finally, the Agreement deleted provisions no longer applicable and amended certain provisions to be consistent with current practice and policy, such as related to Mr. Wallstrom's current salary of \$871,250 and his allotted managed time off of 26 days.

ITEM 6. EXHIBITS

a. Exhibits

Exhibit No.	Description
10.1	Fiscal 2023 Annual Incentive Compensation Plan (Executives)
10.2	Form of Restricted Stock Unit/Performance Unit Terms and Conditions Under the 2020 Equity and Incentive Plan (Revised)
10.3	Third Amended and Restated Employment Agreement for Robert Wallstrom dated June 9, 2022
31.1	CEO Section 302 Certification
31.2	CFO Section 302 Certification
32.1	Section 906 Certifications*
101.INS	Inline 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	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)
*	Furnished, not filed.

SIGNATURE

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.

Vera Bradley, Inc.
(Registrant)

Date: June 9, 2022

/s/ John Enwright
John Enwright
Chief Financial Officer

**Executive Officer Annual Incentive Compensation Plan
Fiscal 2023**

Plan Overview

Awards under this Annual Incentive Compensation Plan ("Annual Plan") are granted under and governed by the terms and conditions of the Vera Bradley, Inc. 2020 Equity and Incentive Plan (the "2020 Plan"), as amended. Any term capitalized herein but not defined will have the meaning set forth in the 2020 Plan.

This Annual Plan is designed to give each eligible Participant (as defined in the attached Administrative Guidelines) an opportunity to share in the Company's success for the fiscal year ending January 28, 2023 (the "Performance Period"). The incentive is intended to be an inducement for future faithful service as well as a reward for performance. The incentive opportunity for the Performance Period is based on a percentage of each Participant's Base Salary (as defined herein) and will be earned based on three independent performance measures: (1) Brand/Enterprise Performance (made up of net revenue and operating income), (2) Brand/ Enterprise Strategic Objectives, and (3) Individual Financial Goals. Collectively, these are referred to as the "FY23 Performance Measures."

Calculation of Incentive Opportunity

The incentive opportunity for each Participant is determined based on a percentage of each Participant's Base Salary (as defined below) based upon the Participant's level:

Participant Level	Incentive Opportunity as a Percentage of Base Salary		
	Threshold	Target	Excellence
Chief Executive Officer	37.5%	100%	200%
Brand President	26.25%	70%	140%
Executive Officer II	18.75%	50%	100%
Executive Officer I	15%	40%	80%

"Base Salary" is defined as the Participant's gross base salary (before taxes and deductions) paid by the Company to the Participant during the Performance Period.

Each Participant will have the opportunity to earn the incentive set forth above based on the level of achievement against the FY23 Performance Measures. The applicability and weighting of the FY23 Performance Measures relative to the total incentive opportunity is also based upon the Participant's level as follows:

Vera Bradley/Pura Vida Brand - 80% Brand; 20% Enterprise

Participant Level	As a Percentage of Total Target Incentive Opportunity Shown Above				
	Brand Performance		Enterprise Performance	Brand Strategic Objectives	Individual Financial Goals
	Net Revenue	Operating Income	Operating Income		
Brand President	20%	20%	10%	25%	25%
Executive Officer II	20%	20%	10%	25%	25%
Executive Officer I	20%	20%	10%	25%	25%

Enterprise - 100% Enterprise Performance; 0% Brand Performance

	As a Percentage of Total Target Incentive Opportunity Shown Above					
	Brand Performance		Enterprise Performance		Enterprise Strategic Objectives	Individual Financial Goals
Participant Level	Net Revenue	Operating Income	Net Revenue	Operating Income		
Chief Executive Officer	0%	0%	25%	25%	25%	25%
Executive Officer II	0%	0%	25%	25%	25%	25%
Executive Officer I	0%	0%	25%	25%	25%	25%

Brand and Enterprise Financial Performance

Payouts for Financial Performance are based on meeting two independent financial metrics, which are net revenue and operating income. Assuming at least threshold levels of performance against the Performance goals are met during the Performance Period, the actual payout levels will range from 25%-200% of target. The actual amount of Financial Performance goals is considered to be confidential information and is not included in this document, but can be obtained from Human Resources.

Net Revenue Performance Level	Payout as a Percentage of the Portion of Incentive Tied to Corporate Performance*
Threshold	25%
Target	100%
Excellence	200%
Operating Income Performance Level	Payout as a Percentage of the Portion of Incentive Tied to Corporate Performance*
Threshold	25%
Target	100%
Excellence	200%

*Payout levels are determined using linear interpolation for results falling between the three performance levels.

Brand and Enterprise Strategic Objectives

Payouts for performance against the Brand and Enterprise Strategic Objectives will be based on performance against the following objectives:

Vera Bradley Brand Strategic Objectives:

- a. Product – Achieve gross margin goal
- b. Marketing – Achieve Direct traffic goal
- c. Experience – Achieve cross-channel shopping initiatives
- d. Revenue – Achieve revenue by channel goal
- e. Expense Management – Execute plan and achieve targets

Pura Vida Brand Strategic Objectives:

- a. Consumer & Positioning – Achieve customer count plan
- b. Product – Achieve gross margin and revenue goals
- c. Performance and Brand Marketing – Achieve goal
- d. Channels – Achieve new store revenue plan

Enterprise Strategic Objectives:

- a. Supply Chain Management & Cost Containment – Achieve gross margin goal
- b. Shareholder Return – Achieve overall M&A efforts

- c. Talent Management – Achieve engagement score goal
- d. ESG Strategy Execution – Achieve ISS ESG corporate initiatives
- e. Expense Management – Execute plan and achieve targets

Assuming threshold levels of performance against the Brand and Enterprise Strategic Objectives are met during the Performance Period, the actual payout levels will range from 25%-200% of target. The Compensation Committee of the Board of Directors of the Company (the “Compensation Committee”) shall determine the level of performance achieved against the Brand and Enterprise Strategic Objectives in its sole discretion.

Individual Financial Goals

Payouts for performance against the Individual Financial Goals will be based on a Participant’s overall achievement of personal objectives, as determined by the Participant’s supervisor and approved by the Compensation Committee. Payout levels for achievement of the Individual Financial Goals range from 0%-200% of that portion of incentive tied to the Individual Financial Goals.

Administrative Guidelines

1. The CEO direct reports at an Executive Officer level and certain designated Executive Officers are eligible to participate in this Annual Plan. Any question regarding eligibility for participation in this Annual Plan shall be resolved by the Compensation Committee, in the Committee’s sole discretion.
2. Participation in this Annual Plan neither gives any employee the right to be retained as an employee nor limits the Company's right to discharge or discipline any employee.
3. Final payout of any bonus under this Plan is subject to the final approval of the Chief Financial Officer and Vice President, Human Resources and as necessary the Compensation Committee.
4. Participants placed on a Performance Improvement Plan or who are on Step 3 Probation within six months of when payment is made under this Plan will not be eligible for such payment.
5. Certification of Results. Before any Awards under the Annual Plan are deemed earned with respect to a Performance Period, the Compensation Committee shall certify, in accordance with Section 9.5 of the 2020 Plan, in writing (i) that the performance goals have been met for the Performance Period, and (ii) the calculation of "Operating Income" and "Net Revenue" for the Performance Period.
 - a. Definition of "Operating Income". For purposes of this Annual Plan, the term "Operating Income" means, with respect to the Performance Period related to any Awards, the Company's consolidated operating income, as determined in accordance with U.S. GAAP, adjusted to exclude the effects, as shown on the financial statements furnished as part of Form 8-K (announcing the Company's fiscal year-end financial results) for any fiscal year of the Company ending with or within the Performance Period, of (i) any acquisition during the Performance Period, including the amortization expense of intangible assets acquired during the Performance Period, (ii) material charges or income arising from litigation, (iii) corporate restructuring, asset impairment, or other special charges, and (iv) cumulative effect of changes to U.S. GAAP accounting.
 - b. Definition of "Net Revenue". For purposes of this Annual Plan, the term "Net Revenue" means, with respect to the Performance Period related to any Awards, the Company's consolidated net revenue, as determined in accordance with U.S. GAAP.
6. Except as provided herein, (a) no Participant will be entitled to an incentive payment under the Plan unless the Participant is employed by the Company or an Affiliate in an eligible position on the day the incentive payment is made, and (b) a Participant who separates from Service for any reason prior to the date of payment of such incentive will not be entitled to a prorated award, unless otherwise required by applicable state law. By way of clarification, should a Participant separate from Service and be rehired within the same Performance Period, the Participant shall not be given credit for prior periods Service. Notwithstanding the preceding provisions, the following provisions will apply if, during the Performance Period (or after the Performance Period and prior to the date of payment), you cease providing Services due to death, Disability or Retirement (and provided that you have not otherwise engaged in an act that would constitute Cause):

- i. **Death or Disability:** In the event a Participant's Service terminates as a result of death or Disability prior to the date on which the incentive payment is made, the outstanding Award shall be treated as earned at the actual level for both the Company performance and at the target level for individual performance with any such earned Awards becoming fully vested and paid out as provided in section 8, below.
 - ii. **Retirement:** In the event a Participant's Service with the Company terminates as a result of Retirement during the Performance Period, the outstanding Award shall be earned based on the actual Company performance level obtained (determined at the end of the Performance Period) and target individual performance level, with any such earned Awards becoming fully vested and paid out as provided in section 8, below.
7. Notwithstanding anything to the contrary in this Annual Plan, in the event of a Change in Control of the Company during the Performance Period, then the outstanding Award shall be treated as earned at the target level, but prorated based on the number of full fiscal months (in which the Participant provided Service throughout such month) during the Performance Period, with any such earned

Awards becoming fully vested and paid out on a as soon as practicable (but not later than 30 calendar days) following the Change in Control. For purposes of this Annual Plan, the term "Change in Control" shall mean the occurrence of any one or more of the following: (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Exchange Act and the rules of the Securities and Exchange Commission as in effect on the date of this Award), other than (i) Barbara Baekgaard, Patricia Miller, Michael Ray and Kim Colby and their respective heirs and descendants and any trust established for the benefit of such Persons, (ii) the Company or a corporation owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company, or (iii) any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliate, of securities of the Company representing more than twenty-five percent (25%) of the combined voting power of the Company's then outstanding securities; (b) the occupation of a majority of the seats (other than vacant seats) on the Board by Persons who were neither (i) nominated by the Board nor (ii) appointed by directors so nominated; or (c) the consummation of (i) an agreement for the sale or disposition of all or substantially all of the Company's assets, or (ii) a merger, consolidation or reorganization of the Company with or involving any other corporation, other than a merger, consolidation or reorganization that results in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the combined voting power of the voting securities of the Company (or such surviving entity) outstanding immediately after such merger, consolidation or reorganization.

8. All Participants will receive an award that is prorated based on Base Salary earned during the Performance Period.
9. In the event that a Participant joins the Company at any time during the final three fiscal months of the Performance Period, such participant will not be eligible to participate in this Plan.
10. All goal attainment calculations will follow normal rounding guidelines (i.e., 93.1% to 93.49% = 93%; 93.5% to 93.9% = 94%).
11. Payments under the Annual Plan will be paid in cash after the end of the Company's fiscal tax year but no later than the 15th day of the third month following the Company's fiscal tax year on which the annual incentives under this Annual Plan are based.
12. The Company shall have the power and the right to deduct or withhold an amount sufficient to satisfy federal, state, and local taxes (including FICA obligations), domestic or foreign, and other deductions required to be withheld by law with respect to this Award.

13. Record keeping and computation required by this Annual Plan will be subject to review by third-party auditors, and by the Compensation Committee.
14. Interpretations, determinations, and actions regarding plan administration shall be made by the Compensation Committee. Any such determinations and any interpretation, rule, or decision under the Annual Plan or in carrying out or administering the Annual Plan, is final and binding for all purposes and upon all interested persons, their heirs, and personal representatives. The Company or its designee may rely conclusively on determinations made by the Company and its auditors to determine related information for purposes of administration of the Annual Plan, whether such information is determined by the Company, its auditors, or a third-party vendor engaged to provide such information to the Company.
15. While it is the intent of the Company to continue this Annual Plan as stated herein, the Company reserves the right to amend or discontinue the plan at any time in its sole discretion.
16. No Participant can assign, encumber or transfer any of his or her rights and interests under the Award described in this document, except, in the event of his or her death, by will or the laws of descent and distribution.
17. The rights granted under this document are in all respects subject to the provisions of the 2020 Plan to the same extent and with the same effect as if they were set forth fully therein. If the terms of this document or the Award conflict with the terms of the 2020 Plan, the 2020 Plan will control.
18. Awards under this Plan shall be subject to all other Company policies, as amended, including but not limited to the Vera Bradley Compensation Recoupment Policy.

Vera Bradley, Inc.
2020 Equity and Incentive Plan

LONG TERM INCENTIVE PLAN
RESTRICTED STOCK UNIT/PERFORMANCE UNIT TERMS AND CONDITIONS

1. **Definitions.** Any term capitalized herein but not defined will have the meaning set forth in the Vera Bradley, Inc. 2020 Equity and Incentive Plan (the "Plan").
2. **Grant and Vesting of Restricted Stock Units.**
 - a. As of the grant date specified in the Award Agreement (the "Grant Date"), the Participant will be credited with the number of Restricted Stock Units set forth in the Award Agreement. Each Restricted Stock Unit is a notional amount that represents one unvested share of Common Stock. Each Restricted Stock Unit constitutes the right, subject to the terms and conditions of the Plan and this document, to the distribution of a Share if and when the Restricted Stock Unit vests.
 - b. Restricted Stock Units will vest in accordance with the terms of the Award Agreement. If the Participant's Service with the Company and all of its Affiliates terminates before the date that a grant of Restricted Stock Units vests, his or her right to receive the Shares underlying such unvested Restricted Stock Units will be only as provided in Section 5.
3. **Grant and Vesting of Performance Units ("Performance RSUs").**
 - a. As of the Grant Date, the Participant will be credited with the number of Performance RSUs set forth in the Award Agreement. Each Performance RSU is a notional amount that represents one unvested share of Common Stock. Each Performance RSU constitutes the right, subject to the terms and conditions of the Plan and this document, to the distribution of a Share if and when the Performance RSU is deemed earned and vested.
 - b. Performance RSUs granted under the Plan will become earned only if the Company achieves a stated level of "Earnings Per Share" (as defined below) during the applicable Performance Year within the Performance Period as set forth in the Award Agreement. Except as provided in Section 5, any earned Performance RSUs (and the Participant's right to receive the Shares underlying such Performance RSUs) will become vested only if the Participant remains continuously employed with the Company during the Performance Period. The following additional provisions apply to grants of Performance RSUs:
 - i. *Certification of Results.* Before any award of Performance RSUs is deemed earned with respect to a Performance Period, the Committee shall certify, in accordance with Section 9.5 of the Plan, in writing (i) that the performance goals described in the Award Agreement has been achieved for the Performance Period, and (ii) the calculation of "Earnings Per Share" (as defined below) for each Performance Year within the Performance Period.
 - ii. *Definition of "Earnings Per Share."* For purposes of this Subsection 3(b), the term "Earnings Per Share" means, with respect to any Awards of Performance RSUs, the Company's consolidated earnings per share, as determined in accordance with U.S. GAAP, adjusted to exclude the effects, as shown on the financial statements furnished as part of Form 8-K (announcing the Company's fiscal year-end financial results) for any fiscal year of the Company ending with or within the Performance Period, of (i) any acquisition during the Performance Period, including the amortization expense of intangible assets acquired during the Performance Period, (ii) material charges or income arising from litigation, (iii) corporate restructuring, asset impairment, or other special charges, (iv) the benefit related to tariff savings from Generalized System of Preferences ("GSP") countries, and (v) cumulative effect of changes to U.S. GAAP accounting.

- iii. *Definition of "Performance Year."* For purposes of this Subsection 3(b), the term "Performance Year" means, with respect to any Awards of Performance RSUs, each fiscal year of the Company ending within the Performance Period.
- iv. *Finality of Committee Determinations.* Any determination by the Committee of Earnings per Share and the level and entitlement to the Award of Performance RSUs, and any interpretation, rule, or decision adopted by the Committee under the Plan or in carrying out or administering the Plan, is final and binding for all purposes and upon all interested persons, their heirs, and personal representatives. The Committee may rely conclusively on determinations made by the Company and its auditors to determine Earnings per Share and related information for purposes of administration of the Plan, whether such information is determined by the Company, its auditors, or a third-party vendor engaged to provide such information to the Company. This Subsection is not intended to limit the Committee's power, to the extent it deems proper in its sole discretion, to take any action permitted under the Plan.

4. Rights as a Stockholder.

- a. Unless and until a Restricted Stock Unit or an earned Performance RSU, as applicable, has vested and the Share underlying it has been distributed to the Participant, the Participant will not be entitled to vote in respect of that Restricted Stock Unit or Performance RSU (as applicable) or that Share.
- b. If the Company declares a cash dividend on its Shares, then, on the payment date of the dividend, the Participant will be credited with dividend equivalents equal to the amount of cash dividend per Share multiplied by the number of outstanding Restricted Stock Units or Performance RSUs (as applicable) credited to the Participant through the record date. The dollar amount credited to a Participant under the preceding sentence will be credited to an account ("Account") established for the Participant for bookkeeping purposes only on the books of the Company. The amounts credited to the Account will be credited as of the last day of each month with interest, compounded monthly, until the amount credited to the Account is paid to the Participant. The rate of interest credited under the previous sentence will be the prime rate of interest as reported by the Midwest edition of the Wall Street Journal for the second business day of each fiscal quarter on an annual basis. The balance in the Account will be subject to the same terms regarding vesting and forfeiture as the Participant's Restricted Stock Units or Performance RSUs, as applicable, awarded under the applicable Award Agreement, and will be paid in cash in a single sum at the time that the Shares associated with the Participant's Restricted Stock Units or Performance RSUs, as applicable, are delivered (or forfeited at the time that the Participant's Restricted Stock Units or Performance RSUs, as applicable, are forfeited).

5. Termination of Service; Change in Control. If a Participant's Service is terminated for any reason during the applicable Restricted Period or Performance Period, the terms and conditions of the underlying Award Agreement will govern when and whether the Participant will forfeit the right to receive Shares underlying any Restricted Stock Units or Performance RSUs, as applicable, that have not yet vested. To the extent provided in the underlying Award Agreement, all or a portion of the previously unvested Restricted Stock Units or Performance RSUs, as applicable, then outstanding will vest immediately prior to or upon the consummation of a Change in Control.

For purposes hereof, a "Change in Control" shall mean the occurrence of any one or more of the following: (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Exchange Act and the rules of the Securities and Exchange Commission as in effect on the date of this Award), other than (i) Barbara Baekgaard, Patricia Miller, Michael Ray and Kim Colby and their respective heirs and descendants and any trust established for the benefit of such Persons, (ii) the Company or a corporation owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company, or (iii) any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliate, of securities of the Company representing more than twenty-five percent (25%) of the combined voting power of the

Company's then outstanding securities; (b) the occupation of a majority of the seats (other than vacant seats) on the Board by Persons who were neither (i) nominated by the Board nor (ii) appointed by directors so nominated; or (c) the consummation of (i) an agreement for the sale or disposition of all or substantially all of the Company's assets, or (ii) a merger, consolidation or reorganization of the Company with or involving any other corporation, other than a merger, consolidation or reorganization that results in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the combined voting power of the voting securities of the Company (or such surviving entity) outstanding immediately after such merger, consolidation or reorganization.

6. Timing and Form of Payment. Except as provided in this Section or in clauses 2(b) or 3(b) or Section 5, above, once a Restricted Stock Unit vests or a Performance RSU is earned and vested, as applicable, the Participant will be entitled to receive a Share in its place. Delivery of the Share will be made, including delivery with respect to a Disabled Participant, or to the estate of a deceased Participant, after the end of the Restricted Period or Performance Period, as applicable, and not later than the 15th day of the third month following the end of the Restricted Period or Performance Period, as applicable. Shares will be credited to an account established for the benefit of the Participant with the Company's administrative agent. The Participant will have full legal and beneficial ownership with respect to the Shares at that time.
7. Assignment and Transfers. The Participant may not assign, encumber or transfer any of his or her rights and interests under the Award described in this document, except, in the event of his or her death, by will or the laws of descent and distribution.
8. Withholding Tax. The Company shall have the power and the right to deduct or withhold an amount sufficient to satisfy federal, state, and local taxes (including FICA obligations), domestic or foreign, and other deductions required by law to be withheld with respect to the Award. Unless the Committee or its designee agrees to a different method for withholding such taxes, the number of Shares (underlying the Award) necessary to cover applicable withholdings will be withheld from the issuance of any Shares of exchange for the Award.
9. Securities Law Requirements.
 - a. The Restricted Stock Units and Performance RSUs are subject to the further requirement that, if at any time the Committee determines in its sole discretion that the listing or qualification of the Shares subject to the Restricted Stock Units and Performance RSUs under any securities exchange requirements or under any applicable law, or the consent or approval of any governmental regulatory body, is necessary as a condition of, or in connection with, the issuance of Shares under it, then Shares will not be issued under the Restricted Stock Units and Performance RSUs, unless the necessary listing, qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Committee.
 - b. No person who acquires Shares pursuant to the Award reflected in this document may, during any period of time during which that person is an affiliate of the Company (within the meaning of the rules and regulations of the Securities and Exchange Commission under the Securities Act), sell the Shares, unless the offer and sale is made pursuant to (i) an effective registration statement under the Securities Act, which is current and includes the Shares to be sold, or (ii) an appropriate exemption from the registration requirements of the Securities Act, such as that set forth in Rule 144 promulgated under the Securities Act. With respect to individuals subject to Section 16 of the Exchange Act, transactions under this Award are intended to comply with all applicable conditions of Rule 16b-3, or its successors under the Exchange Act. To the extent any provision of the Award or action by the Committee fails to so comply, the Committee may determine, to the extent permitted by law, that the provision or action will be null and void.
10. No Limitation on Rights of the Company. Subject to Sections 4.3, 14.1 and 14.2 of the Plan, the grant of the Award described in this document will not in any way affect the right or power of the Company to make adjustments, reclassifications or changes in its capital or business structure, or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

11. Plan, Restricted Stock Units, Performance RSUs and Award Not a Contract of Employment. Neither the Plan, the Restricted Stock Units, the Performance RSUs nor any other right or interest that is part of the Award granted under the Plan or this document is a contract of employment, and no terms of employment or Service of the Participant will be affected in any way by the Plan, the Restricted Stock Units, the Performance RSUs, the Award, this document or related instruments, except as specifically provided therein. Neither the establishment of the Plan nor the Award will be construed as conferring any legal rights upon the Participant for a continuation of employment or Service, nor will it interfere with the right of the Company or any Affiliate to discharge the Participant and to treat him or her without regard to the effect that treatment might have upon him or her as a Participant.
12. Participant to Have No Rights as a Stockholder. Except as provided in Section 4 above, the Participant will have no rights as a stockholder with respect to any Shares subject to the Restricted Stock Units or Performance RSUs, as applicable, prior to the date on which he or she is recorded as the holder of those Shares on the records of the Company.
13. Notice. Any notice or other communication required or permitted hereunder must be in writing and must be delivered personally, or sent by certified, registered or express mail, postage prepaid. Any such notice will be deemed given when so delivered personally or, if mailed, three days after the date of deposit in the United States mail, in the case of the Company to 12420 Stonebridge Road, Roanoke, Indiana 46783, Attn: Corporate Secretary, and, in the case of the Participant, to the last known address of the Participant in the Company's records.
14. Governing Law. This document and the Award will be construed and enforced in accordance with, and governed by, the laws of the State of Indiana, determined without regard to its conflict of law rules.
15. Code Section 409A. Notwithstanding any other provision in this document, if a Participant is a "specified employee" (as such term is defined for purposes of Code Section 409A) at the time of his or her termination of Service, no amount that is subject to Code Section 409A and that becomes payable by reason of such termination of Service shall be paid to the Participant before the earlier of (i) the expiration of the six-month period measured from the date of the Participant's termination of Service, and (ii) the date of the Participant's death.
16. Plan Document Controls. The rights granted under this document are in all respects subject to the provisions of the Plan to the same extent and with the same effect as if they were set forth fully therein. If the terms of this document or the Award conflict with the terms of the Plan, the Plan will control.

THIRD AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Third Amended and Restated Employment Agreement (“Agreement”), executed on this 9th day of June 2022, effective as of June 9, 2022 (the “Effective Date”), by and between Vera Bradley, Inc., an Indiana corporation (the “Corporation”), and Robert Wallstrom (“Executive”). The Corporation and Executive are referred to jointly below as the “Parties.” This Agreement supersedes and replaces the Employment Agreement entered between the Parties on November 4, 2013 and any subsequent amendments to such Employment Agreement.

WHEREAS, the Corporation desires to employ Executive and Executive desires to accept employment with the Corporation on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the employment of Executive, the mutual terms and conditions set forth below, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Employment and Duties.** Executive will be employed by the Corporation in the position of President and Chief Executive Officer. Executive will report to the Corporation’s Board of Directors (the “Board”). Executive’s primary responsibility will be executive management of the business and affairs of the Corporation and its Affiliates (as defined below). Executive will have all of the authority, duties and responsibilities commensurate with the position, and will carry out such duties commensurate with the position as shall be assigned from time to time by the Board, subject to applicable laws, and ethical duties. During the Term (as defined below), Executive shall devote Executive’s reasonable best efforts, energies and abilities and Executive’s full business time, skill and attention to the business and affairs of the Corporation and its Affiliates, and shall act at all times according to the highest professional standards, for the purpose of advancing the business of the Corporation and its Affiliates. However, Executive may devote reasonable time to activities such as supervision of personal investments and activities involving professional, charitable, educational, civic, religious and similar types of activities, speaking engagements and membership on other boards of directors, provided such activities do not interfere in any material way with the business of the Corporation, and provided further that Executive cannot serve on a board of directors of a publicly traded company without the written consent of the Board. The time involved in such activities shall not be treated as vacation time. Executive shall be entitled to keep any amounts paid to him in connection with such activities (*e.g.*, director fees and honoraria). Executive’s principal place of employment will be the Corporation’s headquarters in Fort Wayne, Indiana. During the Term, Executive also agrees to serve, if elected, as an officer and director of any Affiliate of the Corporation. For purposes of this Agreement, an “Affiliate” shall mean a corporation that, for purposes of Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”), is a Parent or Subsidiary of the Corporation within the meaning of Code Sections 424(e) and 424(f).
2. **Board of Directors.** On the Effective Date, the Board shall elect Executive to the Board. In accordance with the Corporation’s by-laws, the Corporation shall nominate Executive as a director for shareholder approval at the 2014 annual meeting and at each annual meeting thereafter during the Term in which his term as a director is due to expire.
3. **Term.** Employment under this Agreement shall commence on the Effective Date and shall expire at 5:00 p.m. E.S.T. at the end of the fiscal year ending on or about January 31, 2017 (the “Initial Term”), unless terminated earlier pursuant to the provisions of Sections 7, 8, 9 or 11 hereof. The term of employment shall be renewed automatically for successive fiscal year periods (each a “Renewal Term”) after the expiration of the Initial Term, unless the Corporation provides Executive, or Executive provides the Corporation, with written notice to the contrary at least one hundred eighty (180) calendar days prior to the end of the Initial Term or any Renewal Term. The Initial Term and any Renewal Terms are collectively referred to herein as the “Term.” If either the Corporation or Executive elects not to renew the Term of this Agreement in accordance with this Section 3 and Executive thereafter continues in employment with the Corporation or its Affiliates, Executive shall be employed on an at-will basis and the terms of such employment and any subsequent termination of employment shall be subject solely to the Corporation’s general employment practices and policies. In the event of a “Change in Control” of the Corporation (as such term is defined in

the Vera Bradley, Inc. 2020 Equity and Incentive Plan, as amended or any successor thereto (the "Equity Plan")) during the Term, the Term automatically will be extended until the later of (i) the second anniversary of the Change in Control, or (ii) the scheduled expiration of the then-current Term.

4. Compensation.

- a. Base Salary. The Corporation shall pay to Executive an annual base salary ("Base Salary") of eight hundred seventy-one thousand two hundred fifty dollars (U.S. \$871,250) effective as of the Effective Date. The Corporation will pay Executive's Base Salary in equal installments in accordance with the Corporation's standard payroll policies and schedule, subject to tax and elective withholding and deductions. Thereafter, the Compensation Committee of the Board (the "Committee") shall review Executive's performance and Base Salary annually no later than March of each year, in light of competitive data, the Corporation's performance, and Executive's performance, and determine whether to adjust Executive's Base Salary on a prospective basis, subject to Section 7(b). Such adjusted annual salary then shall become Executive's "Base Salary" for purposes of this Agreement and shall become effective in accordance with the same schedule as applied for all annual employee base salary changes.
- b. Annual Bonus. Executive will be eligible for an annual cash bonus (the "Bonus"), based on performance, and calculated as a percentage of Executive's Base Salary, subject to the performance goals and procedures established by the Committee annually after consultation with Executive. Subject to the terms and conditions of the annual cash bonus plan, Executive's target bonus opportunity for each fiscal year shall be one hundred percent (100%) of Base Salary and the maximum bonus opportunity shall be two hundred percent (200%) of Base Salary. Executive will become eligible for participation in the annual bonus plan for the 2015 fiscal year and Executive's guaranteed annual bonus for that fiscal year shall be one hundred percent (100%) of Base Salary. Thereafter, the Committee shall establish a minimum performance level each year, below which no bonus will be paid. Actual payments under the annual bonus plan will be determined by the Committee, in its discretion, and will be based upon the level of achievement of the pre-established performance goals. The Bonus will be paid at the time payment is made to other similarly situated executives of the Corporation, but in no event later than two and one-half (2½) months after the close of the fiscal year in which Executive becomes vested in such Bonus, and is intended to qualify for the short-term deferral exception to Code Section 409A. The Corporation may make changes to the design, vehicles and weighting of the annual bonus plan if such changes are applicable to all executives generally.
- c. Equity Compensation. Executive will be eligible to participate in any long-term incentive plans, and/or equity-based compensation plans established or maintained by the Corporation for its senior executive officers or employees, including, but not limited to, the Equity Plan. For the Corporation's 2015 fiscal year, the equity-based compensation grant shall have an economic value at grant of eight hundred thousand dollars (\$800,000), and shall be made as part of the regular annual grant cycle for all executives of the Corporation (generally in the first quarter). The Corporation may make changes to the design, vehicles and weighting of the Equity Plan if such changes are applicable to all executives generally.

5. Benefits.

- a. Executive shall be entitled to the extent eligible to participate in any benefit plans as may be adopted and modified by the Corporation from time to time, including without limitation health, dental and medical plans, life and disability insurance, paid MTO, holiday, and retirement plans. The benefits available to Executive shall be no less favorable than those available to other executives at similar levels within the organization or to the employees of the Corporation at the location where Executive works. Benefits provided under this Agreement shall be subject to the terms and conditions of any applicable benefit plan, including any eligibility and vesting requirements, as such plans may be in effect or modified by the Corporation from time to time.
- b. Executive shall be entitled to twenty-six (26) days of paid managed time off ("MTO") each year. The maximum number of accrued MTO hours that Executive can have at any point in time is equal to the total MTO hours earned in the last twelve (12) months, plus one (1) week of MTO carried over from the prior twelve (12) months of service.
- c. The Corporation shall reimburse Executive for all reasonable and necessary travel, business entertainment, professional membership and other business expenses incurred by Executive in connection with the performance of Executive's duties under this Agreement, on a basis upon

timely submission by Executive of vouchers therefor in accordance with the Corporation's standard policies and procedures.

- d. The Corporation shall provide Executive with the following relocation reimbursements and benefits during the Initial Term, which, except as provided below, shall be paid or reimbursed within thirty (30) days of the date such expenses were incurred, but in no event later than the last day of Executive's taxable year following the taxable year in which the expense was incurred, provided that Executive has submitted vouchers therefor (other than the Cash Lump Sum Bonus) in accordance with the Corporation's standard policies and

Relocation Assistance	Details
Temporary Living	Interim living expenses reimbursed up to \$3,000 per month for the first six (6) months of employment
Moving of Household Goods	Reimbursement prior to March 15, 2014 of costs associated with moving household and personal effects (estimated to be approximately \$25,000)
House Hunting	Reimbursement prior to March 15, 2014 of expenses relating to two (2) pre-move house hunting trips for you and your family (estimated to be approximately \$3,000)
Home Sale/Purchase Assistance	Reimbursement of expenses to assist with sale of current (in 2014) and purchase of new (prior to March 15, 2014) home including customary closing costs, agent fees and base expenses associated with sale and purchase (estimated to be an aggregate of \$80,000).
Weekend Family Travel	Reimbursement prior to March 15, 2014 for weekend family travel for up to the first eight (8) weeks following the Effective Date, to be booked pursuant to the Corporation's then effective travel policies
Cash Lump Sum Bonus	Lump sum cash bonus on January 15, 2014 of \$80,000 to help offset taxes incurred relative to relocation expenses and other miscellaneous expenses

procedures:

The amount of expenses eligible for reimbursement under this Section 5(d), during Executive's taxable year may not affect the expenses eligible for reimbursement in any other taxable year. Executive's right to reimbursement is not subject to liquidation or exchange for another benefit.

- e. The Corporation will pay Executive's reasonable attorneys' fees incurred to negotiate this Agreement up to twenty-five thousand dollars (\$25,000). Executive's right to payment of legal fees under this Section 5(e) may not be liquidated or exchanged for any other benefit.

6. Termination by the Corporation. The Corporation may terminate Executive's employment during the Term:
- without Cause (as defined below) by giving Executive ninety (90) calendar days' prior written notice, or
 - for Cause (as defined below) by delivering to Executive a copy of a resolution duly adopted by the affirmative vote of a majority of the directors of the Board then in office at a meeting of the Board called and held for such purpose, finding that Executive has committed an act set forth below in this Section 6. Nothing herein shall limit Executive's right or Executive's beneficiaries' right to contest the validity or propriety of any such determination. For purposes of this Agreement, "Cause" shall mean: (i) an intentional act of fraud, embezzlement or theft by Executive in connection with Executive's duties or in the course of Executive's employment with the Corporation or an Affiliate; (ii) Executive's intentional wrongful material damage to the property of the Corporation or its Affiliates; (iii) Executive's intentional material breach of Section 12 hereof while Executive remains in the employ of the Corporation or an Affiliate; (iv) an act of Gross Misconduct (as defined below); or (v) a conviction for a misdemeanor involving moral turpitude or a charge of a felony; and, in each case, the reasonable, good faith determination by the Board as hereafter provided that any such act or omission may be harmful to the Corporation or an Affiliate. For purposes of this Agreement, "Gross Misconduct" shall mean a willful or grossly

negligent act or omission that has or will have a material and adverse impact on the business or reputation of the Corporation or its Affiliates, or on the business of the customers or suppliers of the Corporation or its Affiliates as such relate to the Corporation. In addition, Executive's employment shall be deemed to have terminated for Cause if, based on facts and circumstances discovered after Executive's employment has terminated, the Board determines in reasonable good faith, within one (1) year after Executive's employment terminated, and after appropriate investigation and an opportunity for Executive to be interviewed (with or without counsel as Executive may determine) by a subcommittee of the independent Board members or its representative, that Executive committed an act during the Term that would have justified a termination for Cause.

7. Termination by Executive. Executive may terminate his employment during the Term by giving the Corporation thirty (30) calendar days' prior written notice or in the case of Retirement (as defined below) by providing one hundred-eighty (180) calendar days' prior written notice ; provided that, if Executive purports to terminate his employment during the Term for Good Reason (as defined below), Executive must give the Corporation written notice of his intent to terminate for Good Reason within sixty (60) calendar days of the occurrence of the event that allegedly constitutes Good Reason. The Corporation shall have a right to cure the event(s) or omission(s) alleged to constitute Good Reason for a period of thirty (30) calendar days after notice from Executive of his intention to terminate for Good Reason and, if not cured, Executive may terminate his employment within one hundred twenty (120) days of the occurrence of the event that allegedly constitutes Good Reason. In the event of termination by notice under the first sentence of this Section 7, the Corporation in its discretion may elect a termination date that is earlier than the conclusion of the sixty (60) calendar day or one hundred-eighty (180) calendar day notice period, but the termination shall still be deemed either a Retirement or a voluntary termination by Executive with Good Reason under this Section. "Good Reason" means the occurrence of any of the following events without Executive's express written consent:
- a. The material reduction of Executive's authorities, duties, or responsibilities with the Corporation;
 - b. A material reduction by the Corporation of Executive's Base Salary, other than a reduction approved by the Compensation Committee that similarly applies to all Executive Vice Presidents of the Corporation, provided that such a reduction in Base Salary shall not exceed more than ten percent (10%) from Executive's highest Base Salary;
 - c. A material reduction by the Corporation of Executive's annual bonus opportunity, other than a reduction approved by the Compensation Committee that similarly applies to all Executive Vice Presidents of the Corporation, provided that such a reduction in annual target bonus opportunity shall not exceed more than ten percent (10%) from Executive's highest target bonus opportunity;
 - d. A relocation of the offices of Executive to a place greater than thirty-five (35) miles in distance from the current executive offices of the Corporation in Fort Wayne, Indiana; or
 - e. Any action or inaction that constitutes a material breach by the Corporation of this Agreement.

Notwithstanding the foregoing, any reduction in Executive's Base Salary, annual bonus opportunity or severance payment in anticipation of, upon or within two (2) years following a Change in Control, shall constitute a material breach of the terms of this Agreement. The Corporation shall have no obligations to Executive after Executive's last day of employment following termination of employment under this Section, except as specifically set forth in this Agreement or under any applicable plans, programs or arrangements of the Corporation including, without limitation, the Corporation's Certificate of Incorporation or By-Laws, as either may be amended from time to time, the Equity Plan and any agreements thereunder, and the indemnification agreement described in Section 14.

"Retirement" shall mean a voluntary termination by Executive any time after having surpassed ten (10) years of service with the Corporation and reached the age of fifty-five (55) or a Termination by the Company without cause occurring any time after the date eighteen (18) months prior to when the Executive will surpass ten (10) years of service with the Corporation and reach the age of fifty-five (55).

8. Automatic Termination. Notwithstanding the provisions of Section 3, Executive's employment shall automatically terminate upon Executive's death or upon notice from the Corporation because of Disability (as defined below) while he remains Disabled. Executive shall be deemed to have a "Disability" for purposes of this Agreement if Executive is unable to perform substantially, by reason of physical or mental incapacity, Executive's duties or obligations under this Agreement, with or without reasonable

accommodation as defined in the Americans with Disabilities Act and implementing regulations, for a period of one hundred and eighty (180) consecutive calendar days in any 360-calendar day period.

9. Term of Agreement. Any termination of Executive's employment shall also end the Term. For purposes of this Agreement, Executive's employment with the Corporation and its Affiliates shall be deemed to be terminated when Executive has a "separation from service" within the meaning of Code Section 409A, and references in this Agreement to termination of employment shall be deemed to refer to such a separation from service. Upon Executive's separation from service for any reason, Executive shall be deemed to have resigned as of the date of Executive's separation from service from all offices, directorships and fiduciary positions with the Corporation, its Affiliates, and employee benefit plans of the Corporation unless Executive is affirmatively re-appointed or re-elected to such position as of the date of Executive's separation from service.
10. Certain Obligations of the Corporation Following Termination of Executive's Employment. Following termination of Executive's employment during the Term under the circumstances described below, the Corporation will pay to Executive the following compensation and provide the following benefits in addition to any benefits to which Executive may be entitled by law in full satisfaction and final settlement of any and all claims and demands that Executive or the Corporation may have against the other under this Agreement:
 - a. Termination of Employment for Any Reason. In the event of Executive's termination of employment for any reason, the Corporation shall pay or provide Executive (a) any unpaid Base Salary through the date of termination and (b) any benefits (including, without limitation, any unused vacation accrued in accordance with Section 5(b)) accrued, earned or vested, and any unreimbursed expenses incurred, up to and including the effective date of such termination to which Executive may be entitled under the terms of any applicable arrangement, plan or program (collectively, the "Accrued Amounts").
 - b. Termination Without Cause by the Corporation or for Good Reason by Executive or Termination due to Retirement by either Party. If, during the Term, the Corporation terminates Executive's employment without Cause under Section 6(a) hereof or Executive terminates his employment for Good Reason or either Party terminates Executive's employment by Retirement under Section 7 hereof and it is not on or within twenty-four (24) months after a Change in Control, Executive shall be entitled to the following payments and benefits, subject to Section 13:
 - i. The Accrued Amounts, as soon as reasonably practicable following the date of termination;
 - ii. Any Bonus that has been earned in the fiscal year prior to the employment termination that has not yet been paid, shall be payable at the time payment is made to other similarly situated executives of the Corporation, but in no event later than two and one-half (2½) months after the close of the year in which Executive becomes vested in such Bonus;
 - iii. A pro rata portion of the amount of Bonus, if any, Executive would have received pursuant to Section 4(b) for the year in which Executive's employment terminated (hereinafter, the "Prorated Bonus"). The Corporation shall determine what annual Bonus, if any, Executive would have earned had he been employed through the end of the applicable period (the "Base Incentive Amount"), in accordance with the methods used to calculate the annual Bonus for the Corporation's other similarly situated executives. The pro rata portion to be paid pursuant to this Section shall be determined by multiplying the Base Incentive Amount by a fraction, the numerator of which is the number of calendar days from the beginning of the applicable annual period in which the termination occurred through the date of termination and the denominator of which is 365. Any Prorated Bonus payment due under this Section shall be paid at the time payment is made to other similarly situated executives of the Corporation, but in no event later than two and one-half (2½) months after the close of the fiscal year in which Executive would have become vested in such Bonus;
 - iv. A lump sum payment equal to two (2) times the sum of (A) Base Salary (B) target Bonus for the fiscal year of termination, payable within ten (10) calendar days after Executive's delivery to the Corporation and non-revocation of an executed and enforceable Release, in accordance with and subject to Section 13;
 - v. Monthly Cash reimbursement of Executive's COBRA premiums (or an amount equal to Executive's COBRA premiums) (sufficient to cover full family health care) for a period

of eighteen (18) months following the termination of Executive's employment if Executive elects such COBRA coverage. The foregoing notwithstanding, the Corporation's obligation to reimburse described in the preceding sentence shall cease on the date Executive becomes eligible for coverage under another group health plan offered by a new employer of Executive or covered under a group health plan of the employer of Executive's spouse, in either case, which does not impose pre-existing condition limitations on Executive's coverage. Nothing herein shall be construed to extend the period of time over which COBRA continuation coverage shall be provided to Executive or his dependents beyond that mandated by law. (The foregoing (vii) is hereinafter referred to as the "COBRA Benefits").

- vi. If the Termination by either Party is due to Retirement, Executive shall have the right to any retirement benefits as have been or may be adopted and modified by the Corporation from time to time, including without limitation any retirement provisions outlined in award agreements made pursuant to the Equity Plan.
- c. Termination by Executive Without Good Reason or by the Corporation for Cause. If, during the Term, Executive terminates employment under Section 7(a) hereof without Good Reason or the Corporation terminates Executive's employment under Section 6(b) hereof for Cause, Executive shall be entitled to no further compensation or other benefits under this Agreement except for the Accrued Amounts, payable in a single lump sum as soon as practicable following the date of termination.
- d. Death; Disability. If Executive's employment is terminated during the Term by reason of Executive's death or for Disability, Executive or Executive's estate, as the case may be, shall be entitled to the following payments and benefits, subject to Section 13:
 - i. The Accrued Amounts, as soon as reasonably practicable following the date of termination. Except as provided in subsection (iv) of this paragraph 10(d), if Executive's employment is terminated during the Term by reason of Executive's death or for Disability, the treatment of any equity compensation awards held by Executive shall be governed by the terms of the plan or agreement under which such awards were granted;
 - ii. Any Bonus that has been earned in the fiscal year prior to the employment termination that has not yet been paid, shall be payable at the time payment is made to other similarly situated executives of the Corporation, but in no event later than two and one-half (2½) months after the close of the year in which Executive becomes vested in such Bonus;
 - iii. The Prorated Bonus, if any, Executive would have received for the year in which Executive's employment terminated, payable at the time payment is made to other similarly situated executives of the Corporation, but in no event later than two and one-half (2½) months after the close of the fiscal year in which Executive's employment terminated;
 - iv. The COBRA Benefits.
- e. Termination in Connection With a Change in Control. If Executive's employment is terminated in anticipation of, upon or within twenty-four (24) months following a Change in Control (as defined in the Equity Plan), by the Corporation without Cause under Section 6(a) hereof or by Executive for Good Reason under Section 7 hereof, Executive shall be entitled to the following payments, subject to Sections 12 and 13:
 - i. The Accrued Amounts, as soon as reasonably practicable following the date of termination;
 - ii. Any Bonus that has been earned in the fiscal year prior to the employment termination that has not yet been paid, shall be payable at the time payment is made to other similarly situated executives of the Corporation, but in no event later than two and one-half (2½) months after the close of the year in which Executive becomes vested in such Bonus;
 - iii. The Pro Rated Bonus;
 - iv. A lump sum payment equal to two (2) times the sum of (A) Base Salary (B) target Bonus for the fiscal year of termination, payable within ten (10) calendar days after Executive's delivery to the Corporation and non-revocation of an executed and enforceable Release, in accordance with and subject to Section 13;
 - v. In exchange for Executive's continued compliance with the Restrictive Covenants in Section 12 after the date of the Change in Control, an additional lump sum payment equal to the sum of (A) Base Salary and (B) target Bonus for the fiscal year of termination,

payable after the date of termination and within ten (10) calendar days after Executive's delivery to the Corporation and non-revocation of an executed and enforceable Release, in accordance with and subject to Section 13, or, if the termination was in anticipation of a Change in Control, payable after the date of the Change in Control and within ten (10) calendar days after Executive's delivery to the Corporation and non-revocation of an executed and enforceable Release, in accordance with and subject to Section 13; provided that, if Executive previously has delivered and not revoked an executed and enforceable Release in connection with his termination of employment before the Change in Control, the additional Release required by this clause shall only apply to the period between the execution and delivery of an enforceable Release upon Executive's termination of employment and the date of the Change in Control;

- vi. The COBRA Benefits; and
- vii. Reimbursement for outplacement assistance up to a maximum amount of \$50,000, for no longer than one year.
- viii. The treatment of any equity compensation awards held by Executive shall be governed by the terms of the plan or agreement under which such awards were granted.
- ix. If a Change in Control occurs and payments are made under this Section 10(e), and a final determination is made by legislation, regulation, or ruling directed to Executive or the Corporation, by court decision, or by independent tax counsel, that the aggregate amount of any payments made to Executive under this Agreement and any other agreement, plan, program or policy of the Corporation in connection with, on account of, or as a result of, such Change in Control ("Total Payments") will be subject to an excise tax under the provisions of Code Section 4999, or any successor section thereof ("Excise Tax"), the Total Payments shall be reduced (beginning with those that are exempt from Code Section 409A) so that the maximum amount of the Total Payments (after reduction) shall be one dollar (\$1.00) less than the amount that would cause the Total Payments to be subject to the Excise Tax; provided, however, that the Total Payments shall only be reduced to the extent that the after-tax value of amounts received by Executive after application of the above reduction would exceed the after-tax value of the Total Payments received without application of such reduction. For this purpose, the after-tax value of an amount shall be determined taking into account all federal, state, and local income, employment, and excise taxes applicable to such amount. In making any determination as to whether the Total Payments would be subject to an Excise Tax, consideration shall be given to whether any portion of the Total Payments could reasonably be considered, based on the relevant facts and circumstances, to be reasonable compensation for services rendered (whether before or after the consummation of the applicable Change in Control). To the extent Total Payments must be reduced pursuant to this Section, the Corporation, without consulting Executive, will reduce the Total Payments to achieve the best economic benefit, and to the extent economically equivalent, on a pro-rata basis.
 - 1. In the event that upon any audit by the Internal Revenue Service, or by a state or local taxing authority, of the Total Payments, a change is determined to be required in the amount of taxes paid by, or Total Payments made to, Executive, appropriate adjustments will be made under this Agreement such that the net amount that is payable to Executive after taking into account the provisions of Code Section 4999 will reflect the intent of the parties as expressed in this Section 10(e)(x). Executive shall notify the Corporation in writing of any claim by the Internal Revenue Service that, if successful, would require payment of an Excise Tax or an additional Excise Tax on the Total Payments (a "Claim"). Such notification shall be given as soon as practicable but no later than ten (10) business days after Executive is informed in writing of such Claim and shall apprise the Corporation of the nature of such Claim and the date on which such Claim is requested to be paid. Executive shall not pay such Claim prior to the expiration of the thirty (30) calendar day period following the date on which Executive gives such notice to the Corporation (or such shorter period ending on the date that any payment of taxes with respect to such Claim is due). If the Corporation notifies Executive in writing prior to the expiration of such period that it desires to contest such Claim, Executive shall: (1) give the Corporation any information reasonably requested by the Corporation relating to such Claim,

(2) take such action in connection with contesting such Claim as the Corporation shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such Claim by an attorney reasonably selected by the Corporation, (3) cooperate with the Corporation in good faith in order to contest effectively such Claim, and (4) permit the Corporation to participate in any proceedings relating to such Claim; provided, however, that the Corporation shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold Executive harmless for any Excise Tax, additional Excise Tax, or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 10(e)(x)(A), the Corporation, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such Claim and may, at its sole option, either direct Executive to pay the tax claimed and sue for a refund or contest the Claim in any permissible manner, and Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one (1) or more appellate courts, as the Corporation shall determine, provided, however, that if the Corporation directs Executive to pay such Claim and sue for a refund, the Corporation shall advance the amount of such payment to Executive on an interest-free basis or, if such an advance is not permissible under applicable law, pay the amount of such payment to Executive as additional compensation, and shall indemnify and hold Executive harmless from any Excise Tax, additional Excise Tax, or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or additional compensation; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. The Corporation shall reimburse any fees and expenses provided for under this Section 10(e)(x) on or before the last day of Executive's taxable year following the taxable year in which the fee or expense was incurred, and in accordance with the other requirements of Code Section 409A and Treasury Regulation §1.409A-3(i)(1)(v) (or any similar or successor provisions).

2. If, after the receipt by Executive of an amount advanced or paid by the Corporation pursuant to Section 10(e)(x)(A) above, Executive becomes entitled to receive any refund with respect to such Claim, Executive shall (subject to the Corporation's complying with the requirements of Section 10(e)(x)(A)) promptly pay to the Corporation the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by Executive of an amount advanced by the Corporation pursuant to Section 10(e)(x)(A), a determination is made that Executive shall not be entitled to any refund with respect to such Claim and the Corporation does not notify Executive in writing of its intent to contest such denial of refund prior to the expiration of sixty (60) calendar days after such determination, then such advance shall be forgiven and shall not be required to be repaid.
- f. Termination Following Notice of Non-Renewal. If the Term of this Agreement expires due the Corporation electing not to renew the Term in accordance with Section 3, it shall be treated as a termination of Executive's employment by the Corporation without Cause at the end of the then Term and Executive shall be entitled to those amounts set forth in Section 10(b) or 10 (e) of this Agreement, as applicable, subject to and in accordance with the terms of Section 13. If the Term of this Agreement expires due to Executive electing not to renew the Term in accordance with Section 3, Executive shall receive, subject to Section 13, (i) the Accrued Amounts, as soon as reasonably practicable following the date of termination; and (ii) any Bonus that has been earned in the year prior to the employment termination that has not yet been paid, which Bonus shall be payable at the time payment is made to other similarly situated executives of the Corporation, but

in no event later than two and one-half (2½) months after the close of the year in which Executive becomes vested in such Bonus.

- g. No Mitigation or Offset. In the event of any termination of Executive's employment under this Section 10, Executive shall be under no obligation to seek other employment or otherwise mitigate his damages, and there shall be no offset against amounts due to Executive under this Agreement on account of any remuneration or benefit attributable to any subsequent employment obtained by Executive, except as provided in Sections 10(b)(vii), 10(d)(v), 10(e)(vii), and 10(f)(v).
 - h. Compensation Recovery Policy. Notwithstanding any provision in this Agreement to the contrary, payments under this Agreement will be subject to any Compensation Recovery Policy established by the Corporation and amended from time to time.
11. Nature of Payments. Upon termination of employment pursuant to Sections 6, 7, 8, 9, or 10, Executive will be released from any duties and obligations to the Corporation set forth in this Agreement (except the duties and obligations under the Restrictive Covenants as set forth in Section 12 hereof and the obligation under Sections 13 and 22) and the obligations of the Corporation to Executive under this Agreement will be as set forth in Section 10.
12. Restrictive Covenants.
- a. Executive understands the global nature of the Corporation's businesses and the effort the Corporation undertakes to develop and protect its business, goodwill, confidential information and competitive advantage. Accordingly, Executive recognizes and agrees that the scope and duration of the restrictions described in this Section 12 are reasonable and necessary to protect the legitimate business interests of the Corporation. All payments and benefits to Executive under this Agreement are conditioned expressly on Executive's compliance with each of the provisions of this Section 12. During the period of Executive's employment and for a period of two (2) years following Executive's termination of employment for any reason, Executive shall not:
 - i. singly, jointly, or in any other capacity, in a manner that contributes to any research, design, development, strategy, marketing, promotion, or sales, or that relates to Executive's employment with the Corporation, directly or beneficially engage in, manage, join, participate in the management, operation or control of, or work for (as an employee, consultant or independent contractor), or permit the use of his name by, or provide financial or other assistance to, any person or entity that engages in the design, production, marketing, *and* retailing of (A) handbags and other bags and related accessories ("Handbag Competitive Activities"), or (B) accessories such as jewelry, travel and leisure items, and baby clothes and accessories ("Other Competitive Activities"), and, in the case of either (A) or (B), has received in the prior fiscal year at least twenty-five percent (25%) of its revenues from Handbag Competitive Activities and more than fifty (50%) of its revenues from the combination of Handbag and Other Competitive Activities (a "Competitor"), provided that the foregoing shall not limit Executive from providing services or assistance to a subsidiary or affiliate of a Competitor, in a situation where Executive provides no services or assistance whatsoever to the subsidiary or affiliate that is a Competitor, without the express written approval of the Chairman of the Board;
 - ii. provide any service or assistance to a Competitor, (A) that is of the general type of service or assistance provided by Executive to the Corporation, subject to the proviso in Section 12(a)(i) above (B) that relates to any design, product, project or piece of work with which Executive was involved during his employment, (C) that contributes to causing an entity to design, manufacture, sell and market any product or service that competes with or that is similar to the handbags and other bags, jewelry, travel and leisure items, and baby clothes and accessories that are designed, produced, sold or marketed by the Corporation, or (D) in which there is a reasonable possibility that Executive may, intentionally or inadvertently, use or rely upon the Corporation's secret or confidential information;
 - iii. (A) solicit or accept if offered to Executive, with or without solicitation, on his own behalf or on behalf of any other person, the services of any person who is a then-current employee of the Corporation (or was an employee of the Corporation during the year preceding such solicitation), (B) solicit any of the Corporation's then-current employees (or an individual who was employed by or engaged by the Corporation during the year

preceding such solicitation) to terminate employment or an engagement with the Corporation, not including any general, non-targeted advertising, or (C) agree to hire any then-current employee (or an individual who was an employee of the Corporation during the year preceding such hire) of the Corporation into employment with Executive or any company, individual or other entity; provided that the foregoing shall not be violated by a hiring with respect to which Executive had no personal involvement in any manner or by Executive serving as a reference upon request; or

- iv. On behalf of a Competitor, directly or indirectly divert or attempt to divert from the Corporation any business in which the Corporation has been actively engaged during Executive's employment, nor interfere with the relationships of the Corporation or with their sources of business;
- b. **Confidentiality**. Executive recognizes that the Corporation will disclose secret or confidential information to Executive during the period of Executive's employment to enable Executive to perform his duties. Subject to the following sentence, Executive shall not during his employment (except in connection with the proper performance of his duties) and thereafter, without the prior written consent of the Board, disclose to any person or entity, or use for any reason or purpose, any material or significant secret or confidential information concerning the business of the Corporation that Executive obtained in the course of Executive's employment. This Section shall not be applicable if and to the extent Executive is required to testify in a legislative, judicial or regulatory proceeding pursuant to an order of Congress, any state or local legislature, a judge, or an administrative law judge, or if such secret or confidential information is required to be disclosed by Executive by any law, regulation or order of any court or regulatory commission, department or agency; provided, however, that Executive shall provide the Corporation with prompt notice thereof so that the Corporation may seek an appropriate protective order and/or waive compliance with this Section with respect to such requirement. In the absence of a protective order or the receipt of waiver hereunder, if Executive is nonetheless, in the opinion of Executive's counsel, compelled to furnish the Corporation's confidential information to any third party or else stand liable for contempt or suffer other censure or penalty, such party may furnish such information without liability under this Section or otherwise. Executive further agrees that if Executive's employment is terminated for any reason, Executive will not take, but will leave with the Corporation, all records and papers and all matter of whatever nature that bears secret or confidential information of the Corporation. For purposes of this Agreement, the term "secret or confidential information" shall include, but not be limited to, product assortment, product design, prints, any and all records, notes, memoranda, data, writings, research, personnel information, customer information, pricing, sales and marketing information, product information or designs, supplier lists, the Corporation's financial information and plans, processes, methods, techniques, systems, formulas, patents, models, devices, compilations or any other information of whatever nature in the possession or control of the Corporation, that has not been published or disclosed to the general public, the fashion industry or the design industry. For purposes of this Agreement, the term "secret or confidential information" shall not include Executive's personal address book.
- c. **Judicial Modification**. If a court of competent jurisdiction declares that any term or provision of this Section 12 is invalid or unenforceable, the Corporation and Executive intend that (i) the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or geographic area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, (ii) the Corporation and Executive shall request that the court exercise that power, and (iii) the Agreement shall be enforceable as so modified after the expiration of the time within which the judgment or decision may be appealed.
- d. **Nondisparagement**. Executive agrees not to make, repeat, authorize, or permit any person under his control to make, directly or indirectly, any public statements (whether oral or written), comments, remarks, or publications of any type or of any nature, to anyone, including but not limited to the news media, investors, potential investors, industry analysts, competitors, strategic partners, vendors, employees (past and present), and customers, which would defame or disparage the business reputation, practices, or conduct of the Corporation or its Affiliates (including its products, services or its business decisions), or their employees, directors or officers, or any of them, at any time now or in the future. The Corporation agrees that its Board of Directors, Executive Vice Presidents and Chief Executive Officer will not, directly or indirectly, make,

repeat, authorize or permit any person under its, his or her control to make any public statements (whether oral or written), comments, remarks, or publications of any type or of any nature to anyone, including but not limited to the news media, industry analysts, competitors, strategic partners, vendors, employees (past and present), and customers, which would defame or disparage the reputation of Executive at any time now or in the future. Nothing set forth in this Section 12(d) shall be interpreted to prohibit Executive, the Corporation, the Corporation's Affiliates, or the directors, partners, officers and employees of the Corporation and its Affiliates from making truthful statements (i) in the good faith normal performance of his or their duties, (ii) when required by law, subpoena or court order and/or from responding to any inquiry by any regulatory or investigatory organization, (iii) of a normal competitive nature, or (iv) in direct rebuttal to a disparaging statement made by another.

- e. Remedies. If Executive violates or threatens to violate any provision of this Section 12, the Corporation or its successors in interest shall be entitled, in addition to any other remedies that they may have, including money damages, to (i) an injunction to be issued by a court of competent jurisdiction restraining Executive from committing or continuing any violation of this Section 12 and, in the event of a material violation, (ii) cessation of the severance payments and benefits provided under Section 10. In the event that Executive is found to have breached any provision set forth in this Section 12, the time period provided for in that provision shall be deemed tolled (*i.e.*, it will not begin to run) for so long as Executive was in violation of that provision.
 - f. No restrictive covenants in any grant or award under the Equity Plan can be broader or more limiting than those set forth in this Section 12 and shall be considered limited accordingly.
13. Release. Any and all amounts payable and benefits or additional rights provided pursuant to this Agreement beyond Accrued Amounts shall only be payable if Executive delivers to the Corporation an original, signed release of claims of Executive occurring up to the release date, in a form substantially the same as attached hereto as Exhibit A (the "Release"). The Corporation shall deliver the Release to Executive within ten (10) calendar days of the date Executive's employment terminates and Executive must deliver to the Corporation and not revoke an executed and enforceable Release no later than thirty (30) calendar days after the date Executive's employment terminates (the "Release Deadline"). Payment of the amounts described in Section 10 shall commence no earlier than the date on which Executive delivers to the Corporation and does not revoke an executed and enforceable release as described herein. Payment of any severance or benefits that are not exempt from Code Section 409A shall be delayed until the Release Deadline, irrespective of when Executive executes the Release; provided, however, that where Executive's termination of employment and the Release Deadline occur within the same fiscal year, the payment may be made up to thirty (30) calendar days prior to the Release Deadline, and provided further that where Executive's termination of employment and the Release Deadline occur in two separate fiscal years, payment may not be made before the later of January 1 of the second year or the date that is thirty (30) calendar days prior to the Release Deadline. As part of the Release, Executive shall affirm that Executive (a) has advised the Corporation, in writing, of any facts that Executive is aware of that constitute or might constitute a violation of any ethical, legal or contractual standards or obligations of the Corporation or any Affiliate, and (b) is not aware of any existing or threatened claims, charges, or lawsuits that Executive has not disclosed to the Corporation.
14. Indemnification. The Corporation shall maintain a directors' and officers' liability insurance policy covering Executive on the same basis as in effect for other senior executive employees, and shall provide indemnity to Executive by a separate, written indemnification agreement.
15. Notices. Any and all notices, requests, demands, and other communications provided for herein shall be sufficient if in writing and shall be deemed to have been duly given if delivered by hand or if sent by registered or certified mail, return receipt requested. Notice shall be deemed to have been given when notice is received by the party on whom the notice was served. Notice to the Corporation shall be addressed to the Corporation at its principal office, with attention to the General Counsel, and notice to Executive shall be addressed to Executive at Executive's last address as shown on the records of the Corporation.
16. Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the substantive laws of the State of Indiana, without regard to its internal conflicts of law provisions.

17. Severability. In the event that any provision of this Agreement shall be determined to be invalid, illegal or otherwise unenforceable or contrary to law or public policy, the enforceability of the other provisions in this Agreement shall not be affected thereby.
18. Assignment; Successors. Executive recognizes that this is an agreement for personal services and that Executive may not assign this Agreement. The Agreement shall inure to the benefit of and be binding upon the Corporation's successors and assigns.
19. Entire Agreement/Amendment. This Agreement and the Confidentiality, Non-Competition and Confirmatory Assignment Agreement referred to in Section 12 constitute the entire agreement between the Parties with respect to the subject matter hereof and supersedes any and all other agreements, either oral or in writing, among the Parties hereto with respect to the subject matter hereof. This Agreement may not be amended except by written agreement signed by both Parties.
20. Execution in Counterparts. This Agreement may be executed in one or more counterparts, and by the different Parties in separate counterparts, each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement (and all signatures need not appear on any one counterpart), and this Agreement shall become effective when one or more counterparts has been signed by each of the Parties hereto and delivered to each of the other Parties hereto.
21. Waiver. The failure of either of the Parties to at any time enforce any of the provisions of this Agreement shall not be deemed or construed to be a waiver of any such provision, nor to in any way affect the validity of this Agreement or any provision hereof or the right of either of the Parties to enforce each and every provision of this Agreement. No waiver of any breach of any of the provisions of this Agreement shall be effective unless set forth in a written instrument executed by the party against whom or which enforcement of such waiver is sought, and no waiver of any such breach shall be construed or deemed to be a waiver of any other or subsequent breach.
22. Capacity. Executive and the Corporation hereby represent and warrant to the other that: (i) Executive or the Corporation has full power, authority and capacity to execute and deliver this Agreement, and to perform Executive's or the Corporation's obligations hereunder; (ii) such execution, delivery and performance will not (and with the giving of notice or lapse of time or both would not) result in the breach of any agreements or other obligations to which Executive or the Corporation is a party or Executive or the Corporation is otherwise bound; and (iii) this Agreement is Executive's or the Corporation's valid and binding obligation in accordance with its terms.
23. Arbitration. Any controversy or claim arising out of or relating to this Agreement or the breach thereof or otherwise arising out of Executive's employment or the termination of that employment (including, without limitation, any claims of unlawful employment discrimination whether based on age or otherwise) shall, to the fullest extent permitted by law, be settled by arbitration in any forum and form agreed upon by the parties or, in the absence of such an agreement, under the auspices of the American Arbitration Association ("AAA") in Fort Wayne, Indiana, in accordance with the Employment Dispute Resolution Rules of the AAA, including, but not limited to, the rules and procedures applicable to the selection of arbitrators. In the event that any person or entity other than Executive or the Corporation may be a party with regard to any such controversy or claim, such controversy or claim shall be submitted to arbitration subject to such other person or entity's agreement. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. This Section 23 shall be specifically enforceable. Notwithstanding the foregoing, this Section 23 shall not preclude either party from pursuing a court action for the sole purpose of obtaining a temporary restraining order or a preliminary injunction in circumstances in which such relief is appropriate; provided that any other relief shall be pursued through an arbitration proceeding pursuant to this Section 23. Punitive and consequential damages shall not be permitted as an award and each party shall bear the fees and expenses of its own counsel and expert witnesses; provided that the arbitrator(s), in its sole discretion, may award attorneys' fees, expenses, and costs to Executive if he prevails in the arbitration.
24. Consent to Jurisdiction. To the extent that any court action is permitted consistent with or to enforce this Agreement, the parties hereby consent to the jurisdiction of the court of the State of Indiana, including the federal Courts located therein. Accordingly, with respect to any such court action, Executive (a) submits to

the personal jurisdiction of such courts; (b) consents to service of process; and (c) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction or service of process.

25. Survival. All Sections of this Agreement survive beyond the Term, except those in Section 1 through 6, and as otherwise specifically stated.
26. Code Section 409A. This Agreement is intended to comply with Code Section 409A and the interpretative guidance thereunder, including the exceptions for short-term deferrals, separation pay arrangements, reimbursements, and in-kind distributions, and shall be administered accordingly. This Agreement shall be construed and interpreted with such intent. Each payment under Section 11 of this Agreement or any Corporation benefit plan is intended to be treated as one of a series of separate payments for purposes of Code Section 409A and Treasury Regulation §1.409A-2(b)(2)(iii). Any payment under Section 10 that is subject to Code Section 409A and not exempt under the short-term deferral rule, will not be made before the date that is six (6) months after the date of termination or, if earlier, the date of Executive's death (the "Six-Month Delay Rule") if Executive is a Specified Employee (as defined below) as of his termination of employment. Payments to which Executive otherwise would be entitled during the first six (6) months following his termination of employment (the "Six-Month Delay") will be accumulated and paid on the first day of the seventh month following his termination of employment. Notwithstanding the Six-Month Delay Rule, to the maximum extent permitted under Code Section 409A and Treasury Regulation §1.409A-1(b)(9)(iii) (or any similar or successor provisions), during the Six-Month Delay and as soon as practicable after satisfaction of Section 13 of this Agreement, the Corporation will pay Executive an amount equal to the lesser of (A) the total severance scheduled to be provided under Section 10 above, or (B) two times the lesser of (1) the maximum amount that may be taken into account under a qualified plan pursuant to Code Section 401(a)(17) for the year in which Executive's termination of employment occurs, and (2) the sum of Executive's annualized compensation based upon the annual rate of pay for services provided to the Corporation for the taxable year of Executive preceding the taxable year of Executive in which his termination of employment occurs; provided that amounts paid under this sentence will count toward, and will not be in addition to, the total payment amount required to be made to Executive by the Corporation under Section 10 above. For purposes of this Agreement, the term "Specified Employee" has the meaning given to that term in Code Section 409A and Treasury Regulation §1.409A-1(i) (or other similar or successor provisions). The Corporation's "specified employee identification date" (as described in Treasury Regulation §1.409A-1(i)(3) or any similar or successor provisions) will be December 31 of each year, and the Corporation's "specified employee effective date" (as described in Treasury Regulation §1.409A-1(i)(4) or any similar or successor provisions) will be April 1 of each succeeding year.

IN WITNESS WHEREOF, this Employment Agreement has been duly executed:

VERA BRADLEY, INC.

By: /s/ Robert J Hall

Its: Chairman of the Board of Directors

EXECUTIVE

/s/ Robert Wallstrom

Robert Wallstrom

EXHIBIT A

RELEASE AND WAIVER AGREEMENT

This Release and Waiver Agreement ("Agreement") is entered into this ___ day of _____, 20__ by and between Vera Bradley, Inc., an Indiana corporation (the "Corporation") and Robert Wallstrom (hereinafter "Executive").

WHEREAS, Executive's employment with the Corporation is terminated effective _____, 20__ ("Termination Date") and the Corporation and Executive have voluntarily agreed to the terms of this Agreement in exchange for severance benefits under the Employment Agreement between the parties effective November 11, 2013, as it may be amended ("Employment Agreement"), to which Executive otherwise would not be entitled;

WHEREAS, accordingly the Corporation has determined that Executive will receive severance pay if Executive executes and complies with the terms of this Agreement; and

WHEREAS, Executive acknowledges that the consideration received by Executive under the terms of this Agreement and the Employment Agreement for the release and waiver contained herein is in addition to any consideration the Corporation is otherwise required to provide Executive.

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements set forth below, the parties hereby acknowledge and agree as follows:

1. **Severance.** In consideration for Executive's agreements contained herein and Executive's compliance with Executive's continuing obligations under the Employment Agreement, including his obligations under Section 12, the Corporation will pay Executive the applicable severance provided in Section 10 [**Note—actual agreement to specify the applicable subsections of Section 10**] of the Employment Agreement. Except as specifically provided in this Agreement, the Employment Agreement and any applicable plans, programs or arrangements of the Corporation including, without limitation, the Corporation's Certificate of Incorporation or By-laws, as either may be amended from time to time, the Vera Bradley, Inc. 2010 Equity and Incentive Plan, as amended or any successor thereto (the "Equity Plan") and any agreements thereunder, and the indemnification agreement dated effective as of November 11, 2013 between the Corporation and Executive (the "Indemnification Agreement"), Executive shall not be entitled to any other payment, benefits or other consideration from the Corporation.
2. **Waiver and Release.** In consideration for the payments and benefits to be provided to Executive as set forth herein and the Employment Agreement, Executive, himself and for any person or entity that may claim by him or through him, including Executive's heirs, executors, administrators, successors and assigns, hereby knowingly, irrevocably, unconditionally and voluntarily waives, releases and forever discharges the Corporation, its Affiliates, and each of its individual or collective past, present and future parent, subsidiaries, divisions and affiliates, its and their joint ventures and its and their respective directors, officers, associates, employees, representatives, partners, consultants insurers, attorneys, administrators, accountants, executors, heirs, successors, and agents, and each of its and their respective predecessors, successors and assigns and all persons acting by, through or in concert with any of them (hereinafter collectively referred to as "Releasees"), from any and all claims, causes of action or liabilities relating to Executive's employment with the Corporation or the termination thereof, known or unknown, suspected or unsuspected, arising from any omissions, acts or facts that have occurred up until and including the date Executive executes this Agreement which have been or could be asserted against the Releasees, including but not limited to:
 - a. causes of action or liabilities relating to Executive's employment with the Corporation or the termination thereof arising under Title VII of the Civil Rights Act, the Age Discrimination in Employment Act (the "ADEA"), the Employee Retirement Income Security Act, the Worker Adjustment and Retraining Notification Act, the American with Disabilities Act, the Equal Pay Act, the Family and Medical Leave Act, and the Delaware General Corporations Act as such Acts have been amended, and/or any other foreign, federal, state, municipal, or local employment discrimination statutes (including, but not limited to, claims based on age, sex, attainment of

benefit plan rights, race, religion, national origin, marital status, sexual orientation, ancestry, harassment, parental status, handicap, disability, retaliation, and veteran status); and/or

- b. causes of action or liabilities related to Executive's employment with the Corporation or the termination thereof arising under any other federal, state, municipal, or local statute, law, ordinance or regulation; and/or
- c. causes of action or liabilities relating to rights to or claims for pension, profit-sharing, wages, bonuses or other compensation or benefits; and/or
- d. any other cause of action relating to Executive's employment with the Corporation or the termination thereof including, but not limited to, actions seeking severance pay, except as provided herein, actions based upon breach of contract, wrongful termination, defamation, intentional infliction of emotional distress, tort, personal injury, invasion of privacy, defamation, discrimination, retaliation, promissory estoppel, fraud, violation of public policy, negligence and/or any other common law, or other cause of action whatsoever arising out of or relating to employment with and/or separation from employment with the Corporation and/or any of the other Releasees.

Nothing herein shall limit or impede Executive's right to file or pursue an administrative charge with, or participate in, any investigation before the Equal Employment Opportunity Commission, or any other local, state or federal agency, and/or any causes of action which by law Executive may not legally waive. Executive agrees, however, that if Executive or anyone acting on Executive's behalf, brings any action concerning or related to any cause of action or liability released in this Agreement, Executive waives any right to, and will not accept, any payments, monies, damages, or other relief, awarded in connection therewith.

Nothing herein shall constitute a waiver or release of any of Executive's rights under this Agreement, any other applicable plans, programs or arrangements of the Corporation including, without limitation, the Corporation's Certificate of Incorporation or By-laws, as either may be amended from time to time, the Equity Plan and any agreements thereunder, or under the Indemnification Agreement.

Executive expressly waives the benefits of any statute or rule of law that, if applied to this Agreement, would otherwise exclude from its binding effect any claims against the Corporation not now known by Executive to exist.

3. Cause of Action. As used in this Agreement, the phrase "cause of action" includes all claims, covenants, warranties, promises, agreements, undertakings, actions, suits, counterclaims, causes of action, complaints, charges, obligations, duties, demands, debts, accounts, judgments, costs, expenses, losses, damages and liabilities, of whatsoever kind or nature, in law, equity or otherwise.
4. No Assignment of Causes of Action. Executive represents and warrants that he has not filed or caused to be filed against the Releasees any claims, actions or lawsuits. Executive further represents and warrants that he has not sold, assigned, transferred, conveyed or otherwise disposed of to any third party, by operation of law or otherwise, any claim of any nature whatsoever relating to any matter covered by this Agreement.
5. Representations of the Corporation. The Corporation represents that it is not presently aware of any cause of action that it or any of the other Releasees have against Executive as of the date hereof. The Corporation acknowledges that the release granted by Executive in Section 2 above will be null and void in the event the Corporation subsequently seeks to treat Executive's termination of employment as "for Cause" under the last sentence of Section 6(b) of the Employment Agreement.
6. Representations of Executive. Executive represents that Executive has been given an adequate opportunity to advise the Corporation's human resources, legal, or other relevant management division, and has so advised such division in writing, of any facts that Executive is aware of that constitute or might constitute a violation of any ethical, legal or contractual standards or obligations of the Corporation or any Affiliate. Executive further represents that Executive is not aware of any existing or threatened claims, charges, or lawsuits that he/she has not disclosed to the Corporation.

7. Notice to Seek Counsel, Consideration Period, Revocation Period. Executive acknowledges that Executive has been advised in writing hereby to consult with an attorney before signing this document and that Executive has had at least twenty-one (21) calendar days after receipt of this document to consider whether to accept or reject this Agreement. Executive understands that Executive may sign this Agreement prior to the end of such twenty-one (21) calendar day period, but is not required to do so. Under ADEA, Executive has seven (7) calendar days after Executive signs this Agreement to revoke it. Such revocation must be in writing and delivered either by hand or mailed and postmarked within the seven (7) calendar day period. If sent by mail, it is requested that it be sent by certified mail, return receipt requested to the Corporation's General Counsel Office at 5620 Industrial Road, Fort Wayne, Indiana 46825. If Executive revokes this Agreement as provided herein, it shall be null and void and Executive shall not be entitled to receive the payments as described in the first sentence of Section 1 herein. If Executive does not revoke this Agreement within seven (7) calendar days of signing it, this Agreement shall become enforceable and effective on the seventh (7th) day after Executive signs this Agreement ("Effective Date").
8. Governing Law; Disputes. Except as provided in Section 23 of the Employment Agreement, or as provided below, jurisdiction and venue over disputes with regard to this Agreement shall be exclusively in the courts of the State of Indiana or the United States District Court for the Northern District of Indiana. This Agreement shall be construed and interpreted in accordance with and governed by the laws of the State of Indiana, without regard to the choice of laws provisions of such laws. The parties agree that any action brought by a party to enforce or interpret this Agreement shall be brought in a State or Federal Court sitting in Indiana; except that an action by the Corporation to enforce its rights under Section 12 of the Employment Agreement may also be brought in Executive's state of residency or any other forum in which Executive is subject to personal jurisdiction. In addition, Executive and the Corporation specifically consent to personal jurisdiction in the State of Indiana for purposes of this Agreement.
9. Amendment; Waiver. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by Executive and the Corporation. This Agreement shall be enforced in accordance with its terms and shall not be construed against either party.
10. Severability. The parties agree that if any provision, section, subsection or other portion of this Agreement shall be determined by any court of competent jurisdiction to be invalid, illegal or unenforceable in whole or in part and such determination shall become final, such provision or portion shall be deemed to be severed or limited, but only to the extent required to render the remaining provisions and portion of this Agreement enforceable. This Agreement as thus amended will remain in full force and effect and will be binding on the parties and will be enforced so as to give effect to the intention of the parties insofar as that is possible. In addition, the parties hereby expressly empower a court of competent jurisdiction to modify any term or provision of this Agreement to the extent necessary to comply with existing law and to enforce this Agreement as modified.
11. Enforcement. This Agreement may be pleaded as a full and complete defense and may be used as the basis for an injunction against any action at law or proceeding at equity, or any private or public judicial or non-judicial proceeding instituted, prosecuted, maintained or continued in breach hereof.
12. No Enlargement of Employee Rights. Executive acknowledges that, except as expressly provided in this Agreement, any employment or contractual relationship between him and the Corporation is terminated, and that he has no future employment or contractual relationship with the Corporation other than the contractual relationship created by this Agreement, the Employment Agreement, any other applicable plans, programs or arrangements of the Corporation including, without limitation, the Corporation's Certificate of Incorporation or By-laws, as either may be amended from time to time, the Equity Plan and any agreements thereunder, and the Indemnification Agreement. The Corporation has no obligation, contractual or otherwise, to employ or reemploy, hire or rehire, or recall or reinstate Executive in the future with the Corporation.
13. No Representations. Executive represents that he has carefully read and understands the scope and effect of the provisions of this Agreement. Executive has not relied upon any representations or statements made by the Corporation that are not specifically set forth in this Agreement.

14. Counterparts. This Agreement may be executed in two counterparts, each of which shall be deemed to be an original but both of which together will constitute one and the same instrument.
15. Withholding. The Corporation shall withhold from any payments otherwise due or payable hereunder any amounts required to be withheld in order to comply with any federal, state, local or other income or other tax laws requiring withholding with respect to compensation and benefits provided to Executive pursuant to this Agreement.
16. Successors and Assigns. This Agreement binds and inures to the benefit of Executive's heirs, administrators, representatives, executors, successors and assigns, and the Corporation's successors and assigns.
17. Entire Agreement – Termination of Prior Agreements. This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any previous oral and written agreements or representations relating to the subject matters herein, except for the Employment Agreement, any other applicable plans, programs or arrangements of the Corporation including, without limitation, the Corporation's Certificate of Incorporation or By-laws, as either may be amended from time to time, the Equity Plan and any agreements thereunder, and the Indemnification Agreement.

The undersigned hereby acknowledge and agree that Executive has carefully read and fully understands all the provisions of this Agreement, has had an opportunity to seek counsel regarding it and have voluntarily entered into this Agreement by signing below as of the date(s) set forth above.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date indicated above.

VERA BRADLEY, INC.

By: _____
Its: _____

EXECUTIVE

Robert Wallstrom

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert Wallstrom, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vera Bradley, 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(s) 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(s) 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: June 9, 2022

/s/ Robert Wallstrom

Robert Wallstrom

Chief Executive Officer

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, John Enwright, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vera Bradley, 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(s) 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(s) 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: June 9, 2022

/s/ John Enwright

John Enwright

Chief Financial Officer

**CERTIFICATIONS PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert Wallstrom, the Chief Executive Officer of Vera Bradley, Inc., certify that (i) the quarterly report on Form 10-Q for the fiscal quarter ended April 30, 2022 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Vera Bradley, Inc. as of the dates and for the periods set forth therein.

/s/ Robert Wallstrom

Robert Wallstrom
Chief Executive Officer

June 9, 2022

Date

I, John Enwright, the Chief Financial Officer of Vera Bradley, Inc., certify that (i) the quarterly report on Form 10-Q for the fiscal quarter ended April 30, 2022 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Vera Bradley, Inc. as of the dates and for the periods set forth therein.

/s/ John Enwright

John Enwright
Chief Financial Officer

June 9, 2022

Date