

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the Fiscal Year Ended February 1, 2025

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)

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

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

None

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

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

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

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

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

The aggregate market value of the registrant's voting common stock held by non-affiliates of the registrant as of August 3, 2024 was \$129,964,153.

The registrant had 27,700,900 shares of its common stock outstanding as of March 21, 2025.

DOCUMENT INCORPORATED BY REFERENCE:

Portions of the registrant's definitive proxy statement for the 2025 Annual Meeting of Shareholders are incorporated by reference into Part III of this Annual Report on Form 10-K. Vera Bradley, Inc. intends to file such proxy statement with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after its fiscal year ended February 1, 2025.

Forward-Looking Statements

This annual 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 inability to successfully implement our long-term strategic plans, including Project Restoration;
- possible declines in our comparable sales;
- possible inability to maintain and enhance our brands;
- possible failure of our multi-channel distribution model;
- 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, impacts related to pandemics or other public health matters;
- 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 or design 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 and continued increases in inbound and outbound freight expense that could lead to increased product costs and lower profit margins; and
- public health pandemics, and actions to contain pandemics by governmental or other actors.

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 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 this report.

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.

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PART I

In this Form 10-K, references to “Vera Bradley, Inc.” or the “Company” refer to Vera Bradley, Inc. and its subsidiaries, including Vera Bradley Designs, Inc. and Creative Genius, LLC. References to “Vera Bradley” relate to the Vera Bradley stand-alone brand and references to “Pura Vida” relate to the Pura Vida stand-alone brand, except where the context requires otherwise or where otherwise indicated. The Company utilizes a 52-53 week fiscal year ending on the Saturday closest to January 31. The fiscal year ending February 1, 2025 (“fiscal 2025”) was a 52-week period. The fiscal year ending February 3, 2024 (“fiscal 2024”) was a 53-week period. The fiscal year ended January 28, 2023 (“fiscal 2023”) was a 52-week periods. The fiscal year ending January 31, 2026 (“fiscal 2026”) will be a 52-week period.

Item 1. Business

Our Company

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 casual, 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.

In July 2019, Vera Bradley, Inc. acquired a 75% interest in Creative Genius, Inc., which operates under the name Pura Vida Bracelets (“Pura Vida”). Pura Vida results are consolidated within the Company’s financial statements beginning on July 17, 2019, the first full day following the acquisition. On January 30, 2023, the Company acquired the remaining 25% interest in Pura Vida. On March 11, 2025 the Company entered into an Interest Purchase Agreement (the “Agreement”) to sell 100% of Pura Vida. The transaction is expected to close by the end of the first quarter. A copy of the Agreement is included as an exhibit to this Form 10-K. See Note 18 of the Notes to Consolidated Financial Statements.

The Company has three reportable segments: Vera Bradley Direct (“VB Direct”), Vera Bradley Indirect (“VB Indirect”), and Pura Vida. For financial information about our reportable segments, refer to Note 17 of the Notes to Consolidated Financial Statements set forth in Part II, “Item 8. Financial Statements and Supplementary Data,” of this report.

Our Brands

Vera Bradley

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 is known for its innovative designs, iconic patterns, and brilliant colors that inspire and connect women. The reportable segments within the Vera Bradley brand are VB Direct and VB Indirect.

VB Direct. The VB Direct business consists of sales of Vera Bradley products through Vera Bradley full-line and outlet stores in the United States; e-commerce sites (verabradley.com, outlet.verabradley.com, and international.verabradley.com); and the Vera Bradley annual outlet sale in Fort Wayne, Indiana. As of February 1, 2025, the Company operated 39 full-line stores and 87 outlet stores.

VB Indirect. The VB Indirect business consists of sales of Vera Bradley products to approximately 1,200 specialty retail locations, substantially all of which are located in the United States; sales to 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.

Pura Vida

Pura Vida, based in La Jolla, California, is a digitally native lifestyle brand with a differentiated and expanding offering of bracelets, jewelry, apparel, and other lifestyle accessories. The Pura Vida segment represents revenues generated through the Pura Vida website (www.puravidabracelets.com); through the distribution of Pura Vida-branded products to wholesale retailers and department stores, substantially all of which are located in the United States; and through its seven retail stores.

Our History

When they were traveling together in 1982, Fort Wayne, Indiana friends Barbara Bradley Baekgaard and Patricia Miller realized there was a lack of stylish travel accessories in the market. Within weeks, the friends created Vera Bradley, named after Ms. Bradley Baekgaard’s mother, and began manufacturing and marketing their distinctive products. The founders, together with past and present members of the executive management team, have been instrumental in our growth and success.

The passion for design and customer service established by our founders has driven our Company for over 40 years and remains the cornerstone of Vera Bradley, Inc. today. Ms. Baekgaard retired from Vera Bradley operations in 2017 and retired from the Board of Directors in March 2025 but continues to serve in a Director Emeritus role and as a brand ambassador. Ms. Miller retired as our National Spokesperson in October 2012 and from the Board of Directors in August 2019.

In July 2019, Vera Bradley, Inc. acquired a majority interest in Pura Vida. On January 30, 2023, the Company acquired the remaining interest in Pura Vida.

Similar to the Vera Bradley brand, Pura Vida was founded by two friends, Griffin Thall and Paul Goodman. Thall and Goodman, from Southern California, were traveling through Costa Rica in 2010 and crossed paths with two bracelet artisans. Thall and Goodman asked the artisans to make 400 bracelets to take home with them.

Upon returning to San Diego, Thall and Goodman placed the bracelets in a bowl at a local boutique. Within days, the bracelets sold out and customers were asking for more. Thall and Goodman quickly recognized the significance of these simple string bracelets. They were more than just ordinary locally-crafted bracelets; they symbolized a movement valuing the simple things in life. So, Pura Vida, which means “pure life” in Spanish and is a philosophy that encourages the appreciation of life’s simple treasures, was born.

Enterprise Vision and Growth Strategies

Over the long term, we are committed to driving long-term growth, generating strong cash flow, and returning capital to shareholders.

At the end of fiscal 2023, we began a comprehensive review of the **Consumer, Brand, Product, and Channel** components for both of our brands. This work culminated in our long-term strategic plan, Project Restoration, which addresses each of these four pillars. Through Project Restoration, we are taking targeted and prudent actions to stabilize revenues, while remaining focused on strong financial discipline. We believe execution of Project Restoration will drive long-term profitable growth and deliver value to our shareholders.

During fiscal 2025, we made significant progress on this Company-wide, comprehensive initiative, focusing on the four key pillars of the business for each brand.

Vera Bradley

At Vera Bradley, we launched the first manifestation of our Project Restoration in July fiscal 2025. It included, among other things, the reveal of our new and elevated full-line branding and marketing, product, store design, and website. Our work on this initiative was informed by consumer research and current perceptions of the brand from both buyers and non-buyers. We remain confident in our strategic direction and continue to make refinements based on selling data and customer feedback we have received since Project Restoration launch. We will be expanding our heritage products, reducing our assortment in higher price points, as well as bringing back regular deliveries of licensed product and some classic styles our customers are asking for.

Consumer. We are focusing on restoring brand relevancy, targeting casual and feminine 35 to 54 year old women who value both fashion and function. Our focus on the 35 to 54 year old led us in search of data to understand where and how she shops. We are using this data to target new customers and embark on new partnerships, licensing deals, and collaborations to extend our reach. With this strategy, we will also inspire and retain our loyal customers outside of this age group.

Brand. We are strategically marketing our distinctive and unique positioning as a colorful, feminine, fashionable brand that connects with consumers on a deep, emotional level. We are refocusing our marketing and elevating our creative efforts through digital marketing, public relations, quality media placements, and store initiatives to drive interest and gain new customers.

We are continually looking for new ways to creatively engage our customers, grow brand awareness, and introduce new customers to our brands in a cost-effective manner.

Product. We are refocusing on core categories and items we are “best at,” such as travel and bags, by innovating and expanding within our core products. We are elevating our colorful feminine heritage, keeping it distinctive but more trend-right and modern through updated prints, colors, styles, and designs, which will appeal to both existing and new customers. We’ve improved the quality of most of our fabrics while keeping our commitment to increased use of preferred fibers, and our retail price structure is unchanged. Although the assortment will look new, it is unmistakably Vera Bradley, and our existing customers will still recognize their favorite styles and our distinctive colors, patterns, and quilting.

We will innovate into strategic adjacent lifestyle item introductions that make sense for our customers. We are also continuing to pursue collaborations and partnerships that align with our target customers and expand our customer reach.

Channel. We are building a balanced footprint that more clearly differentiates full-line and outlet assortments. We are continuing to look for opportunities to improve the profitability of our full-line store portfolio by re-balancing our existing fleet

through select closures along with identifying future market opportunities. We will continue to focus on our highest-potential stores by enhancing the customer experience. We expect to open two full-line stores in fiscal 2026. Maintaining brand-right wholesale relationships is important, and we are actively working to acquire new specialty and key account retailers where we know our customer is shopping. We have improved our online shopping experience through elevating full-line creative and experiences, while offering our outlet assortment online at outlet.verabradley.com.

Pura Vida

Pura Vida has shifted focus to delivering profitability and balancing the ecommerce business with wholesale and retail stores. Pura Vida diversified marketing spend and made additional efforts to retain customers.

Consumer. Pura Vida has sharpened focus on the 18-24 year old, who both those younger and older aspire to be. Pura Vida's target customer is free-spirited, a trendsetter, and in the midst of discovering who she is and where she is heading.

Brand. Pura Vida has refreshed the brand image with a focus on being more relevant to Gen Z through showing real places, real moments, and real faces that are authentic, diverse, and inclusive.

Pura Vida remains one of the most highly-engaged brands in the accessories space, with nearly 2.2 million followers on Instagram and is consistently listed as one of the most engaged jewelry brands on Instagram.

Product. Pura Vida has focused on delivering unique, fun, playful product designs that are affordable and accessible. Pura Vida has innovated in the hero core category of string bracelets as well as other jewelry items. Approximately a third of the total Pura Vida business is comprised of jewelry categories other than bracelets, such as rings, anklets, and necklaces.

Channel. Pura Vida has had a strong focus on restoring e-commerce to a healthy full price customer and prudent sharper management of wholesale. The six full-line Pura Vida stores have played a role in driving new customer acquisition and they demonstrate the power a retail presence can have in driving digital sales, omni-channel loyalty, and spending.

Our Product Release Strategy

Vera Bradley. On average, we typically introduce new collections monthly. Each launch typically consists of one to three signature cotton-quilted prints, as well as other fabrications including Featherweight, Leather, Performance Twill, Re-Active, microfiber, and nylon, some of which are also available in solid colors. These collections of prints and solids are incorporated into the designs of a wide range of products, including bags, accessories, and travel items. These collections typically include classic styles, updates to existing designs, and new product introductions.

To keep our assortment current and fresh, and to focus our inventory investments on our best performers, we discontinue prints and fabrications as necessary. We sell our remaining inventory of retired products primarily through our websites (including our online outlet site), outlet stores, our annual outlet sale, and third-party liquidators.

Pura Vida. New Pura Vida products are released monthly. Each product launch collection typically consists of 10 to 30 customer choices, offering a mix of seasonally inspired designs and next generation designs of core bestsellers.

The following chart presents net revenues generated by each of the Company's product categories and other revenues as a percentage of our total net revenues for fiscal years 2025, 2024, and 2023.

	Fiscal Year Ended		
	February 1, 2025	February 3, 2024	January 28, 2023
Bags	37.7 %	33.9 %	34.3 %
Travel	21.8 %	19.3 %	18.8 %
Accessories	26.7 %	30.8 %	32.0 %
Home	7.7 %	8.8 %	8.5 %
Apparel/Footwear	3.3 %	4.4 %	3.7 %
Other ⁽¹⁾	2.8 %	2.8 %	2.7 %
Total	100.0 %	100.0 %	100.0 %

(1) Includes primarily stationery, licensing, freight, merchandising, and gift card breakage revenue.

Bags. Bags are a core part of our product offerings and are the primary component of every seasonal assortment. The category consists of classic and new styles developed by our product development team. Our bag product category includes items such as backpacks, totes, crossbodies, lunch bags, satchels, clutches, and baby bags. Bags play a prominent role in our visual merchandising, and we showcase the different fabrications, patterns, colors, and features of each bag.

Travel. Our travel product category includes rolling luggage, cosmetics, travel and packing accessories, and travel bags which include our iconic duffel and weekend bags. The first Vera Bradley product offering included duffel bags, which have consistently been strong performers. We believe their popularity, as well as the appeal of our other travel items, results from our vibrant designs, functional styles, and lightweight fabrications.

Accessories. Accessories include Vera Bradley-branded fashion accessories such as ID holders, lanyards, wallets, wristlets, eyewear, scarves, various technology accessories, and hair accessories, as well as Pura Vida-branded accessories such as bracelets, rings, and necklaces. The majority of products sold by Pura Vida are included under the accessories category. We believe our accessories are attractively priced and allow the consumer to include some color in her wardrobe. Our product development teams consistently update the accessories assortment based on consumer demand and fashion trends.

Home. Our home category includes textiles, including throw blankets, beach towels, and bedding, as well as items such as mugs and tumblers.

Apparel/Footwear. Our apparel and footwear category includes, among other items, Vera Bradley sleepwear, footwear, outerwear, socks, and tops, as well as Pura Vida tees and hoodies.

Product Development

Vera Bradley. We have implemented a fully-integrated and cross-functional product development process that aligns design, trend and market research, merchandising, planning, sales, marketing, and sourcing. We believe product development is a core capability that makes our products unique and that our designs and aesthetics set our products apart and drive customer loyalty. Our design and product development teams combine an understanding of the desires of our target customers, with knowledge of upcoming color, material, consumer, and fashion trends to design new collections, as well as new product categories.

We typically begin the development stage of our products in the Vera Bradley portfolio twelve to eighteen months in advance of their release. The development of each new pattern includes the design of a primary print and sometimes a secondary coordinating print. All print development is managed by our internal print design team. Once developed, we generally copyright our patterns as appropriate. We believe that great design is not only central to our products, but also is a fundamental part of our brand development and growth strategies.

Our design team works to ensure that new collections contain an assortment of products and styles that are in line with both trends and customer desires and regularly updates classic styles to enhance functionality. Our team monitors fashion trends and customer needs by typically attending trend and industry shows, subscribing to trend monitoring services, and engaging in comparison shopping.

Our product development team works closely with our marketing and merchandising teams to gather consumer insights through a variety of methodologies, including seasonal market research, in-store testing, scheduled interviews, and online and in-person surveys conducted by our internal team. Our work is also informed in part by market data analysis provided through our membership in industry services and organizations. The design and product development teams work to ensure that we offer products that are constructed to meet our design, function, construction, and quality standards in a cost-effective manner. We believe that, with our cross-functional, collaborative approach, we are able to introduce and market our products in a way that clearly communicates the Vera Bradley brand.

In addition to products developed in-house, we also pursue brand extensions through strategic partnerships, licensing agreements, and brand collaborations. We currently have licenses in place for eyewear; bedding; stationery/drinkware; and outdoor furniture, accessories, and décor. We also have licensing agreements with NFL, Disney Consumer Products, Peanuts Worldwide, NBC Universal, Warner Brothers, and NCAA (collegiate). We will continue to look for the right strategic partners and licensees that can augment the brand and provide established distribution networks for certain categories of business. Additional arrangements will be launched in fiscal 2026.

Pura Vida. Pura Vida continued to develop new styles and re-invent existing styles. Pura Vida has pursued brand extensions through licensing agreements and partnerships with Discovery, Warner Brothers Consumer Products, Disney Consumer Products, and Sanrio Inc. (Hello Kitty). Pura Vida has also engaged in collaboration with other relevant brands like Kulani Kinis, and Dutch Brothers Coffee Company to create limited edition products.

Marketing

We believe that the growth of our brands and our business is influenced by our ability to introduce and sell our merchandise in a way that clearly conveys the Vera Bradley and Pura Vida brand personalities. We use marketing as a critical tool in our efforts to promote our brands.

We are continually focused on looking for new ways to creatively engage and retain our customers, grow brand awareness, and introduce new customers to our brands in a cost-effective manner.

Vera Bradley's marketing platform will continue to be a blend of digital and more traditional channels, such as direct mail, email, quality media placements, PR, and targeted TV ads. Our marketing efforts are increasingly reflective of our ongoing commitment to diversity and inclusion. The goal of our 360-brand marketing program is to drive brand awareness and desirability, as well as connect with consumers where they are.

We will continue to drive social media engagement by employing more user-generated content, growing our influencer and ambassador programs, further enhancing social storytelling and social selling, expanding Facebook, Instagram, and TikTok engagement.

Vera Bradley

Retention Advertising. We communicate with our established customers consistently throughout the year with regular e-mails, social media, and SMS, as well as seasonal direct mail related to the Vera Bradley brand. Our retention advertising is geared to keeping Vera Bradley top of mind with our customers, rewarding our customers, and providing them with news of our seasonal launches, new product introductions, and VB Foundation initiatives.

New Customer Acquisition Advertising. We primarily employ digital (i.e., paid social media, paid search, affiliate) and direct mail (catalog, postcards) advertising to increase overall brand awareness and attract new customers.

Public Relations and Product Placement. Vera Bradley has received considerable editorial exposure in the press, with mentions in *Travel & Leisure*, *People*, *Real Simple*, *Today*, *US Weekly*, *Good Morning America*, *Refinery 29*, *Southern Living*, *Glamour*, *Seventeen*, *Elle*, *Women's Wear Daily*, *Pop Sugar*, and *Good Housekeeping*. In addition, we have expanded our public relations efforts to reach popular online influencers and content creators.

Partnerships. During fiscal 2025, we reinforced our position as a company empowering women by aligning our efforts to support the Vera Bradley Breast Cancer Foundation.

Social Media and Online Marketing. We use online marketing and social networking sites as tools to increase brand awareness and drive traffic to our e-commerce sites (verabradley.com, outlet.verabradley.com, and international.verabradley.com) and to our Vera Bradley stores. Vera Bradley can be found on Facebook, Instagram, TikTok, X, Pinterest, and YouTube.

For Vera Bradley, we have captured approximately 3.3 million active subscribed customer e-mail addresses in our online customer file, with many of these customers providing age, occupation, and location data. This information provides us with deeper insight into the products and categories that are of the highest interest to our customers and allows us to better target our customers with appropriate messages. As of February 1, 2025, we had approximately 2.0 million Facebook followers, nearly 70,000 Twitter ("X") followers, and approximately 55,000 TikTok followers. Our Instagram has grown to approximately 612,000 followers and is our most highly engaged social medium. In addition, we often partner with brand-right influencers to promote our products.

Mall Advertising. We had representation in key markets with mall partner participation. Collaborations and holiday promotions were the primary focus for our retail store locations. The outlet channel participated in center marketing throughout the year highlighting key seasonal moments, such as: Spring Break, Back to School, Labor Day, and Holiday.

Direct Mail. Vera Bradley mailers are a vehicle for promoting the Vera Bradley brand and product portfolio. Each mailer is sent to a targeted customer mailing list. We believe our direct mail medium generates excitement and awareness about the Vera Bradley brand and allows us to reach both new and loyal customers in their homes. We use direct mail for prospecting, customer retention, and reactivation.

Pura Vida

Retention Advertising. Pura Vida has connected with established customers through regular emails, affiliate marketing, SMS marketing, and social media marketing. Pura Vida's retention advertising focuses on informing customers of new product launches, exclusive offers, inventory restocks of best sellers, promoting referral and loyalty rewards, and the latest Pura Vida news.

New Customer Acquisition Advertising. Pura Vida has focused on digital advertising through Facebook, Instagram, TikTok, Google, Snapchat, and Pinterest to acquire new customers. Pura Vida has consistently tested new audiences, channels, creative ads, and promotions to maximize our return on paid media spend.

Ambassador Program. Pura Vida has a grassroots program of brand ambassadors who drive customers to the website and generate buzz in local communities, digitally through their social media channels, in person through events, and through word of mouth.

PR & Influencer Marketing. The Pura Vida brand story is told through media and editorial placements, seeding with celebrities and relevant publications, and working with brand influencers across various key markets and demographic profiles. Pura Vida has also built a network of micro influencers and content creators who post for our brand in exchange for product and exposure on our social channels.

Charity Collaborations. Pura Vida has partnered with charities to donate to causes that are important to our customers. To date, Pura Vida has donated nearly \$6.5 million to various charities around the world.

Experiential Marketing. To reach both existing and new customers and bring the brand to life, Pura Vida has hosted events at our retail stores, in-person brand activations on college campuses and relevant public events, and built a brand presence at partner-owned events such as the Varsity Cheer League.

Seasonality

Because Vera Bradley and Pura Vida products are frequently given as gifts, we have historically realized, and expect to continue to realize, higher sales and operating income in the fourth quarter of our fiscal year, which includes the holiday months of November and December. In addition, our products are popular during back-to-school periods of August and September. Fluctuations in sales and operating income in any fiscal quarter are affected by the timing of seasonal wholesale shipments and other events affecting retail sales.

Channels of Distribution

We distribute our Vera Bradley products through our VB Direct (including e-commerce and retail stores) and VB Indirect segments and Pura Vida products primarily through e-commerce, wholesale retailers, and retail stores. This multi-channel distribution model is designed to enable operational flexibility and maximizes the methods by which we can access potential customers.

Vera Bradley Direct Segment

Full-Line Stores. We have developed a retail presence through our full-line stores, all located in the United States, which provides us with a format to showcase our brand and the full array of Vera Bradley products. As of February 1, 2025, we operated 39 full-line stores averaging approximately 2,000 square feet per store. Our sales associates are passionate about our products and customer service, which we believe translates into a superior shopping experience.

Outlet Stores. Our outlet stores are a vehicle for selling styles made specifically for our outlet channel, as well as retired merchandise at discounted prices, while maintaining brand integrity. Typically, approximately 93% of the merchandise found in our outlet stores consists of exclusive styles. Outlet stores are an integral part of our distribution strategy, as this format provides an additional channel of distribution for our products and enables us to better target value-oriented customers. Our outlet stores average approximately 3,500 square feet per store. As of February 1, 2025, we operated 87 outlet stores, all located in the United States.

Store Location Selection Strategy. Our store location decisions for both full-line and outlet stores are made based upon our comprehensive retail strategy that includes actual and planned penetration in both Indirect and Direct segments, as well as existing e-commerce demand. While we forecast that we will close additional full-line stores, we believe that long-term expansion of our store base is necessary to increase brand awareness and reinforce our brand image by contributing to our omni-channel retail strategy. In addition to analyzing store economics, we pay particular attention to the location within the shopping center, the size and shape of the space, and co-tenancies. Along with seeking co-tenants that we believe share our target customer, we seek a balanced mix of moderate and high-end retailers to encourage high levels of traffic.

Store Operations. The focus of our store operations is providing consumers with a comfortable and memorable shopping experience. We strive to make the experience interactive through special store events. Our customer service philosophy emphasizes friendly service, merchandise knowledge, and passion for the brand. Consequently, an essential requirement for the success of our stores is our ability to attract, train, and retain talented, highly motivated district managers, store managers, and sales associates.

E-Commerce. We sell our products through the the Vera Bradley websites (verabradley.com, international.verabradley.com, and outlet.verabradley.com) as well as direct to consumer marketplaces. The objective of these websites is to provide both a mechanism for marketing directly to consumers and a storefront where consumers can find the entire full-line Vera Bradley collection. During fiscal 2021, we re-platformed our websites to become more streamlined, nimble, and efficient in our technology platform and business processes. Between 2018 and late calendar 2023, we also operated a flash online outlet site to reduce clearance sales from verabradley.com. In November 2023, we transformed the online outlet from a flash-sale model to an everyday extension of our outlet stores. This brought new customers to the brand and helped offset weakness in the outlet store channel. We had approximately 62 million visits to verabradley.com and our online outlet site during fiscal 2025.

Annual Outlet Sale. Our annual outlet sale is typically held in the Allen County War Memorial Coliseum Exposition Center in Fort Wayne, Indiana. The annual outlet sale is an important tradition for Vera Bradley, has many loyal followers, and is an opportunity for us to sell our retired merchandise at discounted prices in a brand-right fashion.

Vera Bradley Indirect Segment

As of February 1, 2025, we sold our products in approximately 1,200 specialty retail locations, as well as department stores, national accounts, third-party e-commerce sites, and third-party inventory liquidators, as well as through licensing agreements. We currently sell our products in approximately 250 department store locations as well as Amazon.com and other third party marketplaces.

The top 25% of our specialty retailers account for approximately 84% of total specialty retailer revenue. No single Indirect retailer represented more than 8% of consolidated net revenues in fiscal 2025, with the top ten Indirect retailers representing in the aggregate, approximately 78% of total Indirect segment net revenues. The majority of our Indirect retailers have been customers for over five years.

Indirect Sales Force

We believe that having a combination of an in-house field sales force and a third-party agency, covering certain geographies, results in a more consistent brand presentation and messaging, enhanced support for our Indirect customers, and a more predictable, scalable, and cost-efficient business model.

In addition to acquiring new and growing existing accounts, our sales consultants serve as a support center for our Indirect customers by assisting and educating them in areas such as merchandising and visual presentation, marketing the brand, product selection, and inventory management. Our visual merchandising program provides our sales consultants with a framework to guide our Indirect customers regarding optimal product placement and display that is intended to reinforce the message that our brand is distinctive.

Pura Vida Segment

E-Commerce. Pura Vida products are available on our website, www.puravidabracelets.com. Pura Vida's website immerses visitors in the brand, its products, and its social mission. Pura Vida is a digitally native brand, and the e-commerce storefront continues to be the primary source of revenues for the Pura Vida business.

Wholesale. The Pura Vida wholesale channel is comprised primarily of specialty stores including Tilly's, The Paper Store, Ron Jon Surf Shops, and Hallmark stores, among others. Pura Vida also sells in select department stores and has a presence on Amazon.com through a third-party wholesaler. We have a combination of in-house and external sales personnel who work with our wholesale retailers regarding order fulfillment and compilation.

Retail. Pura Vida has seven retail store locations. Two of the locations opened in fiscal 2025, four opened in fiscal 2023, and one location opened in fiscal 2022. Our full-line locations are allowing us to showcase the Pura Vida lifestyle with a full array of existing products and new product innovations.

Manufacturing and Supply Chain Model

Vera Bradley

Our multi-country manufacturing and supply chain model is designed to achieve efficient, timely, and accurate order fulfillment while maintaining appropriate levels of inventory.

Our manufacturing and sourcing strategy is part of the larger cross-functional product development process. The overall objective for our sourcing team is to build and sustain collaborative partnerships throughout our supply chain, with a focus on identifying appropriate countries and partners to manufacture our products while maintaining and focusing on flexibility. Our sourcing team leverages its expertise in negotiation, relationship management, flexibility, and change management to maintain a strong, diverse global supply chain. Our sourcing team also focuses on achieving the right balance of production sites and countries of origin to mitigate the risk of concentrated production, including potential incremental tariffs. To continue to assist in this risk mitigation, our sourcing team reduced our Vera Bradley production in China from over 50% in fiscal 2019 to approximately 11% in fiscal 2025.

We strive to maintain the appropriate balance of inventory to enable us to provide a high level of service to our customers, including prompt and accurate delivery of our products at a reasonable cost. We believe that we have an active and nimble sales and operations planning process that helps us balance the supply and demand issues that we encounter in our business, optimize our inventory levels, and anticipate inventory needs. We have also integrated our Vera Bradley planning, forecasting, and segmentation processes under one function called Merchandise Planning and Allocation.

Approximately 40% of Vera Bradley product sales are derived from cotton-based materials. Our remaining fabrics and materials including leather, fleece, polyester, nylon, and microfiber. We work with fabric mill partners across Asia and work with leather tannery partners in South Korea and Europe. Most of our non-cotton fabrics are sourced in China and South Korea. The majority of our cotton-based products are sourced from India, South Korea, and Pakistan.

Our global sourcing team identifies, evaluates, and selects suppliers to fulfill the sourcing strategy. Conducting market analysis and supplier assessment to identify potential partners are integral to maintaining a competitive edge and driving profitability. The global sourcing team collaborates with carefully selected and screened suppliers to negotiate contracts and agreements, balance cost, lead time, quality, and reliability across our supplier network and maximize operational efficiency. Developing a long-term and mutually beneficial relations with suppliers and to foster collaboration and innovation is an important part of our sourcing matrix. The global sourcing team ensures a diversified supplier base to minimize single source dependency and is also monitoring geopolitical factors and market trends to anticipate and mitigate supply chain risks.

We proactively manage raw materials cost fluctuations through securing early bookings at strategically favorable times. All of our suppliers must comply with our quality standards, and we use only a limited number of pre-approved suppliers who have demonstrated a commitment to delivering the highest quality products. We are continually updating our factory audit process and building a better compliance program to ensure our vendor code of conduct is met.

We partner with BetterWork to conduct our factory audits. BetterWork brings diverse groups together (governments, global brands, factory owners, unions, and workers) to improve working conditions in the garment industry and make the sector more competitive. These audits encompass both the Vera Bradley and Pura Vida brands as they relate to our purchases in Cambodia and Bangladesh.

The majority of our Vera Bradley finished goods, not sourced through licenses or strategic partners, are manufactured by a variety of global manufacturers located primarily in Cambodia, Vietnam, Indonesia, China, and the Philippines. With the oversight of our office in Hong Kong and our independent contractors, we believe financial benefits have been realized without sacrificing the level of quality inherent in our products or service to our customers.

Pura Vida

Pura Vida products are sourced primarily from El Salvador, as well as China, India, Guatemala, Cambodia, and Indonesia. Pura Vida has continued an active supply chain diversification process to ensure a focus on maintaining flexibility and to help mitigate the risk of concentrated production, similar to the Vera Bradley supply chain.

When determining the size of orders placed with our manufacturers, Pura Vida has taken into account forward-looking demand, lead times for specific products, current inventory levels, and minimum order quantity requirements. Overseas production has resulted in substantial cost savings and a reduction of capital investment.

Distribution Centers

Vera Bradley owns a 428,500 square-foot distribution center in Roanoke, Indiana. This facility allows Vera Bradley employees to receive information directly from the order-collection center and quickly identify the products and quantities necessary to fulfill a particular order. The facility's technology enables us to accurately process and pack orders, as well as track shipments and inventory. We believe that our systems for the processing and shipment of orders from our distribution center have enabled us to improve our overall customer service through enhanced order accuracy and reduced turnaround time; however, we continue to make technology and automation enhancements to our distribution center processes to promote optimal output.

Vera Bradley products are shipped primarily via third-party common carriers to our stores, our Indirect retailers, and directly to our customers who purchase through our website. We believe we are positioned well to support the order fulfillment requirements of our business, including business generated through our website.

Pura Vida products for the U.S. e-commerce site and wholesale accounts are distributed primarily through a third-party provider in Tijuana, Mexico. Pura Vida also distributes product through third-party provider in Canada, which supports Canadian wholesale operations.

Management Information Systems

We believe that high levels of automation and technology are essential to maintain our competitive position. We maintain computer hardware, applications, and networks to enhance and accelerate the design process, to support the sale and distribution of our products to our customers, and to improve the integration and efficiency of our operations. Our information systems are designed to provide, among other things, enterprise class business management, comprehensive order processing for all commerce channels, production, accounting, and management information and analytics for the product development, retail, sales, marketing, distribution, finance, and human resources functions of our business. At Vera Bradley, our ERP, POS, Business Intelligence, and Order Management systems are on cloud-based platforms, streamlining and simplifying our work and providing for additional capabilities such as multi-company operations on the same platform. We continue to assess our on-premise and cloud-based technology solutions in an effort to ensure we have the optimal solutions for our business.

Competition

For both Vera Bradley and Pura Vida, we face strong competition in each of the product lines and markets in which we compete. We believe that all of our products are in similar competitive positions with respect to the number of competitors they face and the level of competition within each product line. Due to the number of different products we offer, it is not practicable for us to quantify the number of competitors we face. Our products compete with other branded products within their product categories and with private label products sold by retailers. Moreover, the general availability of contract manufacturing allows new entrants to relatively easily access the markets in which we compete, which may increase the number of competitors and adversely affect our competitive position and our business. We compete against other independent retailers, department stores, catalog retailers, gift retailers, and Internet businesses that engage in the retail sale of similar products.

The market for handbags and accessories, in particular, is highly competitive. Our competitors include not only established companies that are expanding their production and marketing of handbags and accessories, but also frequent new entrants to the market. We directly compete with wholesalers and direct sellers of branded handbags and accessories.

In varying degrees, depending on the product category involved, we compete on the basis of design (aesthetic appeal), quality (construction), function, price point, distribution, and brand positioning. We believe that our primary competitive advantages are consumer recognition of our brands, customer loyalty and engagement, product development expertise, and our widespread presence through our multi-channel distribution model. Some of our competitors have achieved significant recognition for their brand names or have substantially greater financial, distribution, marketing, and other resources than we do. Further, we may face new competitors and increased competition from existing competitors as we expand into new markets and increase our presence in existing markets.

Copyrights and Trademarks

For Vera Bradley, the development of new patterns includes the design of primary and secondary prints. Once developed, we generally copyright our patterns as appropriate. We currently have over 1,350 copyrights related to the Vera Bradley business.

We also own the material trademark rights used in connection with the production, marketing, and distribution of all of our products, both in the United States and in the other countries in which our products are principally sold. Our trademarks include "Vera Bradley" and "Pura Vida." We aggressively police our trademarks and copyrights and pursue infringers and counterfeiters both domestically and internationally. Our trademarks will remain in existence for as long as we continue to use and renew them in advance of their expiration dates. We have no material patents.

Human Capital

Equal employment opportunities are available to all persons at Vera Bradley, Inc. without regard to race, sex, sexual orientation, gender, gender identity, gender expression, marital status, age, color, religion, creed, national origin, ancestry, mental or physical disability, medical condition, genetic information, military or veteran status or any other category protected under applicable federal, state, or local law. We put this standard into practice through our hiring, training, and an annual affirmative action program.

As of February 1, 2025, we had approximately 1,725 employees. Of the total, approximately 1,215 were engaged in Vera Bradley retail selling positions; approximately 190 were engaged in Vera Bradley distribution, sourcing and quality functions; approximately 25 were engaged in Vera Bradley product design; approximately 95 were involved in the Pura Vida business, including the Pura Vida retail stores; and approximately 200 were engaged in corporate support and administrative functions. None of our employees are represented by a union. We believe that our relations with our employees are good, and we have never encountered a significant work stoppage other than as related to temporary stoppages necessitated by the COVID-19 pandemic.

Project Quilt. Our Company-wide diversity and inclusion initiative, Project Quilt, continues to enhance diversity, equality, and inclusion, focusing on three key areas – the Associate Experience, the Customer Experience, and the Community Experience. The goal of the program is to make all associates feel welcome and a part of the Vera Bradley community.

Engagement. Vera Bradley believes it is critical to engage its different stakeholders in order to understand their views, values, and ideas and to design a more responsible environment for all involved. This stakeholder group includes associates. The Company engages its associates through surveys, town halls, and focus groups. Collectively, the Company's success is based upon the unique value of each person's contributions. Our long-term success depends on talented and engaged associates.

Every year, we conduct an associate engagement survey in order to better understand our associates' insights into our Company's strengths and opportunities. The feedback gave us insight into improvement opportunities and is instrumental in decisions we make to shape, strengthen, and improve our Company. As a result of the survey feedback, over the last several years we have made meaningful improvements to benefits, career development, compensation, mental health and wellness programs, and our facilities. We believe listening to our associates' feedback provided through the annual engagement survey continually strengthens our corporate culture.

Pay and Benefits. The Company offers competitive pay packages that include market-competitive base and hourly compensation, healthcare, a 401(k) savings plan that includes a Company contribution match, paid time off (including for volunteerism), paid family leave, matching gifts program, and an Employee Assistance Program.

Leadership Programs. Our associates are our biggest asset and when they win, we all win. We recognize everyone in the Company has the ability to lead by example and influence others in a positive way that ultimately provides meaningful value and will make us stronger. Our long-term initiative, Leaders by Design, encourages our associates to grow as leaders through new associate orientation and onboarding, formal training programs, mentorship programs, job shadowing and career-pathing programs and development, including THE LEADERSHIP CHALLENGE®, a globally recognized, research-based leadership development program designed to enhance leadership effectiveness.

Associate Safety. Associate safety and well-being is of paramount importance to our Company. We have a comprehensive employee safety program, WorkWISE Wellness, that focuses on overall employee health and safety. The WorkWISE Wellness program emphasizes our high standard of safety throughout all operations of the organization. The program and its materials, including a comprehensive Safety Manual, addresses a variety of topics including reporting injuries, OSHA compliance, and emergency procedures (related to workplace violence, active shooters, severe weather and blood-borne pathogens, among others). Policies are routinely communicated, and training is provided to associates as appropriate.

Government Regulation

Many of our imported products are subject to existing or potential duties or tariffs that may limit the quantity of products that we may import into the United States and other countries or impact the cost of such products. Customs duties have not comprised a material portion of the total cost of a majority of our products. In addition, we are subject to foreign governmental regulation and trade restrictions, including U.S. retaliation against prohibited foreign practices, with respect to our product sourcing and international sales operations.

We are subject to federal, state, local, and foreign laws and regulations governing environmental matters, including the handling, transportation, and disposal of our products and our non-hazardous and hazardous substances and wastes, as well as emissions and discharges into the environment, including discharges to air, surface water, and groundwater. Failure to comply with such laws and regulations could result in costs for corrective action, penalties, or the imposition of other liabilities. Compliance with environmental laws and regulations has not had a material effect upon our capital expenditures, earnings, or competitive position. If we violate any laws or regulations, however, it could have a material adverse effect on our business or financial performance.

Information About Our Executive Officers

The following table sets forth certain information concerning each of our executive officers:

<u>Name</u>	<u>Age</u>	<u>Position(s)</u>
Jacqueline Ardrey	55	Chief Executive Officer, President and Director, Vera Bradley, Inc.
Michael Schwindle	57	Chief Financial Officer, Vera Bradley, Inc.
Mark C. Dely	49	Chief Administrative & Legal Officer and Corporate Secretary, Vera Bradley, Inc.
Alison Hiatt	54	Chief Marketing Officer, Vera Bradley

Jacqueline Ardrey has served as our Chief Executive Officer and Director since November 2022. Prior to joining Vera Bradley, Inc., Ms. Ardrey held the post of President at home furnishings and seasonal décor catalog and online retailer Grandin Road, part of the Qurate Retail Group, between 2018 and October 2022. Previously, Ms. Ardrey was CEO of Trading Company Holdings and Senior Vice President of Merchandising and Supply Chain for omnichannel gourmet food and gifting brand Harry and David. Prior to that, she spent 14 years at multi-channel high-end children's retailer Hanna Andersson in various roles of increasing responsibility, including Senior Vice President of Merchandising, Design, and Wholesale. Ms. Ardrey began her retail career with the May Company.

Michael Schwindle was named Chief Financial Officer in May 2023. Prior to joining Vera Bradley, Mr. Schwindle served as CFO for accessory and jewelry retailer Claire's, between 2020 and April 2023. From 2018 to 2020 Mr. Schwindle was CFO at Fleet Farm, a big-box retailer. Prior to that, he held CFO roles at specialty retailers Payless ShoeSource, Harry & David, and Musician's Friend, as well as other key financial positions at Home Depot and Limited Brands. Mr. Schwindle began his career at Deloitte & Touche, LLP.

Mark C. Dely joined the Company in August 2016 as our Vice President, Chief Legal Officer and Corporate Secretary and was promoted to also serve as the Chief Administrative Officer in September 2017. Between January 2013 and August 2016, Mr. Dely served as Senior Vice President, Chief Legal Officer, General Counsel and Secretary of Fred's, Inc., a publicly-traded retailer and pharmacy with locations throughout the Southeast. From July 2007 to December 2012, Mr. Dely was Vice President and Divisional General Counsel of the Franchise Services Group for The ServiceMaster Company, where he managed the legal function for the Company's global franchise businesses. Mr. Dely's additional experience includes being the first in-house counsel for NYSE-listed seed and agricultural-biotech company, Delta & Pine Land Company. Mr. Dely began his legal career at New York law firm Fried Frank, LLP.

Alison Hiatt joined the Company in January 2023 as Chief Marketing Officer of the Vera Bradley brand. From October 2019 through October 2022, Ms. Hiatt was Chief Marketing Officer for Salt and Straw, where she was an instrumental part of transforming the unique ice cream company from a regional brand to an emerging national brand through innovative marketing, digital, and e-commerce initiatives and strategic partnerships. Prior to Salt and Straw, from January 2015 to May 2019, Ms. Hiatt was Chief Marketing Officer of Banfield Pet Hospitals, a division of Mars, Inc. Previously, Ms. Hiatt held marketing-related and other retail posts with REI, Starbucks, and Amazon.

Available Information

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge on our website, www.verabradley.com, as soon as reasonably practicable after they are filed with or furnished to the Securities and Exchange Commission ("SEC"). No information contained on our website is intended to be included as part of, or incorporated by reference into, this Annual Report on Form 10-K.

Item 1A. Risk Factors

You should carefully consider all of the information in this report, including the following factors, which could materially affect our business, financial condition, and results of operations in future periods. The risks described below are not the only risks that we face. Additional risks not currently known to us, or that we currently deem to be immaterial, also may materially adversely affect our business, financial condition, and results of operations in future periods.

Risks Related to Our Business Operations and Industry

If we are unable to successfully implement our long-term strategic plans and growth strategies, including Project Restoration, our future operating results could suffer.

The success of our long-term strategic plan and growth strategies, including Project Restoration, alone or collectively, will depend on various factors, including the appeal of our product designs, retail presentation to consumers, effectiveness of our marketing initiatives, expense-saving initiatives, competitive conditions, and economic conditions. Project Restoration represents our business strategy to revitalize our consumer, brand, product, and channel components for both Vera Bradley and Pura Vida brands in order to serve our customers, grow our revenues, and increase our profitability. There is no assurance that we will be able to successfully implement our strategic plan and growth strategies. If we are unsuccessful in implementing some or all of our strategies or initiatives, our future operating results could be adversely impacted.

Changes in general economic conditions and political uncertainty, including policies related to global trade and tariffs, and their impact on consumer confidence and consumer spending, could negatively impact our profitability and net revenues, which could force us to delay or slow the implementation of our growth strategies and adversely impact our results of operations.

Our performance is subject to general economic conditions and political uncertainty and their impact on levels of consumer confidence and consumer spending. Consumer confidence and consumer spending may be influenced by levels of inflation, fluctuating interest rates and credit availability (including possible exposure to bank failures), changing fuel and other energy costs, fluctuating commodity prices, levels of unemployment and consumer debt levels, tariffs, trade barriers or other measures that create barriers to or increase the costs associated with international trade, changes in net worth based on market conditions, general uncertainty regarding the overall future economic environment, political turmoil and uncertainty, pandemics or other public health matters, and weather and weather-related phenomena.

Consumer purchases of discretionary items, including our merchandise, generally decline during periods when disposable income is adversely affected or there is economic or political uncertainty. This includes rising geopolitical tensions and U.S. policies related to global trade and tariffs. The deterioration of economic relations between countries, such as changes in or terminations of existing trade agreements, or the imposition of tariffs (including recent U.S. tariffs imposed or threatened to be imposed on Canada, Mexico, China, and other countries, and any retaliatory actions taken by such countries) or otherwise, could impact our profitability or otherwise have an adverse effect on our business.

In addition, in the event of a downturn in the U.S. economy, or if there is a decline in consumer-spending levels or other unfavorable conditions, including inflationary pressure, we could experience lower than expected net revenues, which could force us to delay or slow the implementation of our growth strategies and adversely impact our results of operations.

If we are unable to predict and respond in a timely manner to changes in consumer demand, our net revenues and results of operations could be adversely affected.

Our success depends on our ability to gauge the fashion tastes of our customers and to provide merchandise that satisfies consumer demand in a timely manner. Our products must appeal to a broad range of consumers whose preferences cannot be predicted with certainty and are subject to rapid change. We cannot assure that we will be able to develop appealing patterns, styles, and collections or meet changing consumer demands in the future. If we misjudge the market for our products, we may be faced with significant excess inventories for some products and missed opportunities for other products. In addition, changes to our product assortment and to our available fabrications, as well as the availability and breadth of pattern assortment may not gain consumer acceptance. Merchandise misjudgments could adversely impact our net revenues and results of operations.

We may experience declines in comparable sales which could negatively affect the price of our common stock.

We may not be able to regain the levels of comparable sales that we have experienced in the past, and comparable sales may also further deteriorate. If our future comparable sales fail to meet market expectations, then the price of our common stock could decline. Also, the aggregate results of operations of our stores have fluctuated in the past and will fluctuate in the future. Numerous factors influence comparable sales, including fashion trends, competition, national and regional economic conditions, pricing, inflation, the timing of the release of new merchandise and promotional events, changes in our merchandise mix, marketing programs, changes in consumer shopping trends, site selection strategies, public health matters, and weather

conditions. These factors may cause our comparable sales results to be lower in the future than in recent periods or lower than expectations, either of which could result in a decline in the price of our common stock.

If our multi-channel distribution model is not successful, our business and results of operations may suffer.

We currently sell our Vera Bradley-branded products into two segments: Direct to consumers through Vera Bradley full-line and outlet stores in the United States, the Vera Bradley websites (verabradley.com, international.verabradley.com, and outlet.verabradley.com), the Vera Bradley annual outlet sale in Fort Wayne, Indiana as well as direct to consumer marketplaces; and through our Vera Bradley Indirect wholesale business which consists of sales to specialty retail locations, department stores, national accounts, third-party e-commerce sites, third-party inventory liquidators, as well as royalties recognized through licensing agreements related to the Vera Bradley brand. We currently sell Pura Vida-branded products direct to consumers through our e-commerce website (puravidabracelets.com), through wholesale retailers, and through our seven retail stores. These channels are sometimes in direct competition and sales through these channels may not be incremental to total sales. If our omni-channel distribution model is unsuccessful, our business, financial condition, and results of operations could be materially adversely affected.

We may not be able to successfully open new stores and/or operate new and current stores as planned, which could adversely impact our results of operations.

Our long-term future growth prospects include our ability to successfully open new stores and operate new and current Vera Bradley and Pura Vida stores. In recent years, however, Vera Bradley comparable store sales have declined. Consequently, the rate at which we have opened new stores has slowed. We have closed a total of 79 underperforming full-line stores and four underperforming outlet stores since the beginning of fiscal 2015 and forecast that we will close additional full-line stores. We plan to open two additional Vera Bradley stores during fiscal 2026. We will continue to evaluate our plans for store openings in future years in light of demand and store performance.

Our ability to successfully open and operate stores depends on many factors, including our ability to:

- identify suitable store locations, the availability of which may be uncertain;
- negotiate acceptable lease terms, including desired tenant improvement allowances;
- hire, train, and retain store personnel and management;
- assimilate new store personnel and management into our corporate culture;
- source and manufacture inventory; and
- successfully integrate new stores into our existing operations and information technology systems.

The success of new store openings may also be affected by our ability to initiate marketing efforts in advance of opening our first store in a particular region. Additionally, we will incur pre-opening costs and we may encounter initial losses while new stores commence operations, which could strain our resources and adversely impact our results of operations.

Our business depends on strong brands. If we are unable to execute our marketing strategies, intended to enhance our brands, then revenues and our results of operations could be adversely impacted.

We believe that the brand images that we have developed have contributed significantly to the success of our business. We also believe that enhancing the Vera Bradley and Pura Vida brands through our marketing strategies is critical to maintaining and expanding our customer base. Enhancing our brands and implementing our marketing strategies may require us to make substantial investments in areas such as product design, store operations, store design, community relations, and marketing. These investments might not succeed. If we are unable to successfully execute our brand strategies, our results of operations could be adversely impacted.

Closing stores could result in significant costs to us.

We have closed a total of 79 underperforming full-line stores and four underperforming outlet stores since the beginning of fiscal 2015 and forecast that we will close additional stores. We could, in the future, decide to close additional stores beyond those currently forecasted that are producing losses or that are not as profitable as we expect. If we decide to close any stores before the expiration of their lease terms, we may incur payments to landlords to terminate or "buy out" the remaining term of the lease. We also may incur costs related to the employees at such stores, whether or not we terminate the leases early. Upon any such closure, the closing costs, including fixed assets and inventory write-downs, could adversely affect our results of operations and our cash on hand.

Our ability to attract customers to our stores depends heavily on the success of the shopping centers in which many of our stores are located.

Substantially all of our Vera Bradley Direct stores are located in regional mall shopping centers, and many of our Vera Bradley Indirect customers are also located in regional mall shopping centers. Factors beyond our control impact mall traffic, including general economic conditions, consumer spending levels, and pandemics or other public health matters. Consumer spending and mall traffic have been depressed in recent years. As a result, mall operators have faced increasing operational and financial difficulties. The increasing inability of mall “anchor” tenants and other area attractions to generate consumer traffic around our stores, the increasing inability of mall operators to attract “anchor” tenants and maintain viable operations, and the increasing departures of existing “anchor” and other mall tenants due to declines in the sales volume and in the popularity of certain malls as shopping destinations, have reduced and may continue to reduce our sales volume and, consequently, adversely affect our financial condition, results of operations, and cash flows.

We are subject to risks associated with leasing substantial amounts of space, including future increases in occupancy costs.

We lease all of our store locations. We typically occupy our stores under operating leases with terms of ten years. We have been able to negotiate favorable rental rates in recent years due in part to the state of the economy and high vacancy rates within some shopping centers, but there is no assurance that we will be able to continue to negotiate such favorable terms. Some of our leases have early cancellation clauses, which permit the lease to be terminated by us or the landlord if certain sales levels are not met in specific periods or if the shopping center does not meet specified occupancy standards. In addition to requiring future minimum lease payments, some of our store leases provide for the payment of common area maintenance charges, real property insurance, and real estate taxes. Many of our lease agreements have escalating rent provisions over the initial term and any extensions. If we expand our store base, our lease expense and our cash outlays for rent under lease agreements will increase. Our substantial operating lease obligations could have significant negative consequences, including:

- requiring that a substantial portion of our available cash be applied to pay our rental obligations, thus reducing cash available for other purposes;
- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our flexibility in planning for or reacting to changes in our business or industry; and
- limiting our ability to obtain additional financing.

Any of these consequences could place us at a disadvantage with respect to our competitors. We depend on cash flow from operating activities to pay our lease expenses and to fulfill our other cash needs. If our business does not generate sufficient cash flow from operating activities to fund these expenses and needs, we may not be able to service our lease expenses, grow our business, respond to competitive challenges, or fund our other liquidity and capital needs, which would harm our business.

Additional sites that we lease may be subject to long-term non-cancelable leases if we are unable to negotiate our current standard lease terms. If an existing or future store is not profitable, and we decide to close it, we may nonetheless be committed to perform our obligations under the applicable lease, including paying the base rent for the balance of the lease term. Moreover, even if a lease has an early cancellation clause, we may not satisfy the contractual requirements for early cancellation under the lease. Our inability to enter new leases or renew existing leases on acceptable terms or be released from our obligations under leases for stores that we close would, in any such case, affect us adversely.

Failure to effectively compete with other retailers for sales could have a material adverse effect on our financial condition, results of operations, and cash flows.

The market for bags, accessories, travel items and our other products is increasingly competitive. Our competitive challenges include:

- attracting customer traffic;
- sourcing and manufacturing merchandise efficiently;
- competitively pricing our products and achieving customer perception of value;
- maintaining favorable brand recognition and effectively marketing our products to consumers in diverse market segments;
- developing designs that appeal to a broad range of demographic and age segments;
- developing high-quality products;
- offering attractive promotional incentives while maintaining profit margins; and
- establishing and maintaining good working relationships with our wholesale retailers.

In our Vera Bradley Indirect business and Pura Vida wholesale business, we compete with numerous manufacturers, importers, and distributors of handbags, accessories, and other products for the limited space available for the display of such products to the consumer. In our Vera Bradley Direct business and Pura Vida e-commerce and retail store business, we compete against other gift and specialty retailers, department stores, catalog retailers, and Internet businesses that engage in the retail sale of similar products. Moreover, the general availability of contract manufacturing allows new entrants easy access to the markets in which we compete, which may increase the number of competitors and adversely affect our competitive position and our business.

In addition, in light of a continued difficult consumer environment, pricing is a significant driver of consumer choice in our industry and we regularly engage in price competition, particularly through our promotional programs, which impacts our margins. To the extent that we decrease our promotional activity or are otherwise unable to effectively compete on pricing, our ability to maintain sales levels may be adversely impacted.

Our wholesale business could suffer as a result of decisions by our wholesale retailers to decrease or eliminate the amount of merchandise purchased from us.

We do not enter into long-term agreements with any of our wholesale retailers. Instead, we enter into a number of purchase order commitments with our customers for each of our lines every season. A decision by a significant number of wholesale retailers, whether motivated by competitive conditions, operational or financial difficulties, reduced access to capital, or otherwise, to decrease or eliminate the amount of merchandise purchased from us or to change their manner of doing business with us could adversely impact our results of operations. Although we recommend retail sale prices for our products to our wholesale retailers, we typically do not provide dealer allowances or other economic incentives to support those prices. Possible promotional pricing or discounting by wholesale retailers in response to softening retail demand could have a negative effect on our brand image and prestige, which might be difficult to counteract.

Bankruptcies or other operational or financial difficulties of our wholesale retailers could adversely impact our business.

We sell our wholesale merchandise primarily to specialty retail and department stores across the United States and extend trade credit based on an evaluation of each wholesale retailer's financial condition, usually without requiring collateral. Perceived or actual financial difficulties of a customer could cause us to curtail or eliminate business with that customer or could decrease demand for our products by that customer. Pending the resolution of a relationship with a financially troubled wholesale retailer, we might assume credit risk that we would otherwise avoid relating to our receivables from that customer. Inability to collect on accounts receivable from our wholesale retailers would adversely impact our results of operations and financial position.

Risks Related to Global Sourcing and Distribution

We rely on various contract manufacturers to produce all of our products and generally do not have long-term contracts with our manufacturers.

Our various contract manufacturers produce all of our products. We generally do not enter into long-term formal written agreements with our manufacturers and instead transact business with each of them on an order-by-order basis. In the event of a disruption in our contract manufacturers' production systems, we may be unable to locate alternative manufacturers of comparable quality at an acceptable price or in a timely manner, or at all. Identifying a suitable manufacturer is an involved process that requires us to become satisfied with the prospective manufacturer's quality control, responsiveness and service, financial stability, labor practices, and environmental compliance. Any delay, interruption, or increased cost in the manufactured products that might occur for any reason, such as the lack of long-term contracts or regulatory requirements and the loss of certifications, power interruptions, fires, hurricanes, war, pandemics or other public health matters, tariff-related cost increases, or threats of terrorism, could affect our ability to meet customer demand for our products, adversely affect our net revenues, increase our cost of sales, and hurt our results of operations. In addition, manufacturing disruption could injure our reputation and customer relationships, thereby harming our business.

We rely on various suppliers to supply a significant majority of our raw materials.

We generally do not enter into long-term formal written agreements with our suppliers and typically transact business with each of them on an order-by-order basis. In the event of a significant disruption in the supply of fabrics or raw materials from our current sources, we may not be able to locate alternative suppliers of materials of comparable quality at an acceptable price or in a timely manner, or at all. In such a case, we could have difficulty meeting consumer demand and net revenues could be adversely impacted.

We rely on a limited number of distribution facilities for the products we sell.

Distribution operations for Vera Bradley-branded products are currently concentrated in a single, company-owned distribution center in Roanoke, Indiana. Pura Vida-branded products are primarily distributed from one third-party distribution center in Tijuana, Mexico.

Any significant disruption in the operation of these facilities due to natural disaster or severe weather, or events such as fire, accidents, power outages, system failures, or other unforeseen causes, could devalue or damage a significant portion of our inventory and could adversely affect our product distribution and sales until such time as we could secure alternative facilities. In addition to the aforementioned events, pandemics or other public health matters could cause disruptions in our distribution operations if we were to temporarily suspend operations, or if we are unable to obtain the staffing levels required to effectively operate the facilities. If we encounter difficulties with our distribution facilities or other problems or disasters arise, we cannot ensure that critical systems and operations will be restored in a timely manner or at all, and this would have a material adverse effect on our business. In addition, if our distribution facilities are unable to sufficiently meet the capacity needs for the future growth of our business and products, we could be required to further expand our current facilities, which could affect us adversely in ways that we cannot predict.

The cost of raw materials could increase our cost of sales and cause our results of operations to suffer.

Fluctuations in the price, availability, and quality of fabrics or other raw materials used to manufacture our products, as well as increases in the price for labor, marketing, and transportation, could have adverse impacts on our cost of sales and our ability to meet our customers' demands. In particular, increases in the price of cotton, our primary raw material, could have an adverse impact on our cost of sales. In addition, because synthetic components of our products are petroleum-based, the cost of oil affects the cost of our products. Upward movements in the price of oil in the global oil markets would also likely result in rising fuel and freight prices, which could increase our shipping costs. In the future, we may not be able to pass all or a portion of such higher costs on to our customers.

Our business is subject to the risks inherent in global sourcing and manufacturing activities.

We source our Vera Bradley raw materials primarily from various suppliers in Asia, with the majority of non-cotton based products coming from China and South Korea. Our cotton-based products are sourced from areas outside of China. For Vera Bradley, we outsource the production of a significant majority of our products to companies in Asia. Pura Vida components are primarily sourced from Asia and outsource the production of products primarily to El Salvador. We are subject to the risks inherent in global sourcing and manufacturing, including, but not limited to:

- exchange rate fluctuations and trends;
- availability of raw materials;
- compliance with labor laws and other foreign governmental regulations;
- compliance with U.S. import and export laws and regulations including the Uyghur Forced Labor Prevention Act ("UFLPA") as described below;
- disruption or delays in shipments;
- loss or impairment of key manufacturing sites;
- product quality issues;
- political unrest;
- natural disasters, acts of war and terrorism, changing macroeconomic trends, pandemics or other public health matters, and other external factors over which we have no control; and
- quotas, duties, tariffs, or other trade restrictions or regulations.

The UFLPA went into effect on June 21, 2022. The act establishes a rebuttable presumption that the importation into the United States of any goods manufactured in whole or partially in Xinjiang Uyghur Autonomous Region of China, or produced by certain entities, is prohibited entry. The Commissioner of U.S. Customs and Border Protection employs a risk-based approach that prioritizes the highest-risk goods based on current data and intelligence available to them at the time of entry.

Significant disruption of manufacturing for any of the above reasons could interrupt product supply and, if not remedied in a timely manner, could have an adverse impact on our results of operations. Additionally, we do not have complete oversight over our contract manufacturers. Violations of labor or other laws by those manufacturers, or the divergence of a contract manufacturer's labor or other practices from those generally accepted as ethical in the United States or in other markets in

which we may in the future do business, could also draw negative publicity for us and our brands, diminishing the value of our brands and reducing demand for our products.

Our ability to source our products at favorable prices, or at all, could be harmed, with adverse effects on our results of operations, if new trade restrictions are imposed, existing trade restrictions become more burdensome, or increased tariffs are implemented.

A significant majority of our Vera Bradley and Pura Vida products are currently manufactured for us in Asia and Central America, respectively. The United States and the countries in which our products are produced have imposed and may impose additional quotas, duties, tariffs, or other restrictions or regulations or may adversely adjust prevailing quotas, duties, or tariffs. Countries impose, modify, and remove tariffs and other trade restrictions in response to a diverse array of factors, including global and national economic and political conditions, which make it impossible for us to predict future developments regarding tariffs and other trade restrictions. Trade restrictions, which include embargoes, safeguards, and customs restrictions, could increase the cost or reduce the supply of products available to us or could require us to modify our supply chain organization or other current business practices, any of which could harm our results of operations.

In addition, the current U.S. presidential administration has implemented tariffs and has signaled that it may implement additional or increased tariffs, other trade restrictions, or may alter trade agreements between the U.S. and Canada, China, the European Union and Mexico, among others. Such actions include limiting trade and/or imposing tariffs on imports from such countries. Tariffs have the potential to significantly raise the cost of our merchandise. In such a case, there can be no assurance that we will be able to shift manufacturing and supply agreements to non-impacted countries to reduce the effects of tariffs. As a result, we may suffer margin erosion or be required to raise our prices, which may result in the loss of customers and negatively impact our results of operations.

We rely on independent transportation providers for substantially all of our product shipments.

We currently rely on independent transportation service providers for substantially all of our product shipments. Our utilization of these delivery services, or those of any other shipping companies that we may elect to use, is subject to risks, including increases in fuel prices, which would increase our shipping costs, employee strikes, labor shortages, and inclement weather, which may impact a shipping company's ability to provide delivery services sufficient to meet our shipping needs.

If for any reason we were to change shipping companies, we could face logistical difficulties that might adversely affect deliveries, and we would incur costs and expend resources in the course of making the change. Moreover, we might not be able to obtain terms as favorable as those received from the service providers that we currently use, which in turn would increase our costs. We also would face shipping and distribution risks and uncertainties associated with any expansion of our distribution facilities and related systems.

Losses or disruptions associated with our distribution systems could have a material adverse effect on our business and operations.

Our operating results depend on the orderly operation of our receiving and distribution functions, which also depends on our vendors' adherence to our shipping and receiving schedules. We may not anticipate all of the changing demands that our operating activities may impose on our receiving and distribution functions. There may also be events that are beyond our control that could cause delays in these functions, including but not limited to, changing macroeconomic trends, pandemics or other public health matters, and general disruptions or delays in shipping and receiving.

In addition, we rely on the flow of our goods through worldwide ports on a consistent basis. Disruption at the ports, such as labor work stoppages, could create significant risks to our business, particularly if the occurrence is during a peak import time. If we experience significant delays in our receipt of product, we may experience an increase in freight costs, unanticipated inventory shortages, and missed sales opportunities which could adversely affect our financial condition, results of operations, and cash flows.

Risks Related to Information Technology and Security

A data security or privacy breach could damage our reputation and our relationships with our customers, expose us to litigation risk and adversely affect our business.

We remain dependent on information technology systems and networks, including the Internet, for a significant portion of our sales, primarily through our e-commerce operations and credit card transaction authorization and processing. We are also responsible for storing data relating to our customers and employees and rely on third parties for the operation of our e-commerce websites and for the various social media tools and websites we use as part of our marketing strategy. As part of our normal course of business, we often collect, retain, and transmit certain sensitive and confidential customer information, including the transmission of credit card information, over public networks. There is a significant concern by consumers and employees over the security of personal information transmitted over the Internet, consumer identity theft, and user privacy. Despite the security measures we currently have in place, our facilities and systems and those of our third-party service providers may be vulnerable to security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming and/or human errors, ransomware, or other similar events. The rapid evolution and increased adoption of artificial intelligence technologies by attackers may intensify our cybersecurity risks. Any electronic or physical security breach involving the misappropriation, loss or other unauthorized disclosure of confidential or personally identifiable information, including penetration of our network security, whether by us or by a third-party, could disrupt our business, severely damage our reputation and our relationships with our customers, expose us to risks of litigation and liability, and adversely affect our business and results of operations. We do not control third-party service providers and cannot guarantee that electronic or physical computer break-ins and security breaches will not occur in the future. Any perceived or actual unauthorized disclosure of personally identifiable information regarding our customers or website visitors could harm our reputation and credibility, reduce our e-commerce net sales, impair our ability to attract website visitors, and reduce our ability to attract and retain customers. We may also incur significant costs in complying with the various applicable state, federal, and foreign laws regarding unauthorized disclosure of personal information.

Our business could suffer if our computer systems and websites are disrupted or cease to operate effectively.

We are dependent on our computer systems to record and process transactions and manage and operate our business, including in designing, marketing, manufacturing, importing, tracking and distributing our products, processing payments, and accounting for and reporting results. We also utilize an automated replenishment system to facilitate the processing of basic replenishment orders, the movement of goods through distribution channels, and the collection of information for planning and forecasting. In addition, we have U.S. and international e-commerce websites. Given the complexity of our business and the significant number of transactions that we engage in, it is imperative that we maintain constant operation of our computer hardware and software systems. Despite our preventive efforts, including back-up systems, our systems are vulnerable from time to time to damage or interruption from, among other things, security breaches, computer viruses or power outages. Any material disruptions in our information technology systems could have a material adverse effect on our business, financial condition, and results of operations.

We are exposed to business risks as a result of our e-commerce operations.

We operate e-commerce stores at www.verabradley.com, outlet.verabradley.com, and international.verabradley.com, and www.puravidabracelets.com. Expanding our e-commerce business is one of the key objectives of our business strategy. Our e-commerce operations are subject to numerous risks, including unanticipated operating problems, reliance on third-party computer hardware and software providers, system failures, and the need to invest in additional computer systems. Specific risks include: (i) diversion of sales from our stores; (ii) rapid technological change; (iii) liability for e-commerce content; and (iv) risks related to the failure of the computer systems that operate the websites and their related support systems, including from computer viruses, telecommunication failures, and electronic break-ins and similar disruptions. Internet operations involve risks which may be beyond our control that could have a direct material adverse effect on our operating results, including: (i) price competition involving the items we intend to sell; (ii) the level of merchandise returns we experience; (iii) governmental regulation; (iv) e-commerce security breaches involving unauthorized access to our systems and/or customer information; (v) credit card fraud; and (vi) competition and general economic conditions specific to the Internet, e-commerce, and the accessories industry. If we are unable to effectively address these risks and any other risks that we face in connection with our Internet operations, our business, financial condition, results of operations, and/or cash flows could be materially adversely affected.

Risks Related to Tax and Valuation Matters

Fluctuations in our tax obligations and effective tax rate may result in volatility of our operating results and stock price.

We are subject to income taxes in many U.S. and certain foreign jurisdictions. We record tax expense based on our estimates of future payments, which includes reserves for uncertain tax positions in multiple tax jurisdictions. At any one time, many tax years are subject to audit by various taxing jurisdictions. Further, possible changes in federal, state, local, and non-U.S. tax laws bearing upon our revenues, income, property, or other aspects of our operations or business would, if enacted, affect our results of operations in ways and to a degree that we cannot currently predict.

We have recorded long-lived asset impairment charges in the past and we may record material long-lived asset impairment charges in the future.

Quarterly, we assess whether events or changes in circumstances have occurred that indicate the carrying value of long-lived asset groups may not be recoverable. If we determine that the carrying value of long-lived asset groups are not recoverable, we will be required to record impairment charges relating to those assets. For example, our assessments during fiscal years 2025 and 2023 indicated that operating losses or insufficient operating income existed at certain retail stores, with a projection that the operating losses or insufficient operating income for those locations would continue. As such, we recorded non-cash charges of \$2.6 million and \$0.8 million during fiscal years 2025 and 2023, respectively, within selling, general, and administrative expenses in the consolidated statements of operations to write down the carrying values of these stores' long-lived asset groups to their estimated fair values. We also recorded \$0.6 million of a non-cash impairment charge relating to a corporate right-of-use asset in fiscal 2023. We recorded no long-lived asset impairments in fiscal 2024.

Our quarterly evaluation of store assets includes consideration of current and historical performance and projections of future profitability. The profitability projections rely upon estimates made by us, including store-level sales, gross margins, and direct expenses, and, by their nature, include judgments about how current strategic initiatives will impact future performance. If we are not able to achieve projected key financial metrics for any reason, including if any of the strategic initiatives we implement do not result in significant improvements in our current financial performance trend, this would indicate that the value of our long-lived assets was not recoverable and we would incur additional impairment of assets in the future.

In the event we record additional impairment charges, this could have a material adverse effect on our results of operations and financial condition.

Risks Related to Legal and Regulatory Matters

There are claims made against us from time to time that can result in litigation or regulatory proceedings, which could distract management from our business activities and result in significant liability or damage to the images associated with our brands.

We increasingly face the risk of litigation and other claims against us. Litigation and other claims may arise in the ordinary course of our business and include employee claims, custom and duty claims, commercial disputes, intellectual property issues, marketing and solicitation claims, product-oriented allegations, and slip and fall claims. These cases often raise complex factual and legal issues, which are subject to risks and uncertainties and which could divert significant financial and management resources. Litigation and other claims against us could result in unexpected expenses and liability, as well as materially adversely affect our operations and our reputation.

Our inability or failure to protect our intellectual property or our infringement of other's intellectual property could have a negative impact on our operating results.

We believe that our registered copyrights, registered and common law trademarks, and other proprietary rights have significant value and are critical to our ability to create and sustain demand for our products. The actions taken by us to establish and protect our proprietary rights may not be adequate to prevent imitation of our products or infringement of our rights by others. The legal regimes of some foreign countries, particularly China, may not protect proprietary rights to the same extent as the laws of the United States, and it may be more difficult for us to successfully challenge the use of our proprietary rights by others in these countries. The inability to protect our copyrights, trademarks, and other proprietary rights could adversely impact our results of operations. Any litigation regarding our proprietary rights could be time consuming and costly and could consume significant amounts of management's time that would otherwise be spent operating and growing our business.

We are also subject to the risk that claims will be brought against us for infringement of the intellectual property rights of third parties, seeking to block the sale of our products claimed to violate their intellectual property rights or to receive payment of monetary amounts related thereto. Although we have not been inhibited from selling our products in connection with intellectual property disputes, intellectual property-related obstacles may arise as we expand our product lines and extend our

brands as well as the geographic scope of our sales and marketing. In particular, we may be subject to copyright infringement claims for which we may not be entitled to indemnification from our suppliers. In addition, in recent years, companies in the retail industry, including us, have been subject to patent infringement claims from non-practicing entities, or “patent trolls.” Any infringement or other intellectual property claim made against us, whether or not it has merit, could be time-consuming and result in costly litigation. As a result, any such claim, or the combination of multiple claims, could have a material adverse effect on our operating results. If we are required to stop using any of our registered or nonregistered trademarks, our brands could be negatively affected, our sales could decline and, consequently, our business and results of operations could be adversely affected.

The success of our Environmental, Social, and Governance (“ESG”) actions may impact the value of our brands.

There has been increasing stakeholder and regulatory focus on ESG matters affecting public companies. Expectations regarding ESG disclosures, setting and executing ESG-related goals, and achieving measurable progress in a timely manner could expose us to market, operational, and execution costs or risks. We expect that stakeholder expectations, as well as laws, rules and regulations, in these areas will continue to evolve quickly, which may result in the need for increased resources for ESG monitoring and reporting and adjustments to our operations may be necessary as a result. We could face scrutiny with respect to the accuracy, adequacy, or completeness of our ESG-related disclosures. Additionally, disclosures about our ESG-related initiatives or goals, and progress towards those goals, may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions or third-party information that we believe to be reasonable but are subject to change in the future. We could also be subject to scrutiny with respect to the scope or nature of our ESG-related initiatives or goals, or for any revisions to those goals. Some stakeholders and customers may react negatively to the Company’s disclosure of ESG compliance efforts. Furthermore, if our ESG-related data, processes, and reporting are incomplete or inaccurate, or if we fail to achieve progress with respect to these initiatives or goals on a timely basis, or at all, our reputation and the value of our brands could be adversely affected. Any harm to our reputation resulting from a failure or perceived failure to meet ESG-related goals, metrics, or disclosures could adversely affect our business, financial performance, and growth.

Risks Related to the Securities Markets and Ownership of Our Common Stock

Our stock price may be volatile or may decline regardless of our operating performance, and you may not be able to resell shares at or above the price at which you purchase them.

The market price of our common stock may fluctuate significantly in response to a number of factors, most of which we cannot control, including:

- actions by other shopping mall or lifestyle center tenants;
- weather conditions, particularly during the holiday shopping period;
- unexpected departures of key executives;
- financial projections that we may choose to provide to the public, any changes in these projections or our failure for any reason to meet these projections;
- the public’s response to press releases or other public announcements by us or others, including our filings with the SEC and announcements relating to litigation and other matters;
- speculation about our business in the press or the investment community;
- future sales of our common stock by our significant shareholders, officers, and directors;
- our entry into new markets;
- the impact of wars, hostilities, riots, social unrest or acts of terrorism on trading markets;
- changes in laws or regulations that impact the retail industry, including the imposition or increase in the rate of tariffs or trade sanctions;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- the outbreak of pandemics or other public health matters and the resulting adverse impact on the capital markets; and
- changes in accounting principles.

These and other factors may result in a lower market price of our common stock, regardless of our actual operating performance.

In addition, the stock markets, including The NASDAQ Global Select Market, have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many retail companies. In the past,

stockholders have instituted securities class action litigation following periods of market volatility. If we were involved in securities litigation, we could incur substantial costs and our resources and the attention of management could be diverted from our business.

A limited number of shareholders control a significant percentage of the voting power of our common stock, and therefore investors may have diminished ability to determine the outcome of shareholder votes.

Robert Hall, Barbara Bradley Baekgaard, Joan Hall (Mr. Hall's wife and Ms. Bradley Baekgaard's daughter), Patricia R. Miller, and P. Michael Miller, directly or indirectly, beneficially own and have the ability to exercise voting control over, in the aggregate, 21.2% of our outstanding shares of common stock as of February 1, 2025. Fund 1 Investments, LLC beneficially owns and has the ability to exercise voting control over, in the aggregate, 10% of our outstanding shares of common stock as of February 1, 2025. As a result, these shareholders are able to exercise significant influence over all matters requiring shareholder approval, including the election of directors, any amendments to our second amended and restated articles of incorporation, and significant corporate transactions. This concentrated ownership of outstanding common stock may diminish an investor's ability to influence corporate matters, and the interests of these shareholders may not coincide with our interests or interests of investors. As a result, we may take actions that investors do not believe to be in our interests or their interests and that could depress our stock price. In addition, this significant concentration of stock ownership may adversely affect the trading price of our common stock should investors perceive disadvantages in owning shares of common stock in a company that has such concentrated ownership.

Our business could be negatively affected as a result of the actions of activist shareholders.

We have been subject to shareholder activism and may be subject to such activism in the future, which could result in substantial costs and divert management's and our Board of Directors' ("Board") attention and resources from our business. For example, on December 30, 2024, Fund 1 Investments, LLC delivered a letter to our Board calling for the commencement of a strategic alternatives process.

In the future, we could become engaged in a consent solicitation, or proxy contest, or experience other shareholder activism. Activist shareholders may advocate for certain governance and strategic changes at our company. In the event of shareholder activism, particularly with respect to matters which our Board, in exercising their fiduciary duties, disagree with or have determined not to pursue, our business could be adversely affected because responding to actions by activist shareholders can be costly and time-consuming, disrupting our operations and diverting the attention of management, and perceived uncertainties as to our future direction may result in the loss of potential business opportunities and may make it more difficult to attract and retain qualified personnel, business partners, and customers.

In addition, if faced with a consent solicitation or proxy contest, we may not be able to respond successfully to the contest or dispute, which would be disruptive to our business. If individuals are elected to our Board with a differing agenda, our ability to effectively and timely implement our strategic plans and create additional value for our shareholders may be adversely affected.

Our actual operating results may differ significantly from our guidance, which could cause incongruous fluctuation in our stock price.

From time to time, we provide guidance regarding our future performance that represents our management's estimates as of the date of release. This guidance, which consists of forward-looking statements, is prepared by our management and is qualified by, and subject to, the assumptions and the other information contained or referred to in such release. Our guidance is not prepared with a view toward compliance with published guidelines of the American Institute of Certified Public Accountants, and neither our independent registered public accounting firm nor any other independent expert or outside party compiles or examines our guidance and no such person expresses any opinion or any other form of assurance with respect thereto.

Guidance is based upon a number of assumptions and estimates that, while presented with numerical specificity, are inherently subject to significant business, economic, and competitive uncertainties and contingencies, many of which are beyond our control and are based upon specific assumptions with respect to future business decisions, some of which will change. We generally state possible outcomes as high and low ranges which are intended to provide a sensitivity analysis as variables are changed, but such statements are not intended to represent that actual results could not fall outside of the suggested ranges. The principal reason that we release this data is to provide a basis for our management to discuss our business outlook with analysts and investors. We do not accept any responsibility for any projections or reports published by any such persons.

Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions of the guidance furnished by us will not materialize or will vary significantly from actual results. Accordingly, our guidance is only an estimate of what management believes is realizable as of the date of release. Actual results will vary from the guidance and the

variations may be material. Investors should also recognize that the reliability of any forecasted financial data diminishes the further into the future that the data are forecast.

In light of the foregoing, if investors, analysts, and others fail to review our guidance within the proper context or place undue reliance on our guidance, deviations from such guidance may result in incongruous fluctuation in our stock price.

Anti-takeover provisions in our organizational documents and Indiana law may discourage or prevent a change in control, even if a sale of the Company would be beneficial to our shareholders, which could cause our stock price to decline and prevent attempts by shareholders to replace or remove our current management.

Our second amended and restated articles of incorporation and amended and restated bylaws contain provisions that may delay or prevent a change in control, discourage bids at a premium over the market price of our common stock, harm the market price of our common stock, and diminish the voting and other rights of the holders of our common stock. These provisions include:

- authorizing our Board to issue preferred stock and additional shares of our common stock without shareholder approval;
- prohibiting shareholder action by written consent;
- prohibiting our shareholders from calling a special meeting of shareholders; and
- requiring advance notice for raising business matters or nominating directors at shareholders' meetings.

As permitted by our second amended and restated articles of incorporation and amended and restated bylaws, our Board has adopted a shareholder rights agreement, sometimes called a "poison pill," providing for the issuance of a new series of preferred stock to holders of common stock. In the event of a takeover attempt, this preferred stock would give rights to holders of common stock (other than the potential acquirer) to buy additional shares of our common stock at a discount, leading to the dilution of the potential acquirer's stake. The adoption of a poison pill, can have negative effects such as those described above.

As an Indiana corporation, we are governed by the Indiana Business Corporation Law (as amended from time to time, the "IBCL"). Under specified circumstances, certain provisions of the IBCL related to control share acquisitions, business combinations, and constituent interests may delay, prevent, or make more difficult unsolicited acquisitions or changes of control of us. These provisions also may have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions that shareholders might deem to be in their best interest.

Risks Related to Pandemics

The outbreak of pandemics, or events related thereto, may cause significant disruptions in our revenue streams, operations, global supply chain and other facets of our business, which may continue to adversely impact our results of operations, financial condition, and share price.

A pandemic (COVID-19) in the past resulted in travel restrictions both domestically and internationally, community and self-quarantines, certain factory closures or reduced operations, as well as mall closures and reduced mall operating hours. This could happen in the future as well. Due to the past pandemic we experienced significantly reduced traffic, demand, and sales. This could recur in the future. Future pandemic-related mandates from governments and public health officials may necessitate additional closures to some, or all, of our retail stores, the stores of our Indirect segment partners and Pura Vida wholesale retailers, or otherwise detrimentally impact aspects of our operations, as COVID-19 did in the past. Pandemics may reduce consumers' willingness and ability to travel to major cities and vacation destinations in which some of our stores are located.

In recent fiscal years, the COVID-19 pandemic led to temporary factory closures and production and logistics constraints due to workforce availability, as well as global supply chain challenges such as vessel and container shortages and port congestion. As a result of the aforementioned restrictions, or other related factors, we have experienced and may experience in the future delayed shipments and increased shipping costs for some of our merchandise. We may also be adversely impacted should a pandemic compromise operations at our corporate headquarters and distribution center located in Roanoke, Indiana.

The extent of a pandemic's impact on our results of operations, financial condition, and share price will likely depend on the nature and severity of the pandemic, future developments, including as may be related to the spread of new virus variants; mitigation activities undertaken by governments and the general public; the overall economic impacts of quarantines and business closures; and current, and potentially long-term, changes in consumer behavior.

As a result of the above-mentioned factors, the Company's liquidity, results of operations, and financial condition could be adversely impacted.

General Risk Factors

Our results of operations could suffer if we lose key management or design associates or are unable to attract and retain the talent required for our business.

Our performance depends largely on the efforts and abilities of our senior management and product development teams. These executives and design associates have substantial experience in our business and have made significant contributions to our growth and success. Although we have entered into an employment agreement with our Chief Executive Officer, we may not be able to retain her services or those of other key individuals in the future. The unexpected loss of services of key employees could have adverse impacts on our business and results of operations. We may also need to attract and retain additional qualified employees and develop, train, and manage an increasing number of management-level, sales, and other employees. Competition for qualified employees is intense. We may not be able to attract and retain employees as needed in the future.

Our results of operations could suffer if we are unable to attract and retain retail and distribution center employees required for our business.

We must attract, motivate, and retain a sufficient number of qualified retail and distribution center employees. Historically, competition for talent in these positions has been intense and turnover is generally high. If we are unable to attract and retain such employees with the necessary skills and experience, we may not achieve our objectives and our financial condition, results of operations, and cash flows could be adversely impacted.

Our results of operations are subject to quarterly fluctuations, which could adversely affect the market price of our common stock.

Our quarterly results of operations may fluctuate significantly as a result of a variety of factors, including, among other things:

- timing of new store openings and store closings;
- net revenues and profits contributed by new stores;
- changes in store traffic and comparable sales;
- shifts in the timing of holidays, particularly in the United States and China;
- changes in our merchandise mix;
- timing of marketing campaigns or promotions;
- timing of sales to Vera Bradley and Pura Vida wholesale retailers; and
- timing of new pattern and collection releases and new product introductions.

Any quarterly fluctuations that we report in the future may not match the expectations of market analysts and investors. This could cause the trading price of our common stock to fluctuate significantly.

We may be subject to unionization, work stoppages, slowdowns, or increased labor costs.

Currently, none of our employees are represented by a union. Nevertheless, our employees have the right at any time under the National Labor Relations Act to organize or affiliate with a union. If some or all of our workforce were to become unionized, our business could be exposed to increased risk of work stoppages and slowdowns. In addition, if the terms of a collective bargaining agreement were to be significantly more favorable to union workers than our current pay-and-benefits arrangements, our costs would increase and our results of operations would suffer.

We may suffer negative publicity and our business may be harmed if we need to recall any products we sell.

We have in the past needed to, and may in the future need to, recall products that we determine may present safety issues. If products we sell have safety problems of which we are not aware, or if we or the Consumer Product Safety Commission recall a product sold in our stores, we may suffer negative publicity and, potentially, product liability lawsuits, which could have a material adverse impact on our reputation, financial condition and results of operations or cash flows.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity**Cyber Risk Management and Strategy**

We have an enterprise risk assessment process which specifically addresses risks associated with cybersecurity. Additionally, we have a cyber security incident response plan that outlines the structure, roles, responsibilities and operating procedures to utilize during potentially significant events that could negatively impact the Company. Our cybersecurity incident response plan provides a documented framework for handling high severity security incidents and includes facilitated coordination across multiple functions of the Company. Our incident response plan also includes identifying and responding to material risks from cybersecurity threats associated with our use of third-party service providers. We invest in threat intelligence and are active participants in industry and government forums to strive to improve our overall capabilities with respect to cybersecurity. We routinely perform reviews of threat intelligence and vulnerability management capabilities, while performing simulations and drills at both technical and management levels. Our formal cybersecurity program is modeled after industry best practice global standards and best practices. We incorporate external expertise in all aspects of our program utilizing best practice guidance from third-party cybersecurity advisors to provide objective assessments of our capabilities. We maintain a cyber liability insurance program, although the coverage may not be sufficient in some circumstances. We also have policies and practices in place to address data privacy regulations. Our cybersecurity program is reviewed and assessed by external information security specialists or by our internal audit group at least annually. Further, we conduct annual cybersecurity awareness training for employees and targeted training for high-risk functions of the Company. We also conduct phishing exercises and correlated education with our employees.

Governance Related to Cybersecurity Risks

Our Vice President of Enterprise Technology Solutions is responsible for the strategic leadership and direction of the Company's information technology organization and possesses over 25 years of tenure and experience with the Company in matters of privacy assurance, cyber, digital, and data security. As part of its risk oversight role, our Audit Committee of the Board of Directors oversees cyber risk, information security and technology risk, including management's actions to identify, assess, mitigate and remediate material cybersecurity issues and risks. The Audit Committee receives regular reporting from our Vice President of Enterprise Technology Solutions on our technology and cyber risk profile, enterprise cybersecurity program and key enterprise cybersecurity activities.

We experienced no material cybersecurity incidents in fiscal 2025.

Item 2. Properties

The following table sets forth the location, use, and size of our distribution, corporate facilities, and showrooms as of February 1, 2025. The leases on the leased properties expire at various times through 2035, subject to renewal options.

Location	Primary Use	Approximate Square Footage	Leased/Owned
Roanoke, Indiana	Vera Bradley corporate headquarters, design center, and showroom	188,000	Owned
Roanoke, Indiana	Vera Bradley warehouse and distribution	428,500	Owned
New York, New York	Vera Bradley office and showroom	3,700	Leased
Hong Kong	Vera Bradley Asia sourcing office	5,100	Leased
Atlanta, Georgia	Vera Bradley showroom	5,600	Leased
Dallas, Texas	Vera Bradley showroom	1,800	Leased
La Jolla, California	Pura Vida corporate headquarters	7,400	Leased

As of February 1, 2025, we also leased 127 Vera Bradley store locations, including a former location, and seven Pura Vida store locations in the United States. See below for more information regarding the locations of our open stores as of February 1, 2025.

We consider these properties to be in good condition generally and believe that our facilities are adequate for our operations and provide sufficient capacity to meet our anticipated requirements. The Vera Bradley properties in the above table are used by

both the Vera Bradley Direct segment and Vera Bradley Indirect segment, excluding the two standalone showrooms which are used exclusively by the Vera Bradley Indirect segment. The Pura Vida headquarters is used by the Pura Vida segment.

Store Locations

Vera Bradley. Our Vera Bradley full-line stores are located primarily in high-traffic regional malls, lifestyle centers, and mixed-use shopping centers across the United States. The following table shows the number of Vera Bradley full-line and outlet stores we operated in each state as of February 1, 2025:

State	Total Number of Vera Bradley Full-Line Stores	Total Number of Vera Bradley Outlet Stores	State	Total Number of Vera Bradley Full-Line Stores	Total Number of Vera Bradley Outlet Stores
Alabama	1	1	Minnesota	1	1
Arizona	0	1	Mississippi	0	2
Colorado	1	1	Missouri	0	2
Connecticut	1	1	Nebraska	0	1
Delaware	1	1	Nevada	0	1
Florida	2	8	New Hampshire	0	2
Georgia	1	4	New Jersey	2	3
Hawaii	1	1	New York	3	5
Illinois	3	2	North Carolina	0	6
Indiana	2	2	Ohio	1	3
Iowa	1	1	Oklahoma	0	2
Kansas	1	1	Pennsylvania	3	6
Kentucky	1	1	South Carolina	0	4
Louisiana	1	1	Tennessee	1	3
Maryland	1	2	Texas	4	10
Massachusetts	1	1	Virginia	1	3
Michigan	3	2	Wisconsin	1	2
			Totals	39	87

Pura Vida. As of February 1, 2025, Pura Vida had seven retail store locations. Of the seven locations, three are in California, two are in Florida, one is in South Carolina, and one is in Arizona.

We lease all of our stores. Lease terms for our retail stores are generally ten years with options to renew for varying terms. The leases generally provide for a fixed minimum rental plus contingent rent, which is determined as a percentage of sales in excess of specified levels.

Item 3. Legal Proceedings

We may be involved from time to time, as a plaintiff or a defendant, in various routine legal proceedings incidental to the ordinary course of our business. In the ordinary course, we are involved in the policing of our intellectual property rights. As part of our policing program, from time to time we file lawsuits in the United States and abroad, alleging acts of trademark counterfeiting, trademark infringement, trademark dilution, and ancillary and pendent state and foreign law claims. These actions often result in seizure of counterfeit merchandise and negotiated settlements with defendants. Defendants sometimes raise as affirmative defenses, or as counterclaims, the purported invalidity or unenforceability of our proprietary rights.

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 4. Mine Safety Disclosure

Not Applicable

PART II**Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Our common stock is listed on the NASDAQ Global Select Market under the symbol “VRA”.

As of March 28, 2025, we had approximately 26 registered shareholders of record. The number of shareholders of record is based upon the actual number of shareholders registered at such date and does not include holders of shares in “street name” or persons, partnerships, associations, corporations, or other entities identified in security position listings maintained by depositories.

Unregistered Sales of Equity Securities and Use of Proceeds

The following table details activity under the 2021 Share Repurchase Program during the thirteen weeks ended February 1, 2025. The 2021 Share Repurchase Program expired in December 2024. Refer to Note 13 of the Notes to the Consolidated Financial Statements as set forth in Part II, Item 8. of this Annual Report on Form 10-K for additional information regarding our share repurchase programs.

Details regarding the activity under the 2021 Share Repurchase Program during the thirteen weeks ended February 1, 2025 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 Programs
November 3, 2024 - November 30, 2024	69,082	\$ 5.30	69,082	\$ 3,993,007
December 1, 2024 - January 4, 2025	44,332	4.94	44,332	3,774,179
January 5, 2025 - February 1, 2025	—	—	—	3,774,179
	<u>113,414</u>	<u>\$ 5.16</u>	<u>113,414</u>	

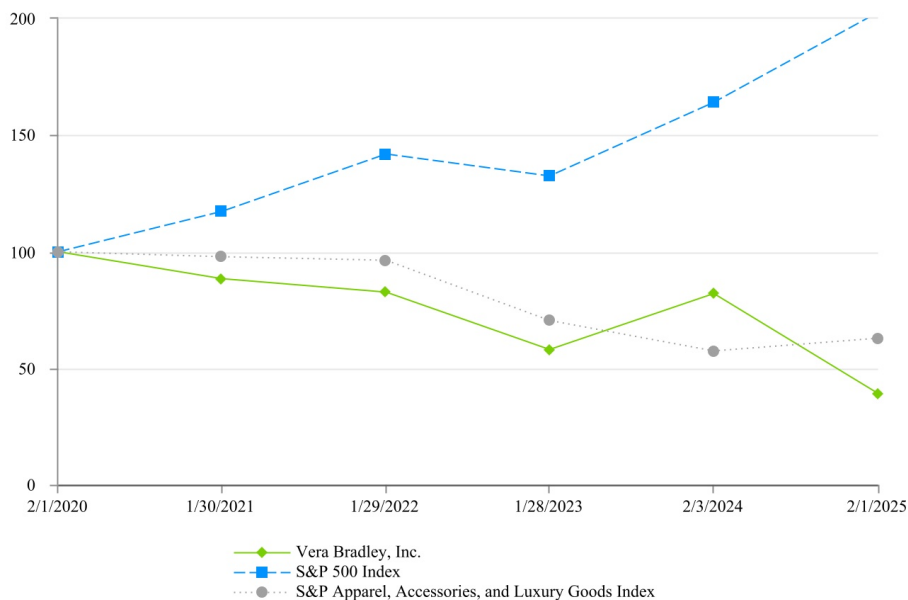
Dividends

Our common stock began trading on October 21, 2010, following our initial public offering. Since that time, we have not declared any cash dividends. The payment of dividends is evaluated on a periodic basis.

Stock Performance Graph

The graph set forth below compares the cumulative shareholder return on our common stock between February 1, 2020, and February 1, 2025, to the cumulative return of (i) the S&P 500 Index and (ii) the S&P 500 Apparel, Accessories, and Luxury Goods Index over the same period. This graph assumes an initial investment of \$100 on February 1, 2020, in our common stock, the S&P 500 Index, and the S&P 500 Apparel, Accessories, and Luxury Goods Index and assumes the reinvestment of dividends, if any.

The comparisons shown in the graph below are based on historical data. We caution that the stock price performance presented in the graph below is not necessarily indicative of, nor is it intended to forecast, the potential future performance of our common stock. Information used in the graph was obtained from The NASDAQ Stock Market website. As such, although we believe the information to be accurate, we cannot assure you of its accuracy.



Company/Market/Peer Group	2/1/2020	1/30/2021	1/29/2022	1/28/2023	2/3/2024	2/1/2025
Vera Bradley, Inc.	\$ 100.00	\$ 88.20	\$ 82.57	\$ 57.93	\$ 81.82	\$ 39.02
S&P 500 Index	\$ 100.00	\$ 117.25	\$ 141.87	\$ 132.47	\$ 164.06	\$ 202.59
S&P 500 Apparel, Accessories, and Luxury Goods Index	\$ 100.00	\$ 97.80	\$ 96.33	\$ 70.25	\$ 57.39	\$ 62.76

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion in conjunction with the consolidated financial statements and accompanying notes and the information contained in other sections of this report, particularly under the headings “Risk Factors” and “Business.” This discussion and analysis is based on the beliefs of our management, as well as assumptions made by, and information currently available to, our management. The statements in this discussion and analysis concerning expectations regarding our future performance, liquidity, and capital resources, as well as other non-historical statements in this discussion and analysis, are forward-looking statements. See “Forward-Looking Statements.” These forward-looking statements are subject to numerous risks and uncertainties, including those described under “Risk Factors.” Our actual results could differ materially from those suggested or implied by any forward-looking statements.

Executive Summary

Some of our major achievements for fiscal 2025 are as follows:

We made continued progress on our long-term strategic plan, Project Restoration, our comprehensive strategic initiative to transform our business model and brand positioning. As a Company, we continued to carefully manage both gross margin and expenses and have instilled a culture of discipline around gross margin and expense control. We continued to strengthen and streamline our organizational structure and right-size our leadership team and cost structure for the size of our business, to address the continuing challenging macroeconomic environment and to best position us to achieve our long-term strategic plans. We also continued to make investments in customer data science, business analytics, and pricing optimization, allowing us to collect and analyze data and make fact-based decisions to more efficiently run our business. While we remain confident in our strategic direction, we continue to make refinements based on selling data and customer feedback. Most of these shifts are occurring in our product and pricing strategy.

At the **Vera Bradley** brand:

- We launched the first phase of our renewed vision for Vera Bradley in July fiscal 2025, which included elevated brand product, marketing, store design and website in our Brand stores and on verabradley.com.
- We expanded our NFL collection by adding representation for more teams.
- We continued another year of product collaborations with iconic brands such as Disney, Wicked, and Peanuts, which align with our target customers and expand our customer reach.
- We are a Better Cotton™ member and continue to increase our procurement of cotton from Better Cotton™ supply chain partners.
- Our online site – outlet.verabradley.com, has brought new customers to the brand and provided steady performance throughout the year, helping offset weakness in the outlet store channel.
- We continued to strengthen and rationalize our store base. We are continuing to look for opportunities to improve the full-line profitability of our full-line store portfolio by re-balancing our existing fleet through select closures along with identifying future market opportunities. We will continue to focus on our highest-potential stores by enhancing the customer experience. In fiscal 2025, we closed five underperforming full-line stores and one outlet store, and opened one full-line store and seven outlet stores, ending the fiscal year with 39 full-line and 87 outlet locations.

At the **Pura Vida** brand:

- Pura Vida found positive responses through collegiate football, gymnastics, and sorority activations.
- In fiscal 2025, Pura Vida had collaborations with Dutch Brothers Coffee, Kulani Kinis swimwear, and the Varsity Cheer League; partnered with key influencers; and offered themed-collections centered around key events such as Shark Week.
- Pura Vida continued to innovate and expand on our personalized offerings through harper charms, which still targets our core customer, and provides her endless options to suit her style.
- Two new Pura Vida store locations were opened in fiscal 2025.

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 outlet stores and the Vera Bradley websites (verabradley.com, international.verabradley.com, and outlet.verabradley.com). There were no sales from our Vera Bradley annual outlet sale in Fort Wayne, Indiana for fiscal year 2023 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; and third-party inventory liquidators, as well as royalties recognized through licensing agreements related to the Vera Bradley brand. Revenues for the Pura Vida segment reflect revenues generated through the Pura Vida website (www.puravidabracelets.com), through the distribution of Pura Vida-branded products to wholesale retailers, and through Pura Vida retail stores.

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. 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.

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;
- The timing of holidays;
- 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, all inbound freight costs incurred, and inventory adjustments including adjustments described in Note 16 to the Notes to the Consolidated Financial Statements herein. 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 and store expenses.

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, as well as severance charges and consulting fees associated with cost savings initiatives disclosed in Note 16 to the Notes to the Consolidated Financial Statements herein.

Cost Savings Initiatives and Other Charges

During fiscal 2025, the Company continued the implementation of targeted cost reductions. Expense savings are being derived across various areas of the Company, including retail store efficiencies, marketing expenses, information technology contracts, professional services, logistics and operational costs, and corporate payroll. Refer to Note 16 to the Notes to the Consolidated Financial Statements herein for additional information regarding charges for cost savings initiatives and remaining liabilities, as well as other charges not comparable with the prior year.

Macroeconomic Environment

Our business is impacted by broader macroeconomic issues in the U.S. marketplace – and can be affected both positively and negatively over time.

The macroeconomic environment has been challenged by inflationary pressures, including high gas prices, interest rates, and other related factors that have impacted consumer discretionary spending. We have also seen a trend of steeply increasing digital media costs.

To mitigate some of these inflationary and supply chain pressures, we implemented strategic price increases across both of our brands in late fiscal 2022 through fiscal 2024. We will continue to monitor our pricing as it relates to the current macroeconomic trends. In addition, in fiscal 2023 through fiscal 2025, we implemented targeted cost reductions across various areas of the Company, including retail store efficiencies, marketing expenses, information technology contracts, professional services, logistics and operational costs, and corporate payroll. We will continue to review our expense structure in future years for additional cost reduction opportunities.

We continue to actively monitor the changing macroeconomic circumstances and take mitigating actions where appropriate. Ongoing macroeconomic pressures could have a material adverse effect on our liquidity, operating results, and financial condition.

Results of Operations

The following tables summarize key components of our consolidated results of operations for the last three fiscal years, both in dollars and as a percentage of our net revenues.

(\$ in thousands)	Fiscal Year Ended ⁽¹⁾		
	February 1, 2025	February 3, 2024	January 28, 2023
Statement of (Loss) Income Data:			
Net revenues	\$ 371,967	\$ 470,786	\$ 499,961
Cost of sales	185,128	214,373	261,017
Gross profit	186,839	256,413	238,944
Selling, general, and administrative expenses ⁽²⁾	223,808	241,457	265,016
Impairment of goodwill and intangible assets	6,237	5,429	69,256
Other income, net	850	915	457
Operating (loss) income	(42,356)	10,442	(94,871)
Interest income (expense), net	1,118	890	(153)
(Loss) income before income taxes	(41,238)	11,332	(95,024)
Income tax expense (benefit)	20,950	3,494	(15,640)
Net (loss) income	(62,188)	7,838	(79,384)
Less: Net loss attributable to redeemable noncontrolling interest	—	—	(19,649)
Net (loss) income attributable to Vera Bradley, Inc.	\$ (62,188)	\$ 7,838	\$ (59,735)
Percentage of Net Revenues:			
Net revenues	100.0 %	100.0 %	100.0 %
Cost of sales	49.8 %	45.5 %	52.2 %
Gross profit	50.2 %	54.5 %	47.8 %
Selling, general, and administrative expenses	60.2 %	51.3 %	53.0 %
Impairment of goodwill and intangible assets	1.7 %	1.2 %	13.9 %
Other income, net	0.2 %	0.2 %	0.1 %
Operating (loss) income	(11.4)%	2.2 %	(19.0)%
Interest income (expense), net	0.3 %	0.2 %	— %
(Loss) income before income taxes	(11.1)%	2.4 %	(19.0)%
Income tax expense (benefit)	5.6 %	0.7 %	(3.1)%
Net (loss) income	(16.7)%	1.7 %	(15.9)%
Less: Net loss attributable to redeemable noncontrolling interest	— %	— %	(3.9)%
Net (loss) income attributable to Vera Bradley, Inc.	(16.7)%	1.7 %	(11.9)%

The following tables present net revenues by operating segment, both in dollars and as a percentage of our net revenues, and Vera Bradley full-line and outlet store data for the last three fiscal years:

(\$ in thousands, except as otherwise indicated)

	Fiscal Year Ended ⁽¹⁾		
	February 1, 2025	February 3, 2024	January 28, 2023
Net Revenues by Segment:			
VB Direct	\$ 257,609	\$ 309,910	\$ 328,231
VB Indirect	61,186	73,803	73,316
Pura Vida	53,172	87,073	98,414
Total	<u>\$ 371,967</u>	<u>\$ 470,786</u>	<u>\$ 499,961</u>
Percentage of Net Revenues by Segment:			
VB Direct	69.3 %	65.8 %	65.6 %
VB Indirect	16.4 %	15.7 %	14.7 %
Pura Vida	14.3 %	18.5 %	19.7 %
Total	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
Vera Bradley Store Data ⁽³⁾:			
Total stores opened during period	8	3	5
Total stores closed during period	(6)	(9)	(20)
Total stores open at end of period	126	124	130
Comparable sales (including e-commerce) decrease ⁽⁴⁾	(16.6)%	(7.1)%	(9.5)%
Total gross square footage at end of period	387,510	375,198	381,664
Average net revenues per gross square foot ⁽⁵⁾	\$ 403	\$ 518	\$ 555

- The Company utilizes a 52-53 week fiscal year ending on the Saturday closest to January 31. Fiscal years 2025 and 2023 consisted of 52 weeks. Fiscal year 2024 consisted of 53 weeks. The extra week in fiscal 2024 contributed approximately \$6.0 million in net revenues and added an estimated \$0.01 to diluted net income per share in fiscal 2024. By segment, the extra week contributed net revenues of approximately \$2.8 million to Direct, \$2.1 million to Indirect, and \$1.1 million to Pura Vida in fiscal 2024.
- Impairment charges, related primarily to underperforming stores, totaled \$2.6 million, and \$1.4 million during the fiscal years ended February 1, 2025, and January 28, 2023, respectively. There were no store impairment charges in fiscal 2024.
- Includes Vera Bradley full-line and outlet stores.
- Comparable sales are calculated based upon stores that have been open for at least 12 full fiscal months and net revenues from e-commerce operations. Decrease is reported as a percentage of the comparable sales for the same period in the prior fiscal year. Remodeled stores are included in comparable sales unless the store was closed for a portion 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. Calculation excludes sales for the fifty-third week in fiscal 2024.
- 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. Calculation excludes sales for the fifty-third week in fiscal 2024.

Fiscal 2025 Compared to Fiscal 2024

Net Revenues

For fiscal 2025, net revenues decreased \$98.8 million, or 21.0%, to \$372.0 million, from \$470.8 million for fiscal 2024. Fiscal 2024 net revenues also include approximately \$6.0 million attributable to the extra week in fiscal 2024.

VB Direct. For fiscal 2025, net revenues decreased \$52.3 million, or 16.9%, to \$257.6 million, from \$309.9 million for fiscal 2024. Vera Bradley comparable sales decreased \$49.6 million, or 16.6%, which includes a 22.2% decrease in comparable store sales as well as a 7.3% decrease in e-commerce sales. The decrease in comparable sales and comparable store sales was

impacted by reduced traffic, conversion, and units sold primarily in the outlet channel as well as the full-line channel. Fiscal 2024 net revenues also include approximately \$2.8 million attributed to the extra week in fiscal 2024.

VB Indirect. For fiscal 2025, net revenues decreased \$12.6 million, or 17.1%, to \$61.2 million, from \$73.8 million for fiscal 2024. The decrease is primarily driven by decreased specialty and other indirect retailer sales resulting from reduced customer count and order volume, as well as a decrease in liquidation orders. These decreases were partially offset by an increase in certain key account orders. Fiscal 2024 net revenues also include approximately \$2.1 million attributed to the extra week in fiscal 2024.

Pura Vida. For fiscal 2025, net revenues decreased \$33.9 million, or 38.9%, to \$53.2 million, from \$87.1 million for fiscal 2024. The decrease was primarily due to a decrease in e-commerce sales due to a continued decline in social and digital media effectiveness, as well as decreased wholesale sales, partially offset by an increase in retail store sales. Fiscal 2024 net revenues also include approximately \$1.1 million attributed to the extra week in fiscal 2024.

Gross Profit

For fiscal 2025, gross profit decreased \$69.6 million, or 27.1%, to \$187.8 million, from \$256.4 million for fiscal 2024. As a percentage of net revenues, gross profit decreased to 50.2% for fiscal 2025, from 54.5% for fiscal 2024. The decrease in consolidated gross profit as a percentage of net revenues for the fiscal year was driven by sales channel mix, reduced margins for indirect liquidation sales, and inventory adjustments related to excess inventory in the Pura Vida segment.

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

For fiscal 2025, SG&A expenses decreased \$17.7 million, or 7.3%, to \$223.8 million, from \$241.5 million for fiscal 2024. As a percentage of net revenues, SG&A expenses were 60.2% and 51.3% for fiscal 2025 and fiscal 2024, respectively. SG&A expenses related to Vera Bradley and corporate unallocated were \$186.9 million compared to \$192.1 million in the comparable prior-year period. SG&A expenses related to Pura Vida were \$36.9 million compared to \$49.4 million in the comparable prior-year period. The decrease in consolidated SG&A expenses for fiscal 2025 was primarily due to a decrease in employee-related expenses of \$13.4 million due to a reduction in headcount and incentive compensation; a \$2.6 million decrease in selling expenses due to decreased sales; decreased advertising of \$2.5 million, primarily related to Pura Vida variable advertising due to decreased sales, partially offset by Vera Bradley advertising largely related to Project Restoration; a \$1.6 million decrease in intangible asset amortization; and \$0.2 million in other net expense reductions. These decreases were partially offset by an increase of \$2.6 million for property, plant, and equipment impairment charges in the current year.

Impairment of Intangible Assets

Fiscal 2025 included a \$6.2 million charge for impairment of the indefinite-lived Pura Vida brand intangible asset, which reflects a full impairment and is recorded within the Pura Vida segment. A \$5.4 million impairment charge of the indefinite-lived Pura Vida brand intangible asset was recorded in fiscal 2024 within the Pura Vida segment. For additional information, refer to Note 15 of the Consolidated Financial Statements herein.

Other Income, Net

For fiscal 2025, net other income totaled \$0.9 million, consistent with the prior year.

Operating (Loss) Income

For fiscal 2025, there was an operating loss of \$(42.4) million, a \$52.8 million decrease, or 505.7%, from operating income of \$10.4 million for fiscal 2024. As a percentage of net revenues, operating (loss) income was (11.4)% and 2.2% for fiscal 2025 and fiscal 2024, respectively. Operating (loss) income decreased due to the factors described above.

The following table provides additional information about our operating (loss) income (in thousands):

	Fiscal Year Ended		\$ Change	% Change
	February 1, 2025	February 3, 2024		
Operating (Loss) Income:				
VB Direct	\$ 25,240	\$ 61,873	\$ (36,633)	(59.2)%
VB Indirect	15,414	24,279	(8,865)	(36.5)%
Pura Vida	(15,121)	(2,321)	(12,800)	(551.5)%
Less: Unallocated corporate expenses	(67,889)	(73,389)	5,500	7.5 %
Operating (loss) income	\$ (42,356)	\$ 10,442	\$ (52,798)	505.6 %

VB Direct. For fiscal 2025, operating income decreased \$36.6 million, or 59.2%. As a percentage of VB Direct segment net revenues, operating income in the VB Direct segment was 9.8% and 20.0% for fiscals 2025 and 2024, respectively. The decrease in operating income as a percentage of VB Direct segment net revenues was primarily due to decreased sales, a decrease in gross margin as a percent of net revenues driven by a change in sales channel mix, and SG&A expense deleverage associated with decreased sales.

VB Indirect. For fiscal 2025, operating income decreased \$8.9 million, or 36.5%. As a percentage of VB Indirect segment net revenues, operating income in the VB Indirect segment was 25.2% and 32.9% for fiscals 2025 and 2024, respectively. The decrease in operating income as a percentage of VB Indirect segment net revenues was primarily due to reduced margin for indirect liquidations sales, an increase in wholesale discounting, and SG&A expense deleverage resulting from decreased sales.

Pura Vida. For fiscal 2025, operating loss increased \$12.8 million, or 551.5%. As a percentage of Pura Vida segment net revenues, operating loss in the Pura Vida segment was (28.4)% and (2.7)% for fiscals 2025 and 2024, respectively. The increase in operating loss as a percentage of Pura Vida net revenues was primarily due to decreased sales, increase in inventory reserves, SG&A expense deleverage associated with decreased sales, and increased promotional activity.

Corporate Unallocated. For fiscal 2025, corporate unallocated expenses decreased \$5.5 million, or 7.5% to \$67.9 million from \$73.4 million in the prior-year period. The decrease in corporate unallocated expenses was primarily due to a \$6.2 million decrease in employee related expenses including incentive compensation and salaries resulting from headcount reductions and \$0.2 million in net other expense reductions, partially offset by an increase of \$0.6 million in advertising related to Project Restoration and an increase in professional fees of \$0.3 million.

Interest Income, Net

For fiscal 2025, net interest income increased \$0.2 million to \$1.1 million from \$0.9 million in fiscal 2024.

Income Tax Expense

For fiscal 2025, we recorded income tax expense of \$21.0 million at an effective tax rate of (50.8)%, compared to income tax expense of \$3.5 million at an effective tax rate of 30.8% for fiscal 2024. The effective tax rate change was primarily attributable to the full valuation allowance recorded against the Company's net deferred tax assets, as well as the relative impact of permanent and discrete items in the current-year period compared to the prior-year period which largely relates to non-deductible executive compensation.

Net (Loss) Income

For fiscal 2025, there was a net loss of \$(62.2) million, a \$70.0 million decrease, from net income of \$7.8 million in fiscal 2024 due to the factors described in the captions above.

Fiscal 2024 Compared to Fiscal 2023

Refer to the Company's Annual Report on Form 10-K filed with the SEC on March 29, 2024, for a comparison of fiscal 2024 to fiscal 2023 operating results.

Liquidity and Capital Resources

General

Our primary sources of liquidity are cash and cash equivalents and 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 under the Credit Agreement as of February 1, 2025. 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 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):

	Fiscal Year Ended		
	February 1, 2025	February 3, 2024	January 28, 2023
Net cash (used in) provided by operating activities	\$ (14,102)	\$ 47,993	\$ (13,421)
Net cash used in investing activities	(10,373)	(13,770)	(8,239)
Net cash used in financing activities	(22,515)	(3,548)	(20,105)

Net Cash (Used in) Provided by Operating Activities

Net cash (used in) provided by operating activities consists primarily of net (loss) income 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 was \$14.1 million during fiscal 2025, as compared to net cash provided by operating activities of \$48.0 million during fiscal 2024. The increase in cash used in operating activities was primarily related to a net loss of \$(62.2) million, a \$70.0 million decrease, from net income in the comparable prior-year period, \$0.3 million in other non-cash items, partially offset by a change in deferred income taxes of \$18.6 million and property, plant, and equipment impairment charges of \$2.6 million in the current year period. Additionally, there was a net use of cash in the current year period in changes in assets and liabilities of \$12.9 million, primarily driven by a decrease cash provided by inventories.

Net Cash Used in Investing Activities

Investing activities consisted 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 \$10.4 million in fiscal 2025, compared to \$13.8 million in fiscal 2024. The decrease in cash used in investing activities was primarily a result of the purchase of the remaining 25% interest in Pura Vida for \$10.0 million in the prior year, partially offset by an increase in property, plant, and equipment spending of \$6.6 million primarily as a result of 8 store openings and Project Restoration initiatives in the current year, compared to 3 store openings in the prior year.

Net Cash Used in Financing Activities

Net cash used in financing activities was \$22.5 million in fiscal 2025 compared to \$3.5 million in fiscal 2024. The increase in cash used in financing activities was primarily due to an increase in repurchases of common stock of \$19.6 million.

Refer to the Company's Annual Report on Form 10-K filed with the SEC on March 29, 2024, for a comparison of fiscal 2024 to fiscal 2023 cash flow activity.

Credit Agreement

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. On August 3, 2023, certain subsidiaries of the Company, JP Morgan Chase Bank, N.A., as the administrative agent, and lenders from time to time party thereto, entered into a Third Amendment (the "Third Amendment") to the Credit Agreement. 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. Borrowings under the credit facilities are available to finance general corporate purposes of VBD and its subsidiaries, including but not limited to Vera Bradley International, LLC, Vera Bradley Sales, LLC, and Creative Genius, 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 \$50.0 million.

For further information regarding the Credit Agreement, please see Note 6 of the Notes to Consolidated Financial Statements set forth in Part II, "Item 8. Financial Statements and Supplementary Data," of this report.

Material Cash Requirements

Our material cash requirements from known contractual and other obligations include the following:

- Operating lease obligations as disclosed further in Note 4 to the Notes to the Consolidated Financial Statements in Part II, Item 8 of this report;
- Purchase order commitments primarily related to inventory purchases;
- Salaries, cash incentives, benefits, and other employee-related costs;
- Commitments for capital expenditures;
- Income tax payments; and
- Other supply and service agreements entered into as part of our normal operations.

We may be subject to additional material cash requirements that are contingent upon certain events that have not yet occurred. We expect to fund these cash requirements using cash on hand, cash provided by our operations and, to the extent necessary, borrowings under our Credit Agreement.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of our assets, liabilities, revenues, and expenses, as well as the disclosures relating to contingent assets and liabilities at the date of the consolidated financial statements. We evaluate our accounting policies, estimates, and judgments on an on-going basis. We base our estimates and judgments on historical experience and various other factors that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions and conditions.

We evaluate the development and selection of our critical accounting policies and estimates and believe that the following policies and estimates involve a higher degree of judgment or complexity and are most significant to reporting our results of operations and financial position, and are therefore discussed as critical. The following critical accounting policies reflect the significant estimates and judgments used in the preparation of our consolidated financial statements. With respect to critical accounting policies, even a relatively minor variance between actual and expected experience can potentially have a materially favorable or unfavorable impact on subsequent results of operations. Our historical results for the periods presented in the consolidated financial statements, however, have not been materially impacted by such variances. More information on all of our significant accounting policies can be found in Note 2, “Summary of Significant Accounting Policies,” in the Notes to the Consolidated Financial Statements.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (“FIFO”) method. Appropriate consideration is given to obsolescence, excess quantities, and other factors, including the popularity of a pattern or product, in evaluating net realizable value. We record valuation adjustments to our inventories, which are reflected in cost of sales, if the cost of specific inventory items on hand exceeds the amount we expect to realize from the ultimate sale or disposal of the inventory. This adjustment calculation requires us to make assumptions and estimates, which are based on factors such as merchandise seasonality, historical trends, and estimated sales and inventory levels, including sell-through of remaining units. In addition, as part of inventory adjustments, we provide for inventory shrinkage based on historical trends from our physical inventory counts. We perform physical inventory counts throughout the year and adjust the shrinkage provision accordingly.

The balance of inventory adjustments was \$7.7 million and \$8.1 million for these matters as of the fiscal years ended February 1, 2025, and February 3, 2024, respectively.

We believe we have the ability to sell some of our retired finished goods through a number of channels, including our Vera Bradley and Pura Vida websites, the Vera Bradley online outlet site, Vera Bradley outlet stores, the Vera Bradley Annual Outlet Sale, and through third-party liquidators as needed.

Valuation of Long-lived Assets

Property, plant, and equipment and operating right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. In evaluating an asset group for recoverability, we estimate the future cash flows expected to result from the use of the asset group at the store level, the lowest identifiable level of cash flow, if applicable. If the sum of the estimated undiscounted future cash flows related to the asset group is less than the carrying value, we recognize a loss equal to the difference between the carrying value and the fair value, usually determined by an estimated discounted cash flow analysis of the asset. Factors used in the valuation of long-lived assets include, but are not limited to, our plans for future operations, brand initiatives, recent operating results, and projected future cash flows. With respect to our stores, we analyze store economics, location within the shopping center, the size and shape of the space, and desirable co-tenancies in our selection process. Impairment charges are classified in SG&A expenses and were \$2.6 million, and \$1.4 million for the periods ended February 1, 2025, and January 28, 2023, respectively. No impairment charges were recorded in fiscal 2024.

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.

Goodwill and Other Intangible Assets

Prior to February 1, 2025 identifiable intangible assets consisted of the Pura Vida brand and customer relationships. Prior to fiscal 2024, the Company performed an annual impairment test for its goodwill. Goodwill was fully impaired during fiscal 2023, leaving no balance. The Pura Vida brand, an indefinite-lived asset, is not amortized but assessed for impairment at least annually or whenever events or circumstances indicate that the brand may be impaired. The Pura Vida customer relationship, a definite-lived intangible asset, is amortized over its estimated useful life and is also subject to impairment testing, similar to the Company's other long-lived assets.

Our annual intangible asset impairment test may be completed through a qualitative assessment to determine if the fair value of the Pura Vida brand is more likely than not greater than the carrying amount. If we elect to bypass the qualitative assessment, or if a qualitative assessment indicates it is more likely than not that the estimated carrying value exceeds the fair value, we test for impairment using a quantitative process. Our quantitative process includes comparing the carrying value to the fair value of the Pura Vida brand, with any excess recognized as an impairment loss. Fair value is estimated using a relief-from-royalty method. The estimates and assumptions used in the determination of the fair value of the Pura Vida brand include the projected revenue growth, long-term growth rate, the royalty rate, and discount rate.

As of February 1, 2025, the Company had no intangible assets as it recorded a full impairment charge of the Pura Vida brand within the Pura Vida reporting unit during fiscal 2025. The Company performed a quantitative analysis of the Pura Vida brand for the annual impairment test in the second quarter of fiscal 2025, at which time no impairment was recorded. Subsequent to the annual impairment test, due to triggering events, the Company performed an additional quantitative analysis and recorded an impairment charge of \$6.2 million in the fourth quarter of fiscal 2025, further described in Note 15 of the Consolidated Financial Statements herein.

For the annual impairment analysis performed during fiscal 2024, the Company performed a quantitative analysis, as well as subsequent analyses due to triggering events, further described in Note 15 of the Notes to the Consolidated Financial Statements herein. An impairment charge of \$5.4 million was recorded during fiscal 2024 for the Pura Vida brand.

For the annual impairment analysis performed during fiscal 2023, the Company performed a quantitative analysis, as well as subsequent analyses due to triggering events, further described in Note 15 of the Notes to the Consolidated Financial Statements herein. Impairment charges of \$44.3 million and \$25.0 million were recorded during fiscal 2023 for goodwill and the Pura Vida brand, respectively.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We are subject to interest rate risk in connection with borrowings under our asset-based revolving credit agreement (the "Credit Agreement"). The Credit Agreement allows for a revolving credit commitment of \$75.0 million, bearing interest at a variable rate, based on 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 greater of the prime rate or 2.5%, plus the Applicable Rate, where the Applicable Rate is a percentage spread ranging from -1.25% to -1.50%, (ii) for each Term Benchmark Borrowing, the Adjusted Term SOFR Rate, where the Adjusted Term SOFR Rate is the Term SOFR rate for such interest period plus 0.10% for the interest period in effect for such borrowing, plus the Applicable Rate, where the Applicable Rate is a percentage ranging from 1.25% to 1.50%, or (iii) for RFR Loans, the Adjusted Daily Simple SOFR Rate, where the Adjusted Daily Simple SOFR Rate is equal to the Daily Simple SOFR plus 0.10%, plus the Applicable Rate, where the Applicable Rate is a percentage ranging from 1.25% to 1.50%. The applicable CB Floating Rate, Adjusted Term SOFR Rate, Term SOFR Rate, Daily Simple SOFR, and Adjusted Daily Simple SOFR shall be determined by the administrative agent. Assuming borrowings available under the Credit Agreement are fully extended at \$75.0 million, each quarter point increase or decrease in the interest rate would change our annual interest expense by approximately \$0.2 million.

Foreign Exchange Rate Risk

We source a majority of our finished goods from various suppliers primarily in Cambodia, Vietnam, Indonesia, El Salvador, China, and the Philippines. Substantially all purchases and sales involving foreign persons are denominated in U.S. dollars, and therefore we do not hedge using any derivative instruments. Historically, we have not been impacted materially by changes in exchange rates.

Item 8. Financial Statements and Supplementary Data

Vera Bradley, Inc.
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Vera Bradley, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Vera Bradley, Inc. and subsidiaries (the "Company") as of February 1, 2025 and February 3, 2024, the related consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows, for each of the three years in the period ended February 1, 2025, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of February 1, 2025 and February 3, 2024, and the results of its operations and its cash flows for each of the three years in the period ended February 1, 2025, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of February 1, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 28, 2025, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

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

Indefinite-Lived Intangible Assets – Refer to Notes 2 and 15 to the financial statements*Critical Audit Matter Description*

The Company's annual quantitative analysis of the indefinite-lived Pura Vida brand asset ("Pura Vida brand") for impairment involves the comparison of the fair value of the Pura Vida brand asset to its carrying value. The Company used the relief-from-royalty method to estimate the fair value of the Pura Vida brand, which required management to make significant estimates and assumptions related to the projected revenue growth, royalty rate, and discount rate. The carrying value of the Pura Vida brand was \$6.2 million as of the second quarter. Due to subsequent triggering events, the Company performed a second quantitative analysis of the carrying value of the Pura Vida brand in the fourth quarter of fiscal 2025 and recorded a full impairment charge of \$6.2 million.

We identified the annual impairment analysis of the Pura Vida brand as a critical audit matter because of the significant judgments made by management to estimate the fair value of this indefinite-lived asset. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists, when performing audit procedures to evaluate the reasonableness of management's estimates and assumptions particularly related to the projected revenue growth, royalty rate, and discount rate.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the projected revenue growth, royalty rate, and discount rate for the Pura Vida brand included the following, among others:

1. We tested the effectiveness of controls over management's brand impairment analysis, including those over the determination of the fair value, such as controls related to management's forecasts of projected revenue growth, selection of royalty rate, and selection of discount rates.
2. We evaluated management's ability to accurately forecast by comparing actual results to management's historical forecasts.
3. We evaluated the reasonableness of management's projected revenue growth by comparing the forecasts to (1) historical results, (2) internal communications to management and the Board of Directors, and (3) forecasted information included in industry reports.
4. With the assistance of our fair value specialists, we evaluated the reasonableness of the (1) valuation methodology, and (2) discount rate and royalty rate by:
 - a. Assessing the appropriateness of the valuation methodology used to determine the discount rate and royalty rate.
 - b. Testing the underlying source information and the mathematical accuracy of the calculations.
 - c. Developing a range of independent estimates and comparing those to the discount rate and royalty rate selected by management.

/s/ Deloitte & Touche LLP
Indianapolis, Indiana
March 28, 2025

We have served as the Company's auditor since 2016.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Vera Bradley, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Vera Bradley, Inc. and subsidiaries (the "Company") as of February 1, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of February 1, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended February 1, 2025, of the Company and our report dated March 28, 2025, expressed an unqualified opinion on those financial statements.

Basis for Opinion

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

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

Definition and Limitations of Internal Control over Financial Reporting

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

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

/s/ Deloitte & Touche LLP
Indianapolis, Indiana
March 28, 2025

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

	February 1, 2025	February 3, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 30,366	\$ 77,303
Accounts receivable, net	14,792	17,112
Inventories	110,008	118,278
Income taxes receivable	584	461
Prepaid expenses and other current assets	9,122	12,803
Total current assets	164,872	225,957
Operating right-of-use assets	78,570	66,488
Property, plant, and equipment, net	54,183	54,256
Intangible assets, net	—	7,573
Deferred income taxes	—	20,355
Other assets	9,065	6,157
Total assets	\$ 306,690	\$ 380,786
Liabilities, Redeemable Noncontrolling Interest, and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 19,782	\$ 14,155
Accrued employment costs	7,089	12,944
Short-term operating lease liabilities	19,949	18,452
Other accrued liabilities	11,173	12,070
Income taxes payable	—	640
Total current liabilities	57,993	58,261
Long-term operating lease liabilities	69,695	62,552
Other long-term liabilities	47	44
Total liabilities	127,735	120,857
Commitments and contingencies		
Shareholders' equity:		
Preferred stock; 5,000 shares authorized, no shares issued or outstanding	—	—
Common stock, without par value; 200,000 shares authorized, 43,535 and 43,253 shares issued and 27,701 and 30,814 outstanding, respectively	—	—
Additional paid-in capital	115,515	112,590
Retained earnings	220,279	282,467
Accumulated other comprehensive loss	(19)	(72)
Treasury stock	(156,820)	(135,056)
Total shareholders' equity of Vera Bradley, Inc.	178,955	259,929
Total liabilities, redeemable noncontrolling interest, and shareholders' equity	\$ 306,690	\$ 380,786

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

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

	Fiscal Year Ended		
	February 1, 2025	February 3, 2024	January 28, 2023
Net revenues	\$ 371,967	\$ 470,786	\$ 499,961
Cost of sales	185,128	214,373	261,017
Gross profit	186,839	256,413	238,944
Selling, general, and administrative expenses	223,808	241,457	265,016
Impairment of goodwill and intangible assets	6,237	5,429	69,256
Other income, net	850	915	457
Operating (loss) income	(42,356)	10,442	(94,871)
Interest income (expense), net	1,118	890	(153)
(Loss) income before income taxes	(41,238)	11,332	(95,024)
Income tax expense (benefit)	20,950	3,494	(15,640)
Net (loss) income	(62,188)	7,838	(79,384)
Less: Net loss attributable to redeemable noncontrolling interest	—	—	(19,649)
Net (loss) income attributable to Vera Bradley, Inc.	\$ (62,188)	\$ 7,838	\$ (59,735)
Basic weighted-average shares outstanding	28,935	30,833	31,503
Diluted weighted-average shares outstanding	28,935	31,314	31,503
Basic net (loss) income per share attributable to Vera Bradley, Inc. common shareholders	\$ (2.15)	\$ 0.25	\$ (1.90)
Diluted net (loss) income per share attributable to Vera Bradley, Inc. common shareholders	\$ (2.15)	\$ 0.25	\$ (1.90)

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

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

	Fiscal Year Ended		
	February 1, 2025	February 3, 2024	January 28, 2023
Net (loss) income	\$ (62,188)	\$ 7,838	\$ (79,384)
Cumulative translation adjustment	53	33	(76)
Comprehensive (loss) income, net of tax	(62,135)	7,871	(79,460)
Less: Comprehensive loss attributable to redeemable noncontrolling interest	—	—	(19,649)
Comprehensive (loss) income attributable to Vera Bradley, Inc.	<u>\$ (62,135)</u>	<u>\$ 7,871</u>	<u>\$ (59,811)</u>

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

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

	Number of Shares		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Shareholders' Equity of Vera Bradley, Inc.
	Common Stock	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.	—	—	—	(59,735)	—	—	(59,735)
Translation adjustments	—	—	—	—	(76)	—	(76)
Restricted shares vested, net of repurchase for taxes	416,543	—	(1,430)	—	—	—	(1,430)
Stock-based compensation	—	—	3,241	—	—	—	3,241
Treasury stock purchased	(2,820,949)	2,820,949	—	—	—	(18,062)	(18,062)
Balance at January 28, 2023	30,766,024	12,079,690	\$ 109,718	\$ 274,629	\$ (105)	\$ (132,864)	\$ 251,378
Net income attributable to Vera Bradley, Inc.	—	—	—	7,838	—	—	7,838
Translation adjustments	—	—	—	—	33	—	33
Restricted shares vested, net of repurchase for taxes	407,146	—	(1,356)	—	—	—	(1,356)
Stock-based compensation	—	—	2,942	—	—	—	2,942
Treasury stock purchased	(359,554)	359,554	—	—	—	(2,192)	(2,192)
Purchase of noncontrolling interest equity adjustment	—	—	1,286	—	—	—	1,286
Balance at February 3, 2024	30,813,616	12,439,244	\$ 112,590	\$ 282,467	\$ (72)	\$ (135,056)	\$ 259,929
Net loss attributable to Vera Bradley, Inc.	—	—	—	(62,188)	—	—	(62,188)
Translation adjustments	—	—	—	—	53	—	53
Restricted shares vested, net of repurchase for taxes	282,619	—	(751)	—	—	—	(751)
Stock-based compensation	—	—	3,676	—	—	—	3,676
Treasury stock purchased	(3,395,335)	3,395,335	—	—	—	(21,764)	(21,764)
Balance at February 1, 2025	27,700,900	15,834,579	\$ 115,515	\$ 220,279	\$ (19)	\$ (156,820)	\$ 178,955

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

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

	Fiscal Year Ended		
	February 1, 2025	February 3, 2024	January 28, 2023
Cash flows from operating activities			
Net (loss) income	\$ (62,188)	\$ 7,838	\$ (79,384)
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:			
Depreciation of property, plant, and equipment	8,531	7,968	8,854
Amortization of operating right-of-use assets	20,430	21,021	21,543
Goodwill and intangible asset impairment	6,237	5,429	69,256
Other impairment charges	2,557	—	1,351
Amortization of intangible assets	1,336	2,916	3,303
Provision for doubtful accounts	31	322	(77)
Stock-based compensation	3,676	2,942	3,241
Deferred income taxes	20,355	1,761	(17,685)
Other non-cash charges, net	34	7	6
Changes in assets and liabilities:			
Accounts receivable	2,289	4,671	(1,347)
Inventories	8,270	23,997	2,606
Prepaid expenses and other assets	773	(833)	3,882
Accounts payable	5,574	(5,989)	(10,223)
Income taxes	(763)	932	8,638
Operating lease liabilities, net	(23,872)	(22,929)	(25,398)
Accrued and other liabilities	(7,372)	(2,060)	(1,987)
Net cash (used in) provided by operating activities	<u>(14,102)</u>	<u>47,993</u>	<u>(13,421)</u>
Cash flows from investing activities			
Purchases of property, plant, and equipment	(10,373)	(3,770)	(8,239)
Cash paid for business acquisition	—	(10,000)	—
Net cash used in investing activities	<u>(10,373)</u>	<u>(13,770)</u>	<u>(8,239)</u>
Cash flows from financing activities			
Tax withholdings for equity compensation	(751)	(1,356)	(1,430)
Repurchase of common stock	(21,764)	(2,192)	(18,062)
Distributions to redeemable noncontrolling interest	—	—	(613)
Net cash used in financing activities	<u>(22,515)</u>	<u>(3,548)</u>	<u>(20,105)</u>
Effect of exchange rate changes on cash and cash equivalents	53	33	(76)
Net (decrease) increase in cash and cash equivalents	<u>(46,937)</u>	<u>30,708</u>	<u>(41,841)</u>
Cash and cash equivalents, beginning of period	77,303	46,595	88,436
Cash and cash equivalents, end of period	<u>\$ 30,366</u>	<u>\$ 77,303</u>	<u>\$ 46,595</u>

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

Vera Bradley, Inc.
Consolidated Statements of Cash Flows

(in thousands)
(continued)

	Fiscal Year Ended		
	February 1, 2025	February 3, 2024	January 28, 2023
Supplemental disclosure of cash-flow information			
Cash paid (received) for income taxes, net	\$ 1,352	\$ 837	\$ (6,573)
Cash paid for interest	\$ 140	\$ 145	\$ 88
Supplemental disclosure of non-cash activity			
Non-cash investing activities			
Purchases of property, plant, and equipment incurred but not yet paid	\$ 826	\$ 150	\$ 363

Refer to Note 4 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 Consolidated Financial Statements

1. Description of the Company

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 casual, 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”). On January 30, 2023, the Company purchased the remaining 25% interest in Pura Vida. Pura Vida, based in La Jolla, California, is a digitally native lifestyle brand that has a differentiated and expanding offering of bracelets, jewelry, and other lifestyle accessories. On March 11, 2025 the Company entered into an Interest Purchase Agreement (the “Agreement”) to sell 100% of Pura Vida. The transaction is expected to close by the end of the first quarter of fiscal 2026. A copy of the Agreement is included as an exhibit to this Form 10-K. Refer to Note 18 herein for additional information.

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 outlet stores in the United States; the Vera Bradley websites (verabradley.com, outlet.verabradley.com, and international.verabradley.com); the Vera Bradley annual outlet sale in Fort Wayne, Indiana; and direct to consumer marketplaces. As of February 1, 2025, the Company operated 39 full-line stores and 87 outlet stores.
- The VB Indirect business consists of sales of Vera Bradley products to approximately 1,200 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 website (www.puravidabracelets.com); the distribution of Pura Vida-branded products to wholesale retailers, substantially all of which are located in the United States; and through its seven retail stores.

Principles of Consolidation

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

Fiscal Periods

The Company utilizes a 52-53 week fiscal year ended on the Saturday closest to January 31. As such, fiscal years 2025 and 2023, ended February 1, 2025 and January 28, 2023 respectively, each reflected a 52-week period. Fiscal year 2024, ended February 3, 2024 reflected a 53-week period.

Vera Bradley, Inc.
Notes to Consolidated Financial Statements

2. Summary of Significant Accounting Policies**Use of Significant Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of the Company’s assets, liabilities, revenues, and expenses, as well as the disclosures relating to contingent assets and liabilities at the date of the consolidated financial statements. Significant areas requiring the use of management estimates include the valuation of inventories, valuation of long-lived assets, including operating right-of-use assets, valuation of goodwill and indefinite-lived intangible assets, accounts receivable valuation allowances, and sales return allowances. Actual results could differ from these estimates. The Company revises its estimates and assumptions as new information becomes available.

Cash and Cash Equivalents

Cash and cash equivalents represent cash on hand, deposits with financial institutions, and investments with an original maturity of three months or less.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (“FIFO”) method. Appropriate consideration is given to obsolescence, excess quantities, and other factors, including the popularity of a pattern or product, in evaluating net realizable value. Substantially all inventory relates to finished goods.

Property, Plant, and Equipment

Property, plant, and equipment are carried at cost and depreciated or amortized over the following estimated useful lives using the straight-line method:

Buildings and building improvements	39.5 years
Land improvements	5 – 15 years
Furniture and fixtures, and leasehold improvements	3 – 10 years
Equipment	7 years
Vehicles	5 years
Computer equipment and software	3 – 5 years

The Company recognizes depreciation and amortization expense within cost of sales for capital expenditures related to distribution center, sourcing, and other related functions and selling, general, and administrative expenses for all other capital expenditures. Leasehold improvements are amortized over the shorter of the life of the asset or the lease term. Lease terms typically range from three to ten years.

When a decision is made to abandon property, plant, and equipment prior to the end of the previously estimated useful life, depreciation or amortization estimates are revised to reflect the use of the asset over the shortened estimated useful life. At the time of disposal, the cost of assets sold or retired and the related accumulated depreciation or amortization are removed from the accounts and any resulting loss is included in the Consolidated Statements of Operations.

Property, plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset groups may not be recoverable. The reviews are conducted at the lowest identifiable level of cash flows, which is at the retail store level for store-related assets. If the estimated undiscounted future cash flows related to the property, plant, and equipment and operating right-of-use assets are less than the carrying value, the Company recognizes a loss equal to the difference between the carrying value and the fair value, as further defined below in “Fair Value of Financial Instruments.”

Routine maintenance and repair costs are expensed as incurred.

Vera Bradley, Inc.
Notes to Consolidated Financial Statements

The Company capitalizes certain costs incurred in connection with acquiring, modifying, and installing internal-use software. Capitalized costs are included in property, plant, and equipment and are amortized over three to five years. Software costs that do not meet capitalization criteria are expensed as incurred.

Revenue Recognition and Accounts Receivable

Vera Bradley and Pura Vida product sales to customers, including amounts billed to customers for shipping fees, as well as royalties from licensing arrangements related to the Vera Bradley brand, are included in net revenues. Costs related to shipping of product are classified in cost of sales in the Consolidated Statements of Operations. The Company has elected to treat shipping and handling activities that occur after the customer has obtained control of a good as an activity to fulfill the promise to transfer the product rather than as an additional promised service. Net revenues exclude sales taxes collected from customers and remitted to governmental authorities from the transaction price.

Revenue from the sale of the Company’s products is recognized when control of the promised goods or services is transferred to customers, in the amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. Revenue is recognized using the five-step model. These steps are: (i) identify the contract with the customer; (ii) identify the performance obligations; (iii) determine the transaction price; (iv) allocate the transaction price to each performance obligation; and (v) recognize revenue as the performance obligations are satisfied.

The Company collects payment at the point of sale for Vera Bradley and Pura Vida full-line and outlet store transactions, upon shipment for Vera Bradley e-commerce transactions, and upon purchase for Pura Vida e-commerce transactions. The Company generally collects payment in arrears in accordance with established payment terms for each customer within the VB Indirect segment and for Pura Vida wholesale retailers.

Historical experience provides the Company the ability to reasonably estimate the amount of product sales that customers will return. Product returns are often resalable through multiple channels. Additionally, the Company reserves for customer allowances for certain VB Indirect retailers based upon various contract terms and other potential product credits granted to VB Indirect retailers.

The returns and credits reserve and the related activity for each fiscal year presented were as follows (in thousands):

	Balance at Beginning of Year	Provision Charged to Net Revenues	Allowances Taken / Written Off	Balance at End of Year
Fiscal year ended February 1, 2025	\$ 1,422	\$ 8,401	\$ (8,584)	\$ 1,239
Fiscal year ended February 3, 2024	1,801	9,697	(10,076)	1,422
Fiscal year ended January 28, 2023	1,582	12,320	(12,101)	1,801

The Company establishes an allowance for doubtful accounts based on historical experience and customer-specific identification and believes that collections of receivables, net of the allowance for doubtful accounts, are reasonably assured. The allowance for doubtful accounts was approximately \$1.1 million as of February 1, 2025 and February 3, 2024, respectively. The provision for doubtful accounts is based upon the likelihood of default expected during the life of the receivable.

Cost of Sales

Cost of sales includes material and labor costs, freight, inventory shrinkage, operating lease costs, duty, and other operating expenses, including depreciation of the Vera Bradley distribution center and equipment. Costs and related expenses to purchase and distribute the products are recorded as cost of sales when the related revenues are recognized.

Operating Leases

The Company recognizes lease liabilities at the lease commencement date based upon the present value of the remaining lease payments. Operating right-of-use assets are based on the lease liability adjusted for prepaid rent, deferred rent, and tenant allowances received from certain of the Company’s landlords, primarily for its retail store locations.

Vera Bradley, Inc.
Notes to Consolidated Financial Statements

Operating lease liabilities are amortized based upon the effective interest method. Operating right-of-use assets are amortized based upon the straight-line lease expense less interest on the lease liability. Operating lease expense is recognized on a straight-line basis over the lease term. Variable rent expense is recognized in the period incurred.

Operating right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The reviews are conducted at the lowest identifiable level of cash flows, which is at the retail store level for store-related assets. If the estimated undiscounted future cash flows related to the operating right-of-use assets are less than the carrying value, the Company recognizes a loss equal to the difference between the carrying value and the fair value, as further defined below in "Fair Value of Financial Instruments."

Refer to Note 4 herein for additional information regarding the Company's leases.

Store Pre-Opening, Occupancy, and Operating Costs

The Company charges costs associated with the opening of new stores to selling, general, and administrative expenses as incurred. Selling, general, and administrative expenses also include store operating costs, store employee compensation, and store occupancy and supply costs.

Goodwill and Other Intangible Assets

Identifiable intangible assets consisted of the Pura Vida brand and customer relationships. Goodwill was fully impaired during fiscal 2023, leaving no balance. Our Pura Vida brand, an indefinite-lived asset, is not amortized but assessed for impairment at least annually or whenever events or circumstances indicate that the brand may be impaired. The Pura Vida customer relationship, a definite-lived intangible asset, is amortized over its estimated useful life and is also subject to impairment testing, similar to the Company's other long-lived assets.

We test the Pura Vida brand for impairment annually, or more frequently if events or changes in circumstances indicate that the asset may be impaired. Our annual impairment test may be completed through a qualitative assessment to determine if the fair value of the Pura Vida brand is more likely than not greater than the carrying amount. If we elect to bypass the qualitative assessment, or if a qualitative assessment indicates it is more likely than not that the estimated carrying value exceeds the fair value, we test for impairment using a quantitative process. Our quantitative process includes comparing the carrying value to the fair value of the Pura Vida brand, with any excess recognized as an impairment loss. Fair value is estimated using a relief-from-royalty method. The estimates and assumptions used in the determination of the fair value of the Pura Vida brand include the projected revenue growth, long-term growth rate, the royalty rate, and discount rate.

Prior to fiscal 2024, the Company performed an annual impairment test for its goodwill.

The Pura Vida brand was fully impaired during fiscal 2025, leaving no balance. For the annual impairment analysis performed in the second quarter of fiscal 2025, the Company performed a quantitative analysis and no impairment was recorded. Subsequent to the annual impairment test, the Company performed an additional quantitative analysis of the carrying value of the Pura Vida brand due to triggering events and recorded an impairment charge of \$6.2 million during the fourth quarter of fiscal 2025, further described in Note 15 herein.

For the annual impairment analysis performed during fiscal 2024, the Company performed a quantitative analysis, as well as subsequent analyses due to triggering events, further described in Note 15 of the Notes to the Consolidated Financial Statements herein. An impairment charge of \$5.4 million was recorded during fiscal 2024 for the Pura Vida brand.

For the annual impairment analysis performed during fiscal 2023, the Company performed a quantitative analysis, as well as subsequent analyses due to triggering events, further described in Note 15 herein. Impairment charges of \$44.3 million and \$25.0 million were recorded during fiscal 2023 for goodwill and the Pura Vida brand, respectively.

Redeemable Noncontrolling Interest

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 had the

Vera Bradley, Inc.
Notes to Consolidated Financial Statements

right to sell all of the Remaining Pura Vida Interest to the Company, and the Company had 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 was 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 was delivered by a relevant party. In the event of a change in control of the Company, the parties had the right to exercise a portion of their put and call rights prior to the fifth anniversary of the closing date (as defined in the Put/Call Agreement).

As a result of this redemption feature, the Company recorded the noncontrolling interest as redeemable and classified it in temporary equity within its Consolidated Balance Sheets initially at its acquisition-date fair value. The noncontrolling interest was adjusted each reporting period for income (or loss) attributable to the noncontrolling interest. A measurement period adjustment, if any, was then made to adjust the noncontrolling interest to the higher of the redemption value or carrying value each reporting period. These adjustments were recognized through retained earnings and were 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 adjusted 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 fair value of the noncontrolling interest was estimated using a combination of the income approach, a discounted cash flow analysis, and the market approach, utilizing the guideline company method. The reporting unit's discounted cash flow analysis required significant management judgment with respect to revenue, total direct costs, selling, general, and administrative expenses, capital expenditures, and the selection and use of an appropriate discount rate. The projected revenue and expense assumptions and capital expenditures were based on our annual and long-term business plans. Discount rates reflected market-based estimates of the risks associated with the projected cash flows directly resulting from the use of those assets in operations.

On January 23, 2023, the Company and certain of its subsidiaries entered into an Interest Purchase Agreement (the "Interest Purchase Agreement") with Creative Genius Holdings, Inc. a California corporation, Creative Genius Investments, Inc., a California corporation, Griffin Thall and Paul Goodman (collectively "Sellers") to purchase the remaining 25% of the outstanding membership interests (the "Remaining Pura Vida Interests") of Pura Vida. The closing date of the Transaction was January 30, 2023.

Pursuant to the Interest Purchase Agreement, and subject to the terms and conditions thereof, on the closing date, the Company indirectly acquired the Remaining Pura Vida Interests (the "Transaction") in exchange for cash consideration consisting of approximately \$10 million payable at closing, subject to certain adjustments. The Transaction was not subject to financing conditions. The Company's existing available cash and cash equivalents funded the purchase price. Following completion of the Transaction, the Company owned one hundred percent (100%) of the ownership interests in Pura Vida. The Interest Purchase Agreement also included certain non-competition and customer, supplier and employee non-solicitation and non-interference covenants from the Sellers in favor of the Company during the four-year period beginning on the closing date of the Transaction.

The Interest Purchase Agreement provides that, as of the closing of the Transaction, all rights and obligations of the Company and the Sellers under any agreements among the parties, including the Put/Call Agreement, were terminated.

As a result of the Transaction, the Company recorded a decrease to redeemable noncontrolling interest of \$10.7 million. The difference between the fair value of the consideration paid and the balance of the redeemable noncontrolling interest resulted in \$0.7 million recognized in additional paid-in capital ("APIC") during fiscal 2024. In addition, there was an APIC adjustment of \$0.6 million related to deferred income taxes for the purchase of the redeemable noncontrolling interest. The total APIC adjustment for this matter during fiscal 2024 was \$1.3 million.

Stock-Based Compensation

The Company accounts for stock-based compensation using the fair-value recognition provisions of ASC 718, *Stock Compensation*. Under these provisions, for its awards of restricted stock and restricted-stock units, the Company recognizes stock-based compensation expense in an amount equal to the fair market value of the underlying stock on the grant date of the respective award. The Company recognizes this expense, net of estimated forfeitures, on a straight-line basis over the requisite service period.

Advertising Costs

Vera Bradley, Inc.
Notes to Consolidated Financial Statements

The Company expenses advertising costs at the time the promotion first appears in media, in stores, or on its websites, and includes those costs in selling, general, and administrative expenses in the Consolidated Statements of Operations.

Total advertising expense was as follows (in thousands):

Fiscal year ended February 1, 2025	\$	52,373
Fiscal year ended February 3, 2024		54,999
Fiscal year ended January 28, 2023		54,941

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 Consolidated Balance Sheets for cash and cash equivalents, accounts receivable, and accounts payable as of February 1, 2025 and February 3, 2024, approximated their fair values.

The following table details the fair value measurements of the Company’s investments as of February 1, 2025 and February 3, 2024 (in thousands):

	Level 1		Level 2		Level 3	
	February 1, 2025	February 3, 2024	February 1, 2025	February 3, 2024	February 1, 2025	February 3, 2024
Cash equivalents ⁽¹⁾	\$ 15,000	\$ 55,262	\$ —	\$ —	\$ —	\$ —

(1) Cash equivalents primarily represent money market funds that have a maturity of three months or less at the date of purchase. Due to its 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 \$2.6 million and \$1.4 million in impairment charges primarily related to store assets including property, plant, and equipment and lease right-of-use assets during the fiscal years ended February 1, 2025, and January 28, 2023, respectively. No impairment charges were recorded in fiscal 2024 for long-lived assets.

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. Refer to Note 15 herein regarding the Pura Vida Brand impairment test and related

Vera Bradley, Inc.
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impairment charges for fiscal 2025 and fiscal 2024, as well as the Pura Vida Brand and goodwill impairment test and impairment charges for fiscal 2023.

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.

Income Taxes

The Company accrues income taxes payable or refundable and recognizes deferred tax assets and liabilities based on differences between the book and tax bases of assets and liabilities. The Company measures deferred tax assets and liabilities using enacted rates in effect for the years in which the differences are expected to reverse, and recognizes the effect of a change in enacted rates in the period of enactment.

When measuring deferred tax assets, the Company considers both positive and negative evidence to determine whether it is more likely than not that the deferred tax assets will be realized. This evidence includes recent operating results, projected future taxable income, the reversal of existing taxable differences, tax planning strategies, among other factors. When necessary, a valuation allowance is recorded to reduce the deferred tax assets to their anticipated realizable value. In fiscal 2025, the Company recorded a full valuation allowance against its net deferred tax assets.

The Company establishes liabilities for uncertain positions taken or expected to be taken in income tax returns, using a more-likely-than-not recognition threshold. The Company includes in income tax expense any interest and penalties related to uncertain tax positions.

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 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 \$0.6 million and \$3.8 million as of February 1, 2025 and February 3, 2024, respectively. Of this total, \$0.4 million and \$2.8 million was recorded within prepaid expenses and other current assets and \$0.2 million and \$1.0 million was recorded within other assets on the Company's Consolidated Balance Sheets as of February 1, 2025 and February 3, 2024, respectively. In the fourth quarter of fiscal 2025, the Company recorded a software abandonment charge of \$1.1 million. The CCA implementation costs are recorded within operating activities in the Company's Consolidated Statements of Cash Flows.

Recently Issued Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, "Improvements to Reportable Segment Disclosures". This ASU updates reportable segment disclosure requirements by requiring disclosures of significant reportable segment expenses that are regularly provided to the Chief Operating Decision Maker (“CODM”) and included within each reported measure of a segment's profit or loss. This ASU also requires disclosure of the title and position of the individual identified as the CODM and an explanation of how the CODM uses the reported measures of a segment's profit or loss in assessing segment performance and deciding how to allocate resources. The ASU is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Adoption of the ASU should be applied retrospectively to all prior periods presented in the financial statements. The Company adopted the ASU during the year ended February 1, 2025 and the impact of the ASU was limited to financial statement footnote disclosures. Refer to Note 17 herein.

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In December 2023, the FASB issued ASU 2023-09, "Improvements to Income Tax Disclosures". This ASU establishes new income tax disclosure requirements in addition to modifying and eliminating certain existing requirements. Under the new guidance, entities must consistently categorize and provide greater disaggregation of information in the rate reconciliation. They must also further disaggregate income taxes paid. The new standard is effective for fiscal years beginning after December 15, 2024 (the Company's fiscal year 2026), with retrospective application permitted. The Company is currently evaluating this guidance to determine the impact on its disclosures; however, adoption will not impact our consolidated financial statements.

In November 2024, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2024-03, "Disaggregation of Income Statement Expenses". The ASU requires financial statement footnote disclosure of specified information about certain costs and expenses, including purchases of inventory, employee compensation, depreciation, and intangible asset amortization. The ASU is effective for fiscal years beginning after December 15, 2026 (the Company's fiscal year 2028) and interim reporting periods beginning after December 15, 2027 (interim periods for the Company's fiscal year 2029). Public business entities are required to apply the guidance prospectively, however, retrospective application is permitted. The Company is currently evaluating the impact of this ASU, but expects the impact to be limited to financial statement footnote disclosures.

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3. Revenue from Contracts with Customers

Disaggregation of Revenue

The following presents the Company's net revenues disaggregated by product category for the fifty-two weeks ended February 1, 2025 and January 28, 2023, and fifty-three weeks ended February 3, 2024 (in thousands):

<i>Product categories</i>	Fifty-Two Weeks Ended			
	February 1, 2025			
	VB Direct Segment	VB Indirect Segment	Pura Vida Segment	Total
Bags	\$ 105,071	\$ 35,077	\$ 82	\$ 140,230
Travel	67,911	13,090	—	81,001
Accessories	40,993	6,920	51,312	99,225
Home	25,899	2,738	—	28,637
Apparel/Footwear	10,554	1,216	480	12,250
Other	7,181 (1)	2,145 (2)	1,298 (3)	10,624
Total net revenues	<u>\$ 257,609 (4)</u>	<u>\$ 61,186 (5)</u>	<u>\$ 53,172 (4)</u>	<u>\$ 371,967</u>

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

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

(3) Related to freight.

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

(5) \$59.4 million of net revenues related to product sales recognized at a point in time and \$1.8 million of net revenues related to sales-based royalties recognized over time.

<i>Product categories</i>	Fifty-Three Weeks Ended			
	February 3, 2024			
	VB Direct Segment	VB Indirect Segment	Pura Vida Segment	Total
Bags	\$ 119,705	\$ 39,609	\$ 407	\$ 159,721
Travel	75,927	14,922	—	90,849
Accessories	52,930	9,547	82,731	145,208
Home	37,587	4,022	—	41,609
Apparel/Footwear	16,526	2,461	1,450	20,437
Other	7,235 (1)	3,242 (2)	2,485 (3)	12,962
Total net revenues	<u>\$ 309,910 (4)</u>	<u>\$ 73,803 (5)</u>	<u>\$ 87,073 (4)</u>	<u>\$ 470,786</u>

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

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

(3) Related to freight.

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

(5) \$71.4 million of net revenues related to product sales recognized at a point in time and \$2.4 million of net revenues related to sales-based royalties recognized over time.

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<i>Product categories</i>	Fifty-Two Weeks Ended			
	January 28, 2023			
	VB Direct Segment	VB Indirect Segment	Pura Vida Segment	Total
Bags	\$ 131,432	\$ 38,587	\$ 1,249	\$ 171,268
Travel	79,585	14,283	—	93,868
Accessories	58,932	10,312	90,743	159,987
Home	38,040	4,233	—	42,273
Apparel/Footwear ⁽⁶⁾	12,701	2,236	3,844	18,781
Other	7,541 (1)	3,665 (2)	2,578 (3)	13,784
Total net revenues	<u>\$ 328,231 (4)</u>	<u>\$ 73,316 (5)</u>	<u>\$ 98,414 (4)</u>	<u>\$ 499,961</u>

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

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

(3) Related to freight.

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

(5) \$70.7 million of net revenues related to product sales recognized at a point in time and \$2.6 million of net revenues related to sales-based royalties recognized over time.

(6) Includes mask sales.

Contract Balances

Contract liabilities as of February 1, 2025 and February 3, 2024, were \$2.4 million and \$2.6 million, respectively. The balance consisted of unredeemed gift cards, unearned revenue related to the monthly bracelet subscription of the Pura Vida segment, Pura Vida loyalty club points, and Pura Vida customer deposits and payments collected before shipment. These contract liabilities are recognized within other accrued liabilities on the Company's Consolidated Balance Sheets. Substantially all contract liabilities are recognized within one year. The Company did not have contract assets as of February 1, 2025 and February 3, 2024.

The balance for accounts receivable from contracts with customers, net of allowances, as of February 1, 2025 and February 3, 2024 was \$14.2 million and \$16.4 million, respectively, which is recognized within accounts receivable, net, on the Company's Consolidated Balance Sheets. The provision for doubtful accounts was \$1.1 million as of February 1, 2025 and February 3, 2024, 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 February 1, 2025.

Significant Judgments

Product Sales

In the Vera Bradley and Pura Vida retail stores (recognized within the VB Direct segment and the Pura Vida segments), control is transferred and net revenue is recognized at the point of sale. Product shipments for the Company's e-commerce channels (recognized within the VB Direct and Pura Vida segments) and shipments to its wholesale retailers (recognized within the VB Indirect segment and Pura Vida segment) are generally shipped Free on Board ("FOB") shipping point.

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typically from its distribution center in Roanoke, Indiana, for Vera Bradley products and primarily from its third-party fulfillment center in Tijuana, Mexico for Pura Vida products. Net revenue is recognized upon shipment consistent with when control is transferred to the customer. Upon shipment, the customer has the right to direct the use of, and obtain substantially all of the benefits from, the product.

Licensing Royalties

The Company grants rights to access its Vera Bradley IP and accounts for any resulting sales-based royalty revenue over time, as the subsequent sales occur. The Company has contractually guaranteed minimum royalties in certain of its sales-based royalty arrangements which are recognized straight-line over the remaining license period once determined that the minimum sales level will not be achieved. Licensing royalties are recognized within VB Indirect segment net revenues.

Transaction Price and Amounts Allocated to Performance Obligations

The transaction price is the amount of consideration the Company expects to be entitled to in a sales transaction. The transaction price is net of discounts, estimated variable consideration (if any), and any customer allowances offered or estimated, including those offered to certain Indirect retailers based on various contract terms. The transaction price also is net of allowances for product returns, which the Company is able to reasonably estimate based upon historical experience. The transaction price is allocated to each performance obligation in the contract based upon the standalone selling price.

Contract Costs

Sales commissions are paid to certain employees based upon specific sales achieved during a time period. As the Company's contracts related to these sales commissions do not exceed one year, these incentive payments are expensed as incurred.

Other Practical Expedients

Significant Financing Components

The Company does not adjust for the time value of money as the majority of its contracts have an original expected duration of one year or less; contracts that are greater than one year are related to net revenues that are constrained until the subsequent sales occur. The net revenues associated with these contracts are immaterial, and the Company does not adjust for the time value of money.

Concentration of Credit Risk

Five customers represented approximately 66.0% of the balance of accounts receivable, net as of February 1, 2025.

4. Leases

Nature of Leases

The Company has operating leases at all of its Vera Bradley and Pura Vida retail stores (including storage spaces), as well as for its New York office, the California Pura Vida office, Asia sourcing office, and showrooms. The Company does not have residual value guarantees, restrictions, or covenants imposed by leases.

Determination of Lease Terms

Retail store leases have remaining terms of up to 10 years as of February 1, 2025. These leases generally have early termination rights when certain sales thresholds are not met for a specified measurement period. The Company's other leases generally have remaining terms of up to approximately two years as of February 1, 2025. If the lease contains a renewal period at the Company's option, the renewal period is included in the lease term if determined the option is reasonably certain to be exercised at lease commencement. The Company's lease options generally do not include termination rights other than those mentioned. The Company did not have financing leases as of February 1, 2025.

Variable Rental Payments

The Company's retail store leases contain variable rental payments based on each location's monthly gross sales, the majority of which have specified sales breakpoints. In addition, the majority of the Company's leases contain real estate taxes, common area maintenance, and similar items that are billed as pass-through charges from its landlords. These rental payments are not included in the measurement of the lease liability, but are recognized as variable lease cost in the period incurred.

Certain of the Company's leases also contain lease components with increases based upon an index or rate. These lease components are included on the Company's balance sheet at the rate as of lease commencement. Future changes in the index or rate will generally be included as variable lease cost.

Significant Judgments and Assumptions

Determination of Whether a Contract Contains a Lease

The Company determines whether a contract is or contains a lease at the inception of the contract. The contract is, or contains, a lease if the contract conveys the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. The Company generally must also have the right to obtain substantially all of the economic benefits from use of the property, plant, and equipment and have the right to direct its use.

Discount Rate

The weighted-average discount rate as of February 1, 2025 and February 3, 2024, was 5.0% and 4.8%, respectively. The discount rate is not readily determinable in the lease; therefore, the Company estimated the incremental borrowing rate, at the commencement or remeasurement 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 February 1, 2025, there were no executed leases in which the Company did not have control of the underlying asset.

Practical Expedients (Policy Elections)

The Company has elected the following practical expedients as policy elections upon the adoption of ASC Topic 842.

Short-Term Leases	The Company elected to exclude leases with a term of 12 months or less from recognition on the balance sheet for all leases.
Not Separating Lease and Nonlease Components	The Company elected to combine lease and nonlease components and recognize as a single lease component for all leases.

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Amounts Recognized in the Consolidated Financial Statements

The following lease expense is recorded within cost of sales for the Asia sourcing office and within selling, general, and administrative expenses for all other leases, including retail store leases, in the Company's Consolidated Statements of Operations for the fiscal years ended February 1, 2025, February 3, 2024, and January 28, 2023 (in thousands):

	Fifty-Two Weeks Ended February 1, 2025	Fifty-Three Weeks Ended February 3, 2024	Fifty-Two Weeks Ended January 28, 2023
Operating lease cost	\$ 26,658	\$ 25,826	\$ 25,118
Variable lease cost	4,411	5,295	5,975
Short-term lease cost	540	578	476
Less: Sublease income ⁽¹⁾	(420)	(420)	(234)
Total lease cost	\$ 31,189	\$ 31,279	\$ 31,335

(1) Related to the sublease of a former Company location.

The weighted-average remaining lease term as of February 1, 2025 and February 3, 2024 was 4.8 years and 5.3 years, respectively.

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

	Fifty-Two Weeks Ended February 1, 2025	Fifty-Three Weeks Ended February 3, 2024	Fifty-Two Weeks Ended January 28, 2023
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 30,234	\$ 29,554	\$ 30,014
Right-of-use assets increase as a result of new and modified operating lease liabilities, net	\$ 32,510	\$ 9,859	\$ 20,379

Maturity Analysis of Operating Lease Liabilities

Maturities of the Company's operating lease liabilities (undiscounted) reconciled to its lease liability as of February 1, 2025 were as follows (in thousands):

	Operating Leases
Fiscal 2026	\$ 23,923
Fiscal 2027	22,457
Fiscal 2028	18,746
Fiscal 2029	15,673
Fiscal 2030	9,170
Thereafter	11,094
Total remaining obligations	101,063
Less: Interest	(11,419)
Present value of lease liabilities	\$ 89,644

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5. Property, Plant, and Equipment

Property, plant, and equipment consisted of the following (in thousands):

	February 1, 2025	February 3, 2024
Land and land improvements	\$ 5,981	\$ 5,981
Building and building improvements	46,203	46,203
Furniture, fixtures, leasehold improvements, computer equipment and software	86,776	86,584
Equipment and vehicles	29,117	28,493
Construction in progress	710	302
	168,787	167,563
Less: Accumulated depreciation and amortization	(114,604)	(113,307)
Property, plant, and equipment, net	<u>\$ 54,183</u>	<u>\$ 54,256</u>

Depreciation and amortization expense associated with property, plant, and equipment, excluding impairment charges (in thousands):

Fiscal year ended February 1, 2025	\$ 8,531
Fiscal year ended February 3, 2024	7,968
Fiscal year ended January 28, 2023	8,854

6. Debt

As of February 1, 2025 and February 3, 2024, the Company had no borrowings outstanding and availability of \$75.0 million under its Credit Agreement.

Credit Agreement

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. On August 3, 2023, certain subsidiaries of the Company, JP Morgan Chase Bank, N.A., as the administrative agent, and lenders from time to time party thereto, entered into a Third Amendment (the “Third Amendment”) to the Credit Agreement dated September 7, 2018.

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, Vera Bradley Sales, LLC, and Creative Genius, 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 \$50.0 million.

Amounts outstanding under the Credit Agreement bear interest at a per annum rate equal to (i) for CBFR borrowings (including swingline loans), the CB Floating Rate, where the CB Floating Rate is the greater of the prime rate or 2.5%, plus the Applicable Rate, where the Applicable Rate is a percentage spread ranging from -1.25% to -1.50%, (ii) for each Term Benchmark Borrowing, the Adjusted Term SOFR Rate, where the Adjusted Term SOFR Rate is the Term SOFR rate for such interest period plus 0.10% for the interest period in effect for such borrowing, plus the Applicable Rate, where the Applicable Rate is a percentage ranging from 1.25% to 1.50%, or (iii) for RFR Loans, the Adjusted Daily Simple SOFR Rate, where the adjusted Daily Simple SOFR Rate is equal to the Daily Simple SOFR plus 0.10%, plus the Applicable Rate, where the Applicable Rate is a percentage ranging from 1.25% to 1.50%. The applicable CB Floating Rate, Adjusted Term SOFR Rate, Term SOFR Rate, Daily Simple SOFR, and Adjusted Daily Simple SOFR 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 0.30% per annum.

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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, as defined in the Credit Agreement, 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) \$9.4 million, and (B) 12.5% 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).

The Credit Agreement matures in May 2028.

Refer to Note 18 herein for information related to the Fourth Amendment to the Credit Agreement, occurring subsequent to the Company's fiscal year 2025.

7. Income Taxes

The components of the income tax expense (benefit) were as follows (in thousands):

	February 1, 2025	February 3, 2024	January 28, 2023
Current:			
Federal	\$ 199	\$ 918	\$ 680
Foreign	19	337	562
State	377	478	803
	<u>595</u>	<u>1,733</u>	<u>2,045</u>
Deferred:			
Federal	16,214	1,322	(15,517)
State	4,141	439	(2,168)
	<u>20,355</u>	<u>1,761</u>	<u>(17,685)</u>
Total income tax expense (benefit)	<u>\$ 20,950</u>	<u>\$ 3,494</u>	<u>\$ (15,640)</u>

A breakdown of the Company's (loss) income before income taxes is as follows (in thousands):

	February 1, 2025	February 3, 2024	January 28, 2023
Domestic	\$ (41,413)	\$ 9,159	\$ (98,539)
Foreign	175	2,173	3,515
Total (loss) income before income taxes	<u>\$ (41,238)</u>	<u>\$ 11,332</u>	<u>\$ (95,024)</u>

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A reconciliation of the income tax expense (benefit) to the amount computed at the federal statutory rate is as follows (in thousands):

	February 1, 2025		February 3, 2024		January 28, 2023	
Federal taxes at statutory rate	\$ (8,660)	21.0 %	\$ 2,380	21.0 %	\$ (19,955)	21.0 %
State and local income taxes, net of federal benefit	(622)	1.5	754	6.7	(1,063)	1.1
Impact related to redeemable noncontrolling interest	—	—	—	—	4,126	(4.3)
Change in valuation allowance	29,751	(72.1)	—	—	—	—
(Windfall) shortfall from stock-based compensation	(18)	—	(47)	(0.4)	271	(0.3)
Impact of foreign rate differential	19	—	(109)	(1.0)	(167)	0.2
Change in uncertain tax positions	3	—	(30)	(0.3)	(15)	—
Non-deductible executive compensation	316	(0.8)	487	4.3	1,150	(1.2)
Other	161	(0.4)	59	0.5	13	—
Total income tax expense (benefit)	<u>\$ 20,950</u>	<u>(50.8)%</u>	<u>\$ 3,494</u>	<u>30.8 %</u>	<u>\$ (15,640)</u>	<u>16.5 %</u>

Deferred income taxes reflect the net tax effects of temporary differences between the book and tax bases of assets and liabilities. Significant components of deferred tax assets and liabilities were as follows (in thousands):

	February 1, 2025	February 3, 2024
Deferred tax assets:		
Operating lease liabilities	\$ 24,832	\$ 22,511
Compensation and benefits	1,306	2,815
Inventories	3,649	4,122
Investment in subsidiary	13,304	12,904
Net operating loss carryforwards	10,148	289
Other	2,165	1,365
Subtotal deferred tax assets	55,404	44,006
Less: valuation allowance	(29,799)	(48)
Total deferred tax assets	25,605	43,958
Deferred tax liabilities:		
Operating lease assets	(21,067)	(17,863)
Property, plant, and equipment	(2,403)	(2,930)
Other	(2,135)	(2,810)
Total deferred tax liabilities	(25,605)	(23,603)
Net deferred tax assets	<u>\$ —</u>	<u>\$ 20,355</u>

The Company considered both positive and negative evidence to determine whether it was more likely than not that some, or all, of the deferred tax assets would not be realized in its valuation allowance assessment. Based on this assessment, the Company recorded a full valuation allowance against its net deferred tax assets as of February 1, 2025. As of February 3, 2024, there were an immaterial amount of valuation allowances recorded.

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Uncertain Tax Positions

A reconciliation of the beginning and ending gross amount of unrecognized tax benefits (excluding interest and penalties) is as follows (in thousands):

	February 1, 2025	February 3, 2024	January 28, 2023
Beginning balance	\$ 39	\$ 73	\$ 92
Net increases in unrecognized tax benefits as a result of current year activity	—	—	2
Lapse of statute of limitations	—	(34)	(21)
Ending balance	<u>\$ 39</u>	<u>\$ 39</u>	<u>\$ 73</u>

As of February 1, 2025, the Company had an immaterial amount of total unrecognized tax benefits, net of federal benefit, that would, if recognized, favorably affect the effective tax rate in future periods. Total unrecognized tax benefits are currently expected to decrease by approximately \$37.0 thousand in the next twelve months. The Company recognized an immaterial amount of interest only, no penalties, related to unrecognized tax benefits in the fiscal years ended January 28, 2023 and January 29, 2022. Unrecognized tax benefits are included within other long-term liabilities in the Company's Consolidated Balance Sheets.

The Company files income tax returns in the U.S. federal jurisdiction and various U.S. state and foreign jurisdictions. The Company is subject to U.S. federal income tax examinations for fiscal years 2022 and forward. With a few exceptions, the Company is subject to audit by various state and foreign taxing authorities for fiscal 2021 through the current fiscal year.

8. Stock-Based Compensation

The Company's stock-based compensation consists of awards of restricted stock and restricted stock units. The Company recognized stock-based compensation expense of \$3.7 million, \$2.9 million, and \$3.2 million in the fiscal years ended February 1, 2025, February 3, 2024, and January 28, 2023, respectively.

Awards of Restricted-Stock Units

The Company reserved 6,000,000 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.

During the fiscal year ended February 1, 2025, the Company granted a total of 755,647 time-based and performance-based restricted stock units to certain employees and non-employee directors under the 2020 Equity and Incentive Plan with an aggregate fair value of \$5.1 million. The Company determined the fair value of the units based on the closing price of the Company's common stock on the grant date.

The majority of 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 unit awards issued to non-employee directors vest after a one-year period from the grant date. The Company recognizes the expense relating to these awards, net of estimated forfeitures, on a straight-line basis over the vesting period.

The majority of 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 the three-year performance period 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 and based on the probable outcome of achievement of the financial targets, on a straight-line basis over the vesting period.

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The following table summarizes information about restricted-stock units as of and for the year ended February 1, 2025 (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 February 3, 2024	683	\$ 4.58	840	\$ 4.42
Granted	422	6.71	334	6.71
Change due to performance condition achievement	—	—	(296)	5.41
Vested	(360)	5.54	(47)	10.24
Forfeited	(46)	6.57	(62)	6.54
Nonvested units outstanding at February 1, 2025	699	\$ 5.99	769	\$ 5.19

As of February 1, 2025, there was \$4.7 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 1.4 years, subject to meeting performance conditions. The total fair value of restricted stock units for which restrictions lapsed (vested) during fiscal 2025 was \$2.6 million.

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 the aggregate, to have a material adverse effect on the Company's financial condition, results of operations, or cash flows of a particular reporting period.

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.

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10. 401(k) Profit Sharing Plan and Trust

The Company has a 401(k) profit sharing plan and trust for all qualified employees and provides a 100% match for the first 3% of employee contributions and a 50% match for the next 2% of employee contributions, for a maximum Company match of 4% of employee contributions, limited to the annual legal allowable limit. Additionally, the Company has the option of making discretionary profit sharing payments to the plan as approved by the board of directors. As of February 1, 2025, February 3, 2024, and January 28, 2023, no discretionary profit sharing payments had been approved. The Company recognizes 401(k) Company contributions within cost of sales for employees related to distribution center, sourcing, and other related functions and selling, general, and administrative expenses for all other employees. Total Company contributions to the plan were as follows (in thousands):

Fiscal year ended February 1, 2025	\$	1,538
Fiscal year ended February 3, 2024		1,897
Fiscal year ended January 28, 2023		1,854

11. Related-Party Transactions

Charitable Contributions. The Vera Bradley Foundation for Breast Cancer (the "Foundation") was founded by one of the Company's directors, who is also on the board of directors of the Foundation. The liability associated with commitments to the Foundation was approximately \$0.2 million as of February 1, 2025 and \$0.1 million as of February 3, 2024. The liability consisted of pass-through donations from customers and is included in other accrued liabilities in the Consolidated Balance Sheets.

The associated expense for contributions to the Foundation, which is included in selling, general, and administrative expenses, was as follows (in thousands):

Fiscal year ended February 1, 2025	\$	167
Fiscal year ended February 3, 2024		139
Fiscal year ended January 28, 2023		191

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12. Earnings Per Share

Basic net (loss) income per share is computed based on the weighted-average number of shares of common stock outstanding during the period. Diluted net income per share is computed based on the weighted-average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares include outstanding restricted stock and restricted-stock units. The components of basic and diluted net (loss) income per share are as follows (in thousands, except per share data):

	Fiscal Year Ended		
	February 1, 2025	February 3, 2024	January 28, 2023
<i>Numerator:</i>			
Net (loss) income	\$ (62,188)	\$ 7,838	\$ (79,384)
Less: Net loss attributable to redeemable noncontrolling interest	—	—	(19,649)
Net (loss) income attributable to Vera Bradley, Inc.	<u>\$ (62,188)</u>	<u>\$ 7,838</u>	<u>\$ (59,735)</u>
<i>Denominator:</i>			
Weighted-average number of common shares (basic)	28,935	30,833	31,503
Dilutive effect of stock-based awards	—	481	—
Weighted-average number of common shares (diluted)	<u>28,935</u>	<u>31,314</u>	<u>31,503</u>
<i>Net (loss) income per share attributable to Vera Bradley, Inc.:</i>			
Basic	\$ (2.15)	\$ 0.25	\$ (1.90)
Diluted	\$ (2.15)	\$ 0.25	\$ (1.90)

As of February 1, 2025 and January 28, 2023, all potential common shares were excluded from the diluted share calculation because they were anti-dilutive due to the net loss in the period.

As of February 3, 2024, there were an immaterial number of additional shares issuable upon the vesting of restricted stock units that were excluded from the diluted share calculations because they were anti-dilutive. The diluted share calculations include performance-based restricted stock units for completed performance periods.

13. 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.

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 expired in December 2024.

During the fiscal year ended February 1, 2025, the Company purchased and held 3,395,335 shares at an average price of \$6.41 per share, excluding commissions, for an aggregate amount of \$21.8 million, under the 2021 Share Repurchase Program.

During the fiscal year ended February 3, 2024, the Company purchased and held 359,554 shares at an average price of \$6.10 per share, excluding commissions, for an aggregate amount of \$2.2 million, under the 2021 Share Repurchase Program.

During the fiscal year ended January 28, 2023, the Company purchased and held 2,820,949 shares at an average price of \$6.40 per share, excluding commissions, for an aggregate amount of \$18.1 million, under the 2018 and 2021 Share Repurchase Programs.

Vera Bradley, Inc.
Notes to Consolidated Financial Statements

During the fourth quarter of fiscal 2025, the Company's board of directors approved a new share repurchase plan (the "2024 Share Repurchase Program") which authorized Company management to utilize up to \$30.0 million of available cash for repurchases of shares of the Company's common stock. The 2024 Share Repurchase Program went into effect beginning December 14, 2024 and expires in December 2027. The Company does not currently plan to purchase under the 2024 Share Repurchase Program, but anticipates utilizing it in the future depending on the Company's cash position.

As of February 1, 2025, there was \$30.0 million remaining available to repurchase shares of the Company's common stock under the 2024 Share Repurchase Program.

As of February 1, 2025, the Company held as treasury shares 15,834,579 shares of its common stock at an average price of \$9.90 per share, excluding commissions, for an aggregate carrying amount of \$156.8 million. The Company's treasury shares may be issued under the 2020 Equity and Incentive Plan, or for other corporate purposes.

14. Redeemable Noncontrolling Interest

Redeemable noncontrolling interest represents the remaining twenty-five percent (25%) interest in Pura Vida not acquired by the Company. On January 30, 2023, the Company purchased the remaining 25% interest in Pura Vida. Refer to Note 2 herein for additional information.

Changes in redeemable noncontrolling interest for the fifty-two weeks ended February 1, 2025, fifty-three weeks ended February 3, 2024, and fifty-two weeks ended January 28, 2023 were as follows (in thousands):

Balance at January 29, 2022	\$ 30,974
Net loss attributable to redeemable noncontrolling interest	(19,649)
Distributions to redeemable noncontrolling interest	(613)
Balance at January 28, 2023	\$ 10,712
Adjustment for purchase of noncontrolling interest	(10,712)
Balance at February 3, 2024 and February 1, 2025	\$ —

15. Intangible Assets

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

<i>in thousands</i>	February 1, 2025		
	Gross Basis	Accumulated Amortization ⁽¹⁾	Carrying Amount
<i>Definite-lived intangible asset</i>			
Customer Relationships	\$ 24,208	\$ (24,208)	\$ —
<i>Indefinite-lived intangible asset</i>			
Pura Vida Brand ⁽²⁾	—	—	—
Total intangible assets	\$ 24,208	\$ (24,208)	\$ —

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

(2) An impairment charge of \$6.2 million was recorded within the Pura Vida segment during fourth quarter of fiscal 2025.

Vera Bradley, Inc.
Notes to Consolidated Financial Statements

<i>in thousands</i>	February 3, 2024		
	Gross Basis	Accumulated Amortization ⁽¹⁾	Carrying Amount
<i>Definite-lived intangible assets</i>			
Customer Relationships	\$ 24,208	\$ (22,872)	\$ 1,336
<i>Indefinite-lived intangible asset</i>			
Pura Vida Brand ⁽²⁾	6,237	—	6,237
Total intangible assets	\$ 30,445	\$ (22,872)	\$ 7,573

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

(2) Impairment charges of \$5.4 million were recorded within the Pura Vida segment during the fourth quarter of fiscal 2024.

Fiscal 2025 Impairment

The Company performed its fiscal 2025 annual impairment test over the indefinite-lived Pura Vida brand during the second quarter of fiscal 2025 and no impairment was recorded. In the fourth quarter of fiscal 2025, the Company identified triggering events and determined that the fair value of the Pura Vida brand was less than its carrying value, recording a full impairment charge of \$6.2 million. In consideration of offers received for the sale of Pura Vida (see Note 18 herein for further information), the Company performed a quantitative analysis of the Pura Vida brand. Based on this quantitative assessment, the Company determined that the relative fair value of the Pura Vida brand indicated no fair value and that the Pura Vida brand was not recoverable.

Fiscal 2024 Impairment

The Company performed its fiscal 2024 annual impairment test over the indefinite-lived Pura Vida brand during the second quarter of fiscal 2024 and no impairment was recorded. In the fourth quarter of fiscal 2024, the Company identified triggering events and determined that the fair value of the Pura Vida brand was less than its carrying value, recording an impairment charge of \$5.4 million. The Company continued to experience lower sales from its Pura Vida e-commerce channel due to a continued decline in social and digital media effectiveness, as well as continued lower sales from the wholesale channel. These lower sales volumes had a negative impact on the fair value determination of the aforementioned assets. The fair value of the Pura Vida brand was estimated using a relief-from-royalty method. The estimates and assumptions used in the determination of the fair value of the Pura Vida brand included the projected revenue growth, long-term growth rate, the royalty rate, and discount rate.

While we consider our assumptions in the determination of the fair value of these assets to be reasonable, they are complex and highly subjective. Our key assumptions (as described above in the valuation methodologies used in the determination of fair value) may be impacted by macroeconomic conditions, including inflationary pressures and the impact on consumer discretionary spending, supply chain challenges, as well as a sustained decline in stock price and potential changes in business strategy. Refer to Note 2 herein for additional information regarding fair value measurement.

Fiscal 2023 Impairments

The Company performed its fiscal 2023 annual impairment test over goodwill and the indefinite-lived Pura Vida brand during the second quarter of fiscal 2023.

The fair value of the Pura Vida reporting unit was determined using a combination of an income-based approach (discounted cash flows) and a market-based approach (guideline transaction method). The discounted cash flow method involved subjective estimates and assumptions such as projected revenue growth, operating profit, and the discount rate. The guideline transaction method involved transaction multiples derived from the acquisition of controlling interests in stocks of companies that are engaged in the same or similar lines of business as the reporting unit.

During the assessment for the fiscal 2023 annual test, it was determined that the fair values of the Pura Vida reporting unit and the Pura Vida brand were less than their carrying values. As a result, the Company recorded an impairment charge of \$9.9 million and \$19.4 million for the Pura Vida brand and goodwill, respectively, during the second quarter of fiscal 2023 within the Pura Vida segment.

Vera Bradley, Inc.
Notes to Consolidated Financial Statements

We identified triggering events during the subsequent quarters of fiscal 2023, due to lower operating profit compared to previous forecasts, as well as changes in the long-range plan such as a pause on the opening of new Pura Vida retail stores. We performed further testing on the Pura Vida reporting unit and Pura Vida brand as a result. These analyses caused additional impairment charges to be recorded in the fourth quarter of fiscal 2023 of \$15.1 million and \$24.9 million for the Pura Vida brand and goodwill, respectively, which reflects a full goodwill impairment. Collectively, impairment charges for the Pura Vida brand and goodwill during fiscal 2023 totaled \$69.3 million.

16. Cost Savings Initiatives and Other Charges

Cost Savings Initiatives and Severance Charges

During fiscal 2023, the Company began implementation of its targeted cost reductions, which were expected to be fully realized in fiscal 2025. In late fiscal 2025, additional cost reduction initiatives were identified and are expected to be fully realized in fiscal 2026. Expense savings are being derived across various areas of the Company, including retail store efficiencies, marketing expenses, information technology contracts, professional services, logistics and operational costs, and corporate payroll.

The Company incurred the following charges during the fifty-two weeks ended February 1, 2025 (in thousands):

	Reportable Segment			Unallocated Corporate Expenses	Total Expense
	VB Direct	VB Indirect	Pura Vida		
Severance charges ⁽¹⁾	\$ 534	\$ 1,166	\$ —	\$ 2,171	\$ 3,871
Total	<u>\$ 534</u>	<u>\$ 1,166</u>	<u>\$ —</u>	<u>\$ 2,171</u>	<u>\$ 3,871</u>

(1) \$3.1 million recorded in selling, general, and administrative expenses and \$0.8 million recorded in cost of goods sold

A summary of charges and related liabilities associated with the cost savings initiatives and severance charges are as follows (in thousands):

	Severance Charges ⁽¹⁾
Liability as of February 3, 2024	\$ 541
Fiscal 2025 charges	3,871
Cash payments	<u>(1,887)</u>
Liability as of February 1, 2025	<u>\$ 2,525</u>

(1) Remaining liability is recorded within accrued employment costs

The Company incurred the following charges during the fifty-three weeks ended February 3, 2024:

	Reportable Segment			Unallocated Corporate Expenses	Total Expense
	VB Direct	VB Indirect	Pura Vida		
Severance charges ⁽¹⁾	\$ 574	\$ 309	\$ 79	\$ 1,951	\$ 2,913
Consulting fees and other costs ⁽²⁾	—	—	—	105	105
Total ⁽³⁾	<u>\$ 574</u>	<u>\$ 309</u>	<u>\$ 79</u>	<u>\$ 2,056</u>	<u>\$ 3,018</u>

(1) Includes former CFO severance

(2) Related to professional fees

(3) Charges are recorded within selling, general, and administrative expenses

Vera Bradley, Inc.
Notes to Consolidated Financial Statements

	Severance Charges ⁽¹⁾	Consulting Fees and Other Costs
Liability as of January 28, 2023	\$ 3,083	\$ 60
Fiscal 2024 charges	\$ 2,913	\$ 105
Cash payments	(5,455)	(165)
Liability as of February 3, 2024	\$ 541	\$ —

(1) Remaining liability is recorded within accrued employment costs

The Company incurred the following charges during the fifty-two weeks ended January 28, 2023:

	Reportable Segment			Unallocated Corporate Expenses	Total Expense
	VB Direct	VB Indirect	Pura Vida		
Severance charges and cash retention payment acceleration charges ⁽¹⁾	\$ 15	\$ —	\$ 422	\$ 8,745	\$ 9,182
Consulting fees and other costs ⁽²⁾	302	—	179	3,976	4,457
Total ⁽³⁾	\$ 317	\$ —	\$ 601	\$ 12,721	\$ 13,639

(1) Includes CEO retirement severance and Vera Bradley brand executive officer severance

(2) Includes \$3.9 million for fees related to cost savings initiatives and CEO search; \$0.3 million for concept brand exit costs; and \$0.3 million for certain professional fees

(3) \$13.4 million of the charges are recorded within selling, general, and administrative expenses and \$0.2 million are recorded within cost of sales

	Severance Charges and Cash Retention Payment Acceleration Charges ⁽¹⁾	Consulting Fees and Other Costs ⁽²⁾
Fiscal 2023 charges	\$ 9,182	\$ 4,457
Cash payments	(6,083)	(4,095)
Non-cash charges and adjustments	(16)	(302)
Liability as of January 28, 2023	\$ 3,083	\$ 60

(1) Remaining liability is recorded within accrued employment costs

(2) Remaining liability is recorded within accounts payable

Other Charges

Fiscal 2025. There were no additional charges recorded during the fifty-two weeks ended February 1, 2025 associated with strategic initiatives and other costs.

Fiscal 2024. During the fifty-three weeks ended February 3, 2024, the Company recorded within selling, general, and administrative expenses \$0.8 million of professional fees associated with strategic initiatives and other costs.

Collectively, \$0.2 million was recorded within the Pura Vida segment and \$0.6 million was recorded within corporate unallocated expenses.

Fiscal 2023. During the fifty-two weeks ended January 28, 2023, the Company recorded within cost of sales \$18.1 million of inventory adjustments which consisted of: \$8.9 million of excess Pura Vida inventory recognized in the fourth quarter as a result of a change in the Company's liquidation strategy during the quarter; \$6.4 million related to the exit of certain technology products and excess mask products recognized in the second and fourth quarters; \$1.2 million of valuation

Vera Bradley, Inc.
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adjustments to write discounted inventory down to its net realizable value recognized in the fourth quarter; and \$1.6 million for purchase order cancellation fees related to spring 2023 product and certain raw materials.

During the fifty-two weeks ended January 28, 2023, the Company recorded within selling, general, and administrative expenses: \$1.0 million for CEO sign-on bonus and relocation expenses; \$0.4 million for former CEO salary retention payments and stock-based compensation associated with retirement; and \$0.2 million of professional fees associated with strategic initiatives and other costs.

Collectively, \$6.2 million was recorded within the Direct segment, \$1.7 million was recorded within the Indirect segment, \$10.2 million was recorded within the Pura Vida segment, and \$1.6 million was recorded within corporate unallocated expenses.

17. Segment Reporting

The Company has three operating segments, which are also its reportable segments: VB Direct, 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 ("CODM") in deciding how to allocate resources and in assessing the performance of the segments. The Company's CODM is our Chief Executive Officer.

The VB Direct segment includes Vera Bradley full-line and outlet stores, the Vera Bradley websites (verabradley.com, outlet.verabradley.com, and international.verabradley.com), and the Vera Bradley annual outlet sale. Revenues generated through 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 Company-branded products to specialty retailers representing approximately 1,200 locations, substantially all of which are located in the United States, as well as select department stores, national accounts, third-party e-commerce sites, third-party inventory liquidators, and licensing agreements related to the Vera Bradley brand.

The Pura Vida segment represents revenues generated through the Pura Vida website (www.puravidabracelets.com), Pura Vida retail stores, 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.

The CODM's primary or key performance indicator for evaluating segment operating results is operating income. The CODM uses operating income for each segment predominantly in the annual budget and forecasting process. The CODM considers budget-to-actual variances on a quarterly basis for this key performance operating measure when making decisions about the allocation of operating and capital resources to each segment. The CODM also uses segment operating income to assess the performance of each segment by comparing the results of each segment with one another and in determining the compensation of certain employees. The CODM reviews cost of sales and SG&A expense on a consolidated basis.

The accounting policies of the segments are the same as those described in Note 2. The Company does not report depreciation or amortization expense, total assets, or capital expenditures by segment as such information is neither used by management nor accounted for at the segment level.

Vera Bradley, Inc.
Notes to Consolidated Financial Statements

Net revenues, cost of sales, other segment expenses, and operating income (loss) information for the Company's reportable segments, as well as a reconciliation to (loss) income before income taxes, consisted of the following (in thousands):

	Fiscal Year Ended		
	February 1, 2025	February 3, 2024	January 28, 2023
Segment net revenues:			
VB Direct	\$ 257,609	\$ 309,910	\$ 328,231
VB Indirect	61,186	73,803	73,316
Pura Vida	53,172	87,073	98,414
Total	<u>\$ 371,967</u>	<u>\$ 470,786</u>	<u>\$ 499,961</u>
Segment cost of sales:			
VB Direct	\$ 125,467	\$ 141,933	\$ 167,701
VB Indirect	34,490	37,815	38,942
Pura Vida	25,171	34,625	54,374
Total	<u>\$ 185,128</u>	<u>\$ 214,373</u>	<u>\$ 261,017</u>
Other segment expenses, net⁽¹⁾			
VB Direct	\$ 106,902	\$ 106,104	\$ 109,433
VB Indirect	11,282	11,709	11,409
Pura Vida	43,122	54,769	122,631
Total	<u>\$ 161,306</u>	<u>\$ 172,582</u>	<u>\$ 243,473</u>
Segment operating income (loss):			
VB Direct	\$ 25,240	\$ 61,873	\$ 51,097
VB Indirect	15,414	24,279	22,965
Pura Vida	(15,121)	(2,321)	(78,591)
Total	<u>\$ 25,533</u>	<u>\$ 83,831</u>	<u>\$ (4,529)</u>
Reconciliation:			
Segment operating income (loss):	\$ 25,533	\$ 83,831	\$ (4,529)
Unallocated corporate expenses	(67,889)	(73,389)	(90,342)
Interest income (expense)	1,118	890	(153)
(Loss) income before income taxes	<u>\$ (41,238)</u>	<u>\$ 11,332</u>	<u>\$ (95,024)</u>

(1) Other segment expenses, net include selling, general and administrative expenses and are net of other income.

Sales outside of the United States were immaterial for all periods presented.

No customer accounted for 8% or more of the Company's net revenues during fiscal years 2025, 2024, and 2023.

Revenues from external customers for Vera Bradley brand products are attributable to sales of bags, accessories, travel, apparel/footwear, and home items. Other revenues from Vera Bradley external customers primarily include revenues associated with our freight, stationery, licensing, merchandising, and gift card breakage.

Revenues from external customers for Pura Vida brand products are primarily attributable to sales of accessories and apparel. Other revenues from Pura Vida external customers include revenues associated with freight.

Refer to Note 3 herein for disaggregation of net revenues by reportable segment.

As of February 1, 2025 and February 3, 2024, substantially all of the Company's long-lived assets were located in the United States.

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Notes to Consolidated Financial Statements

18. Subsequent Event

On March 11, 2025, Vera Bradley Holdings, LLC (“Seller”), Creative Genius, LLC (“Creative Genius”) and Project Aster Acquisition, LLC (“Buyer”) entered into an Interest Purchase Agreement (the “Agreement”) pursuant to which, among other things, Seller will sell to Buyer and Buyer will purchase from Seller one hundred percent (100%) of Creative Genius, which operates under the name Pura Vida Bracelets (the “Transaction”). The consideration paid by Buyer under the Agreement will consist of cash consideration of \$1.0 million as well as contingent consideration payable over a two-year period. Total consideration is subject to customary adjustments for cash, transaction expenses and working capital. Seller has also agreed to provide certain services to Buyer for a transitional period of 12 months.

In conjunction with the Agreement, on March 11, 2025, Vera Bradley Designs, Inc., a wholly-owned subsidiary of the Seller, JP Morgan Chase Bank, N.A., as the administrative agent, and lenders from time to time party thereto, entered into a Fourth Amendment (the “Fourth Amendment”) to the asset based revolving Credit Agreement (as amended, the “Credit Agreement”) dated September 7, 2018.

The Fourth Amendment amended the Credit Agreement to, among other things: allow for the sale of Creative Genius; remove Creative Genius as a borrower; modify an additional reporting period based on certain conditions of credit availability; and change certain applications of the fixed charge coverage ratio.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures. Because of inherent limitations, disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of disclosure controls and procedures are met.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer each has concluded that the Company's disclosure controls and procedures are effective as of February 1, 2025.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with generally accepted accounting principles. Management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission (2013 framework) in Internal Control-Integrated Framework. Based on the results of that evaluation, management has concluded that such internal control over financial reporting was effective as of February 1, 2025.

The effectiveness of the Company's internal control over financial reporting as of February 1, 2025, has been audited by Deloitte and Touche LLP, an independent registered public accounting firm, as stated in their report which appears in Item 8 of this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

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.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information set forth in the Proxy Statement for the 2025 Annual Meeting of Shareholders under the headings “The Board of Directors,” “Family Relationships,” “Delinquent Section 16(a) Reports,” “Conflict of Interest and Business Ethics Policy,” “Code of Ethics for Senior Financial Officers,” and “Standing Committees and Meetings of the Board” is incorporated herein by reference. The Proxy Statement will be filed with the Commission within 120 days after the end of the fiscal year covered by this Form 10-K pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended. In addition, the information set forth under the heading “Item 1: Business – Executive Officers of the Company” in this Form 10-K is incorporated herein by reference.

Item 11. Executive Compensation

The information set forth in the Proxy Statement for the 2025 Annual Meeting of Shareholders under the headings “Executive Compensation Discussion and Analysis,” “Compensation Committee Interlocks and Insider Participation,” “Compensation Tables,” and “Compensation Committee Report” is incorporated herein by reference. The Proxy Statement will be filed with the Commission within 120 days after the end of the fiscal year covered by this Form 10-K pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information set forth in the Proxy Statement for the 2025 Annual Meeting of Shareholders under the heading “Share Ownership of Certain Beneficial Owners and Management” is incorporated herein by reference. The Proxy Statement will be filed with the Commission within 120 days after the end of the fiscal year covered by this Form 10-K pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth information regarding equity securities authorized for issuance under our equity compensation plans as of February 1, 2025:

Plan Category	Number of Securities to Be Issued upon Exercise of Outstanding Options, Warrants and Rights (a) (1)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b) (\$)	Number of Securities Remaining Available for Future Issuance Under the Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c) (2)
Equity compensation plans approved by security holders	1,467,662	—	3,559,019
Equity compensation plans not approved by security holders	—	—	—
Total	1,467,662	—	3,559,019

(1) Assumes that target performance requirements will be achieved for performance shares with incomplete performance periods. These securities represent awards to be issued under the 2020 Equity and Incentive Plan.

(2) Represents securities available for issuance under the 2020 Equity and Incentive Plan.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information set forth in the Proxy Statement for the 2025 Annual Meeting of Shareholders under the headings “Policy on Related Party Transactions,” “Related Party Transactions for Fiscal 2025,” and “Board Independence” is incorporated herein by reference. The Proxy Statement will be filed with the Commission within 120 days after the end of the fiscal year covered by this Form 10-K pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended.

Item 14. Principal Accounting Fees and Services

The information required by this item is incorporated herein by reference to our 2025 Proxy Statement under the caption “Principal Accounting Fees and Services.” The Proxy Statement will be filed with the Commission within 120 days after the end of the fiscal year covered by this Form 10-K pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(1) Consolidated Financial Statements

The following consolidated financial statements of Vera Bradley, Inc. are filed as part of this report under Item 8. Financial Statements and Supplementary Data:

Reports of Independent Registered Public Accounting Firm	43
Consolidated Balance Sheets as of February 1, 2025, and February 3, 2024	46
Consolidated Statements of Operations for the fiscal years ended February 1, 2025, February 3, 2024, and January 28, 2023	47
Consolidated Statements of Comprehensive (Loss) Income for the fiscal years ended February 1, 2025, February 3, 2024, and January 28, 2023	48
Consolidated Statements of Shareholders' Equity for the fiscal years ended February 1, 2025, February 3, 2024, and January 28, 2023	49
Consolidated Statements of Cash Flows for the fiscal years ended February 1, 2025, February 3, 2024, and January 28, 2023	50
Notes to Consolidated Financial Statements	52

(2) Financial Statement Schedules

Financial statement schedules have been omitted because they are not required or are not applicable or because the information required in those schedules either is not material or is included in the consolidated financial statements or the accompanying notes.

(3) List of Exhibits

The documents set forth below are filed herewith or incorporated by reference to the location indicated.

EXHIBIT INDEX

Exhibit No.	Description
2.1+	Interest Purchase Agreement dated January 23, 2023, among Vera Bradley Holdings, LLC; Creative Genius Holdings, Inc.; Creative Genius, Inc.; Griffin Thall; and Paul Goodman (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed January 24, 2023)
2.2+*	Interest Purchase Agreement, dated March 11, 2025, by and among Project Aster Acquisition, LLC, Creative Genius, LLC, and Vera Bradley Holdings, LLC
3.1	Amended and Restated Articles of Incorporation (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed June 8, 2021)
3.2	Amended and Restated Bylaws (Incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed March 6, 2019)
4.1	Specimen Common Stock Certificate (Incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-1, Registration No. 333-167934)
4.2	Description of Registrant's Securities (Incorporated by reference to Exhibit 4.2 to the Annual Report on Form 10-K for the fiscal year ended February 1, 2020)
10.1†	Form of Indemnification Agreement (Incorporated by reference to Exhibit 10.5 to the Registration Statement on Form S-1, Registration No. 333-167934)
10.2†	Form of Outside Director Restricted Stock Unit Terms and Conditions (Incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q for the quarter ended May 1, 2021)
10.3†	Vera Bradley, Inc. 2014 Executive Severance Plan (Amended May 30, 2018) (Incorporated by reference to Exhibit 10.4 to the Annual Report on Form 10-K for the year ended February 2, 2019)
10.4	Pledge and Security Agreement dated as of September 7, 2018 among Vera Bradley Designs, Inc., Vera Bradley, Inc., Vera Bradley International, LLC, Vera Bradley Sales, LLC, and JP Morgan Chase Bank, N.A. (Incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended August 4, 2018)
10.5†	Fiscal 2025 Annual Incentive Compensation Plan (Executives) (Incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended May 4, 2024)
10.6†	Form of Restricted Stock Unit/Performance Unit Terms and Conditions (Revised Fiscal 2019) (Incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended May 5, 2018)
10.7	Third Amendment to Credit Agreement dated as of August 3, 2023 among Vera Bradley Designs, Inc., the other borrowers party thereto, JPMorgan Chase Bank, N.A., and the lenders party thereto (Incorporated by reference to Exhibit 10.1 on Form 8-K filed August 8, 2023)
10.8	Joinder Agreement dated August 3, 2023 between Creative Genius, LLC and JPMorgan Chase Bank, N.A. (Incorporated by reference to Exhibit 10.2 on Form 8-K filed August 8, 2023)
10.9	Supplement to Pledge and Security Agreement dated as of September 7, 2018 by and among Vera Bradley Designs, Inc., Vera Bradley, Inc., Vera Bradley International, LLC, Vera Bradley Sales, LLC, Vera Bradley Holdings, LLC, and JP Morgan Chase Bank, N.A. (Incorporated by reference to Exhibit 10.3 on Form 8-K filed August 8, 2023)
10.10†	Form of Performance-Based Award Agreement under the 2020 Equity and Incentive Plan (Incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended May 1, 2021)
10.11†	Form of Restricted Stock Unit/Performance Unit Terms and Conditions (under the 2020 Equity and Incentive Plan) (Incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q for the quarter ended May 1, 2021)

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Exhibit No.	Description
10.12†	Employment Agreement between Vera Bradley, Inc. and Jacqueline Ardrey dated September 20, 2022 (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on September 20, 2022)
10.13†	Retention Letter Agreement dated December 6, 2022 with John Enwright (Incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended October 29, 2022)
10.14†	Form of Restricted Stock Unit/Performance Unit Terms and Conditions Under the 2020 Equity and Incentive Plan (Revised) (Incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended April 30, 2022)
10.15†	Amended and Restated Vera Bradley, Inc. 2020 Equity and Incentive Plan (incorporated by reference to Appendix A to the registrant's Definitive Proxy Statement filed April 21, 2023)
10.16*	Fourth Amendment to Credit Agreement dated March 11, 2025 among Vera Bradley Designs, Inc., the other borrowers party thereto, JP Morgan Chase Bank, N.A., and the lenders party thereto
19*	Vera Bradley Inc. Insider Trading Policy
21.1*	Subsidiaries of Vera Bradley, Inc.
23.1*	Consent of Deloitte & Touche LLP
31.1*	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
31.2*	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
32.1*	Section 1350 Certifications
97.1	Incentive Compensation Recoupment Policy (Incorporated by reference to Exhibit 97.1 to the Annual Report on Form 10-K for the fiscal year ended February 3, 2024)
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)
+	Certain information has been excluded from this exhibit because it is not material and would likely cause competitive harm to the registrant if publicly disclosed.
*	Filed herewith
†	Denotes management contract or compensation plan, contract or arrangement.
Item 16.	Form 10-K Summary
None.	

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 28, 2025.

Vera Bradley, Inc.

/s/ Michael Schwindle

Michael Schwindle
Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Michael Schwindle and Jacqueline Ardrey, and each of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place, and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Registrant and in the capacities indicated on March 28, 2025.

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<u>Signature</u>	<u>Title</u>
<u>/s/ Jacqueline Ardrey</u> Jacqueline Ardrey	Director and Chief Executive Officer (principal executive officer)
<u>/s/ Michael Schwindle</u> Michael Schwindle	Chief Financial Officer (principal accounting officer)
<u>/s/ Barbara Bradley Baekgaard</u> Barbara Bradley Baekgaard	Director
<u>/s/ Ian Bickley</u> Ian Bickley	Director
<u>/s/ Kristina Cashman</u> Kristina Cashman	Director
<u>/s/ Robert J. Hall</u> Robert J. Hall	Director
<u>/s/ Andrew Meslow</u> Andrew Meslow	Director
<u>/s/ Frances P. Philip</u> Frances P. Philip	Director
<u>/s/ Jessica Rodriguez</u> Jessica Rodriguez	Director
<u>/s/ Carrie M. Tharp</u> Carrie M. Tharp	Director

INTEREST PURCHASE AGREEMENT

by and among

PROJECT ASTER ACQUISITION, LLC

CREATIVE GENIUS, LLC

AND

VERA BRADLEY HOLDINGS, LLC

Dated: March 11, 2025

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INTEREST PURCHASE AGREEMENT

This INTEREST PURCHASE AGREEMENT (this "Agreement"), is dated as of March 11, 2025, and is by and among Project Aster Acquisition, LLC, a Delaware limited liability company ("Buyer"), Creative Genius, LLC, a Delaware limited liability company (the "Company"), and Vera Bradley Holdings, LLC, a Delaware limited liability company ("Seller").

RECITALS

WHEREAS, the Company is engaged in the business of designing, marketing and distributing bracelets, jewelry and other related accessories primarily through its e-commerce site and retail and wholesale channels (the "Business");

WHEREAS, Seller owns 100% of the outstanding membership interests of the Company (the "Company Interests");

WHEREAS, the parties desire to enter into this Agreement pursuant to which Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the Company Interests, upon the terms and subject to the conditions hereinafter set forth; and

WHEREAS, at the Closing, Buyer desires to purchase from Seller, and Seller desires to sell to Buyer, all right, title and interest in and to, the Company Interests, upon the terms and subject to the conditions hereinafter set forth.

NOW THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements contained in this Agreement, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I.

Definitions and Rules of Construction

Section 1.1 Definitions. As used in this Agreement, the following terms have the meanings set forth below:

"Accounting Firm" has the meaning set forth in Section 3.3(c).

"Adjustment Shortfall" has the meaning set forth in Section 1.01(d)(iii).

"Adjustment Surplus" has the meaning set forth in Section 3.3(d)(iii).

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person, and includes any Person in like relation to an Affiliate. For purposes of this definition, "control" of a Person means the power, directly or indirectly, either to (a) vote ten percent (10%) or more of the securities having ordinary voting power for the election of directors of such Person or (b) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise. For purposes of this Agreement, the Company shall be deemed to be an Affiliate of Seller prior to the Closing and an Affiliate of Buyer from and after the Closing.

"Affiliate Arrangements" has the meaning set forth in Section 5.10.

"Agreement" has the meaning set forth in the Preamble.

"Allocation Methodology" has the meaning set forth in Section 7.2(c).

"Allocation Statement" has the meaning set forth in Section 7.2(c).

"Ancillary Documents" means the Key Employee Agreements, the Transition Services Agreement and all other agreements, documents and instruments being executed and delivered in connection with this Agreement.

"Anti-Corruption Laws" has the meaning set forth in Section 5.17(b).

"Balance Sheet Date" has the meaning set forth in Section 5.6(a).

"Base Purchase Price" has the meaning set forth in Section 3.2(a).

"Business" has the meaning set forth in the Recitals.

"Business Day" means any day other than a Saturday, Sunday or day on which banks are closed in New York, New York or Indianapolis, Indiana.

"Business Records" means all data and records of the Business on whatever media and wherever located, regardless of the Person or Persons having possession, custody or control of such data and records.

"Buyer" has the meaning set forth in the Preamble.

"Buyer Indemnified Parties" has the meaning set forth in Section 9.2(a).

"Buyer FSA Plan" has the meaning set forth in **Error! Reference source not found.**

"Buyer Related Persons" has the meaning set forth in Section 9.2.

"Chosen Courts" has the meaning set forth in Section 11.10(a).

"Claims" means any and all manner of claims, actions, suits, damages, demands and liabilities whatsoever in law or equity, whether known or unknown, liquidated or unliquidated, fixed, contingent, direct or indirect.

"Claim Notice" has the meaning set forth in Section 9.5(a).

"Closing" has the meaning set forth in Section 2.1.

"Closing Consideration Amount" has the meaning set forth in Section 3.2(c).

"Closing Date" has the meaning set forth in Section 2.1.

"Closing Date Cash" means Company Cash as of 11:59 P.M. on the date immediately prior to the Closing Date.

"Closing Date Company Transaction Expenses" means Company Transaction Expenses as of 11:59 P.M. on the date immediately prior to the Closing Date.

"Closing Date Indebtedness" means Indebtedness as of 11:59 P.M. on the date immediately prior to the Closing Date.

"Closing Date Statement" has the meaning set forth in Section 3.2(b).

"Closing Date Working Capital" means (a) the sum of the Current Assets of the Company as of 11:59 P.M. on the date immediately prior to the Closing Date, minus (b) the sum of the Current Liabilities of the Company as of 11:59 P.M. on the date immediately prior to the Closing Date, calculated as set forth in Exhibit A. For the avoidance of doubt, Closing Date Working Capital shall not include Closing Date Cash, Closing Date Indebtedness, Company Transaction Expenses, or any amounts owed to or due from Seller or any of its Affiliates (other than the Company).

"Closing Date Working Capital Deficit Amount" means the amount (expressed as a positive number), if any, by which Closing Date Working Capital as finally determined in accordance with Section 3.3 is less than the Lower Adjustment Target Amount.

"Code" means the Internal Revenue Code of 1986.

"Commercial Software" means all commercially available off-the-shelf software licensed pursuant to click wrap or shrink wrap agreements that (a) is not material to the Company or the Business, (b) has not been modified or customized for the Company, (c) is used internally (and not licensed or sublicensed to third parties) by the Company, and (d) is licensed to the Company for a one-time or annual fee of ten thousand dollars (\$10,000) or less.

"Company" has the meaning set forth in the Preamble.

"Company Cash" means cash and cash equivalents of the Company (including cash in bank accounts, petty cash, marketable securities, fixed income securities and short-term investments). Notwithstanding the previous sentence, Company Cash shall (a) be decreased by the Company's issued but uncleared checks and drafts and (b) include uncleared checks and drafts issued, received or deposited for the account of the Company and all credit card receivables.

"Company Disclosure Schedule" means the disclosure schedule, dated the date hereof, delivered by Seller to Buyer in connection with the execution and delivery of this Agreement.

"Company Intellectual Property" means the Owned Intellectual Property and Intellectual Property that the Company is licensed or otherwise permitted by other Persons to use.

"Company Interests" has the meaning set forth in the Recitals.

"Company IT Assets" means all IT Assets owned by or licensed to the Company and exclusively used or held for use by the Company in the conduct of the Business.

"Company Material Adverse Effect" means any fact, circumstance, change, development, condition or effect that, individually or when taken together with all other such facts, circumstances, changes, conditions or effects that exist at the date of determination of the occurrence of a Company Material Adverse Effect, had, has or is reasonably likely to have a material adverse effect on (a) the assets, business, operations, condition (financial or otherwise) or results of operations of the Company taken as a whole, or (b) the Company's ability to perform its obligations under this Agreement and the Collateral Agreements or consummate the transactions contemplated hereby or thereby; provided, however, that, with respect to clause (a), no facts, circumstances, changes, developments, conditions or effects (by themselves or when aggregated with any other facts, circumstances, changes, conditions or effects listed below) resulting from or arising out of the items enumerated in sub-clauses (i) to (ix) below shall be deemed to be or constitute a Company Material Adverse Effect: (i) general economic, financial or political conditions in the United States or any other jurisdiction in which the Company has substantial business or operations, and any changes therein (including any changes arising out of acts of terrorism, war, weather conditions, epidemics, pandemics, or disease outbreaks or public health

terrorism, war, weather conditions, epidemics, pandemics, or disease outbreaks or public health emergencies, or other force majeure events); (ii) changes in the industry that the Business is in, and any industry-wide changes therein (including any changes arising out of acts of terrorism, war, weather conditions, epidemics, pandemics, or disease outbreaks or public health emergencies, or other force majeure events); (iii) conditions in the financial markets, and any changes therein (including any changes arising out of acts of terrorism, war, weather conditions, epidemics, pandemics, or disease outbreaks or public health emergencies, or other force majeure events); (iv) acts of terrorism, armed hostilities, civil unrest or war; (v) any failure by the Business to meet any internal or published projections, forecasts or revenue or earnings predictions (provided that the underlying causes of such failures (subject to the other provisions of this definition) shall not be excluded); (vi) any changes in applicable Laws or accounting rules (including GAAP) or the enforcement, implementation or interpretation thereof (clauses (i) through (iv) and (vi), the "External Events"); (vii) any action or omission expressly required by this Agreement or taken or omitted at the written request of Buyer; or (viii) any actions or omissions by Buyer; provided, that, in the case of an External Event, such External Event may be taken into account to the extent it adversely affects or would reasonably be expected to affect the Business, taken as a whole, in a disproportionate manner relative to other similarly situated participants in the industry in which the Business operates.

"Company Transaction Expenses" means all fees, costs and expenses incurred, accrued or to be paid by the Company in connection with the transactions contemplated hereby and the Ancillary Documents or any transaction or series of transactions similar to such transactions, including (a) fees and disbursements of or to counsel, financial advisors, Consultants and accountants retained or acting in connection with this Agreement or the transactions contemplated hereby, and (b) costs of terminating any Affiliate Arrangement.

"Competing Transaction" means any transaction (a) similar to the transactions contemplated hereby, or (b) that could be inconsistent with, or that could otherwise preclude, the transactions contemplated hereby, including any (i) merger, consolidation, business combination, recapitalization, restructuring, sale or purchase of assets, securities or debt instruments,

dissolution, liquidation or other similar transaction of or involving the Company or (ii) other acquisition or equity investment transaction involving or otherwise relating to the Company involving any other Person other than Buyer or any of its Affiliates, including the formation of a partnership or joint venture with or for the Company.

"Confidential Information" means information that is not generally known to the public with respect to the terms of the transactions contemplated hereby and the non-public or proprietary information of the Company, including non-public or proprietary Company Intellectual Property, Personal Information and non-public or proprietary information related to the Business.

"Consultant" means any Person who is engaged as a consultant, sales agent or independent contractor by or on behalf of the Company or its Affiliates with respect to the Business, other than as an Employee, or who otherwise provides services to the Company or its Affiliates with respect to the Business under a contractual arrangement, other than as an Employee.

"Consultant Agreement" means any service, bonus or incentive compensation, change in control, retention, deferred compensation or other compensatory Contract with any Consultant and to which the Company is a party or has any Liability.

"Contingent Worker" has the meaning set forth in Section 5.20(f).

"Contract" means any agreement, contract, purchase order, arrangement, understanding, obligation or commitment to which a party is bound or to which its assets or properties are subject, whether oral or written, and any schedules, exhibits, amendments and/or supplements to them.

"Counsel" has the meaning set forth in Section 11.14.

"Current Assets" means those current assets of the Company that are set forth on Exhibit A and included in the calculation of Closing Date Working Capital, determined in accordance with GAAP.

"Current Liabilities" means those current liabilities of the Company that are set forth on Exhibit A and included in the calculation of Closing Date Working Capital, determined in accordance with GAAP.

"Direct Claim" has the meaning set forth in Section 9.5(d).

"Dispute Period" has the meaning set forth in Section 9.5(b).

"Disputed Amounts" has the meaning set forth in Section 3.3(b).

"Employee" means an employee of Seller or its Affiliates who works primarily in the Business and is listed in Section 5.20(a) of the Company Disclosure Schedule.

"Employer" means Vera Bradley, Inc., an Indiana corporation and an Affiliate of the Company.

"Employee Agreement" means any employment, severance, termination, bonus or

incentive compensation, change in control, retention, deferred compensation or other compensatory Contract with any Employee and to which the Company is a party or could have any Liability.

"End Date" has the meaning set forth in Section 10.1(d).

"Environmental Laws" means any foreign, federal, state, provincial or local Law governing Environmental Matters, as the same have been or may be amended from time to time, including any common law cause of action providing any right or remedy relating to Environmental Matters, all indemnity agreements and other contractual obligations (including leases, asset purchase and merger agreements) relating to Environmental Matters, and all applicable judicial and administrative decisions, Orders, decrees and binding guidance documents relating to Environmental Matters.

"Environmental Matter" means any matter arising out of, relating to, or resulting from pollution, contamination, protection of the environment, species protection, water rights, human health or safety, health or safety of employees, sanitation or any matter relating to any emission, discharge, dissemination, Release or threatened Release of any Hazardous Materials into the air (indoor and outdoor), surface water, groundwater, soil, land surface or subsurface, buildings, facilities, real or personal property or fixtures or otherwise arising out of, relating to or resulting from the manufacture, import, export, processing, distribution, use, treatment, storage, disposal, transport, handling, Release or threatened Release of any Hazardous Materials.

"Environmental Permits" has the meaning set forth in Section 5.18(a).

"Equity Securities" of any Person means any and all shares of capital stock, warrants, options or other rights to purchase shares of capital stock (in each case, whether or not currently exercisable), participations or other equivalents of or interests in (however designated) the equity (including common stock, preferred stock and limited liability company, partnership and joint venture interests) of such Person, and all securities exchangeable for or convertible or exercisable into, any of the foregoing (including restricted stock units, restricted stock, phantom stock and stock appreciation rights).

"ERISA" means the Employee Retirement Income Security Act of 1974 and the rules and regulations promulgated thereunder.

"ERISA Affiliate" means, of any entity, each Person that at any relevant time would be treated as a single employer with such entity for purposes of Section 4001(b)(1) of ERISA or Section 414(b), (c), (m) or (o) of the Code.

"Estimated Closing Cash Amount" has the meaning set forth in Section 3.2(b).

"Estimated Closing Date Company Transaction Expenses" has the meaning set forth in Section 3.2(b).

"Estimated Closing Date Working Capital" has the meaning set forth in Section 3.2(b).

"Estimated Closing Date Working Capital Deficit Amount" means the amount (expressed as a positive number), if any, by which the Estimated Closing Date Working Capital is less than the Lower Adjustment Target Amount.

"Estimated Closing Date Indebtedness Amount" has the meaning set forth in Section 3.2(b).

"Event" means any event, change, development, effect, condition, circumstance, matter, occurrence or state of facts.

"Export Controls" means (a) U.S. Laws restricting the export, reexport, or transfer (in-country) of any goods, software, technology or services, including the Export Administration Regulations and the International Traffic in Arms Regulations, and, to the extent applicable to the Company, and (b) any United Kingdom, European Union, European Union member state, or other non-U.S. Laws restricting the export, reexport, or transfer (in-country) of any goods, software, technology or services.

"External Events" has the meaning set forth in the definition of Company Material Adverse Effect.

"Final Closing Statement" has the meaning set forth in Section 3.3(d)(i).

"Final Purchase Price Adjustment Statement" means the Purchase Price Adjustment Statement as (a) agreed by Buyer and Seller, (b) made final due to the failure of Seller to properly deliver a Purchase Price Dispute Notice pursuant to Section 3.3(b), or (c) made final by an Accounting Firm pursuant to Section 3.3(c).

"Financial Statements" has the meaning set forth in Section 5.6(a).

"Fraud" means common law fraud as defined under the statutory and case law of the State of Delaware. For the avoidance of doubt, "Fraud" shall not include any cause of action based on constructive or imputed knowledge, equitable fraud, promissory fraud, or any tort (including a claim for fraud) based on negligence, recklessness or any similar theory.

"Fundamental Representations" means the representations and warranties of Seller set forth in Section 4.1 (Organization and Power), Section 4.2 (Authorization and Enforceability), Section 4.7 (No Brokers), Section 5.1 (Organization and Power), Section 5.2 (Authorization and Enforceability), and Section 5.3 (Capitalization of the Company; No Subsidiaries).

"GAAP" means U.S. generally accepted accounting principles, as in effect from time to time.

"Government Official" has the meaning set forth in Section 5.17(b).

"Governmental Authority" means any nation or government, any foreign or domestic federal, state, county, municipal or other political instrumentality or subdivision thereof and any foreign or domestic entity or body exercising executive, legislative, judicial, regulatory, administrative or taxing functions of or pertaining to government, including any court.

"Governmental Consent" means any consent, license, approval or authorization of, or registration, declaration, ruling, permit, waiver, acknowledgement or filing with, any Governmental Authority.

"Guarantees of Indebtedness" has the meaning set forth in the definition of "Indebtedness."

"Hazardous Materials" means any pollutant, contaminant, toxic, hazardous or extremely hazardous substance, material, waste, constituent, compound, chemical, natural or man-made element or force (including petroleum or any by-product or fraction thereof, any form of natural gas, lead, asbestos and asbestos-containing materials, building construction material and debris, any polychlorinated biphenyl ("PCB") and PCB-containing equipment, radon and any other radioactive element, any infectious, carcinogenic, mutagenic or etiologic agent, pesticide, defoliant, explosive, flammable, corrosive and urea formaldehyde foam insulation) that is regulated by, or may form the basis of Liability under, any Environmental Laws.

"Inactive Employee" has the meaning set forth in Section 7.7(a).

"Indebtedness" means all obligations and indebtedness of the Company (a) for borrowed

money or in respect of loans or advances (other than trade debt and other similar Liabilities incurred in the ordinary course of business consistent with past practice), (b) evidenced by a note, bond, debenture or similar instrument, (c) created or arising under any capital lease, conditional sale, earn out or other arrangement for the deferral of purchase price of any property, (d) under letters of credit, banker's acceptances or similar credit transactions (without duplication of other indebtedness supported or guaranteed thereby), and reimbursement obligations under security bonds and performance bonds and similar Liabilities, (e) under interest rate swaps, forward Contracts, futures or other hedging arrangements, including any breakage costs associated therewith, (f) to purchase, redeem, retire, defease or otherwise acquire for value any Equity Securities, (g) for any other Person's obligation or indebtedness of the same type as any of the foregoing, including as secured by Liens on any assets of the Company, whether as obligor, guarantor (direct or indirect) or otherwise (the Indebtedness referenced in this clause (g), "Guarantees of Indebtedness"), (h) with respect to any accounts payable or loans of any kind or nature between the Company on the one hand, and Seller or any of its Affiliates (other than the Company) on the other hand, (i) for interest or other amounts owing on any of the foregoing and any premiums, prepayment or termination fees, penalties, expenses or breakage costs due upon prepayment of any of the foregoing, (j) for all Sale Bonuses, (k) all declared but unpaid dividends on any Equity Securities of the Company; (l) all accrued but unpaid bonuses, commissions or similar payments for current and former employees, independent contractors, temporary or leased employees, and agency workers and other compensation and including any Taxes associated with such amounts; (m) the value of any accrued but unused paid time off or vacation days for current and former employees and other service providers, including any Taxes associated with such amounts; (n) all accrued but unpaid sales and use Taxes; (o) all accrued but unpaid liabilities to current and former employees, independent contractors, and other service providers arising out of any deferred compensation, profit share, gain share, or equity-based incentive plans, including any Taxes associated with such amounts; and (p) License Transfer Fees. For the avoidance of doubt, Indebtedness shall not include any amount that is included in the determination of Closing Date Working Capital, any Company Transaction Expenses, or any amount owed by the Company to Seller or any of its Affiliates (other than the Company).

"Indemnified Parties" has the meaning set forth in Section 9.2(b).

"Indemnifying Party" has the meaning set forth in Section 9.5(a).

"Insurance Policies" has the meaning set forth in Section 5.27.

"Intellectual Property" means ((a) patents; (b) Trademarks; (c) copyrights, works of authorship, rights in data and databases; (d) Confidential Information, including trade secrets and know-how; (e) websites and content, (f) domain names, (g) social media handles and accounts, (h) registrations, applications, renewals, extensions, reissues, divisions, continuations, continuations-in-part and reexaminations (as applicable) for any of the foregoing in (a)-(g); and (i) all other proprietary rights.

"Intended Tax Treatment" has the meaning set forth in Section 7.2(i).

"Interim Financial Statements" has the meaning set forth in Section 5.6(a).

"IP Agreements" has the meaning set forth in Section 5.14(b).

"IT Assets" means software, systems, servers, computers, hardware, firmware, middleware, networks, data communications lines, routers, hubs, switches and all other information technology equipment, and all associated documentation.

"Knowledge of Buyer" means the actual knowledge of any of the following personnel of Buyer: Luke Ewing and Monica Martinez.

"Knowledge of Seller" means the actual knowledge of any of the following personnel of Seller: Mark Dely.

"Knowledge of the Company" means the actual knowledge of any of the following personnel of Seller, their Affiliates and the Company: Mark Dely and Sujay Shah.

"Law" or "Laws" means any and all laws, Orders, statutes, codes, regulations, ordinances, decrees, rules, or other requirements with similar effect of any Governmental Authority.

"Lease" has the meaning set forth in Section 5.13(b).

"Lease Guarantees" means, collectively, all letters of credit, guarantees, surety bonds, performance bonds, and other financial assurance or obligations issued or entered into by or on behalf of Seller or any of its Affiliates (other than exclusively by the Company) in connection with the Leases or any Leased Real Property.

"Leased Real Property" means the parcels of real property of which the Company is the lessee (together with all fixtures and improvements thereon).

"Liability" means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, secured or unsecured, joint or several, due or to become

same is required to be accrued on the financial statements of such Person.

"License Transfer Fees" has the meaning in Section 7.14.

"Licenses and Permits" means any license, permit, authorization, approval or other evidence of authority issued or granted to, conferred upon, or otherwise created for, the Company by any Governmental Authority.

"Lien" means any lien, statutory or otherwise, security interest, mortgage, deed of trust, priority, pledge, charge, right of first refusal or other encumbrance or similar right of others, or any agreement to give any of the foregoing.

"Litigation" has the meaning set forth in Section 4.6.

"Losses" means all Claims, losses, Taxes, Liabilities, damages available at law or in equity (including diminution of value), deficiencies, fines, interest and penalties, costs and expenses, including in connection with or resulting from the defense, settlement and/or compromise of a Claim, and including the reasonable costs, expenses and fees of attorneys, accountants, expert witnesses and investigators.

"Lower Adjustment Target Amount" means \$17,356,000.

"Material Contracts" has the meaning set forth in Section 5.16(a).

"Most Recent Annual Financial Statements" has the meaning set forth in Section 5.6(a).

"Net Sales" means, with respect to any Post-Closing Payment Period, the gross amount received by the Company for sales of Products during such Post-Closing Payment Period, after giving effect to (a) any returns, rebates, discounts or adjustments, if actually allowed or granted in the ordinary course of business for such sales of Products, (b) sales, excise, use or value-added taxes, excluding income, or net profit taxes or franchise taxes of any kind and only to the extent not reimbursed by an end user or customer, and (c) costs of packing, insurance, transport and delivery, tariff duties, and freight and duty charges incurred in such Post-Closing Payment Period. For the avoidance of doubt, to the extent that the gross amount received by the Company for sales of Products during a Post-Closing Payment Period reflects any reduction in respect of any of the foregoing items, no further reduction shall be made in respect of such item.

"Orders" means all judgments, orders, writs, injunctions, decisions, rulings, decrees and awards of any Governmental Authority.

"OSHA" means the U.S. Occupational Safety and Health Administration.

"Owned Intellectual Property" means all Intellectual Property owned or purported to be owned by the Company.

"Party" has the meaning set forth in the Preamble.

"PCB" has the meaning set forth in the definition of "Hazardous Materials."

"Permitted Lien" means any (a) statutory lien for current Taxes not yet due or delinquent (or which may be paid without interest or penalties) or the validity or amount of which is being contested in good faith by appropriate proceedings, (b) mechanics', carriers', workers', repairers' and other similar liens arising or incurred in the ordinary course of business relating to obligations as to which there is no default on the part of the Company, or the validity or amount of which is being contested in good faith by appropriate proceedings, or pledges, deposits or other liens securing the performance of bids, trade contracts, leases or statutory obligations (including

workers' compensation, unemployment insurance or other social security legislation), (c) zoning, entitlement, conservation restriction and other land use and environmental regulations by Governmental Authorities which do not materially interfere with the present use of the Company's assets, and (d) Liens that will be released prior to or as of Closing.

"Person" means any individual, person, entity, general partnership, limited partnership, limited liability partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative, association, Governmental Authority, unincorporated organization, foreign trust or foreign business organization and the heirs, executors, administrators, legal representatives, successors and assigns of the "Person" when the context so permits.

"Personal Information" means any data or other information belonging to or concerning a customer or employee of Company, or another individual, including information that, alone or with other information can be used to identify an individual.

"Plan" means any (a) employee benefit plan (as defined in Section 3(3) of ERISA), and (b) retirement, deferred compensation, severance, retention, incentive, stock option or other equity-based compensation, medical, dental, vision, life, accidental death or dismemberment, disability, flexible spending, fringe benefit, vacation, paid-time off, supplemental unemployment, supplemental or excess benefit, or other employee benefit plan, program or arrangement (other than an Employee Agreement or Consultant Agreement), in each case of (a) and (b), (i) that is maintained or sponsored by the Company, Seller, or any of its Affiliates for the benefit of Employees or any beneficiary or dependent thereof, or (ii) with respect to which contributions, premiums or other payments are made or required to be made by the Company, Seller, or any of its Affiliates with respect to any Employee or any beneficiary or dependent thereof.

"Post-Closing Payment" for any Post-Closing Payment Period means five percent (5.0%) of Net Sales for that Post-Closing Payment Period.

"Post-Closing Payment Dispute Notice" has the meaning set forth in Section 3.5(b).

"Post-Closing Payment Period" means (i) the period ending on the last day of the fiscal month in which the six-month anniversary of the Closing Date occurs, and thereafter (ii) each of the six consecutive three-month periods commencing on the last day of the fiscal month in which the nine-month anniversary of the Closing Date occurs, and ending on the last day of the fiscal month in which the 24-month anniversary of the Closing Date occurs.

"Post-Closing Payment Statement" has the meaning set forth in Section 3.5(b).

"Post-Closing Statement Review Period" has the meaning set forth in Section 3.5(b).

"Pre-Closing Date Share" means with respect to a Straddle Period (a) in the case of real property, personal property and similar *ad valorem* Taxes, the total amount of Taxes due for the entire Straddle Period, multiplied by (i) the number of days in the Straddle Period on or before the Closing Date divided by (ii) the total number of days in the Straddle Period, and (b) in the case of all other Taxes, the amount of Taxes that would be due for the portion of the taxable period beginning on the first day of the Straddle Period and ending on the Closing Date, based on an interim closing of the books as of the close of business on the Closing Date.

"Pre-Closing Tax Period" means any taxable period ending on or before the Closing Date.

"Privacy Laws" has the meaning set forth in **Error! Reference source not found.**

"Products" means any products made, fabricated or developed (or intended to be made, fabricated or developed) by the Company (including products that the Company, or any third party on its behalf, fabricates, manufactures, processes, tests, stores, transports, imports, handles, packages and/or labels for sale or distribution).

"Purchase Price" has the meaning set forth in Section 3.2(a).

"Purchase Price Adjustment Statement" has the meaning set forth in Section 3.3(a).

"Purchase Price Dispute Notice" has the meaning set forth in Section 3.3(b).

"Qualified Plan" has the meaning set forth in Section 5.21(b).

"R&W Insurance Policy" means that certain representations and warranties insurance policy, to be issued by [•]¹.

"Registered" means issued or renewed by, registered, recorded or filed with, or the subject of a pending application before, any Governmental Authority or internet domain name registrar.

"Release" means any release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into or through the indoor or outdoor environment.

"Released Parties" has the meaning set forth in Section 7.6.

"Releasing Parties" has the meaning set forth in Section 7.6.

"Representatives" means, with respect to any Person, the Person's Affiliates and Subsidiaries, and its and their respective employees, officers, directors, managing members, general partners, agents, consultants, advisors (including financial advisors, investment bankers, counsel, auditors and accountants) and other representatives.

¹ NTD: Buyer to provide.

“Restricted Business” means the distribution of string bracelets primarily targeted at consumers who are women under the age of 25.

“Sale Bonuses” means all change of control, transaction, closing and/or severance or retention or similar bonuses, benefits or payments payable or owing to any Employee or Consultant of the Company, whether triggered solely as a result of the transactions contemplated hereby or triggered as a result of, or in connection with, the transactions contemplated hereby and the occurrence of another event, including the employer portion of any payroll, employment or similar Taxes payable in connection therewith.

“Sale Transaction” has the meaning set forth in Section 3.5(d).

“Sanctioned Country” means, at any time, a country or territory which is itself the subject of or target of any Sanctions.

“Sanctioned Person” means any Person (a) listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of Commerce, the U.S. Department of State, the United Nations Security Council, His Majesty's Treasury of the United Kingdom, the European Union or any European Union member state, (b) operating, organized, or resident in a Sanctioned Country with which or whom dealings are prohibited by any party to this Agreement, or (c) that is fifty percent (50%) or greater owned by any Person or Persons described in clause (a).

“Sanctions” means all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of Commerce or the U.S. Department of State, or (b) the United Nations Security Council, His Majesty's Treasury of the United Kingdom, the European Union or any European Union member state.

“Seller” has the meaning set forth in the Preamble.

“Seller Indemnified Parties” has the meaning set forth in Section 9.2(b).

“Seller FSA Plan” has the meaning set forth in **Error! Reference source not found.**

“Seller Related Persons” has the meaning set forth in Section 9.2.

“Seller Taxes” means (a) all Taxes imposed on or payable by or with respect to Seller or any of its Affiliates; (b) all Taxes imposed on or payable by or with respect to the Company for any Pre-Closing Tax Period and the Pre-Closing Date Share of any such Taxes for any Straddle Period; (c) Losses incurred by Buyer or any of its Affiliates (including the Company) and any amounts due and paid to a Taxing Authority in each case arising out of, in connection with or relating to any inaccuracy in or breach of any representation or warranty made by Seller in Section 5.22.

“Settlement” has the meaning set forth in Section 9.5(b).

“Straddle Period” means any taxable period beginning on or before the Closing Date and

ending after the Closing Date.

"Subsidiary" means, with respect to any Person, any corporation or other organization, whether incorporated or unincorporated, (a) of which such Person or any other Subsidiary of such Person is a general partner (excluding partnerships, the general partnership interests of which held by such Person or any Subsidiary of such Person do not have a majority of the voting interests in such partnership), or (b) at least a majority of the securities or other interests of which having by their terms ordinary voting power to elect a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries.

"Taking" has the meaning set forth in Section 5.13(f).

"Tax" or "Taxes" means all federal, state, local and non-U.S. income, profits, franchise, gross receipts, license, environmental, customs duty, capital stock, severance, occupation, premium, windfall profits, social security (or similar), stamp, payroll, sales, employment, unemployment, disability, use, property, escheat, unclaimed property, registration, withholding, excise, production, value added, ad valorem, occupancy, alternative or add-on minimum, estimated, transfer, and other taxes, duties or assessments of any nature whatsoever, together with all interest, penalties or additions to tax attributable to such taxes and any Liability for taxes of another Person by Contract, as a transferee or successor, under Treasury Regulations §1.1502-6 or analogous state, local or non-U.S. Law, or otherwise, whether disputed or not.

"Tax Consideration" has the meaning set forth in Section 7.2(c).

"Tax Contest" means any inquiry, audit, hearing, proposed adjustment, arbitration, deficiency, assessment, suit, dispute, Claim, proceeding or other Litigation commenced, filed or otherwise initiated or convened to investigate or resolve the existence and extent of a Liability for Taxes.

"Tax Incentive Agreement" means any tax incentive agreement or similar Contract (including, without limitation, any Contract relating to tax credits, tax abatements or reimbursement of expenses) or other form of public aid regime to which the Company is a party.

"Tax Return" means any report, return, claim for refund, statement, notice, form or other written information (including elections, declarations, disclosures, schedules, estimates and information returns) relating to Taxes and any amendment thereto, including any schedule or attachment thereto.

"Taxing Authority" means any Governmental Authority or any subdivision, agency, commission or authority thereof, or any quasi-governmental or private body, having jurisdiction over the assessment, determination, collection or other imposition of Taxes.

"Third-Party Claim" has the meaning set forth in Section 9.5(a).

"Top Customers" has the meaning set forth in Section 5.24(a).

"Top Suppliers" has the meaning set forth in Section 5.24(b).

"Trademarks" means trademarks, service marks, certification marks, domain names, website and social media user names, uniform resource locators, trade dress, corporate names, business names, trade names, geographical indications and other identifiers of source or goodwill, including the goodwill symbolized thereby or associated therewith.

"Transfer Taxes" means all transfer, documentary, sales, use, gross receipts, stamp, stamp duties, excise, license, filing, recordation, value added, ad valorem, bulk sales, registration and other such Taxes and fees (including any penalties and interest and the costs of assessing and filing

other such taxes and fees (including any penalties and interest and the costs of preparing and filing any related Tax Return) incurred in connection with the transactions contemplated hereby.

"Transferred Employee" has the meaning set forth in Section 7.7(a).

"Transferred FSA Balances" has the meaning set forth in **Error! Reference source not found.**

"Transition Services Agreement" means the Transition Services Agreement, in the form of Exhibit B, dated as of the Closing Date.

"Treasury Regulations" means the regulations promulgated under the Code and any successor regulations.

"WARN Act" means the Worker Adjustment and Retraining Notification Act of 1989.

"Willful Breach" has the meaning set forth in Section 10.3(b).

"Working Capital Target Amount" means \$17,801,000.

Section 1.2 Rules of Construction. Unless the context otherwise requires:

- (a) a capitalized term has the meaning assigned to it herein;
- (b) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;
- (c) references in the singular or to "him," "her," "it," "itself," or other like references, and references in the plural or the feminine or masculine reference, as the case may be, shall also, when the context so requires, be deemed to include the plural or singular, or the masculine or feminine reference, as the case may be;
- (d) any Contract, instrument or Law defined or referred to herein means such Contract, instrument or Law as from time to time amended, modified or supplemented;
- (e) references to Annexes, Articles, Sections, Schedules and Exhibits shall refer to annexes, articles, sections and exhibits of this Agreement, unless otherwise specified;

(f) the headings in this Agreement are for convenience and identification only and are not intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision thereof;

(g) this Agreement shall be construed without regard to any presumption or other rule requiring construction against the party that drafted and caused this Agreement to be drafted;

(h) all monetary figures shall be in U.S. dollars unless otherwise specified;

(i) if any period expires on a day which is not a Business Day or any event or condition is required by the terms of this Agreement to occur or be fulfilled on a day which is not a Business Day, such period shall expire or such event or condition shall occur or be fulfilled, as the case may be, on the next succeeding Business Day;

(j) references to "hereof", "herein", "hereunder", "hereby" and similar terms shall refer to this entire Agreement (including the Annexes, Schedules and Exhibits hereto);

(k) whenever this Agreement refers to a number of days, such number shall refer to

calendar days, unless such reference is specifically to "Business Days";

(l) references to "including" in this Agreement shall mean "including, without limitation," whether or not so specified;

(m) the word "extent" in the phrase "to the extent" shall mean the degree to which a subject or other thing extends and such phrase shall not mean "if"; and

(n) all documents and agreements relating to the Company that have been posted, at least two (2) Business Days prior to the date hereof, to the electronic data room established by or on behalf of Seller shall be deemed to have been "delivered", "provided" or "made available" (or any phrase of similar import) to Buyer by Seller.

ARTICLE II.

Closing

Section 2.1 Closing. The closing of the purchase and sale of the Company Interests (the "Closing") shall take place remotely via the exchange of documents and signatures at 9:00 A.M. Eastern time on the third (3rd) Business Day immediately following the day on which the last of the conditions set forth in Article VIII (other than those conditions that by their nature are to be satisfied at Closing, but subject to the satisfaction or waiver of those conditions) (the date of such Closing, the "Closing Date") are satisfied or waived in accordance with this Agreement, or on such other date as Buyer and Seller may otherwise agree in writing. The parties hereto acknowledge and agree that all proceedings at the Closing shall be deemed to be taken and all documents to be executed and delivered by all parties at the Closing shall be deemed to have been taken and executed simultaneously on the Closing Date, and no proceedings shall be deemed taken nor any document executed or delivered until all have been taken, executed and delivered.

ARTICLE III.
Purchase and Sale of the Company Interests

Section 3.1 Purchase and Sale of the Company Interests. Subject to the terms and conditions set forth in this Agreement, at the Closing, Buyer shall purchase from Seller, and Seller shall sell, transfer and assign to Buyer, free and clear of all Liens, the Company Interests.

Section 3.2 Purchase Price; Payments at and after the Closing.

(a) (i) The purchase price to be paid by Buyer to Seller for the Company Interests shall be \$1,000,000 (the "Base Purchase Price"), subject to adjustment as provided in this Article III plus (ii) the Post-Closing Payments, if any, as further described in Section 3.5 (the sum of the amounts in clauses (i) and (ii), the "Purchase Price").

(b) Not fewer than three (3) Business Days prior to the Closing, Seller shall deliver to Buyer a written statement (the "Closing Date Statement") setting forth Seller's good faith estimate of Closing Date Cash (the "Estimated Closing Cash Amount"), Closing Date Indebtedness (the "Estimated Closing Indebtedness Amount"), Closing Date Working Capital (the "Estimated Closing Date Working Capital"), and Closing Date Company Transaction Expenses (the "Estimated Closing Date Company Transaction Expenses"), as well as the Estimated Closing Date Working Capital Deficit Amount, if any.

(c) At the Closing, Buyer shall pay, or cause to be paid, to or as directed by Seller, the Closing Consideration Amount. "Closing Consideration Amount" means (i) the Base Purchase Price, plus (ii) the Estimated Closing Cash Amount, less (iii) the Estimated Closing Date Indebtedness Amount, less (iv) the Estimated Closing Date Working Capital Deficit Amount, if any, less (vi) the Estimated Closing Date Company Transaction Expenses. The Closing Consideration Amount shall be paid by wire transfer of immediately available funds to an account or accounts designated by Seller. Such account or accounts shall be designated no fewer than three (3) Business Days prior to the Closing Date.

(d) At the Closing, Buyer shall pay, or cause to be paid, the Closing Date Indebtedness set forth in the Closing Date Statement to the payees thereof, by wire transfer of immediately available funds to the accounts designated in advance by each payee thereof, as set forth on the Closing Date Statement.

(e) At the Closing, Buyer shall pay, or cause to be paid, the Company Transaction Expenses set forth in the Closing Date Statement to the payees thereof, by wire transfer of immediately available funds to the accounts designated in advance by each payee thereof, as set forth on the Closing Date Statement.

(f) From 11:59 P.M. on the day immediately prior to the Closing Date and until the consummation of the Closing, the Company shall not (i) use any Company Cash to pay any Company Transaction Expenses, to pay any distributions or to repay any Indebtedness, or (ii) incur any Indebtedness.

(a) After the Closing, Buyer shall prepare and, within sixty (60) days after the Closing, Buyer shall deliver to Seller, a statement setting forth Buyer's calculation of (i) Closing Date Working Capital, (ii) the Closing Date Working Capital Deficit Amount, if any, (iii) Closing Date Cash, (iv) Closing Date Indebtedness, (v) Company Transaction Expenses and (vii) a calculation of any Adjustment Shortfall or Adjustment Surplus (the "Purchase Price Adjustment Statement"), which statement shall contain a balance sheet of the Company as of the Closing Date (without giving effect to the transactions contemplated herein).

(b) If Seller disagrees in good faith with the Purchase Price Adjustment Statement, Seller shall notify Buyer in writing of such disagreement within thirty (30) days after delivery of the Purchase Price Adjustment Statement, which notice shall describe in reasonable detail the nature of such disagreement, including the specific items involved and the dollar amounts thereof (a "Purchase Price Dispute Notice"). If Seller does not deliver a valid Purchase Price Dispute Notice within such thirty (30) day period, the Purchase Price Adjustment Statement, as delivered by Buyer to Seller, shall be the Final Purchase Price Adjustment Statement. If Seller delivers a valid Purchase Price Dispute Notice within such thirty (30) day period, then such disputed amounts (the "Disputed Amounts") shall be resolved pursuant to Section 3.3(c). Any undisputed amounts owed by Buyer or Seller to the other Party, as applicable, shall be paid to the other party within five (5) Business Days after the delivery of the Purchase Price Dispute Notice.

(c) Buyer and Seller shall negotiate in good faith to resolve any Disputed Amounts and, if the parties are able to resolve all Disputed Amounts, the Purchase Price Adjustment Statement, as modified to reflect such resolution, shall be the Final Purchase Price Adjustment Statement. If Buyer and Seller are unable to resolve all Disputed Amounts within thirty (30) days after delivery of a Purchase Price Dispute Notice, then the Disputed Amounts may be referred by either Buyer or Seller for final determination to Crowe LLP (such firm, or another firm determined pursuant to this Section 3.3(c), the "Accounting Firm") within fifteen (15) days after the end of such thirty (30) day period. If neither party refers the Disputed Amounts to the Accounting Firm within the applicable fifteen (15)-day period, then the Purchase Price Adjustment Statement, as delivered by Buyer to Seller, shall be the final Purchase Price Adjustment Statement. If Crowe LLP is unwilling or unable to serve, Buyer and Seller shall jointly appoint as the Accounting Firm a different nationally or regionally recognized firm of independent certified public accountants, which does not have, and has not at any time in the four (4) years prior to the date of the Purchase Price Dispute Notice had, any material relationship with Buyer, Seller or any of their respective Affiliates. The Accounting Firm shall consider only those Disputed Amounts which Buyer and Seller have been unable to resolve and shall make its determination based solely on presentations and supporting materials provided by Buyer and Seller, and not pursuant to any independent review. Buyer and Seller shall contemporaneously provide copies to one another of all written submissions to the Accounting Firm and shall be permitted to attend (and shall receive reasonable advance written notice of) any meeting with or presentations to the Accounting Firm. Buyer and Seller shall each use commercially reasonable efforts to make their presentations as promptly as practicable following submission to the Accounting Firm of the disputed items (but in no event later than fifteen (15) days after engagement of the Accounting Firm), and Buyer and Seller shall each be entitled, as part of its presentation, to respond to the presentation of the other party and any questions and requests of the Accounting Firm. In deciding any matter or item in dispute, the

Accounting Firm (A) shall be bound by the provisions of this Section 3.3(c) and (B) shall not assign a value to any particular item greater than the greatest value for such item claimed by either Buyer or Seller, or less than the lowest value for such item claimed by either Seller or Buyer, in each case as presented to the Accounting Firm. No party shall disclose to the Accounting Firm, and the Accounting Firm shall not consider for any purpose, any settlement discussions or settlement offer made by any party, unless otherwise agreed in writing by Buyer and Seller. The Accounting Firm shall deliver to Buyer and Seller, as promptly as practicable, and in any event within sixty (60) days after its appointment, a written report setting forth the resolution of such Disputed Amounts. The findings and determinations of the Accounting Firm as set forth in its

written report shall be deemed final, conclusive and binding upon the parties. The parties shall be entitled to seek to have a judgment entered on such written report of the Accounting Firm in any court of competent jurisdiction. Upon the decision of the Accounting Firm, the Purchase Price Adjustment Statement, as adjusted to the extent necessary to reflect the Accounting Firm's decision, shall be the Final Purchase Price Adjustment Statement. The fees, costs and expenses of the Accounting Firm shall be allocated to and borne by Buyer, on the one hand, and Seller, on the other hand, based on the inverse of the percentage that the Accounting Firm's determination (before such allocation) bears to the Disputed Amount as originally submitted to the Accounting Firm. For example, should the items in dispute total in an amount equal to one thousand dollars (\$1,000) and the Accounting Firm awards six hundred dollars (\$600) in favor of Seller's position, sixty percent (60%) of the costs of its review would be borne by Buyer, on the one hand, and forty percent (40%) of the costs would be borne by Seller, on the other hand.

(d) Adjustments to the Closing Consideration Amount shall be made as follows:

(i) No later than five (5) Business Days after the Final Purchase Price Adjustment Statement is finally determined, pursuant to this Section 3.3, Buyer and Seller shall jointly prepare a statement (the "Closing Statement") setting forth the recalculated and final Closing Consideration Amount using such finally determined amounts of Closing Date Working Capital, Closing Date Working Capital Deficit, if any, Closing Date Cash, Closing Date Indebtedness and Company Transaction Expenses instead of Estimated Closing Date Working Capital, Estimated Closing Date Working Capital Deficit Amount, if any, Estimated Closing Date Cash, Estimated Closing Date Indebtedness and Estimated Company Transaction Expenses, respectively.

(ii) If the recalculated Closing Consideration Amount as set forth in the Final Purchase Price Adjustment Statement is less than the Closing Consideration Amount set forth in the Closing Date Statement (the amount of such deficit, the "Adjustment Shortfall"), then Buyer shall be entitled to payment from Seller in an amount equal to the Adjustment Shortfall. Seller shall pay to Buyer the amount of any Adjustment Shortfall by wire transfer of immediately available funds to an account designated by Buyer within five (5) Business Days after the date the Adjustment Shortfall is finally determined.

(iii) If the recalculated Closing Consideration Amount as set forth in the Final Purchase Price Adjustment Statement is greater than the Closing Consideration Amount set forth in the Closing Date Statement (the amount of such surplus, the "Adjustment Surplus"), then, promptly, and in any event within five (5) Business Days after such final

determination, Buyer shall pay, or cause to be paid, the Adjustment Surplus to Seller by wire transfer of immediately available funds to an account designated by Seller.

(e) The parties hereto agree that any payment made pursuant to this Section 3.3 shall be treated for all purposes as an adjustment to the Purchase Price, unless otherwise required by applicable Law.

Section 3.4 Withholding. Buyer and the Company (or Affiliates of any of the foregoing) shall be entitled to deduct and withhold from any amounts payable pursuant to this Agreement, such amount as is required to be deducted and withheld under the Code or any applicable provision of state, local or foreign Tax Law. To the extent Buyer (or its Affiliate) determines any deduction or withholding is required, it shall work in good faith with Seller to reduce or eliminate any such amounts. To the extent that amounts are so deducted or withheld in accordance with this Section 3.4, such deducted or withheld amounts shall be treated for all purposes of this Agreement as having been paid to the person in respect of which such deduction and withholding was made, and the withholding party shall remit such deducted or withheld amounts to the applicable Governmental Authority.

Section 3.5 Post-Closing Payments.

(a) Following the Closing, Buyer shall pay to Seller the Post-Closing Payments, if any, due with respect to each Post-Closing Payment Period by wire transfer of immediately available funds to an account designated by Seller for the receipt of Post-Closing Payments no later than ten (10) Business Days following the final determination of the amount of such Post-Closing Payments as provided in this Section 3.5.

(b) No later than thirty (30) calendar days after the last day of each Post-Closing Payment Period, the Company shall prepare and deliver to Seller a written statement (each, a "Post-Closing Payment Statement") setting forth a reasonably detailed calculation of the Post-Closing Payment with respect to the Post-Closing Payment Period covered by such Post-Closing Payment Statement, and accompanied by reasonable supporting documentation. Seller shall have thirty (30) calendar days following the receipt of each Post-Closing Payment Statement (the "Post-Closing Statement Review Period") to review each Post-Closing Payment Statement. During the Post-Closing Statement Review Period, Buyer and the Company shall provide Seller and its representatives reasonable access to the books and records reasonably necessary and requested by Seller for Seller to confirm the information and calculations contained in the applicable Post-Closing Payment Statement. If Seller disagrees with any of the calculations contained in a Post-Closing Payment Statement, Seller shall provide a written notice (each, a "Post-Closing Payment Dispute Notice") to Buyer no later than the last day of the Post-Closing Statement Review Period. If Seller delivers a Post-Closing Payment Dispute Notice, Buyer and Seller will attempt to promptly resolve the matters raised in the Post-Closing Payment Dispute Notice in good faith. Beginning fifteen (15) Business Days after delivery of the applicable Post-Closing Payment Dispute Notice, either Buyer or Seller may provide written notice to the other that it elects to submit the disputed items to the Accounting Firm for resolution using the same procedures set forth in Section 3.3, *mutatis mutandis*. If Seller does not deliver a Post-Closing Payment Dispute Notice within the Post-Closing Statement Review Period, the calculations set forth in the applicable Post-Closing Payment Statement shall be deemed final and binding.

(c) Neither the Company nor Buyer shall take any action the primary purpose of which is to delay or reduce the Post-Closing Payments. Seller acknowledges and agrees that the Company is free to sell all inventory at whatever price the Company deems advisable, and otherwise conduct the Business in whatever manner it deems necessary or advisable, in its sole and absolute discretion.

ARTICLE IV.
Representations and Warranties of Seller

Except as set forth in the Company Disclosure Schedule (it being agreed that any matter disclosed in the Company Disclosure Schedule with respect to any section of this Agreement shall be deemed to have been disclosed only with respect to that section unless another section is specifically cross-referenced or it is reasonably apparent from the face of such disclosure that such disclosure also relates to such other section), Seller hereby represents and warrants to Buyer, as of the date hereof and as of the Closing Date, as follows:

Section 4.1 Organization and Power. Seller is a limited liability company, duly formed, validly existing and in good standing under the Laws of Delaware and has all necessary limited liability company power and authority to enable it to execute, deliver and perform its obligations this Agreement and the Ancillary Documents and to consummate the transactions contemplated hereby and thereby.

Section 4.2 Authorization and Enforceability. The execution and delivery of this Agreement and the Ancillary Documents to which Seller is a party and the performance by Seller of the transactions contemplated hereby and thereby that are required to be performed by Seller have been duly authorized by all necessary action of Seller in accordance with applicable Law and the limited liability company agreement of Seller, and no other limited liability company action or proceedings on the part of Seller are necessary to authorize the execution, delivery and performance of this Agreement and the Ancillary Documents to which Seller is a party or the consummation of the transactions contemplated hereby and thereby that are required to be performed by Seller. This Agreement and each of the Ancillary Documents to be executed and delivered at the Closing by Seller constitute, or when executed and delivered will constitute, the valid and legally binding agreements of Seller, enforceable against Seller in accordance with their terms, subject to bankruptcy, insolvency, reorganization and any other Laws of general applicability relating to or affecting creditors' rights and to general equity principles, as applicable.

Section 4.3 No Violation. The execution and the delivery by Seller of this Agreement and the Ancillary Documents, the performance by Seller its obligations hereunder or thereunder, the consummation of the transactions contemplated hereby and thereby that are required to be performed by Seller and compliance with the terms of this Agreement and the Ancillary Documents do not and will not (a) conflict with or violate any provision of the certificate of formation or limited liability company agreement of Seller, (b) (assuming receipt of the consents set forth in Section 5.4(b) of the Company Disclosure Schedule) result in any violation of or default (or an event which with or without notice or lapse of time or both would become a default), give rise to a right of termination, cause the forfeiture of any right, or require any notice or consent, under any provision of any Contract to which Seller is a party or by which Seller or any of its properties is bound or affected, or (c) violate in any material respect any Law applicable to Seller

any such conflict, violation, default, termination, forfeiture or other occurrence which would not prevent or materially delay Seller from performing its obligations under this Agreement or the Ancillary Documents.

Section 4.4 Ownership of Equity. Seller has good and valid title to and record and beneficial ownership of all of the Company Interests, free and clear of all Liens.

Section 4.5 Governmental Authorizations and Consents. Other than the Governmental Consents set forth in Section 4.5 of the Company Disclosure Schedule, no Governmental Consent, is required pursuant to applicable Law (a) in connection with the transactions contemplated by this Agreement or any Ancillary Documents, or (b) which is otherwise necessary to permit Seller to perform its obligations under this Agreement or the Ancillary Documents, which, if not made or obtained, would prevent or materially delay Seller from performing its obligations hereunder or thereunder.

Section 4.6 Litigation. There is no Claim, litigation, prosecution, proceeding or governmental or administrative investigation, hearing, arbitration, inquiry or action (collectively, "Litigation") pending or, to the Knowledge of Seller, threatened against Seller that would reasonably be expected to prevent or materially delay Seller from performing its obligations under this Agreement or the Ancillary Documents or consummating the transactions contemplated hereby or thereby. Seller is not subject to any Order that would reasonably be expected to prevent or materially delay the ability of Seller to perform its obligations under this Agreement or the Ancillary Documents or consummate the transactions contemplated hereby or thereby.

Section 4.7 No Brokers. Except for Consensus Advisory Services LLC and Consensus Securities LLC, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Seller, the Company or any of its Subsidiaries.

ARTICLE V.

Representations and Warranties of Seller Relating to the Company

Except as set forth in the Company Disclosure Schedule (it being agreed that any matter disclosed in the Company Disclosure Schedule with respect to any section of this Agreement shall be deemed to have been disclosed only with respect to that section unless another section is specifically cross-referenced or it is reasonably apparent from the face of such disclosure that such disclosure also relates to such other section), Seller represents and warrants as of the date hereof and as of the Closing Date as follows:

Section 5.1 Organization and Power. The Company is a limited liability company, duly formed, validly existing and in good standing under the Laws of Delaware. The Company has all necessary limited liability company power and authority to execute, deliver and perform this Agreement and the Ancillary Documents and to consummate the transactions contemplated hereby and thereby. The Company has all necessary power and authority, and possesses all governmental licenses, permits, authorizations and approvals, necessary to own or lease and to operate its properties and assets and carry on the Business as currently and previously conducted, except such

power, authority, licenses, permits, authorizations and approvals the absence of which would not reasonably be expected to have a Company Material Adverse Effect. The Company is duly qualified to conduct its business as a foreign entity in each jurisdiction where the nature of its business or the ownership or leasing of its property requires such qualification, except for any jurisdiction where the failure to be so qualified would not reasonably be expected to have a Company Material Adverse Effect.

Section 5.2 Authorization and Enforceability.

(a) The execution and delivery of this Agreement and the Ancillary Documents to

(a) The execution and delivery of this Agreement and the Ancillary Documents to which the Company is a party and the performance by the Company of the transactions contemplated hereby and thereby that are required to be performed by the Company have been duly authorized by all necessary limited liability company action of the Company in accordance with applicable Law and the articles of organization and limited liability company agreement of the Company and no other limited liability company proceedings on the part of the Company are necessary to authorize the execution, delivery and performance of this Agreement and the Ancillary Documents to which the Company is a party or the consummation of the transactions contemplated hereby and thereby that are required to be performed by the Company.

(b) This Agreement and each of the Ancillary Documents to be executed and delivered at the Closing by the Company, when fully executed and delivered by all parties thereto, will constitute the valid and legally binding agreements of the Company, enforceable against the Company in accordance with their terms, subject to bankruptcy, insolvency, reorganization and any other Laws of general applicability relating to or affecting creditors' rights and to general equity principles, as applicable.

Section 5.3 Capitalization of the Company; Subsidiaries.

(a) The Company Interests constitute the entire equity interest in the Company, and Seller is the record and beneficial owner of all of the Company Interests. The Company has no authorized and outstanding Equity Securities other than the Company Interests. No Person has preemptive rights with respect to the Company Interests or any other Equity Securities of the Company. There are no options, warrants, purchase rights, rights of first refusal, calls, puts or similar rights or other Contracts (other than this Agreement) to sell, transfer or dispose of or acquire any Equity Securities of the Company. Neither Seller nor the Company is a party to any voting trust, proxy or other Contract relating to the voting of any Equity Securities of the Company and there are no instruments convertible or exercisable into or exchangeable for any Equity Securities of the Company. The Company does not own any Equity Securities, or any interest convertible or exercisable into or exchangeable for, at any time, any Equity Securities in, any Person.

(b) Section 5.3(b) of the Company Disclosure Schedule sets forth the name and jurisdiction of organization of each Subsidiary of the Company. Each Subsidiary is duly formed and validly existing under the laws of its jurisdiction of organization and does not have, and has not had, any Subsidiary. Each subsidiary has all necessary power and authority, and possesses all governmental licenses, permits, authorizations and approvals, necessary to own or lease and to operate its properties and assets and carry on its business as currently and previously conducted,

except such power, authority, licenses, permits, authorizations and approvals the absence of which would not reasonably be expected to have a Company Material Adverse Effect.

Section 5.4 No Violation. The execution and the delivery by the Company of this Agreement and the Ancillary Documents to which the Company is a party, the performance by the Company of its obligations hereunder or thereunder, the consummation of the transactions contemplated hereby and thereby, that are required to be performed by the Company and compliance with the terms of this Agreement and the Ancillary Documents to which the Company is a party do not and will not (a) conflict with or violate any provision of the articles of organization or limited liability company agreement of the Company, (b) assuming the timely receipt of all of the required consents set forth in Section 5.4(b) of the Company Disclosure Schedule, conflict with or result in any violation of or default (or an event which with or without notice or lapse of time or both would become a default), give rise to a right of termination, cause the forfeiture of any right, or require any notice or consent under, any provision of any Contract to which the Company is a party or by which the Company or any of its properties is bound or affected, or (c) assuming that all Governmental Consents contemplated by Section 5.5 have been obtained and all filings and expiration of any waiting period described in any of such Governmental Consents have been made or occurred, conflict with or violate any Law applicable to the Company or by which

been made or occurred, commit with or violate any Law applicable to the Company or by which its or any of its properties is bound or affected.

Section 5.5 Governmental Authorizations and Consents. No Governmental Consent is required pursuant to applicable Law (a) in connection with the transactions contemplated by this Agreement or any Ancillary Documents, or (b) which is otherwise necessary to permit the Company to perform its obligations under this Agreement or the Ancillary Documents.

Section 5.6 Financial Statements.

(a) Section 5.6(a) of the Company Disclosure Schedule sets forth the following financial statements (the "Financial Statements"): (i) the unaudited combined balance sheet of the Company and its Subsidiaries as of February 3, 2024 and January 29, 2023 and the related statements of income for the fiscal years then ended (the "Most Recent Annual Financial Statements", and (ii) the unaudited interim balance sheet of the Company and its Subsidiaries as of November 30, 2024 (the "Balance Sheet Date"), and the related unaudited statements of income, for the period ended on such date (the "Interim Financial Statements").

(b) The Financial Statements have been prepared from the Company's and Seller's Business Records in accordance with GAAP applied on a consistent basis throughout the period involved and fairly present in all material respects the financial condition and results of operations of the Company and its Subsidiaries as of their respective dates and for the applicable periods then ended, subject to the absence of footnote disclosure and, in the case of the Interim Financial Statements, the absence of year-end adjustments.

Section 5.7 Business Records.

(a) The Business Records have been maintained in accordance with customary business practices and fairly and accurately reflect in all material respects on a basis consistent

with past periods and throughout the periods involved, the transactions of the Company and its Subsidiaries.

(b) Neither Seller nor the Company or its Subsidiaries nor, to the Knowledge of the Company, any of their respective Representatives has received any material complaint, allegation, assertion or Claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies or methods of the Company and its Subsidiaries or its internal accounting controls, including any material complaint, allegation, assertion or Claim that the Company or its Subsidiaries has engaged in questionable or improper accounting practices, practices that are contrary to GAAP or questionable or improper behavior in connection with any audit.

Section 5.8 No Undisclosed Liabilities. Except as reflected in the Financial Statements, the Company and its Subsidiaries do not have any Liabilities, except for Liabilities that may have arisen in the ordinary course of business consistent with past practice since the Balance Sheet Date.

Section 5.9 Absence of Certain Changes. Except as set forth in Section 5.9 of the Company Disclosure Schedule, since the date of the Most Recent Annual Financial Statements: (a) the Company and its Subsidiaries have conducted the Business in the ordinary course and in a manner consistent with past practice; and (b) there has not been any Event that has had, or would reasonably be expected to have, a Company Material Adverse Effect. Except as set forth in Section 5.9 of the Company Disclosure Schedule, without limiting the generality of the foregoing, since the Most Recent Annual Financial Statements, neither the Company nor any of its Subsidiaries have:

(a) (i) issued, sold, disposed of, transferred or granted any Equity Securities, or any securities or rights convertible into, exchangeable for, or evidencing the right to subscribe for any Equity Securities, or (ii) entered into any Contract to purchase or redeem any Equity Securities;

(b) split, combined, subdivided or reclassified any of its capital stock or membership interests, as applicable;

(c) adopted any amendments to its organizational documents or effected or become a party to any, recapitalization or similar transaction, except as provided by this Agreement;

(d) cancelled any third party Indebtedness owed to the Company, other than in the ordinary course of business;

(e) (i) incurred any additional Indebtedness or assumed, guaranteed, endorsed or otherwise become liable or responsible for any additional Indebtedness of another Person (other than borrowings by the Company in the ordinary course of business), or (ii) made any loans, advances or capital contributions to or investments in any Person (except in the ordinary course of business), or entered into any Contracts with respect to any of the foregoing;

(f) acquired or agreed to acquire by merging or consolidating with, or by purchasing a substantial portion of the assets of, or by any other manner, any Person;

(g) sold, leased, licensed, transferred or otherwise encumbered or subjected (or allowed

to become subject) to any Lien, other than Permitted Lien, or otherwise disposed of any of its material properties, rights or assets, including any capital asset or related capital assets with a fair market value in excess of \$25,000, except as otherwise provided by this Agreement or in the ordinary course of business;

(h) made or agreed to make any material capital expenditures that exceed \$25,000 in the aggregate other than in the ordinary course of business;

(i) except in the ordinary course of business or as otherwise permitted under this Agreement, (i) entered into any Contract relating to its purchase of goods, equipment or services for amounts in excess of \$25,000 per year, or (ii) modified or amended in any material respect or terminated any Material Contract or waived, released or assigned any material rights or claims thereunder;

(j) except as required by Law or any Plan or as contemplated by this Agreement, entered into, adopted, modified or amended in any material fashion that would materially increase the expenses of the Company: (i) any Plan or (ii) any Employment Agreement with any Employee whose annual compensation exceeds \$100,000, other than at will agreements in the ordinary course of business;

(k) effectuated a "plant closing" or "mass layoff" as those terms are defined in the Worker Adjustment and Retraining Notification Act or any similar state Law, affecting in whole or in part any site of employment, facility, operating unit or employee;

(l) made any material change to its accounting methods, principles or practices, to the Financial Statements or to its working capital policies, except in any such case as required by GAAP;

(m) transferred or granted to any third party any rights with respect to any Intellectual Property, except for entering into license agreements in the ordinary course of business;

(n) discontinued any line of the Business; or

(o) declared any dividend or distribution to any Person which remains unpaid.

Section 5.10 Arrangements with Affiliates. Except as set forth in Section 5.10 of the Company Disclosure Schedule, none of Seller, any equity holder, manager, officer or director of Seller, nor any Affiliate of the foregoing (other than the Company and its Subsidiaries) (a) is a party to any Contract (except for arm's-length employment and similar agreements) with the Company or its Subsidiaries, including with respect to compensation or remuneration to be paid to such direct or indirect equity holder, officer, director or manager of Seller or its Affiliate in connection with this Agreement or the transactions contemplated hereby, or (b) has any Claim against or owes any amount (whether as obligor, guarantor or otherwise) to, or is owed (whether as obligor, guarantor or otherwise) any amount by, the Company or its Subsidiaries (collectively, "Affiliate Arrangements").

Section 5.11 Indebtedness to and from Officers and Managers of the Company. The Company does not owe any amounts for borrowed money (whether as obligor, guarantor or otherwise), directly or indirectly, to Seller or any of its Affiliates (other than the Company and its Subsidiaries) or to any Person who is an officer, director, equity holder or manager of the Company or any of its Affiliates (other than the Company and its Subsidiaries) other than for salaries or other employment-related compensation for services rendered or reimbursable business expenses made to Employees in the ordinary course of business and consistent with past practice.

Section 5.12 Assets.

(a) Except as set forth in Section 5.12(a) of the Company Disclosure Schedule, the assets and rights of the Company and its Subsidiaries, together with the services to be provided under the Transition Services Agreement, include all of the assets and rights of the Company and its Subsidiaries used in or necessary for the conduct of the Business as conducted as of the date of the Most Recent Annual Financial Statements, subject only to such changes as have occurred in the ordinary course of business consistent with past practice since such date. All of such assets necessary for the conduct of the Business are (i) in good operating condition and repair, ordinary wear and tear excepted, (ii) not in need of maintenance or repair, except for ordinary routine maintenance or repairs that are not material in nature or cost, and (iii) adequate and sufficient for the continuing conduct of the Business immediately following the Closing as conducted immediately prior to the Closing. There is no physical condition affecting any of the assets or properties of the Company that would, individually or in the aggregate, materially interfere with the use of occupancy of such assets or properties or any portion thereof in the operation of the Business as presently conducted.

(b) The Company and its Subsidiaries have good and marketable title to, a valid leasehold interest in, or a valid license to use, all of the tangible assets shown on the Most Recent Annual Financial Statements or acquired thereafter, free and clear of any Lien, except for (i) assets disposed of since such date in the ordinary course of business consistent with past practice or otherwise permitted by this Agreement, (ii) Liens reflected in the Financial Statements or the notes thereto, (iii) assets validly leased from third parties and (iv) Permitted Liens.

(c) The Company and its Subsidiaries have all right, title and ownership to all products, formulae, methodology and data developed for, with or otherwise in connection with, the Business.

Section 5.13 Real Property.

(a) The Company and its Subsidiaries do not own, nor have they ever owned, any real estate.

(b) Section 5.13(b) of the Company Disclosure Schedule sets forth a correct and complete list of the Leased Real Property. For each parcel of Leased Real Property, Section 5.13(b) of the Company Disclosure Schedule lists (i) the date of the applicable lease (each a "Lease"), (ii) the name of the landlord and tenant, (iii) the location and use of the property, (iv) the amount of any security deposit, (v) the Lease expiration date, (vi) all options to renew such Lease and/or acquire such property, and (vii) whether there are any non-disturbance agreements from mortgagees or paramount lessors. Seller has made available to Buyer true and complete copies of

all Leases, all amendments and supplements thereto and all such non-disturbance agreements. No landlord or tenant has assigned any Lease or any interest therein or subleased any portion of the Leased Real Property. Each Lease is in full force and effect, the Company is not in default or breach under any Lease, and, to the Knowledge of the Company, there are no defaults by any party other than the Company under any Lease and no event has occurred which, with the giving of notice or passage of time or both, would constitute a default under any Lease. Neither the execution nor performance of this Agreement nor the consummation of any of the transactions contemplated by this Agreement, will result in a breach of or constitute a default under any of the Leases.

(c) No portion of the Leased Real Property, or any building or improvement located thereon violates in any material respect any Law, including those Laws relating to zoning, building, land use, environmental, health and safety, fire, air, sanitation and noise control. Except for the Permitted Liens, no Leased Real Property is subject to (i) any decree or order of any Governmental Entity (or, to the Knowledge of the Company, threatened or proposed order) or (ii) any rights of way, building use restrictions, exceptions, variances, reservations or limitations of any nature whatsoever.

(d) The improvements and fixtures on the Leased Real Property are in good operating condition and in a state of good maintenance and repair, ordinary wear and tear excepted, and are adequate and suitable for the purposes for which they are presently being used. There is no condemnation, expropriation or similar proceeding pending or, to the Knowledge of the Company, threatened against any of the Leased Real Property, or any improvement thereon. The Leased Real Property constitutes all of the real property utilized by the Company in the operation of the Business.

(e) All certificates of occupancy and all other Licenses required by any Governmental Entity having jurisdiction and any requisite certificates of the local board of fire underwriters (or other body exercising similar functions) have been issued for the Leased Real Property, are in full force and effect, and will not be invalidated, violated or otherwise adversely affected by the execution or performance of this Agreement or the consummation of any of the transactions contemplated by this Agreement.

(f) The Company has not received any written notice of any condemnation proceeding or any other proceeding in the nature of eminent domain (a "Taking") in connection with any parcel of the Leased Real Property, and to the Company's Knowledge, no Taking has been threatened.

(g) Each parcel of the Leased Real Property adjoins, or is part of a building or development which adjoins, dedicated public roadways and has, or is part of a building or development which has, access for motor vehicles to such roadways by valid easements and, to the Knowledge of the Company, there are no conditions existing which could result in the termination or reduction of the current access to existing roadways.

(h) All essential utilities (including water, sewer, gas, electricity, internet and telephone service) are available to each parcel of the Leased Real Property.

Section 5.14 Intellectual Property.

(a) Section 5.14(a) of the Company Disclosure Schedule lists all Registered Owned Intellectual Property. The Registered Owned Intellectual Property is valid, enforceable, and all filings have been made and fees paid to maintain the Registered Owned Intellectual Property. The Company is the exclusive owner of, and has good and marketable title to, the Owned Intellectual Property free and clear of all Liens other than Permitted Liens set forth on Section 5.14(a) of the Company Disclosure Schedule. Except as otherwise agreed by Buyer in writing, the Liens set forth on Section 5.14(a) of the Company Disclosure Schedule will be terminated at or prior to Closing. The Company Intellectual Property is not subject to any Order or agreement that would adversely affect the validity or enforceability of, or the Company's use of or rights to, the Company Intellectual Property. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby (alone or in combination with any other event), and the compliance with the provisions of this Agreement do not and will not conflict with, alter, or materially impair, any of the rights of the Company in any Company Intellectual Property or the validity, enforceability, use, right to use, ownership, priority, duration, scope, or effectiveness of any Company Intellectual Property.

(b) Except for Commercial Software or as set forth on Section 5.14(b) of the Company Disclosure Schedule, there are no Contracts under which a third party licenses or provides any Company Intellectual Property to the Company, including software licenses. The Company Intellectual Property includes all Intellectual Property that is used in or necessary for the conduct of the Business as it currently is conducted or as it is currently proposed to be conducted by the Company, including the design, development, manufacture, use, marketing, import for resale, distribution, licensing out and sale of all Company products. There are no Contracts under which the Company has granted, licensed, disclosed or provided any Company Intellectual Property to third parties (other than rights granted to contractors or vendors to use Company Intellectual Property for the sole benefit of the Company), including any Contracts containing covenants not to sue or non-assertion provisions that relate to Intellectual Property. All Contracts under which the Company is granted any Intellectual Property rights by a third party ("IP Agreements") are valid, binding, and enforceable and shall continue as such following the consummation of the transactions contemplated under this Agreement (i) on terms identical to those in effect immediately prior to the consummation of the transactions contemplated under this Agreement, (ii) without payment of any additional amounts or consideration which the Company would otherwise be required to pay, and (iii) without obtaining the consent or permission of, or giving notice to, any party to such IP Agreements. The Company is not in breach of or default under any IP Agreement, and to the Knowledge of the Company, no counterparty to any IP Agreements is in breach of or default under any such IP Agreements.

(c) The operation of the Business does not infringe, misappropriate, dilute or otherwise violate or conflict with any other Person's Intellectual Property rights, and has not done so in the past. Other than as set forth on Section 5.14(c) of the Company Disclosure Schedule, to the Knowledge of the Company, no Person is engaging, or has engaged in the past, in any activity that infringes, misappropriates, dilutes or otherwise violates or conflicts with any Company Intellectual Property.

(d) Other than as set forth in Section 5.14(d) of the Company Disclosure Schedule,

there is no Claim pending, asserted in writing or, to the Knowledge of the Company, threatened, by or against the Company concerning any of the matters referenced in Section 5.14(b) or otherwise concerning the ownership, validity, registrability, enforceability or use of, or licensed right to use, any Company Intellectual Property or Products, nor has the Company received any unsolicited written notification or other written information that a license under any other Person's Intellectual Property is or may be required to operate the Business.

(e) The Company has taken all reasonable measures consistent with industry standards to maintain the confidentiality and value of all Confidential Information used or held for use in the operation of the Business. To the Knowledge of the Company, the Company has not experienced an unauthorized disclosure or unauthorized use of material Confidential Information. Except as set forth in Section 5.14(e) of the Company Disclosure Schedule, the Company has obtained written confidentiality and non-disclosure agreements executed by all of its suppliers and contractors obliging them to acknowledge and protect the Confidential Information.

(f) The Company is a party to valid and enforceable written agreements with all Persons that have conceived, developed, acquired or created Intellectual Property for the Company, pursuant to which the entire right, title and interest in and to that Intellectual Property is assigned to the Company and each such Person has agreed to maintain the confidentiality of such Intellectual Property to the extent that it constitutes Confidential Information.

Section 5.15 Company IT Assets.

(a) Section 5.15(a) of the Company Disclosure Schedule sets forth a complete list of all software, software applications, and software-as-a-service platforms the Company uses in its business (whether owned by the Company, licensed to the Company, or otherwise accessed by the Company) other than Commercial Software, and the Company has made available to Buyer all licenses and agreements for software developed or customized for the Company. The Company IT Assets are adequate for, and operate and perform in all material respects in accordance with the requirements for, the operation of the Business. The Company has implemented appropriate backup, security, anti-virus, and disaster recovery measures and technology consistent with industry standards to provide for the continuing availability of the functionality provided by the Company IT Assets and to safeguard against the unauthorized use, copying, disclosure, modification, theft or destruction of and access to, system programs and data comprised by the Company IT Assets. In the three (3) years immediately preceding the Closing Date, (i) to the Knowledge of the Company, no Person has obtained unauthorized access to any Company IT Assets nor has any data been compromised thereby; (ii) the Company IT Assets have not materially malfunctioned or failed; and (iii) the Company has been and is in compliance in all material respects with all Company Intellectual Property Contracts pursuant to which they are licensed or otherwise authorized to use any IT Assets.

(b) The Company has taken commercially reasonable steps (including implementing and monitoring compliance with adequate measures with respect to technical and physical security) to protect all Personal Information against loss and against unauthorized access, use, modification, disclosure or other misuse. To the Knowledge of the Company, there has been no unauthorized access to or misuse of Personal Information.

Section 5.16 Contracts.

(a) Material Contracts. Section 5.16(a) of the Company Disclosure Schedule is a true and complete list of all of the following Contracts to which the Company or any of its Subsidiaries is a party or by which it or they are bound (such Contracts as are required to be listed on Section 5.16(a) of the Company Disclosure Schedule, the "Material Contracts"):

(i) Contracts evidencing or relating to Indebtedness;

(ii) ~~Contracts evidencing or relating to any obligations of the Company or its~~

(ii) Contracts evidencing or relating to any obligations of the Company or its Subsidiaries with respect to the issuance, sale, repurchase or redemption of any Equity Securities of the Company or such Subsidiary;

(iii) Contracts with any customers of, or suppliers to, the Company or its Subsidiaries (A) that involved payments to or from the Company or its Subsidiaries in excess of one hundred thousand dollars (\$100,000) in the most recent twelve (12) month period or (B) that the Company reasonably anticipates may involve payments to or from the Company or its Subsidiaries in excess of one hundred thousand dollars (\$100,000) in any twelve (12) month period;

(iv) all Contracts with Top Customers and all Contracts with Top Suppliers;

(v) all Leases;

(vi) the Company Intellectual Property Contracts, other than licenses of Commercial Software;

(vii) all Consultant Agreements, Employee Agreements and any proposed amendments thereto;

(viii) Contracts that obligate the Company or any of its Subsidiaries with respect to contingent payments of any type;

(ix) Contracts (other than arm's-length Employee Agreements and Consultant Agreements) by and between the Company or any of its Subsidiaries and (A) any Affiliate of the Company, (B) other Persons with whom the Company is not dealing at arm's-length, (C) Employees or (D) entities controlled by any Employees;

(x) leases of personal property under which the Company or any of its Subsidiaries is the lessee and is obligated to make payments in excess of twenty-five thousand dollars (\$25,000) per annum;

(xi) Contracts that are settlement Contracts of any nature, including any settlement with any Governmental Authority, pursuant to which the Company or any of its Subsidiaries has any obligations that will continue after the Closing Date;

(xii) Contracts limiting the freedom of the Company or its Subsidiaries to engage in any line of business, acquire any entity or compete with any Person or in any market or geographical area;

(xiii) Contracts that grant, or agree to grant, any Person a right to "most favored nation" pricing terms or which imposes on the Company or its Subsidiaries any take-or-pay or similar minimum purchase requirements;

(xiv) Contracts with any distributor or sale representative;

(xv) Contracts pursuant to which the Company or its Subsidiaries has agreed to share profits or revenues; and

(xvi) any Contracts not otherwise listed above involving payments to or from the Company or any of its Subsidiaries in excess of one hundred thousand dollars (\$100,000) per annum or that (regardless of amount) otherwise are, individually or in the aggregate, material to the Company.

(b) Status of Material Contracts. A true and complete copy of each Material Contract has been made available to Buyer. All Material Contracts are valid, binding and in full force and effect and enforceable by the Company or its Subsidiaries, as applicable, in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization and any other Laws of general applicability relating to or affecting creditors' rights and to general equity principles and will continue to be in full force and effect on identical terms immediately following the Closing Date. As to each Material Contract, there does not exist any breach, violation or default on the part of the Company or its Subsidiaries or, to the Knowledge of the Company, any other party to such Material Contract, and to the Knowledge of the Company there does not exist any Event, which (with or without notice, passage of time, or both) would constitute a breach, violation or default thereunder on the part of the Company or its Subsidiaries. No waiver has been granted by the Company or its Subsidiaries or any of the other parties thereto under any of the Material Contracts. Neither the Company nor its Subsidiaries has received (or given) notice to terminate any Material Contract.

Section 5.17 Compliance with Laws.

(a) Except as set forth in Section 5.17 of the Company Disclosure Schedule, the Company and its Subsidiaries are not, and during the least three (3) years have not been, in violation in any material respect of any applicable Law. No event has occurred or exists that (with or without notice or lapse of time) would constitute or result in a material violation by the Company or its Subsidiaries of, or failure on the part of the Company or its Subsidiaries to comply in all material respects with, any applicable Law. The Company and its Subsidiaries have all material Licenses and Permits that are required or used for the conduct of the Business in accordance with applicable Law, all of which are set forth on Section 5.17(a) of the Company Disclosure Schedule. All Licenses and Permits are in full force and effect and are being complied with, and there is no Litigation pending or, to the Knowledge of the Company, threatened that seeks a material change to or the revocation, cancellation, or termination of, any Licenses and Permits.

(b) Neither the Company, nor its Subsidiaries nor any Employees and, to the Knowledge of the Company, neither its Representatives nor any other Person associated with or acting on behalf of the Company or its Subsidiaries, have at any time, directly or indirectly, (i) used any funds for unlawful contributions, gifts, entertainment or other unlawful payments relating to political activity, or failed to disclose fully any such contributions in violation of applicable Law, (ii) given, offered, promised, conspired or authorized to give, any money or thing of value to any foreign or domestic government official or employee (including officials or employees of state-owned or controlled businesses and institutions), any foreign or domestic political party or campaign official, candidate for foreign political office, officials or employees of public international organizations, or any other Person connected to a government or acting on behalf of the foregoing (collectively, a "Government Official"), for the purpose of influencing an act or decision of the Government Official, or inducing the Government Official to use his or her influence or position to affect any government act or decision relating in any way to the Business; or (iii) given, offered, promised, conspired or authorized to give, any money or thing of value to any Person (Government Official or private party) in violation of the U.S. Foreign Corrupt Practices Act of 1977; the U.S. Travel Act, 18 U.S.C. § 1952; the U.K. Bribery Act 2010; any applicable Law enacted in connection with, or arising under, the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions; or any other applicable Law or regulation of any foreign or domestic jurisdiction relating to bribery or corruption (collectively, "Anti-Corruption Laws"), during the last three (3) years. Neither the Company nor any of its Subsidiaries has received any communication from a Governmental Authority that alleges that the Company or any of its Subsidiaries, or any of the Employees or any Representatives of the Company or any of its Subsidiaries, or any other Person associated with or acting on behalf of the Company or any of its Subsidiaries, is or may be in violation of, or has, or may have, any unresolved liability under, any Anti-Corruption Law.

(c) Each of the Company and its Subsidiaries, the Employees, and, to the Knowledge of the Company, each of the Representatives and any other Persons associated with or acting on behalf of the Company or its Subsidiaries, is, and has at all times during the last three (3) years been, in compliance in all material respects with all applicable Sanctions and Export Controls and no action has been taken by the Company or any of its Subsidiaries (including any of the Employees and, to the Knowledge of the Company, any Representative or any other Person associated with or acting on behalf of the Company or any of its Subsidiaries) that would reasonably be expected to cause a violation of Sanctions or Export Controls. None of the Company or any of its Subsidiaries, nor any Affiliate of the Company or Employee, nor, to the Knowledge of the Company, any Representative or any other Person associated with or acting on behalf of the Company, is a Sanctioned Person, nor has the Company or any of its Subsidiaries knowingly had any direct or indirect dealings with any Sanctioned Person or in any Sanctioned Country during the last three (3) years.

Section 5.18 Environmental Matters.

(a) The Company and its Subsidiaries (i) are, and at all times during the last three (3) years have been, in compliance in all material respects with all applicable Environmental Laws, and (ii) have obtained, and are in compliance in all material respects with, all Licenses and Permits, registrations and other Governmental Consents required by applicable Environmental Laws

Section 5.19 Litigation. Except as set forth in Section 5.19 of the Company Disclosure Schedule, there is no, and during the last three (3) years there has not been any, Litigation pending or, to the Knowledge of the Company, threatened, involving the Company or any of its Subsidiaries or their respective properties or the Business, or that has been settled, dismissed or resolved. The Company is not subject to any Order.

Section 5.20 Employee and Labor Matters.

(a) Section 5.20(a) of the Company Disclosure Schedule sets forth an accurate and complete list as of November 26, 2024 of all (i) Employees and their title/position, current hourly rate or annual salary, full-time/part-time status, and exempt/non-exempt status; (ii) Consultants and a description of services rendered and aggregate annual consideration paid; and (iii) Employment Agreements and Consultant Agreements, copies of which (including any amendments) have been made available to Buyer. All Employees are employed by the Employer. Neither the Employer nor the Company or any of its Subsidiaries is delinquent in payments owed to any Employee or Consultant for any wages, salaries, commissions, bonuses, or other compensation or consideration or other amounts owed for any services performed or provided as of the date hereof or any reimbursable amounts.

(b) There is no Claim (other than ordinary claims under Plans), dispute, action, grievance or disciplinary action pending or, to the Knowledge of the Company, threatened, by or between the Employer or the Company or any of its Subsidiaries, on the one hand, and any Employee, on the other hand.

(c) Neither the Employer nor the Company nor any of its Subsidiaries is, or during the last three (3) years has been, a party to any collective bargaining agreement or similar labor agreement with a labor union or other employee representative with respect to the Business or the Employees.

(d) No labor strike, organized work stoppage, slowdown, lockout, unfair labor practice charge or similar labor activity or dispute affecting the Company has occurred during the last three (3) years or, to the Knowledge of the Company, is threatened.

(e) There is no current nor has there been in the past three (3) years union organization activity or a representation question involving Employees.

(f) There has been no "mass layoff" or "plant closing" by the Employer or the Company with respect to the Business or the Employees within the meaning of the WARN Act or any similar state or local "mass layoff" or "plant closing" Law within the preceding three (3) years.

(g) The Employer and the Company are and during the last three (3) years have been in compliance in all material respects with all applicable Laws relating to employment, labor, employment practices, and terms and conditions of employment. Neither the Employer nor the Company nor any of its Subsidiaries is under audit or investigation by the Internal Revenue Service, the U.S. Department of Labor or any other Governmental Authority and, to the

Knowledge of the Company, no such audit or investigation is threatened, with respect to any of its employment or labor practices, including those relating to workplace safety and health. Neither the Employer nor the Company nor any of its Subsidiaries has any material Liability for the misclassification of any Person providing services to the Company or any of its Subsidiaries or the Business as an independent contractor, temporary employee, leased employee or any other service provider compensated other than through reportable wages (as an Employee) paid by the Employer (any such Person, a "Contingent Worker"), and no Contingent Worker has been improperly excluded from any Plan. Neither the Company nor any of its Subsidiaries has any leased employees within the meaning of Section 414(n) of the Code. There is no agreement of any kind

which restricts the Employer, the Company or any of its Subsidiaries from selling, transferring, relocating, closing, or terminating any of its operations or facilities or employees. The Employer has maintained workers' compensation coverage as required by applicable Law through the purchase of insurance and not by self-insurance or otherwise. To the Knowledge of the Company, no Employee has any current or immediate plans to terminate his or her employment with the Employer. The Employer has no present intention to terminate the employment of any Employee. To the Knowledge of the Company, no current Employee or Consultant is in violation of any term of any employment contract, non-disclosure agreement, noncompetition agreement, or any restrictive covenant to a former employer or other Person relating to the right of such Employee or Consultant to be employed or engaged by the Employer or the Company or any of its Subsidiaries because of the nature of the business conducted or presently proposed to be conducted by the Employer or the Company or any of its Subsidiaries or to the use of trade secrets or proprietary information of others. Each current Employee is lawfully authorized to work in the United States in the position held. The Employer has current Forms I-9 for all Employees who work in the United States and has complied in all material respects with required processes with respect to obtaining such Forms I-9.

Section 5.21 Employee Benefits.

(a) Section 5.21(a) of the Company Disclosure Schedule lists all material Plans. No Plan is established or maintained outside the jurisdiction of the U.S. or for the benefit of any Employees, Consultants, or other individual service providers of the Employer or the Company who reside or work outside of the U.S.

(b) With respect to each material Plan, the Company has made available to Buyer true and complete copies, to the extent applicable, of: (i) the Plan document (or, if such document is not written, a written summary of the material terms), the trust agreement, and any amendments thereto, (ii) the most recent summary plan description and summary of any material modification thereto, (iii) for any Plan intended to be qualified under Section 401(a) of the Code ("Qualified Plan"), the most recent determination, advisory or opinion letter, if any, issued by the Internal Revenue Service and any pending request for such a letter, and (iv) all material correspondence with Employees within the past three (3) years regarding any Plan.

(c) Each Qualified Plan has been maintained and administered in material compliance with its terms and with the requirements of applicable Law, including the Code and ERISA.

(d) Each Qualified Plan is and at all times has been so qualified, and, along with each related trust intended to be exempt from federal income taxation under Section 501(a) of the Code,

has received a favorable determination letter or, if applicable, opinion or advisory letter, from the Internal Revenue Service as to its qualification, and, to the Knowledge of the Seller, nothing has occurred that could reasonably be expected to adversely affect such qualification.

(e) All contributions, payments, premiums or benefits that have become due from the Employer or the Company or any of its Subsidiaries under any Plan with respect to the Business or the Employees have been paid to or in respect of each such Plan.

(f) None of the Employer, the Company or any of their ERISA Affiliates has ever maintained, been a participating employer in, contributed to, or has or has had any Liability in connection with the Business or the Employees with respect to (i) any Plan that is or was subject to Title IV of ERISA, Section 142 of the Code, or Section 302 of ERISA; (ii) a multiemployer plan, within the meaning of Section 3(37)(A) of ERISA; or (iii) an employee benefit plan subject to Section 413(c) of the Code or a "multiple employer welfare arrangement" within the meaning of Section 3(4) of ERISA. Neither the Company nor any ERISA Affiliate has incurred any Liability in connection with any withdrawal under Section 4203 or 4205 of ERISA, nor does the Company or, to the Knowledge of the Seller, any ERISA Affiliate have any potential Liability in connection with any withdrawal under Section 4203 or 4205 of ERISA. There is no Lien pursuant

to Sections 303(k) or 4068 of ERISA or Section 430(k) of the Code in favor of, or enforceable by the Pension Benefit Guaranty Corporation or any other entity with respect to, any assets of the Company.

(g) No Plan provides or has ever provided for medical, life insurance, or other welfare benefits to any Employee, or any spouse or dependent of any such Employee, beyond retirement or other termination of employment (other than as required under Code Section 4980B or similar state Law) and the Company has never promised (whether in oral or written form) to provide such post-termination benefits.

(h) No Plan is under audit, examination, hearing or investigation by the Internal Revenue Service, the U.S. Department of Labor or any other Governmental Authority and, to the Knowledge of the Company, no such audit, examination, hearing or investigation is threatened.

(i) There are no pending or, to the Knowledge of the Seller, threatened Claims involving the Business or an Employee with respect to any Plan or the assets or any fiduciary thereof (in that Person's capacity as a fiduciary of such Plan), other than ordinary course claims for benefits brought by participants or beneficiaries.

(j) Except as set forth in Section 5.21(j) of the Company Disclosure Schedule, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby (either alone or upon the occurrence of any additional or subsequent events or the passage of time) will: (i) result in any payment becoming due to any Employee; (ii) increase any benefit under any Plan with respect to any Employee; or (iii) result in the acceleration of the time of payment, vesting or funding of, or other enhancement of rights in respect of, any benefit under any Plan with respect to any Employee.

(k) The execution of this Agreement and the consummation of the transactions contemplated hereby will not (either alone or upon the occurrence of any additional or subsequent

events or the passage of time) constitute an Event under any Plan in effect as of the date hereof, or any employee benefit plan, agreement or arrangement that, had it been in effect as of the date hereof, would be a Plan that will or may result in the payment of any amount that may be deemed an "excess parachute payment" under Section 280G of the Code with respect to any Employee, Consultant, or other service provider to the Company (whether or not such payment is considered to be reasonable compensation for services rendered). There is no Contract to which the Company is a party or by which it is bound to compensate any Employee or other service provider for Taxes paid pursuant to Section 409A or 4999 of the Code.

Section 5.22 Tax Matters.

(a) Each of the Company and Seller has timely filed all Tax Returns filed or required to be filed by or with respect to the Company pursuant to applicable laws, each such Tax Return has been prepared in substantial compliance with all applicable laws, and all such Tax Returns are accurate, correct, and complete. Each of the Company and Seller has timely paid all Taxes due and payable by or with respect to the Company (whether or not shown or required to be shown on any Tax Return). No claim has ever been made by an authority in a jurisdiction where the Company or Seller does not file Tax Returns that the Company or Seller is or may be subject to taxation by that jurisdiction.

(b) Other than as is set forth in Section 5.22 of the Company Disclosure Schedule, none of the properties or assets of the Company is or at the Closing Date will be encumbered by any Liens (other than Permitted Liens) and there are no grounds for the assertion or assessment of any Liens against any of the properties or assets of the Company in respect of any Taxes (other than Permitted Liens).

(c) There is no Claim, Litigation, assessment, audit or similar event pending or, to the Knowledge of the Company, threatened with respect to any Tax or Tax Return relating to the Company or any of the Company's assets or activities.

(d) Neither the Company nor Seller has received from any Taxing Authority (including jurisdictions where the Company does not file Tax Returns) any (i) notice indicating an intent to open an audit or other review, (ii) notice of deficiency or proposed adjustment for any amount of Tax proposed, asserted or assessed by any taxing authority against the Company or Seller, or (iii) request for information relating to Tax matters.

(e) Neither the Company nor Seller has waived, extended, or requested or agreed to extend any applicable statute of limitations relating to any Tax assessment or deficiency of the Company or Seller, or agreed to any extension of time for filing any Tax Return of the Company or Seller which Tax Return has not been filed.

(f) All material Taxes that the Company has been required to collect or withhold have been duly withheld or collected and, to the extent required, have been paid to the proper Taxing Authority, including any such Taxes required to be collected or withheld with respect to any Employee, independent contractor, creditor, stockholder or other party. The Company has not received any reports or other written assertions by agents of any Taxing Authority of any deficiencies or other Liabilities for Taxes with respect to taxable periods for which the limitations

agreed to any extension of time with respect to a Tax assessment or deficiency.

(g) Neither the Company nor Seller has distributed stock or other membership interests of another Person or had its stock or other membership interests distributed by another Person in a transaction that was purported or intended to be governed in whole or in part by Code Section 355 or 361.

(h) Neither the Company nor Seller has engaged in any "listed transaction" as defined in Code Section 6707A(c)(2) and Treasury Regulation Section 1.6011-4(b)(2).

(i) Neither Buyer nor the Company will be required to include any item of income in, or exclude any item of deduction from taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (i) change in method of accounting for a taxable period ending on or before the Closing Date, (ii) use of an improper method of accounting for a taxable period ending on or prior to the Closing Date, (iii) "closing agreement" as described in Code Section 7121 (or any corresponding or similar provision of state, local or non-United States Tax law) executed on or before the Closing Date, (iv) intercompany transaction occurring at or prior to the Closing or excess loss account in existence at the Closing described in Treasury Regulations under Code Section 1502 (or any corresponding or similar provision of state, local or non-United States Tax law), (v) installment sale or open transaction disposition made on or before the Closing Date, (vi) prepaid amount received or deferred revenue accrued on or before the Closing Date, or (vii) election by the Company under Code Section 108(i) (or any corresponding provision of state or local law).

(j) The Company is not party to or bound by any Tax allocation, sharing, indemnity or similar agreement. No power of attorney granted by the Company with respect to any Taxes is currently in force.

(k) The Company has never been, nor will be at the Closing, a United States real property holding corporation within the meaning of Code Section 897(c)(2) during the applicable period specified in Code Section 897(c)(1)(A)(ii).

(l) Neither the Company nor Seller has any liability for the Taxes of any Person under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or non-United States law), as a transferee or successor, by contract or otherwise.

(m) Other than as is set forth in Section 5.22(m) of the Company Disclosure Schedule, the Company is not subject to Tax in any jurisdiction (including but not limited to non-U.S. jurisdictions) other than its place of incorporation or formation by virtue of (i) having a permanent establishment or other place of business or (ii) having a source of income in that jurisdiction.

(n) The Company is an entity disregarded as separate from its owner pursuant to Treasury Regulations § 301.7701-2(c)(2)(i).

(o) The Company has not entered into any Tax Incentive Agreements.

(p) Notwithstanding anything to the contrary set forth herein: (i) other than the representations contain in Section 5.22(i), such representations and warranties (and any claims based thereon) shall be limited to Taxes attributable to taxable periods ending on or prior to the Closing Date; (ii) the representations and warranties set forth in this Section 5.22, constitute the sole and exclusive representations and warranties with respect to Tax matters; and (iii) such representations and warranties (and any claims based thereon) shall in no event include the existence, amount or usability of the Tax attributes of the Company for taxable periods (or portions thereof) beginning after the Closing Date (such as net operating loss carryforward, capital loss carryforward, credits or Tax credits carryforwards or similar attributes).

Section 5.23 Bank Accounts; Powers of Attorney. Section 5.23 of the Company Disclosure Schedule sets forth a true and complete list of (a) all bank accounts or safe deposit boxes under the control or for the benefit of the Company or any of its Subsidiaries, (b) the names of all Persons authorized to draw on or have access to such accounts and safe deposit boxes and (c) all outstanding powers of attorney or similar authorizations granted by the Company or any of its Subsidiaries.

Section 5.24 Customers and Suppliers.

(a) Section 5.24(a) of the Company Disclosure Schedule sets forth a true and complete list of the ten (10) largest customers of the Company and its Subsidiaries, determined by dollar volume of sales, for the twelve (12) months ended February 3, 2024, and for the period commencing on February 4, 2024 and ending on November 27, 2024 (collectively, the "Top Customers").

(b) Section 5.24(b) of the Company Disclosure Schedule sets forth a true and complete list of the ten (10) largest suppliers of the Company and its Subsidiaries, determined by dollar volume of purchases, for the twelve (12) months ended February 3, 2024, and for the period commencing on February 4, 2024 and ending on November 27, 2024 (collectively, the "Top Suppliers").

(c) During the last twelve (12) months, there has been no termination, cancellation or threatened in writing termination or cancellation of or limitation of, or any material adverse modification or change in the business relationship between the Company or any of its Subsidiaries and any of the Top Customers or Top Suppliers, as applicable. There is no outstanding material dispute with any Top Customer or Top Supplier.

Section 5.25 Product Warranties; Product Liabilities.

(a) Other than as set forth in the Company's standard Terms of Service and Refund Policy, neither the Company nor any of its Subsidiaries has made any express warranty or guarantee with respect to the Products. Each such Product complies in all material respects with any applicable Law, applicable government requirements, guidance, contractual commitments and express warranties, and neither the Company nor its Subsidiaries has any material Liability or material obligations for damages in connection therewith.

(b) There is no material Claim pending or, to the Knowledge of the Company, threatened in connection with any product liability arising in connection with the Products, and no

Governmental Authority has commenced, or, to the Knowledge of the Company, threatened to initiate any Litigation or requested the recall of any Products, or commenced, or, to the Knowledge of the Company, threatened to initiate any Litigation to enjoin the manufacture, fabrication, advertising, distribution or development of any of the Products. Neither the Company nor its Subsidiaries has undertaken any voluntary recall of any Product where such recall was caused by an act or omission of the Company or its Subsidiaries.

Section 5.26 Accounts Receivable; Inventory.

(a) All accounts receivable reflected on the Interim Balance Sheet represent bona fide, current and valid obligations arising from sales actually made or services actually performed in the ordinary course of business, subject to any reserves adequately reflected in the Interim Balance Sheet. Since the Balance Sheet Date, the Company has not received written notice from any obligor of any accounts receivable that such obligor is refusing to pay or contesting payment.

(b) All of the inventories set forth on the Interim Balance Sheet or acquired after the Balance Sheet Date (i) consist solely of materials and goods of a quality and quantity which are usable or saleable in the ordinary course of business carried on by the Company and its Subsidiaries

as presently conducted, net of any reserve for excessive or obsolete inventories reflected on the Interim Balance Sheet, (ii) were acquired in the ordinary course of business, (iii) are owned free and clear of any Liens (other than Permitted Liens), and (iv) have been valued in a manner consistent with the Company's historical practices (including, without limitation, the method of computing overhead and other indirect expenses applied to inventory), and in accordance with GAAP.

Section 5.27 Insurance. Section 5.27 of the Company Disclosure Schedule sets forth a list of all current insurance policies or binders maintained by the Company or an Affiliate of the Company and relating to the assets, business, equipment, properties, operations, employees, officers and directors of the Company, including any self-insurance or retention arrangement (collectively, the "Insurance Policies"). The Insurance Policies are in full force and effect and all premiums currently due on such Insurance Policies have been paid. The Insurance Policies are sufficient for the Company and the Business to comply with all material obligations to third parties with respect to insurance and any insurance requirements under applicable Laws. The Company and Seller have materially complied with all of the terms and conditions of the Insurance Policies. No notice of cancellation or non-renewal or of significant premium increases has been received with respect to any Insurance Policy. During the past three (3) years, the Company has not been refused any insurance with respect to its assets or operations, nor has its coverage been limited, by any insurance carrier to which it has applied for any such insurance or with which it has carried insurance. No material claims by or with respect to the Company are pending under any of the Insurance Policies as to which coverage has been denied in writing by the underwriters of such policies. Section 5.27 of the Company Disclosure Schedules contains a summary of the Company's loss experience under each Insurance Policy since January 1, 2021.

Section 5.28 No Other Representations and Warranties. Notwithstanding any provision of this Agreement to the contrary, except for the representations and warranties contained in Article IV and Article V (including the related portions of the Company Disclosure Schedule) and the representations and warranties expressly made by the Seller or the Company in any of the

Ancillary Agreements, neither Seller nor the Company or any of its Subsidiaries nor any other Person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of Seller, the Company or any of its Subsidiaries, including any representation or warranty with respect to Seller, the Company or any of its Subsidiaries or any other Person or their respective businesses, operations, assets, liabilities, condition (financial or otherwise) or prospects, notwithstanding the delivery or disclosure to Buyer, or any of its respective Affiliates or Representatives of any documentation, forecasts, projections or other information with respect to any one or more of the foregoing, and all other representations and warranties, whether express or implied, are expressly disclaimed.

ARTICLE VI.

Representations and Warranties of Buyer

Buyer represents and warrants to Seller as of the date hereof and as of the Closing Date as follows:

Section 6.1 Organization and Power. Buyer is a limited liability company duly formed, validly existing and in good standing under the Laws of the State of Delaware and has full power and authority to execute and deliver this Agreement and the Ancillary Documents to which it is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby.

Section 6.2 Authorization. Buyer has duly authorized the execution and delivery of this Agreement and the Ancillary Documents to which it is a party and the performance of its obligations hereunder and thereunder.

Section 6.3 Enforceability. This Agreement and each of the Ancillary Documents to be executed and delivered at the Closing by Buyer constitute, or when executed and delivered will constitute, the valid and legally binding agreements of Buyer, enforceable against Buyer in accordance with their terms, subject to bankruptcy, insolvency, reorganization and any other Laws of general applicability relating to or affecting creditors' rights and to general equity principles, as applicable.

Section 6.4 No Violation. The execution and the delivery by Buyer of this Agreement and the Ancillary Documents, the performance by Buyer of its obligations hereunder or thereunder, the consummation of the transactions contemplated hereby and thereby that are required to be performed by Buyer, and compliance with the terms of this Agreement and the Ancillary Documents do not and will not conflict with or violate (a) any provision of the organizational documents of Buyer or (b) any Law applicable to Buyer or by which its respective properties is bound or affected, in any material respect, except, in the case of clause (b), for any such conflict, violation, default, termination, forfeiture or other occurrence which would not prevent or materially delay Buyer from performing its obligations under this Agreement or the Ancillary Documents.

Section 6.5 Litigation. There is no Litigation pending or, to the Knowledge of Buyer, threatened against Buyer that would reasonably be expected to prevent or materially delay Buyer from carrying out its obligations under this Agreement, the Ancillary Documents or the

reasonably be expected to materially adversely affect the ability of Buyer to carry out its obligations under this Agreement, the Ancillary Documents or the transactions contemplated hereby or thereby.

Section 6.6 Governmental Authorizations and Consents. No Governmental Consent is required from any Person pursuant to applicable Law (a) in connection with the transactions contemplated by this Agreement or any Ancillary Documents, or (b) which is otherwise necessary to permit Buyer to perform its obligations under this Agreement or the Ancillary Documents, which, if not made or obtained, would prevent or materially delay Buyer from performing its obligations hereunder or thereunder.

Section 6.7 Sufficiency of Funds. Assuming no breach or default of this Agreement by Seller, at the Closing, Buyer (i) will have sufficient funds available to pay the Purchase Price payable at the time of the Closing, (ii) will have the resources and capabilities (financial or otherwise) to perform its obligations hereunder; and (iii) will not have incurred any obligation, commitment, restriction or liability of any kind, absolute or contingent, present or future, which would materially impair or materially adversely affect its ability to perform its obligations hereunder and under the Ancillary Agreements to be performed at the Closing.

Section 6.8 Acknowledgement. With respect to the Business, the Company Interests and the transactions contemplated by this Agreement and the Ancillary Agreements, Buyer has not been induced by and has not relied upon any representations, warranties or statements, whether express or implied, made by Seller, the Company or any of their respective Affiliates or Representatives or by any other Person representing or purporting to represent Seller or the Company that are not expressly set forth in Article IV or Article V of this Agreement, or in the Ancillary Agreements (including the Schedules and Exhibits hereto and thereto). Buyer acknowledges that neither Seller nor the Company or any of its Subsidiaries nor any other Person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of Seller, the Company or any of its Subsidiaries, including any representation or warranty with respect to Seller, the Company or any of its Subsidiaries or any other Person or their respective businesses, operations, assets, liabilities, condition (financial or otherwise) or prospects, notwithstanding the delivery or disclosure to Buyer, or any of its respective Affiliates or Representatives of any documentation, forecasts, projections or other information with respect to any one or more of the foregoing, and that all other representations and warranties, whether express or implied, are expressly disclaimed.

ARTICLE VII.

Covenants

Section 7.1 Conduct of the Company.

(a) During the period from the date of this Agreement through the earlier of the termination of this Agreement in accordance with its terms, and the Closing Date, except as (i) otherwise expressly contemplated by this Agreement, (ii) otherwise consented to by Buyer, in writing or (iii) set forth in Section 7.1 of the Company Disclosure Schedule, Seller shall cause the Company and its Subsidiaries to, and the Company shall and shall cause its Subsidiaries to (w)

conduct its business and operations only in the ordinary course of business consistent with past practice, (x) use commercially reasonable efforts to maintain its assets and properties and to preserve its current relationships with customers, employees, suppliers and others having business dealings with it, and (y) use commercially reasonable efforts to preserve the goodwill and ongoing operations of the Business.

(b) Without limiting the generality of the foregoing, except as otherwise expressly contemplated by this Agreement, as set forth in Section 7.1 of the Company Disclosure Schedule, or as otherwise consented to by Buyer, in writing, during the period from the date of this

Agreement through the earlier of the termination of this Agreement and the Closing Date, Seller shall cause the Company not to, and the Company shall not and shall cause its Subsidiaries not to:

(i) declare, accrue, set aside or pay any non-cash dividend or make any other non-cash distribution in respect of any of its Equity Securities or repurchase, redeem or otherwise reacquire any such Equity Securities other than for cash;

(ii) sell, issue, grant, authorize the issuance of, split, combine, redeem or reclassify, or purchase or otherwise acquire any (x) Equity Securities of the Company or its Subsidiaries, (y) option or right to acquire any Equity Securities of the Company or its Subsidiaries, or (z) instrument convertible into or exchangeable for any Equity Securities of the Company or its Subsidiaries;

(iii) modify or amend any of the organizational documents of the Company or any of its Subsidiaries;

(iv) amend, renew, terminate or waive any Material Contract or any provision thereof, other than in the ordinary course of business consistent with past practice;

(v) enter into any Contract that purports to limit, curtail or restrict the kinds of businesses in which it or its existing or future Affiliates may conduct their respective businesses, or the Persons with whom it or its existing or future Affiliates can compete or to whom it or its existing or future Affiliates can sell products or deliver services or the Person or class of Persons it may solicit for employment, or the acquisition of any business;

(vi) acquire (x) by merging or consolidating with, or by purchasing Equity Securities in or substantial portion of the assets of, or by any other means, any Person or division thereof or (y) any assets that are material, individually or in the aggregate, to the Company and its Subsidiaries, taken as a whole, except purchases of inventory in the ordinary course of business consistent with past practice;

(vii) adopt a plan or agreement of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other material reorganization of the Company;

(viii) divest, sell, transfer, lease, license, pledge or otherwise dispose of, or permit a Lien on any asset of the Company, other than the sales of products or services in the ordinary course of business consistent with past practice;

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(ix) change its fiscal year or its accounting policies or procedures except to the extent required to conform with GAAP;

(x) make any capital expenditure with respect to the Company in excess of one hundred thousand dollars (\$100,000) in the aggregate;

(xi) increase or make any change in the rate of annual or other compensation, commission opportunities, bonus opportunities, or other direct or indirect remuneration payable, or agree to pay, conditionally or otherwise, any bonus, incentive, retention, change in control payment or other compensation, retirement, welfare, fringe or severance benefit or vacation pay, to or in respect of any Employee, Consultant, or other individual service provider, except (A) in connection with across-the-board promotions or periodic reviews of employees (but not directors or officers) in the ordinary course of business consistent with past practice and (B) to the extent required by the terms of any Plan, Consultant Agreement or Employee Agreement disclosed in Section 5.20 or Section 5.21(a) of the Company Disclosure Schedule;

(xii) terminate Employees in such numbers as would trigger any Liability under

the WARN Act;

(xiii) file or cause to be filed any Tax Return with respect to the Company, amend any Tax Return, enter into any closing agreement, make, change or revoke any Tax election, adopt or change any Tax method of accounting, change its Tax year, settle or compromise any Tax audit, Litigation, other proceeding or assessment, surrender any right to claim a refund of Taxes, agree to extend or waive the statute of limitations in respect of any Taxes or assessment, or take any other similar action relating to the filing of any Tax Return or the payment of any Tax, or fail to comply with any obligation or requirement under any Tax Incentive Agreement (including any requirement relating to employment, wages or maintenance of operations);

(xiv) abandon, disclaim, dedicate to the public, sell, assign or grant any security interest in, to or under any Company Intellectual Property, Company IT Asset or Company Intellectual Property Contract, including failing to perform or cause to be performed all applicable filings, recordings and other acts, or to pay or cause to be paid all required fees and Taxes, to maintain and protect its interest in the Company Intellectual Property, Company IT Assets and Company Intellectual Property Contracts;

(xv) grant to any Person any license with respect to any Company Intellectual Property or Company IT Asset, except non-exclusive licenses granted in connection with the sale or license of Company products in the ordinary course of business consistent with past practice, or enter into any covenant not to sue with respect to any Company Intellectual Property or Company IT Asset; or

(xvi) authorize, agree, resolve or consent to any of the foregoing.

Section 7.2 Certain Tax Matters.

(a) (i) Seller shall prepare and timely file all Pre-Closing Tax Period Tax Returns of or with respect to the Company and its Subsidiaries that are required to be filed prior to the Closing Date, and shall timely pay all Taxes reflected as due with respect to such Tax Returns. Such Tax Returns shall be prepared in a manner that is consistent with past procedures, customs and practices of the Company. Seller shall provide Buyer with a copy of any such Tax Return not less than thirty (30) days before such Tax Return is expected to be filed and will permit Buyer to review and approve (which approval shall not be unreasonably withheld, conditioned or delayed) such Tax Return prior to the filing thereof. Seller shall consider in good faith any reasonable comments made by Buyer with respect to such Tax Return prior to filing.

(ii) Buyer shall prepare or cause to be prepared, and timely file or cause to be timely filed, all Pre-Closing Tax Period Tax Returns of the Company and its Subsidiaries (other than the Tax Returns referred to in Section 7.2(a)(i)) and shall pay or cause to be paid all Taxes reflected as due on such Tax Returns. Seller shall pay to Buyer, not later than five (5) Business Days before such Taxes are due, the amount of such Taxes payable by Buyer or the Company pursuant to this Section 7.2(a)(ii). Such Tax Returns shall be prepared in a manner that is consistent with past procedures, customs and practices of the Company. Buyer shall provide Seller with a copy of any such Tax Return not less than thirty (30) days before such Tax Return is expected to be filed and will permit Seller to review and approve (which approval shall not be unreasonably withheld, conditioned or delayed) such Tax Return prior to the filing thereof. Buyer shall consider in good faith any reasonable comments made by Seller with respect to such Tax Return prior to filing.

(iii) Buyer shall prepare and file, or cause to be prepared and filed, all Tax Returns of the Company and its Subsidiaries that relate to any Straddle Period and shall pay or cause to be paid the Taxes reflected as due on such Tax Returns. Seller shall pay to Buyer, no later than five (5) Business Days before such Taxes are due, the Pre-Closing Date Share of any such Taxes. Such Tax Returns shall be prepared in a manner that is consistent with past procedures, customs and practices of the Company. Buyer shall provide Seller with a copy of any such Tax Return not less than thirty (30) days before such Tax Return is expected to be filed and will permit Seller to review and approve (which approval shall not be unreasonably withheld, conditioned or delayed) such Tax Return prior to the filing thereof. Buyer shall consider in good faith any reasonable comments made by Seller with respect to such Tax Return prior to filing.

(b) Buyer and Seller shall cooperate fully, as and to the extent reasonably requested by any party, in connection with (i) the filing of Tax Returns pursuant to this Section 7.2, (ii) any other Tax Returns required to be filed in connection with the transactions contemplated hereby, and (iii) any Tax Contest. Such cooperation shall include the retention and (upon the other party's request) the provision of Business Records and information reasonably relevant to any such Tax Return or Tax Contest and making Employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Buyer and Seller shall (A) retain all Business Records with respect to Tax matters pertinent to the Company and its Subsidiaries respective assets or activities, as applicable, relating to any taxable period beginning

by Buyer or Seller, any extensions thereof) of the respective taxable periods, and abide by all record retention agreements entered into with any Taxing Authority, and (B) give the other party reasonable written notice prior to transferring, destroying or discarding any such Business Records and, if the other party so requests, Buyer or Seller, as the case may be, shall allow the other party to take possession of such Business Records. The Company and Seller acknowledge that no provision of this Agreement requires Buyer to provide any party any right to access or review any Tax Return or Tax work papers of Buyer or any Affiliate thereof (other than the Company and its Subsidiaries).

(c) The Purchase Price and any other amounts properly included in the "amount realized" for Tax purposes (collectively, the "Tax Consideration") shall be allocated among the assets of the Company and its Subsidiaries for Tax purposes in accordance with Section 1060 of the Code and the Treasury Regulations thereunder (and any other applicable provisions of Tax Law) in accordance with the methodology described in Section 7.2(c) of the Company Disclosure Schedule (the "Allocation Methodology"). Buyer shall prepare or cause to be prepared a statement setting forth a proposed allocation of the Tax Consideration in accordance with the Allocation Methodology (the "Allocation Statement") and shall deliver it to Seller within ninety (90) days after the Purchase Price is finally determined. Seller shall provide any comments on the Allocation Statement to Buyer in writing within thirty (30) days after receipt of the Allocation Statement, and the parties hereto shall cooperate in good faith to resolve any disagreement with respect to the Allocation Statement. The parties shall, and shall cause their Affiliates to, file all Tax Returns in a manner consistent with the Allocation Statement, except as required by a final determination as described in Section 1313(a) of the Code.

(d) Seller shall be responsible for and shall pay all Transfer Taxes. Seller shall timely prepare all necessary Tax Returns and other documentation with respect to all such Transfer Taxes and shall provide a draft copy of such Tax Returns and other documentation to Buyer at least ten (10) days prior to the due date for such Tax Returns for Buyer's review and comment. Seller shall timely file, or cause to be timely filed, all such Tax Returns, and Buyer shall reasonably cooperate with Seller as may be necessary to effectuate such filings, and, if required by applicable Law, Buyer will, and will cause its Affiliates to, join in the execution of any such Tax Returns and other documentation.

(e) All Tax sharing, indemnification or allocation agreements or similar Contracts with respect to or involving the Company or its Subsidiaries shall be terminated no later than the Closing Date and, after the Closing Date, the Company and its Subsidiaries shall not be bound thereby or have any Liability thereunder. The Company and its Subsidiaries and Seller shall take all actions necessary to terminate such Contracts prior to Closing.

(f) Following the Closing, Seller shall have the right to control the conduct of any Tax Contest involving the Taxes of the Company with respect to any Pre-Closing Tax Period, provided, however, that Seller shall (i) keep Buyer reasonably informed with respect to such Tax Contest, (ii) consider in good faith Buyer's comments to Seller regarding the conduct of or positions taken in such Tax Contest, and (iii) with respect to any such Tax Contest that will result in a material adverse effect to Buyer, not enter into any settlement or compromise of such Tax Contest without

the prior written consent of Buyer, which consent shall not be unreasonably conditioned, delayed, or withheld.

(g) Notwithstanding anything herein to the contrary, prior to the Closing, the Company shall make all Tax payments, including all estimated Tax payments that would be made in the ordinary course of business or be required by Law.

(h) Seller shall not make, or permit any of its Affiliates (including the Company) to make, any election under Treasury Regulations § 301.7701-3 (or any analogous or similar state or local Law or regulation), as a result of which the Company would not be treated as an entity

local Law or regulation), as a result of which the Company would not be treated as an entity disregarded as separate from its owner pursuant to Treasury Regulations § 301.7701-2(c)(2)(i) (or any analogous or similar state or local Law or regulation).

(i) Buyer, the Company, Seller and their respective Affiliates all agree that, for U.S. federal and applicable state income Tax purposes, the purchase of the Company Interests shall be treated as a taxable purchase by Buyer, and taxable sale by the Seller, of the Company's assets (the "Intended Tax Treatment"). The Parties shall, and shall cause their Affiliates to, file all Tax Returns in a manner consistent with the Intended Tax Treatment, except as required by a final determination as described in Section 1313(a) of the Code.

Section 7.3 Access to Information Prior to the Closing. During the period from the date hereof through the earlier of the termination of this Agreement in accordance with its terms and the Closing Date, the Company shall give Buyer and its authorized Representatives reasonable access during regular business hours to all offices, Leased Real Property and Business Records of the Company as Buyer may reasonably request. With respect to any such access or visit, (i) Buyer and its Representatives shall take such action as is deemed necessary in the reasonable judgment of the Company and Seller to schedule such access or visits through a designated officer of the Company and in such a way as to avoid disrupting in any material respect the normal business of the Company and (ii) the Company shall not be required to take any action that would constitute a waiver of the attorney-client or other privilege; *provided, however*, that with respect to any information that the Company deems privileged in the case of clause (ii), the Company shall use commercially reasonable efforts to take, or cause to be taken, all such alternative actions or things necessary, proper or advisable to make such information available.

Section 7.4 Confidentiality.

(a) During the period from the date hereof through the earlier of the termination of this Agreement in accordance with its terms and the Closing Date, Buyer shall, and shall cause its controlled Representatives to keep the Confidential Information confidential and not disclose any of it to any Person in any manner whatsoever; *provided, however*, that Buyer may (i) make any disclosure of the Confidential Information to which Seller gives its prior written consent, (ii) disclose any of the Confidential Information to its controlled Representatives who need to know such information and who are advised of the confidentiality obligations that attach to the Confidential Information (it being agreed that Buyer will be responsible for any violation of the provisions of this Section 7.4(a) by any of its controlled Representatives), and (iii) disclose that information which, on the advice of counsel, is required to be disclosed by Law or pursuant to a demand of any Governmental Authority (which requirement or demand shall not have been caused

by any act of Buyer or its controlled Representatives in violation of this Agreement). Notwithstanding the foregoing, in the event that Buyer or any of its controlled Representatives are required to or believe they are required by Law to disclose any of the Confidential Information, such party shall, to the extent legally permissible, provide Seller with prompt written notice of any such requirement so that Seller may seek (at its cost and expense) a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement; *provided that*, in the event that such protective order or other appropriate remedy or waiver by Seller is not obtained or granted, and Buyer or its controlled Representatives are nonetheless, on the advice of counsel, required by Law to disclose Confidential Information, Buyer or its controlled Representatives may disclose to, or as required by, the applicable Governmental Authority, only that portion of the Confidential Information that such counsel advises is legally required to be disclosed (and any such disclosure shall be made only to such Persons to whom such counsel advises such information is legally required to be disclosed); *provided*, that Buyer and its controlled Representatives exercise commercially reasonable efforts (at Seller's cost and expense) to preserve the confidentiality of the Confidential Information, including by reasonably cooperating with Seller to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded the Confidential Information.

(b) Following the Closing, Seller shall, and shall cause its Representatives to, (i) keep the Confidential Information confidential and not disclose any of it to any Person in any manner whatsoever, and (ii) not use the Confidential Information directly or indirectly in any way detrimental to the Company or its Affiliates; *provided, however*, that Seller may (A) make any disclosure of the Confidential Information to which Buyer gives its prior written consent, (B) disclose any of such information to its Representatives who need to know such information and who are advised of the confidentiality obligations that attach to the Confidential Information (it being agreed that Seller will be responsible for any violation of the provisions of this Section 7.4(b) by any of its Representatives), and (C) disclose that information which, on the advice of counsel, is required to be disclosed by Law or pursuant to a demand of any Governmental Authority (which requirement or demand shall not have been caused by any act of Seller or its Representatives in violation of this Agreement). Notwithstanding the foregoing, in the event that Seller or its Representatives are required to or believe they are required by Law to disclose any of the Confidential Information, such party shall, to the extent legally permissible, provide Buyer with prompt written notice of any such requirement so that Buyer and the Company may seek (at their cost and expense) a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement; *provided*, that in the event that such protective order or other appropriate remedy or waiver by Buyer is not obtained or granted, and Seller or its Representatives, are nonetheless, on the advice of counsel, required by Law to disclose Confidential Information, Seller or its Representatives may disclose to, or as required by, the applicable Governmental Authority only that portion of the Confidential Information which such counsel advises is legally required to be disclosed (and any such disclosure shall be made only to such Persons to whom such counsel advises such information is legally required to be disclosed); *provided* that Seller and its Representatives exercise commercially reasonable efforts (at Buyer's cost and expense) to preserve the confidentiality of the Confidential Information, including by reasonably cooperating with Buyer and the Company to obtain (at Buyer's cost and expense) an appropriate protective order or other reliable assurance that confidential treatment will be accorded the Confidential Information.

Section 7.5 Public Announcements. The initial press release regarding this Agreement shall be made on the date hereof or at such other time and in such form as Buyer and Seller agree. If Buyer and Seller cannot agree on the initial press release, then, from the date hereof until the Closing, either such Party shall be permitted to make any disclosure that based on the advice of its counsel is required by Law or the rules or regulations of any exchange to which it is subject; *provided* that the Party proposing to issue any press release or similar public announcement or communication in compliance with any such disclosure obligations shall use commercially reasonable efforts to consult in good faith with the other Party before doing so. Following the Closing and the initial press release, none of Buyer, the Company, Seller or any of their respective Affiliates shall issue or make any subsequent press release or public statement with respect to this Agreement or the transactions contemplated hereby containing any substantive information in addition to that previously permitted to be disclosed pursuant to this Section 7.5 without the prior consent of Buyer and Seller, except as (a) upon advice of counsel may be required by Law or the rules or regulations of any securities exchange to which it is subject or (b) consistent with any previous internal or external public disclosures regarding this Agreement and the transactions contemplated hereby; *provided* that the Party proposing to issue any press release or similar public announcement or communication in compliance with any such disclosure obligations shall use commercially reasonable efforts to consult in good faith with the other Party before doing so. Notwithstanding anything herein to the contrary, Seller may, without consultation with or consent of Buyer, disclose any information concerning the transactions contemplated hereby that it deems appropriate in its reasonable judgment, in light of its status as a publicly owned company, including to securities analysts and institutional investors and in press interviews (x) prior to the Closing, to the extent such information is contained in or consistent with a communications plan approved by Seller and Buyer (which approval shall not be unreasonably withheld or delayed) or (y) following the Closing, as determined by Seller in its reasonable business judgment.

Section 7.6 Release. Effective as of the Closing, Seller, on behalf of itself and its Affiliates and each of its and their respective officers, directors, managers, employees, agents, heirs, personal representatives, successors and assigns (the "Releasing Parties"), hereby releases, acquits and forever discharges the Company and any and all of its successors and assigns, together with all its present and former directors, officers, employees, agents and Representatives (the "Released Parties"), from any and all Claims, that such Releasing Party ever had, has or may have against any of the Released Parties for, upon, or by reason of any matter, transaction, act, omission or thing whatsoever arising under or in connection with any of the Released Parties, known or unknown, from the beginning of time through and including the Closing Date, other than obligations arising under this Agreement or the Ancillary Documents. Seller, on behalf of itself and the other Releasing Parties, understands the significance of this release of unknown Claims and waiver of statutory protection against a release, on behalf of itself and the other Releasing Parties, of unknown Claims, and acknowledge and agree that this waiver is an essential and material term of this Agreement. Seller, on behalf of itself and the other Releasing Parties, acknowledges that Buyer will be relying on the waiver and release provided in this Section 7.6 in connection with entering into this Agreement and that this Section 7.6 is intended for the benefit of, and to grant third party beneficiary rights to each Released Party to enforce this Section 7.6.

(a) Buyer shall make offers of employment, which shall be contingent on the Closing, to those Employees set forth on Schedule 7.7 who are active Employees on the Closing Date (including anyone absent due to vacation, holiday, bereavement, jury duty leave or any similar short-term absence that does not affect the Employee's status as an active employee, but not including any Employee who is on a leave of absence, short-term or long-term disability leave, medical leave, military leave or any similar leave (an "Inactive Employee"). Buyer will not be required to make offers of employment to any Inactive Employee or any active Employee other than those set forth on Schedule 7.7. Employer, Seller and the Company shall cooperate and assist in facilitating Buyer's offers and will not take any action which would impede, hinder, interfere or otherwise compete with Buyer's effort to hire any Employee. Without limiting the foregoing, each Party shall comply with all applicable Law in connection with the transfer of the Employees to Buyer, including with respect to notice and other procedural requirements. Promptly following the date of the Agreement, Employer will provide any and all information reasonably required by Buyer in order for Buyer to fulfill its obligations under this Agreement with respect to the Employees; provided that Employer shall not be required to provide to Buyer information that is prohibited by applicable Law to be provided; and provided, further, that Buyer shall not be in breach of any obligation hereunder to the extent related to information that Employer has not provided under applicable Law or otherwise. Each Employee who accepts Buyer's offer of employment and commences employment with Buyer shall, as of the effective date of their employment with Buyer (i.e., the date they present themselves for work), be referred to as a "Transferred Employee." Employment of Transferred Employees with Buyer shall be effective as of the Closing, or such later date of commencement of employment, or such other date as is prescribed by applicable Law or an agreement between Seller and Buyer, and such individual shall be deemed to be a Transferred Employee as of such date, and for purposes of this Agreement, such date shall be substituted for the terms "Closing," and "Closing Date," respectively, except where the context otherwise requires.

(b) Buyer shall recognize each Transferred Employee's service with the Employer or its Affiliates prior to the Closing, including service with predecessor employers that was recognized by Employer or its Affiliates, for purposes of determining eligibility to participate and vesting in each employee benefit plan of Buyer, including but not limited to any retirement plans, vacation plans and severance plans, to the extent permitted by applicable Law. Buyer shall use commercially reasonable efforts to provide each Transferred Employee credit for any co-payments, out-of-pocket expenses, and deductibles paid by such Transferred Employee under the Employer's health plans from the beginning of the plan year during which the Closing occurs through the Closing Date. Further, for the year of Closing, Buyer shall cause to be waived all pre-existing condition exclusions and similar limitations, eligibility waiting periods and evidence of insurability requirements under any health and welfare plans offered to each Transferred Employee who accepts an offer of employment from Buyer contemporaneously with the Closing, to the extent permitted by Law and to the extent such exclusions or limitations, waiting periods and insurability requirements were satisfied or waived under a comparable Plan. In addition, Buyer will recognize hours earned while each Transferred Employee is an employee of the Employer from January 1 of the year during which the Closing occurs through the Closing Date to count towards eligibility to allow such Transferred Employee to receive a prorated share of employer contributions under Buyer's retirement plan(s) based on plan eligible compensation paid by Buyer

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for the period from and after the Closing Date through the end of the plan year during which the Closing occurs.

(c) Effective as of the Closing, the Employer will terminate the employment of any Employee who is offered employment in accordance with Section 7.7(a) above and rejects such offer of employment with Buyer, unless applicable Law restricts or penalizes such termination and the Employer is able to reassign such Employee to another position.

(d) Other than as described in Section 7.7(d) of the Company Disclosure Schedule, Transferred Employees will not be eligible for any severance benefits under the terms of any Plan

Transferred Employees will not be eligible for any severance benefits under the terms of any Plan.

(e) The Parties agree to cooperate in good faith to determine whether any notification may be required under the WARN Act as a result of the transactions contemplated by this Agreement, provided, however, Buyer shall use its commercially reasonable efforts to hire a sufficient number of Employees so that the Employer shall not be required to give any layoff, closing, or other termination notices or otherwise incur any liability pursuant to the provisions of the WARN Act. The Employer will be responsible for providing any notification that may be required under the WARN Act with respect to any of its employees terminated on or prior to Closing. Buyer will be responsible for providing any notification that may be required under the WARN Act with respect to any Transferred Employees terminated after the Closing Date.

(f) No provision of this Section 7.7 shall create any Third Party beneficiary or other rights in any Employee or former employee in respect of continued or resumed employment in the Employer's business, or with Buyer, and no provision of this Section 7.7 shall create any rights in any such persons in respect of any benefits that may be provided under any plan or arrangement which may be established by Buyer. Nothing contained herein shall be construed as requiring, and the Employer, Seller, the Company, Buyer and their respective Affiliates shall take no action that would have the effect of requiring, the Employer, Buyer, or any of their respective Affiliates to continue any specific benefit plan. The provisions of this Section 7.7 are for the sole benefit of the Parties hereto and their respective Affiliates, and nothing in this Section 7.7, expressed or implied, is intended or shall be construed to constitute an amendment of any Plan or any similar benefit plan of Buyer (or an undertaking to amend any such plan) or other compensation and benefits plan maintained for or provided to Employees, including Transferred Employees, prior to, on or following the Closing.

(g) Subject to applicable Law, nothing in this Agreement shall require Buyer to employ any Employee, or any Transferred Employee, on anything other than an at-will basis, terminable at any time with or without cause (in jurisdictions where such a concept is recognized).

Section 7.8 Affiliate Arrangements. On or prior to the Closing, the Company shall terminate all Affiliate Arrangements in a manner and on such terms that shall not subject the Company, Buyer or their respective Affiliates to any ongoing obligations or require the Company to make any termination or indemnity or other payments on or after the Closing Date.

Section 7.9 Commercially Reasonable Efforts.

(a) Subject to the terms and conditions set forth herein and to applicable Law, each of the parties shall cooperate and use its respective commercially reasonable efforts to take, or cause

to be taken, such appropriate action, and do, or cause to be done, and assist and cooperate with the other parties in doing, such things necessary, proper or advisable to consummate and make effective the transactions contemplated hereby, including obtaining all necessary consents, registrations, notices, applications and filings as required by any Governmental Authority or applicable Law or as required by any Contract, lease or agreement, including those disclosed in Section 5.4 and Section 5.5 of the Company Disclosure Schedule.

(b) Notwithstanding anything herein to the contrary, nothing contained in this Agreement shall require or obligate Buyer or any of its Affiliates to, and neither the Company nor Seller shall, without the prior written consent of Buyer: (i) in the event that any administrative or judicial action or proceeding is instituted (or threatened to be instituted) by a Governmental Authority or private party challenging any of the transactions contemplated hereby, agree to defend any such action or actions; (ii) commence any Litigation with any Governmental Authority or third party; (iii) commit, agree or otherwise become subject to any restriction, condition, limitation or other understanding on or with respect to the operation of the business of Buyer or any of its Affiliates or the business of the Company; (iv) agree or otherwise be required to license, sell or otherwise dispose of, hold separate (through the establishment of a trust or otherwise), or divest itself of any business, assets or operations of Buyer or any of its Affiliates or the business of the

tion of any business, assets or operations of Buyer or any of its Affiliates or the business of the Company; or (v) except for the License Transfer Fees set forth in Section 7.14, pay or commit to pay any material amount of cash or other consideration, or incur or commit to incur any material Liability or other obligation, in connection with obtaining any authorization, consent, Order, registration or approval.

Section 7.10 No Solicitation. Between the date hereof and the Closing Date, Seller and the Company shall not, and each shall cause their respective Affiliates and Representatives not to, directly or indirectly (including by way of providing information regarding the Company or the Business to any Person or providing access to any Person), (a) solicit any offer, proposal or inquiry (oral, written or electronic), or encourage or facilitate the solicitation of any offer, proposal or inquiry (oral, written or electronic) relating to any potential Competing Transaction, (b) participate in, continue or engage in any discussion (other than informing the interested Person that Seller is subject to the exclusivity provisions of this Agreement) or negotiation relating to, furnish any information concerning the Company, or the Business or properties of the Company, with respect to, afford access to its properties, Business Records in connection with, or facilitate in any other manner any effort or attempt by any Person other than Buyer to make or seek, any potential Competing Transaction, or (c) enter into any agreement, arrangement or understanding (oral, written or electronic) relating to any potential Competing Transaction. Seller shall promptly notify Buyer if any such offer or inquiry is received by, any such information is requested from, or any such negotiation or discussion is sought to be initiated or continued with, the Company, Seller or any of their respective Representatives. Upon execution of this Agreement, Seller and the Company shall, and each shall cause its respective Representatives to, immediately cease any existing activities, discussions or negotiations with any Persons (other than Buyer and its Representatives) conducted prior to the date hereof with respect to any of the foregoing.

Section 7.11 Non-Competition. During the period commencing at the Closing and ending on the three (3)-year anniversary of the Closing Date, Seller shall not, and shall not permit or cause any of its Affiliates to, directly or indirectly, to (a) engage in or assist others in engaging in the Restricted Business anywhere in the world; (b) have an interest in any Person that

engages directly or indirectly in the Restricted Business anywhere in the world in any capacity, including as a partner, shareholder, member, employee, principal, agent, trustee, lender, consultant or advisor; or (c) cause, induce or encourage any material actual or prospective client, customer, supplier or licensor of the Business, or any other Person who has a material business relationship with the Business, to terminate or modify any such actual or prospective relationship. Notwithstanding the foregoing, the Seller may own, directly or indirectly, solely as an investment, securities of any Person traded on any national securities exchange if Seller is not a controlling Person of, or a member of a group which controls, such Person and does not, directly or indirectly, own 5% or more of any class of securities of such Person.

Section 7.12 R&W Insurance Policy. Prior to the Closing, Buyer shall (a) bind the R&W Insurance Policy; and (b) pay or cause to be paid all costs and expenses related to the R&W Insurance Policy, including the total premium, underwriting costs, brokerage commissions and other fees and expenses of such policy. Following the Closing, Buyer shall maintain such policy in full force and effect for the policy period set forth therein.

Section 7.13 Lease Guarantees. Seller agrees and covenants that, from and after the Closing Date through the existing term of the Lease (but not any renewals, optional terms or extensions) to which the applicable Lease Guarantee pertains, the Seller shall not, and shall cause its Affiliates not to, amend any Lease Guarantee in any manner adverse to Buyer or any of its Affiliates, or revoke, terminate, or rescind any Lease Guarantee or any obligation supported by any Lease Guarantee. Any such guarantee or other financial assurance obligation shall not expire, terminate, or be cancelled until such time as it is permitted by the express terms of the Lease to which the applicable Lease Guarantee pertains. Seller shall not be required to extend a guarantee or any financial assurance beyond the existing term of the Lease (nor any renewals, optional terms or extensions) to which the applicable Lease Guarantee pertains. Buyer shall indemnify, defend and hold harmless Seller and its Affiliates against, and reimburse Seller and its Affiliates for, all amounts paid, including costs or expenses, in connection with each Lease Guarantee, whether or not any such Lease Guarantee is drawn upon or required to be performed, and shall in any event promptly reimburse Seller and its Affiliates to the extent such Lease Guarantee is called upon and Seller or its Affiliates makes any payment.

Section 7.14 Consents. Seller shall use commercially reasonable best efforts, and Buyer shall cooperate with Seller, to give all notices to, and obtain all consents from, all third parties described in Section 7.14 of the Company Disclosure Schedule. Seller shall be solely responsible to pay any other consideration to any third party from whom consent or approval is requested or required, including, without limitation, any assignment fees, transfer fees, or other expenses or costs payable to such third party (collectively, "License Transfer Fees").

ARTICLE VIII.

Closing; Conditions to Closing

Section 8.1 Deliveries by Seller and the Company. At the Closing, Seller and the Company shall deliver or cause to be delivered to Buyer:

(a) certificates representing all of the Company Interests, to the extent such Company Interests are certificated, duly endorsed in blank, free and clear of all Liens and any other

instruments of transfer, duly endorsed in blank, in each case, in form and substance reasonably satisfactory to Buyer;

(b) evidence of the release of any Liens on the Company Interests or the assets of the Company and the release of the Company as a guarantor of any Indebtedness of Seller and its Affiliates duly executed by the holders of all Indebtedness as set forth on Section 8.1(b) of the Company Disclosure Schedule;

(c) a certificate of good standing with respect to the Company issued by the Secretary of State of the State of Delaware as of a date not more than five (5) Business Days prior to the Closing Date;

(d) a certificate of good standing with respect to Seller issued by the Secretary of State of the State of Delaware as of a date not more than five (5) Business Days prior to the Closing Date;

(e) following receipt by Seller of the Closing Consideration Amount, written confirmation that the Closing Consideration Amount has been received;

(f) a copy of the Transition Services Agreement, duly executed by Seller;

(g) a copy of the resolutions of (i) the Company's board of managers, certified by the secretary or other appropriate officer of the Company as having been duly and validly adopted and being in full force and effect, authorizing the execution and delivery of this Agreement and the Ancillary Documents to which the Company is a party and the performance by the Company of its obligations hereunder and thereunder and (ii) the board of managers (or equivalent body) of Seller, certified by an authorized signatory of Seller as having been duly and validly adopted and being in full force and effect, authorizing the execution and delivery of this Agreement and the Ancillary Documents and the performance by Seller of its obligations hereunder and thereunder;

(h) an IRS Form W-9 duly executed by Seller;

(i) an officer's certificate, signed by a duly authorized officer of Seller and dated as of the Closing Date, certifying the fulfillment of the conditions set forth in Section 8.4(b), Section 8.4(c) and Section 8.4(d); and

(j) such documents of further assurance reasonably necessary and typical for transactions similar to the transactions being consummated at the Closing.

Section 8.2 Deliveries by Buyer. At the Closing, Buyer shall deliver or cause to be delivered to Seller:

(a) the Closing Consideration Amount;

(b) a copy of the Transition Services Agreement, duly executed by Buyer;

(c) an officer's certificate, signed by a duly authorized officer of Buyer and dated as of the Closing Date, certifying the fulfillment of the conditions set forth in Section 8.3(b) and Section 8.3(c); and

(d) such documents of further assurance reasonably necessary and typical for transactions similar to the transactions being consummated at the Closing.

Section 8.3 Conditions to Seller's Obligations. The obligations of Seller to consummate the transactions contemplated hereby are subject to the fulfillment at or prior to the Closing of each of the following conditions (any or all of which may be waived in whole or in part by Seller):

of the following conditions (any or all of which may be waived in whole or in part by Seller):

(a) No Injunction. No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any legal proceeding or Order (whether temporary, preliminary or permanent), in any case which is in effect and which prevents or prohibits consummation of the transactions contemplated hereby.

(b) Representations and Warranties. The representations and warranties of Buyer set forth in Section 6.1 (Organization and Power), Section 6.2 (Authorization) and Section 6.3 (Enforceability) shall be true and correct in all respects, as of the date hereof and as of the Closing Date, except that representations and warranties made as of a specified date, shall be measured only as of such specified date. Each of the other representations and warranties made by Buyer contained in this Agreement or in any certificate or other writing delivered by Buyer pursuant hereto shall be true and correct in all material respects, except that any such representation or warranty that includes any qualification as to "material", or "materiality" or "material adverse effect" (or any correlative terms) shall be true and correct in all respects, as of the date hereof and as of the Closing Date, except for representations and warranties made as of a specified date, which shall be measured only as of such specified date.

(c) Performance. Buyer shall have performed and complied in all material respects with all the terms, provisions and conditions of this Agreement to be complied with and performed by Buyer at or prior to Closing.

(d) R&W Insurance Policy. Buyer shall have obtained and bound the R&W Insurance Policy and paid all costs and expenses in connection therewith.

(e) Deliveries. Seller shall have received the deliveries contemplated by Section 8.2.

Section 8.4 Conditions to Buyer's Obligations. The obligations of Buyer to consummate the transactions contemplated hereby are subject to the fulfillment at or prior to the Closing of each of the following conditions (any or all of which may be waived in whole or in part by Buyer).

(a) No Injunction. No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any legal proceeding or Order (whether temporary, preliminary or permanent), in any case which is in effect and which prevents or prohibits consummation of the transactions contemplated hereby.

(b) Representations and Warranties. (i) The Fundamental Representations shall be true and correct in all respects, as of the date hereof and as of the Closing Date, except those Fundamental Representations made as of a specified date, which shall be measured only as of such specified date, and (ii) each of the other representations and warranties made by Seller contained in this Agreement or in any certificate or other writing delivered by Seller pursuant hereto shall be true and correct in all material respects except that any such representation or warranty that includes any qualification as to "material", "materiality", or "Company Material Adverse Effect" (or any correlative terms) shall be true and correct in all respects as of the date hereof and as of the Closing Date, except for representations and warranties made as of a specified date, which shall be measured only as of such specified date.

(c) Performance. Each of the Company and Seller shall have performed and complied in all material respects with all the terms, provisions and conditions of this Agreement to be complied with and performed by such party at or prior to Closing.

(d) No Material Adverse Effect. Since the date of this Agreement, there shall not have been a Company Material Adverse Effect.

- (e) Deliveries. Buyer shall have received the deliveries contemplated by Section 8.1.

ARTICLE IX.
Survival; Indemnification

Section 9.1 Survival. All representations and warranties of Seller and the Company contained in, or arising out of, this Agreement (or any certificate or other documents delivered in connection herewith) shall expire at the Closing, and thereafter no claim may be made against Seller or the Company with respect to, or any suit or other proceeding instituted for, any breach of or inaccuracy in any such representation or warranty, other than in the case of Fraud. All covenants of Seller and the Company to be performed prior to the Closing will expire at Closing, and all post-Closing covenants will survive the Closing for the period expressly specified therein, and if no last date is specified, such post-Closing covenant shall continue in accordance with its terms until fully performed. Any claims asserted in good faith and in writing by notice from the non-breaching party to the breaching party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of such survival period and such claims shall survive until finally resolved (including through the date that such claim is finally concluded under the R&W Insurance Policy).

Section 9.2 Indemnification.

(a) From and after the Closing Date and subject to the provisions of this ARTICLE IX, Seller shall indemnify and hold harmless Buyer and its Affiliates (including the Company after the Closing), and its and their respective successors and permitted assigns, as applicable (collectively, the "Buyer Indemnified Parties"), from and against any and all Losses incurred by any or all of them resulting or arising from:

- (i) any breach of or failure to perform, fulfill or comply, in each case, after the Closing, with any post-Closing covenant of Seller;

(ii) any Indebtedness of the Company to the extent not taken into account in connection with the calculation of the Final Closing Consideration Amount;

(iii) any unpaid Taxes of the Company for any Pre-Closing Tax Period to the extent not taken into account in connection with the calculation of the final Closing Consideration Amount;

(iv) any Plan of Seller; and

(v) the *Alban v. Creative Genius, LLC* matter set forth in Section 5.19 of the Company Disclosure Schedule.

(b) From and after the Closing Date and subject to the provisions of this ARTICLE IX, Buyer and the Company shall indemnify and hold harmless Seller and its Affiliates, and its and their respective successors and permitted assigns, as applicable (collectively, the “Seller Indemnified Parties” and together with the Buyer Indemnified Parties, the “Indemnified Parties”), from and against any and all Losses incurred by any or all of them resulting or arising from:

(i) any breach or inaccuracy of any of the representations or warranties of Buyer expressly and specifically set forth in ARTICLE VI of this Agreement; *provided* that, for purposes of determining whether (A) there has been a breach or inaccuracy of such representation or warranty and (B) the amount of any Losses suffered or incurred resulting or arising from any such breach or inaccuracy of any such representation or warranty, any references or qualifications as to “materiality,” “Material Adverse Effect” or words of similar import included therein shall be disregarded; and

(ii) any breach of or failure to perform, fulfill or comply, in each case after the Closing, with any post-Closing covenant of Buyer.

Section 9.3 Limitations on Liability.

(a) With respect to any Losses resulting or arising under Section 9.2(a)(iii), such Losses shall be recoverable: (i) first, from the R&W Insurance Policy to the fullest extent of available coverage thereunder, and (ii) second, to the extent a claim is made under the R&W Insurance Policy and it is finally determined by the insurer (following exhaustion of any administrative appeals process) under the R&W Insurance Policy that such claim is not covered by the R&W Insurance Policy, directly from Seller.

(b) Buyer, on behalf of itself and its Affiliates, acknowledges and agrees that (i) the sole and exclusive remedy of Buyer and its Affiliates with respect to any breach of or inaccuracy in any representation or warranty contained in, or arising out of, this Agreement (or any certificate or other documents delivered in connection herewith) shall be claims under the R&W Insurance Policy, and (b) neither Seller nor any of its Affiliates shall have any direct or indirect liability of any kind or nature with respect to the R&W Insurance Policy or any claim thereunder, in each case, other than in the case of Fraud. The foregoing provisions of this Section 9.3(b) shall apply regardless of whether (I) Buyer continues to maintain the R&W Insurance Policy following the Closing; (II) the R&W Insurance Policy is revoked, cancelled or modified in any manner after

thereof; or (IV) Buyer fails or refuses to make a claim under such R&W Insurance Policy.

Section 9.4 R&W Insurance Policy. Each Party and its Representatives shall reasonably cooperate with the insurer under the R&W Insurance Policy in connection with the defense of any matter which might reasonably constitute a Loss (as defined under the R&W Insurance Policy). The insurer under the R&W Insurance Policy shall have the right to participate in the investigation, defense and settlement of any Third Party Claim (as defined in the R&W Insurance Policy) or other matter reasonably likely to be covered under the R&W Insurance Policy to the extent provided in the R&W Insurance Policy.

Section 9.5 Indemnification Procedures.

(a) If any Litigation shall be instituted or any claim shall be asserted by any Person not party to this Agreement in respect of any matter that (if true) would give rise to a claim for indemnification under this ARTICLE IX (a "Third-Party Claim"), the Indemnified Party shall promptly cause written notice thereof (a "Claim Notice") to be delivered to the party from whom indemnification is sought (the "Indemnifying Party"); *provided*, however, that, so long as such Claim Notice is given within the applicable time period described in Section 9.1, no delay on the part of the Indemnified Party in giving any such Claim Notice shall relieve the Indemnifying Party of any indemnification obligation hereunder unless (and then solely to the extent that) the Indemnifying Party forfeits rights or defenses by reason of such delay or is otherwise prejudiced by such delay. Each Claim Notice shall be in writing and (i) shall describe in reasonable detail such Third-Party Claim, and shall include copies of all material written evidence thereof in the Indemnified Party's possession or control and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party, and (ii) shall specify the basis of the Indemnified Party's entitlement to the indemnification being claimed by the Indemnified Party.

(b) The Indemnifying Party shall have the right, at its sole option and expense, to be represented by counsel of its choice and to defend against, negotiate, settle or otherwise handle any Third-Party Claim and, if the Indemnifying Party elects to defend against, negotiate, settle or otherwise handle any Third-Party Claim, it shall, within thirty (30) days after notice of the Third-Party Claim (the "Dispute Period"), notify the Indemnified Party of its intent to do so; *provided* that the Indemnifying Party shall not have the right to assume the defense of any such Third-Party Claim to the extent that (i) the Third-Party Claim relates to or arises in connection with a criminal proceeding (other than a misdemeanor); or (ii) the relief sought by such Third-Party Claim is an injunction or equitable relief against Buyer, the Company or any of their respective Affiliates (and solely to the extent of the Third-Party Claim that relates to such injunction or equitable relief). If the Indemnifying Party elects to defend against, negotiate, settle or otherwise handle any Third-Party Claim, the Indemnified Party may participate (but not control), at its own expense, in the defense of such Third-Party Claim if (A) so requested expressly in writing by the Indemnifying Party to participate or (B) in the reasonable opinion of counsel to the Indemnified Party, a conflict or potential conflict exists between the Indemnified Party and the Indemnifying Party that would make such separate representation advisable. The Indemnified Party and the Indemnifying Party agree to reasonably cooperate with each other in connection with the defense, negotiation or settlement of any such Third-Party Claim, including making available records relating to such

Third-Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third-Party Claim (except to the extent such cooperation would (1) cause the loss of any attorney-client or other similar privilege of the disclosing party, (2) contravene any applicable Law, fiduciary duty or binding agreement applicable to the disclosing party or (3) unreasonably interfere with the business or operations of the disclosing party). Notwithstanding anything in this Section 9.5 to the contrary, in the event that the Indemnifying Party has elected to defend against, negotiate, settle or otherwise handle any Third-Party Claim, the Indemnifying Party shall not, without the prior written consent

of the Indemnified Party, which consent may not be unreasonably withheld, conditioned or delayed, settle or compromise any Third-Party Claim (each, a “Settlement”); *provided*, however, that the Indemnifying Party may effect a Settlement without such consent if, with respect to such Settlement, (x) the claimant and such Indemnifying Party provide to such Indemnified Party an unqualified and unconditional release from all liability in respect of the Third-Party Claim on a customary form reasonably acceptable to each applicable Indemnified Party and (y) such Settlement does not impose any liabilities or obligations (financial or otherwise) on the Indemnified Party (including an injunction or other equitable relief). Notwithstanding the foregoing, the Indemnifying Party’s right to participate in the defense of any Third-Party Claim is subject to the rights of the insurer under the R&W Insurance Policy, and each Party and its Representatives shall reasonably cooperate with the insurer under the R&W Insurance Policy in connection with such insurer’s rights to participate in the defense of any Third-Party Claim.

(c) If the Indemnifying Party does not undertake within the Dispute Period to defend against a Third-Party Claim, then the Indemnifying Party shall have the right to participate in (but not control) any such defense at its sole cost and expense, but in such case, the Indemnified Party shall control the investigation and defense. If the Indemnified Party has assumed the defense, the Indemnified Party shall not agree to any Settlement without the written consent of the Indemnifying Party, which consent shall not be unreasonably withheld, conditioned or delayed.

(d) Any claim by an Indemnified Party on account of a Loss that does not result from a Third-Party Claim (each, a “Direct Claim”) shall be asserted by the Indemnified Party giving the Indemnifying Party prompt written notice thereof. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure or is otherwise prejudiced by such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have thirty (30) days after its receipt of such notice to respond in writing to such Direct Claim. During such thirty (30)-day period, the Indemnified Party shall allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to such Direct Claim, and whether and to what extent any amount is payable in respect of such Direct Claim and the Indemnified Party shall assist the Indemnifying Party’s investigation by giving such information and assistance as the Indemnifying Party or any of its professional advisors may reasonably request. If the Indemnifying Party does not so respond within such thirty (30)-day period, the Indemnifying Party shall be deemed to have rejected such claim, in which case, the Indemnified Party will be free to

pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.

ARTICLE X. Termination

Section 10.1 Termination. This Agreement may be terminated and the transactions contemplated hereby may be abandoned:

- (a) at any time, by mutual written agreement of Buyer and Seller;
- (b) by Buyer, at any time prior to the Closing, if (i) Seller is in breach, in any material respect, of the representations, warranties or covenants made by it in this Agreement, (ii) such breach is not cured within twenty (20) Business Days of written notice of such breach from Buyer (to the extent such breach is curable) and (iii) such breach, if not cured, would render the conditions set forth in Section 8.4(b) or Section 8.4(c) incapable of being satisfied; *provided, however*, that Buyer shall not be entitled to terminate this Agreement pursuant to this Section 10.1(b) if there has been a violation or breach of this Agreement by Buyer that has prevented or would prevent

satisfaction of any conditions set forth in Section 8.3;

(c) by Seller, at any time prior to the Closing, if (i) Buyer is in breach, in any material respect, of the representations, warranties or covenants made by it in this Agreement, (ii) such breach is not cured within twenty (20) Business Days of written notice of such breach from Seller (to the extent such breach is curable) and (iii) such breach, if not cured, would render the conditions set forth in Section 8.3(b) or Section 8.3(c) incapable of being satisfied; *provided, however*, that Seller shall not be entitled to terminate this Agreement pursuant to this Section 10.1(c) if there has been a violation or breach of this Agreement by the Company or Seller that has prevented or would prevent satisfaction of any conditions set forth in Section 8.4;

(d) by Buyer or Seller, at any time after February 28, 2025 (the "End Date") if the Closing shall not have occurred on or prior to such date; *provided* that the right to terminate this Agreement under this Section 10.1(d) shall not be available to such party if the action or inaction of such party or any of its Affiliates has been a principal cause of or resulted in the failure of the Closing to occur on or before the End Date and such action or failure to act constitutes a breach of this Agreement; or

(e) by Buyer or Seller if any Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Law or Order, or refused to grant any required consent or approval, that has the effect of making the consummation of the transactions contemplated by this Agreement illegal or that otherwise prohibits the consummation of transactions contemplated by this Agreement and such Law, Order or other action shall have become final and non-appealable.

Section 10.2 Procedure Upon Termination. In the event of the termination of this Agreement and the abandonment of the transactions contemplated hereby, written notice thereof shall be given by a terminating party to the other parties, and this Agreement shall terminate and the transactions contemplated hereby shall be abandoned without further action by any of the parties.

Section 10.3 Effect of Termination. If this Agreement is validly terminated pursuant to Section 10.1, then:

(a) Buyer on the one hand, and Seller on the other hand, shall promptly cause to be returned to Seller or Buyer, as applicable, or cause the destruction of, all documents and information obtained in connection with this Agreement and the transactions contemplated hereby and all documents and information obtained by either party in connection with Buyer's investigation of the Company, including any copies made by or supplied to Buyer, Seller or any of their respective Representatives of any such documents or information. Notwithstanding the foregoing, one copy of such documents or information may be retained by each of Buyer and Seller's external legal counsel for evidentiary purposes in the case of any legal proceedings or threatened legal proceedings relating to this Agreement or any of the transactions contemplated hereby; and each of Buyer and Seller need not delete from its electronic archival systems any information archived in an integrated fashion with other, unrelated information of Buyer or Seller, as applicable, as long as Buyer and Seller make no effort to retrieve such archived information.

(b) No party shall have any duties or obligations to the other parties hereto after the date of such termination and none of the parties will have any further liability hereunder; *provided, however*, (i) except as provided in Section 10.4, no such termination shall relieve any party from Liability for any Fraud or Willful Breach by that party, and (ii) Section 7.5, this Section 10.3, Section 10.4 and Article XI shall remain in full force and effect and survive any termination of this Agreement (together with any corresponding defined terms) in accordance with their respective terms. For purposes of this Agreement, the term "Willful Breach" means a breach of a covenant or other agreement set forth in this Agreement that is a consequence of an act or failure to act by the breaching party with the actual knowledge that the taking of such act or failure to take such act would, or would reasonably be expected to, cause a breach of this Agreement.

Section 10.4 Exclusive Remedy. From and after the date of this Agreement until the Closing, the sole and exclusive remedy of each party in the event of a breach (including any Willful Breach) of any representation, warranty, covenant or agreement set forth in this Agreement by another party will be (i) termination of this Agreement in accordance with Section 10.1 and pursuit of the post-termination remedies permitted under Section 10.3, or (ii) specific performance in accordance with Section 11.11. For the avoidance of doubt, while Seller may seek specific performance in accordance with Section 11.11 in no circumstance shall Seller be permitted or entitled to receive (A) payment of monetary damages prior to the termination of this Agreement, or (B) both a grant of specific performance to cause the consummation of the transactions contemplated by this Agreement and payment of any monetary damages.

ARTICLE XI.
Miscellaneous

Section 11.1 Expenses. Except as otherwise provided herein, all fees and expenses incurred in connection with this Agreement, the Ancillary Documents and the transactions contemplated hereby and thereby shall be paid by the party incurring such expenses, whether or not the transactions contemplated hereby or thereby are consummated.

hereto shall be in writing and shall be deemed to have been duly given or made (a) as of the date delivered, if delivered personally, (b) on the date the delivering party receives confirmation of good transmission, if delivered by facsimile or E-mail (in which case, it will be effective upon receipt of confirmation of good transmission, excluding automatic acknowledgements of receipt), or (c) as of the date delivered, if sent by overnight courier (providing proof of delivery), to the parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 11.2):

If to Seller: Vera Bradley Holdings, LLC
c/o Vera Bradley, Inc.
12420 Stonebridge Road
Roanoke, Indiana 46808
Attn: Chief Administrative & Legal Officer – Mark Dely
Fax: (260) 484-2278
E-mail: mdely@verabradley.com

With a copy (which shall not constitute notice) to:
Ice Miller LLP
One American Square, Suite 2900
Indianapolis, Indiana 46282-0200
Attn: Stephen J. Hackman
Fax: (317) 236-2219
E-mail: stephen.hackman@icemiller.com

If to Buyer: Project Aster Acquisition, LLC
c/o CriticalPoint Capital, LLC
2101 Rosecrans Avenue, Suite 4255
El Segundo, CA 90245
Attn: Brad Holtmeier
E-mail: bholtmeier@criticalpoint.com

With a copy (which shall not constitute notice) to:
Cypress, LLP
1925 Century Park East, Suite 1700
Los Angeles, CA 90067
Attn: Brent Bradley
E-mail: brent@cypressllp.com

Section 11.3 Governing Law. This Agreement and all controversies arising out of, in connection with or relating to it shall in be governed by, and construed in accordance with, the Laws of the State of Delaware applicable to agreements made and entirely to be performed within Delaware by its citizens, including all matters of construction, validity and performance.

Section 11.4 Entire Agreement. This Agreement, together with the Exhibits hereto, the Company Disclosure Schedule and the Ancillary Documents, constitute the entire

agreement between the parties concerning the subject matter hereof and supersede all previous agreements, written or oral, relating to the subject matter hereof.

Section 11.5 Severability. Should any provision of this Agreement or the application thereof to any Person or circumstance be held invalid or unenforceable to any extent: (a) such provision shall be ineffective to the extent, and only to the extent, of such unenforceability or prohibition and shall be enforced to the greatest extent permitted by Law, (b) such unenforceability or prohibition in any jurisdiction shall not invalidate or render unenforceable such provision as applied to other Persons or circumstances or in any other jurisdiction, (c) such

unenforceability or prohibition shall not affect or invalidate any other provision of this Agreement and (d) the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a reasonable manner so that the transactions contemplated hereby may be consummated as originally contemplated to the fullest extent possible. Moreover, if any term or other provision of this Agreement shall be invalid, illegal or incapable of being enforced by any rule of law or public policy because it is excessively broad as to duration, scope, activity or subject, the parties intend that such provision shall be deemed modified to the minimum degree necessary to make such provision valid and enforceable under applicable Law and that such modified provision shall thereafter be enforced to the fullest extent permitted under applicable Law.

Section 11.6 Amendment. Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented or modified orally, but only by an instrument in writing signed by Buyer and Seller; *provided* that the observance of any provision of this Agreement may be waived in writing by the party that will lose the benefit of such provision as a result of such waiver.

Section 11.7 Effect of Waiver or Consent. At any time prior to the Closing, any party may, (a) waive any inaccuracies in the representations and warranties of any other party hereto, (b) extend the time for the performance of any of the obligations or acts of any other party hereto or (c) unless prohibited by applicable Law, waive compliance by any other party with any of the agreements contained herein or, except as otherwise provided herein, waive any of such party's conditions. Notwithstanding the foregoing, no failure or delay by Seller or Buyer in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right hereunder. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

Section 11.8 Parties in Interest; Limitation on Rights of Others. The terms of this Agreement shall be binding upon, and inure to the benefit of, the parties and their respective successors and assigns. Nothing in this Agreement, whether express or implied, shall be construed to give any Person (other than the parties and their respective successors and assigns and as expressly provided herein) any legal or equitable right, remedy or claim under or in respect of this Agreement or any covenants, conditions or provisions contained herein, as a third party beneficiary or otherwise; *provided* that Buyer Indemnitees who are not otherwise a party to this Agreement shall be express third party beneficiaries of this Agreement.

Section 11.9 Assignability. This Agreement shall not be assigned by Seller without the prior written consent of Buyer or by Buyer without the prior written consent of Seller; *provided* that Buyer may assign all or any portion of its rights and obligations under this Agreement without such consent to (a) an Affiliate of Buyer and/or (b) any wholly owned U.S. Subsidiary of Buyer, in each case which assignment shall not relieve Buyer of its obligations hereunder.

Section 11.10 Jurisdiction; Court Proceedings; Waiver of Jury Trial.

(a) Any Litigation against any party to this Agreement arising out of, in connection with or relating to this Agreement shall be brought solely in any state or federal court in the State of Delaware (the "Chosen Courts") and each of the parties submits to the exclusive jurisdiction of the Chosen Courts for the purpose of any such Litigation; *provided* that a final judgment in any such Litigation may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law. Each party irrevocably and unconditionally agrees not to assert any (i) objection that it may ever have to the laying of venue of any such Litigation in either Chosen Court, (ii) Claim that any such Litigation brought in either Chosen Court has been brought in an inconvenient forum and (iii) Claim that either Chosen Court does not have personal jurisdiction over such party with respect to such Litigation.

(b) Each party agrees that service of process in any Litigation may be made by mailing a copy thereof by registered or certified mail or by overnight courier service, postage prepaid, to it at its address specified herein. Nothing in this Agreement will affect the right of any party to serve process in any other manner permitted by Law.

(c) EACH OF THE PARTIES TO THIS AGREEMENT HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY OF ANY ACTION (I) ARISING UNDER THIS AGREEMENT OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES, OR ANY OF THE TRANSACTIONS RELATED HERETO, IN EACH CASE, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER AT LAW OR IN EQUITY, BASED IN CONTRACT OR IN TORT OR OTHERWISE. EACH PARTY HEREBY FURTHER AGREES AND CONSENTS THAT ANY SUCH ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT THE PARTIES MAY FILE A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

Section 11.11 Remedies.

(a) The parties agree that irreparable harm for which monetary damages, even if available, would not be an adequate remedy in the event that the parties hereto do not perform the provisions of this Agreement (including failing to take such actions as are required of such party hereunder to consummate the transactions contemplated by this Agreement) in accordance with its specified terms or otherwise breach such provisions. Accordingly, the parties hereto acknowledge and agree that in the event of any breach or threatened breach by Seller on the one hand, or Buyer, on the other hand, or any of their respective covenants or obligations set forth in this Agreement, Buyer, on the one hand, and Seller, on the other hand, shall be entitled to seek an injunction, specific performance and other equitable relief to prevent breaches of this Agreement

and to enforce specifically the terms and provisions hereof, in addition to any other remedy to which they are entitled at law or in equity. Each of the parties hereto agrees that it will not oppose the granting of an injunction, specific performance or other equitable relief on the basis that any other party has an adequate remedy at law or that any award of specific performance is not an appropriate remedy for any reason at law or in equity. Any party seeking an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement shall not be required to provide any bond or other security in connection with any such Order or injunction. The pursuit of an injunction, specific performance or other equitable relief by any party hereto will not be deemed a waiver of the right to pursue any other right or remedy (whether at law or in equity) to which such party may be entitled at any time.

(b) Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by one party of any one remedy will not preclude the exercise at any time of any other remedy.

Section 11.12 Counterparts. This Agreement may be executed by facsimile signatures and in any number of counterparts with the same effect as if all signatory parties had signed the same document. All counterparts shall be construed together and shall constitute one and the same instrument.

Section 11.13 Further Assurance. If at any time after the Closing any further action is necessary or desirable to carry out the intent of this Agreement and to fully effect the transactions contemplated by this Agreement or any other of the Ancillary Documents, each of the parties shall take such further action (including the execution and delivery of such further instruments and documents) as any other party reasonably may request. Each party shall cooperate affirmatively with the other parties, to the extent reasonably requested by such other parties, to enforce the rights and obligations herein provided.

Section 11.14 Attorney-Client Privilege; Retention of Counsel. The Parties acknowledge that Ice Miller LLP ("Counsel") has represented Seller and the Company in connection with the transactions contemplated by this Agreement. Buyer (and the Company post-Closing) agree that any attorney-client privilege, attorney work-product protection, and expectation of client confidence attaching as a result of Counsel's representation of Seller or the Company in connection with the transactions contemplated by this Agreement, and all information and documents covered by such privilege or protection ("Privileged Communications"), shall belong to and be controlled by Seller, and not the Company, from and after the Closing and shall not pass to or be claimed or used by Buyer or, from and after the Closing, the Company. Buyer, the Company (after the Closing) and/or any of their Affiliates shall use commercially reasonable efforts to attempt not to control or access, examine or use such Privileged Communications, including any electronic versions or copies of such communications; provided, however, that, notwithstanding anything herein to the contrary, Buyer shall have no liability for monetary damages in the event Buyer breaches the provision set forth in this sentence. In no event will the Company or Buyer after the Closing object to Seller's retention of Counsel in connection with any matters related to this Agreement and the transactions contemplated hereby, including any litigation, claim or obligation arising out of or relating to this Agreement or the transactions contemplated by this Agreement. Buyer and the Company hereby (a) waive any claim they have or may have that Counsel has a

such prior representation, and (b) agree that, in the event that a dispute arises after the Closing between Buyer and/or the Company, on the one hand, and Seller or its Affiliates, on the other hand, Counsel may represent Seller and its Affiliates in such dispute even though the interests of such Person(s) may be directly adverse to Buyer and/or the Company and even though Counsel may have represented the Company in a matter substantially related to such dispute and may have confidential information learned in the prior representation that is relevant to such dispute.

(signature page follows)

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed and delivered in its name and on its behalf, as of the day and year first above written.

BUYER:

PROJECT ASTER ACQUISITION, LLC

. . . ^ ^

By: _____
Name: Monica Martinez
Title: Vice President

SELLER:

VERA BRADLEY HOLDINGS, LLC

By: _____
Name:
Title:

THE COMPANY:

CREATIVE GENIUS, LLC

By: _____
Name:
Title:

[Signature Page to Interest Purchase Agreement]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed and delivered in its name and on its behalf, as of the day and year first above written.

BUYER:

PROJECT ASTER ACQUISITION, LLC

By: _____
Name:
Title:

SELLER:

VERA BRADLEY HOLDINGS, LLC

By: Mark Dely
Name: Mark Dely
Title: Secretary

THE COMPANY:

CREATIVE GENIUS, LLC

By: Mark Dely
Name: Mark Dely
Title: Secretary

[Signature Page to Interest Purchase Agreement]

EXHIBIT A

Illustrative Calculation of Closing Date Working Capital

Pura Vida

Cash Free, Debt Free Working Capital

3.1.2025

(\$000s)

	<u>Feb Close</u>	
Trade AR	1,433	
Bad debt reserves	(294)	
Other AR	239	
Accounts receivable, net	<u>\$1,378</u>	
Gross Inventory	24,901	
Inventory Reserve	(6,951)	
Net Inventories	<u>17,950</u>	
Prepaid expenses and other current assets		1,163
Total Current Assets	<u>\$20,491</u>	
Accounts payable	\$1,103	
Accrued duty/customs	718	
Other accrued liabilities ⁽¹⁾	503	
Deferred Revenue	365	
Total Current Liabilities	<u>\$2,690</u>	
Cash Free, Debt Free Working Capital		<u><u>\$17,801</u></u>
	Minimum (-2.5%)	\$17,356

⁽¹⁾Includes: Other accruals, Accrued gift card, Use tax payable, Accrued property tax, Percent rent liability, Accrued freight-in

Form of Transition Services Agreement

See attached

TRANSITION SERVICES AGREEMENT

This TRANSITION SERVICES AGREEMENT (this “*Agreement*”) is dated as of [●], 2025, by and between Vera Bradley Holdings, LLC, a Delaware limited liability company (“*Seller*”), and Creative Genius, LLC, a Delaware limited liability company (the “*Company*”). Capitalized terms used herein shall have the meanings given thereto in the Purchase Agreement (as defined below).

WHEREAS, Seller and Project Aster Acquisition, LLC ("**Buyer**") are parties to an Interest Purchase Agreement dated as of March 11, 2025 (the "**Purchase Agreement**"), pursuant to which Buyer has acquired the Company from Seller.

WHEREAS, the Purchase Agreement requires the parties to enter into this Agreement.

AGREEMENT

Seller and the Company agree as follows.

ARTICLE I
SERVICES PROVIDED

1.1 Transition Services. On the terms and subject to the conditions set forth in this Agreement, Seller will (or will cause an Affiliate to) provide each of those services (hereinafter referred to individually as a "**Transition Service**" and collectively as the "**Transition Services**") set forth in Schedule A hereto to the Company during the time period specified for each such Transition Service in such Schedule (hereinafter referred to collectively as the "**Time Periods**" for all of the Transition Services and individually a "**Time Period**" for a Transition Service).

1.2 Personnel. Seller shall provide the personnel required and appropriate to render the Transition Services in accordance with the provisions of this Agreement. All personnel provided by Seller shall be employees, contractors or agents of Seller or one of its Affiliates, and in no event shall such personnel be deemed employees or agents of Company. Seller may provide Transition Services using permanent employees, contract employees or vendor employees as Seller deems appropriate for the work being performed. The Company acknowledges that Seller cannot guarantee the continued employment of specific employees of Seller or its Affiliates, and Seller shall not be responsible if any particular employee is no longer employed by Seller or its Affiliates.

1.3 Coordinators. Each of Seller and the Company shall nominate a representative to act as its primary contact person to coordinate the provision of all the Transition Services (collectively, the "**Primary Coordinators**"). Each Primary Coordinator may designate one or more service coordinators for each specific Transition Service (the "**Service Coordinators**"). Each party may treat an act of a Primary Coordinator or Service Coordinator of another party as being authorized by such other party without inquiring behind such act or ascertaining whether such Primary Coordinator or Service Coordinator had authority to so act, provided, however, that no

4914-9829-0442.7

such Primary Coordinator or Service Coordinator has authority to amend this Agreement. Seller and the Company shall advise each other promptly (in any case no more than five (5) business days) in writing of any change in the Primary Coordinators and any Service Coordinator for a particular Transition Service, setting forth the name of the Primary Coordinator or Service Coordinator to be replaced and the name of the replacement, and certifying that the replacement Primary Coordinator or Service Coordinator is authorized to act for such party in all matters relating to this Agreement, in the case of a Primary Coordinator or, in the case of a Service Coordinator, with respect to the Transition Service for which such Service Coordinator has been designated. Seller and the Company each agree that all communications relating to the provision of the Transition Services shall be directed to the Service Coordinators for such Transition Service with copies to the Primary Coordinators. Seller's initial Primary Coordinator shall be Mark Dely. The Company's initial Primary Coordinator shall be Mike Courtney.

1.4 Level of Transition Services.

(a) The Transition Services shall be of substantially the same type, quality and utilization levels, and shall be provided with substantially the same degree of care and diligence, as such services were provided to the Company consistent with Seller's historical operation of its

business.

(b) In addition to being subject to the terms and conditions of this Agreement for the provision of the Transition Services, Seller and Buyer each agree that the Transition Services provided by third parties shall be subject to the terms and conditions of any agreements between Seller and such third parties, which agreements shall be on substantially the same terms and conditions as Seller would enter into with such third parties for its own account, and no such agreements shall be binding on Buyer without Buyer's express written consent. Seller shall consult with Buyer concerning the terms and conditions of any such agreements to provide Transition Services to be entered into, or proposed to be entered into, with third parties after the date hereof.

1.5 Force Majeure. Any failure or omission by a party in the performance of any obligation under this Agreement shall not be deemed a breach of this Agreement or create any liability, if the same arises from any event or circumstance beyond the reasonable control of such party, including without limitation acts of God, fire, storm, flood, earthquake, governmental regulation or direction, acts of the public enemy, war, rebellion, insurrection riot, invasion, strike or lockout, epidemics, pandemics, national or regional emergency or any actions taken by a governmental authority in response to any of the foregoing, cyberattacks (such as hacking, viruses, ransomware or other compromises to IT systems), and failure or interruption of networks, energy sources or transportation facilities, or any other similar event, in each case to the extent such event makes it impracticable to perform such party's obligations under this Agreement; provided however that such party shall resume the performance whenever such causes are removed.

1.6 Seller to Assist in Transitioning. Seller shall assist the Company in its efforts to provide for itself any Transition Services, including without limitation giving the Company actual possession of the various documents, data and other records used or useful in the delivery of such Transition Services and taking such other steps as are reasonably necessary and without material

cost to Seller to assist the Company to provide for itself such Transition Services on a self-sufficient basis as of the termination date for each of the Transition Services.

1.7 Seller Access. To the extent reasonably required for personnel of Seller to perform the Transition Services, the Company shall provide personnel of Seller with reasonable access during normal business hours (to the extent practicable) to its equipment, office space, plants, telecommunications and computer equipment and systems, and any other areas and equipment.

1.8 Cooperation. The Company shall cooperate with Seller in connection with the performance of the Transition Services hereunder, including producing on a timely basis all information that is reasonably requested with respect to the performance of Transition Services, the provision of equipment, hardware or software not owned by the Company which may be required to appropriately render the Transition Services, and the transition of Transition Services at the end of the applicable Term or any extension thereof from Seller to the Company. Any failure by the Company to perform any of the foregoing shall not alter or diminish Seller's obligations to provide the Transition Services on the terms set forth herein except where the failure to so perform has materially increased Seller's cost or burden to provide such Transition Service, or where such failure prevents the provision of, or diminishes the ability to provide, the Transition Service in substantially the same manner as previously provided. The Company shall not take any action which would interfere with or increase (other than in a de minimis manner) the cost of Seller providing (or causing to be provided) any of the Transition Services.

1.9 Professional Advice or Opinions. It is not the intent of Seller to render, nor of the Company to receive from Seller, professional advice or opinions, whether with regard to tax, legal, regulatory, compliance, treasury, finance, employment or other business and financial matters, technical advice or the handling of or addressing environmental matters. The Company shall not rely on, or construe, any Transition Service provided by or on behalf of Seller as such professional advice or opinions or technical advice, and the Company shall seek all third-party professional advice and opinions or technical advice as it may desire or need independently of this Agreement.

1.10 Use of Services. The Company shall not resell, license, sublet or transfer any Transition Services to any Person whatsoever or permit the use of the Transition Services it receives under this Agreement by any Person other than in connection with the Company's conduct of the operations of its business to the extent consistent with the manner in which such business was conducted prior to the Closing.

1.11 IT Services and Cybersecurity Measures. In connection with the use of the Transition Services, during any time that the Company accesses Seller's informational technology systems, the Company agrees that (a) the Company will use of all security tools and measures listed under "Security – Item 39" in Schedule A, (b) the Company will use multi-factor authentication for all accounts established for the Company after the Closing, (c) shared accounts are not permitted under any circumstances and each user of the Company accessing Seller's systems must be individually named users for the duration of access to Seller's systems, and (d) cell phone and email addresses will be required for each user accessing Seller's systems to enable secure multi-factor authentication and immediate response in the event of a security investigation.

COMPENSATION

2.1 Transition Service Fees. As consideration for the Transition Services, the Company shall pay to Seller the Seller's cost for providing each Transition Service, including staffing, facility and other resource costs as specified for each such Transition Service in Schedule A ("**Service Fees**"). In the event the Company authorizes any changes to the staffing levels, facilities or other resource allocation, then such changes shall be specified in writing together with any adjustments in cost associated therewith, and Schedule A shall be amended by such written authorization. Notwithstanding the foregoing or the provisions of Schedule A, (a) the Company shall not be required to pay any Service Fees (other than the portion of such Service Fees that represent out-of-pocket costs paid by Seller to a third party) for services provided prior to [DATE THAT IS 3 MONTHS AFTER CLOSING DATE], 2025, and (b) the Service Fees (other than the portion of such Service Fees that represent out-of-pocket costs paid by Seller to a third party) to be paid by the Company to Seller for Services provided from [ONE DAY AFTER PREVIOUS DATE], 2025 through and including [DATE THAT IS SIX MONTHS AFTER CLOSING DATE] shall be reduced by fifty percent (50%).

2.2 Invoices. Commencing as of the month in which the Transition Services commence and continuing with each calendar month thereafter during the Term (each, a "**Billing Period**") with respect to which payment or reimbursement by the Company is due under the terms of this Agreement, Seller shall send to the Company an invoice for Transition Services rendered or expenses incurred during the Billing Period. The Company shall pay Seller any amount payable not later than thirty (30) days after the end of the Billing Period for which such amount is due.

2.3 Taxes.

(a) The Service Fees do not include any Taxes assessed on the provision of the Transition Services. Each party shall treat all such Taxes imposed or assessed on the provision of the Transition Services (other than income Taxes payable by Seller on the Service Fees it receives hereunder), together with all interest and penalties related thereto (such Taxes, interest, and penalties, collectively, the "**Service Taxes**"), as the responsibility of the Company. To the extent that any Service Taxes are imposed on Seller with respect to Seller's provision of Transition Services, the Company shall reimburse Seller for such Service Taxes. Such reimbursement shall be in addition to any Service Fees payable by the Company.

(b) All payments by the Company under this Agreement shall be made without set-off and without any deduction or withholding for any Service Taxes, unless the obligation to make such deduction or withholding is imposed by law. In the event that applicable Legal Requirements require that an amount in respect of any Service Taxes be withheld from any payment by the Company to Seller under this Agreement, the amount payable to Seller shall be increased as necessary so that, after the Company has withheld the required amounts, Seller receives an amount equal to the amount it would have received had no such withholding been required. The Company shall withhold the amounts required to be withheld by applicable Legal Requirements, pay such withheld amounts over to the applicable Governmental Authority in accordance with the requirements of the applicable Legal Requirement, and provide Seller with a receipt confirming such payment.

ARTICLE III INDEMNIFICATION; LIMITATION OF LIABILITY

3.1 Limitation of Liability. The parties hereto acknowledge and agree that the Transition Services are provided by Seller: (i) at the request of Buyer in order to accommodate it following the Closing, (ii) at the costs set forth on the applicable Schedule hereto and with no expectation of profit being made by Seller thereon and (iii) with the expectation that Seller is not assuming any financial or operational risks usually assumed by a service provider, except for those risks explicitly set forth herein. Accordingly, the Company agrees that, absent gross negligence

or willful misconduct, (x) Seller, its subsidiaries and affiliates and their directors, officers, employees, representatives, consultants and agents shall not be liable for any indirect, special, incidental or consequential damages, including lost profits or savings, whether or not such damages are foreseeable, and (y) the sole monetary remedy of the Company, Buyer or any other Party for matters arising out of this Agreement, whether in contract, tort (including negligence or strict liability) or otherwise, shall not exceed the sum of the aggregate Service Fees actually paid for the affected Transition Services to Seller pursuant to this Agreement; provided that clause (y) shall not apply in cases where Seller willfully refuses to perform or re-perform any Transition Service as required by this Section 3.1. Notwithstanding anything to the contrary contained herein, in the event Seller commits an error with respect to or incorrectly performs or fails to perform any Transition Service, at the Company's request, Seller shall timely correct such error, re-perform or perform such Transition Service at no additional cost to the Company.

3.2 Indemnity.

(a) The Company agrees to indemnify, defend and hold Seller and its subsidiaries and affiliates and persons serving as officers, directors, partners or employees thereof harmless from and against any damages, liabilities, losses, taxes, fines, penalties, costs and expenses (each, a "**Damage**" and, collectively, the "**Damages**") (including, without limitation, reasonable fees and expenses of counsel) of any kind or nature whatsoever (whether or not arising out of third-party claims and including all amounts paid in investigation, defense or settlement of the foregoing) which may be sustained or suffered by any of them arising out of or based on (i) any negligence or willful misconduct on the part of the Company in performing its obligations under this Agreement, (ii) any breach of this Agreement by the Company, (iii) any violation of any law, rule, regulation or authority by the Company (including its officers, directors, employees, or agents), or (iv) with respect to third party claims only, any use of the Transition Services by the Company or any of its officers, directors, employees, or agents.

(b) Subject to the limitations in Section 3.1, Seller agrees to indemnify and hold the Company, Buyer and their subsidiaries and affiliates and persons serving as officers, directors, partners or employees thereof harmless from and against any Damages (including, without limitation, reasonable fees of counsel) of any kind or nature whatsoever (whether or not arising out of third-party claims and including all amounts paid in investigation, defense or settlement of the foregoing) which may be sustained or suffered by any of them arising out of or based upon (i) any gross negligence or willful misconduct on the part of Seller (or any third party engaged by Seller to perform the Transition Services pursuant to Section 1.2) in performing the Transition Services or its other obligations under this Agreement, (ii) any breach of this Agreement by Seller,

or (iii) any violation of any law, rule, regulation or authority by Seller (including its officers, directors, employees, or agents).

3.3 DISCLAIMER. EXCEPT AS EXPRESSLY SET FORTH HEREIN, NEITHER SELLER NOR ANY OF ITS AFFILIATES MAKES, NOR IS THE COMPANY OR ANY OF ITS AFFILIATES RELYING ON, ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND, WHETHER EXPRESS OR IMPLIED, WRITTEN OR ORAL, AT LAW OR IN EQUITY, WITH RESPECT TO THE TRANSITION SERVICES PROVIDED HEREUNDER OR THE SUBJECT MATTER OF THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY IN REGARD TO QUALITY, PERFORMANCE, NONINFRINGEMENT, COMMERCIAL UTILITY, MERCHANTABILITY OR FITNESS OF THE TRANSITION SERVICES FOR A PARTICULAR PURPOSE.

ARTICLE IV CONFIDENTIALITY

4.1 Obligation. All information concerning the other party and its subsidiaries and affiliates received pursuant to or in connection with this Agreement shall be deemed Confidential

Information within the meaning of Section 7.4 of the Purchase Agreement and the use and disclosure of such Confidential Information of Seller by the Company shall be governed by Section 7.4(a) of the Purchase Agreement, and the use and disclosure by Seller of such Confidential Information of the Company shall be governed by Section 7.4(b) of the Purchase Agreement.

ARTICLE V
TERM

5.1 Term. This Agreement shall become effective on the Closing Date and shall remain in force until [ONE YEAR AFTER THE CLOSING DATE] (the "**Expiration Date**"), unless earlier terminated by the Company in accordance with the terms hereof prior to the Expiration Date. Seller and the Company agree to use commercially reasonable efforts in making the transition of each of the Transition Services from Seller to the Company as soon as reasonably practicable. Termination of specific Transition Services is governed by Section 5.3 below. Seller's obligations to provide all the Transition Services shall immediately cease upon the expiration or earlier termination of this Agreement.

5.2 Termination for Convenience. The Company may terminate this Agreement at any time by written notice to Seller, provided that the Company will remain liable for any Service Fees accrued but not yet paid prior to the effective date termination.

5.3 Termination of Specific Obligations. The Company and Seller acknowledge that certain of the Transition Services shall terminate based on the maximum duration of those services as specified in Schedule A ("**Specified Time Period**"). The Company specifically agrees and acknowledges that all obligations of Seller to provide each Transition Service shall immediately cease upon the expiration of the Specified Time Period for such Transition Service. The Company may terminate any specific Transition Service on written notice to Seller, provided that the Company will remain liable for any Service Fees accrued for such Transition Service but not yet paid prior to the termination of such Transition Service.

5.4 Survival of Certain Obligations. The following obligations shall survive the termination of this Agreement: (a) the obligations of each party under Article III and Article IV and (b) Seller's right to receive any Service Fees incurred hereunder prior to the effective date of termination.

ARTICLE VI MISCELLANEOUS

6.1 Complete Agreement; Construction. This Agreement, including the Schedules hereto, shall constitute the entire agreement between the parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments and writings with respect to such subject matter. In the event of any inconsistency between this Agreement and any Schedule hereto, the Schedule shall prevail.

6.2 Notices. All notices and other communications hereunder shall be in writing and made in the manner provided in Section 11.2 of the Purchase Agreement (with notices to the Company going to Buyer).

6.3 Severability. If any provision of this Agreement is held to be invalid or unenforceable for any reason, it shall be adjusted, rather than voided, in order to achieve the intent of the parties hereto to the maximum extent possible. In any event, the invalidity or unenforceability of any provision of this Agreement in any jurisdiction shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of this Agreement, including that provision, in any other jurisdiction.

6.4 Assignment. This Agreement may not be assigned or otherwise transferred by any party hereto without the prior written consent of the other party hereto; provided that the Company may assign this Agreement (a) to any lender or lenders as security for obligations to such lender or lenders in respect of financing arrangements of the Company or any Affiliate thereof with such lender or lenders, or (b) upon prior written notice to Seller, to any Person that is and at all times remains an Affiliate of the Company or that merges or consolidates with or into the Company or that acquires all or substantially all of the assets or equity securities of the Company. Any attempt to assign or otherwise transfer this Agreement without in contravention of this Section shall not have legal force or effect.

6.5 No Third Party Beneficiaries. No provision of this Agreement is intended to confer, or shall be construed as conferring, any rights upon any Person other than the parties hereto and their permitted successors and assigns.

6.6 Amendment. This Agreement may not be amended, restated, supplemented or otherwise modified, other than in a writing executed by the parties hereto.

6.7 Governing Law; Jurisdiction. This Agreement and all controversies arising out of, in connection with or relating to it shall in be governed by, and construed in accordance with, the Laws of the State of Delaware applicable to agreements made and entirely to be performed within Delaware by its citizens, including all matters of construction, validity and performance. Section 11.10 of the Purchase Agreement shall apply *mutatis mutandis* to any Litigation arising out of this Agreement.

6.8 Counterparts. This Agreement may be executed in one or more counterparts,

including by facsimile or electronic signature, each of which shall be deemed an original all of which shall together constitute one agreement.

6.9 Relationship of Parties. The parties agree that this Agreement creates only an independent contractor relationship between them and except as set forth herein the Company does not retain control as to the means, manner or method in which Seller performs the Transition Services contemplated by this Agreement. Nothing in this Agreement shall be deemed or construed by the parties or any third party as creating a partnership or the relationship of principal and agent or joint venturer between the parties.

(Signatures on Following Page)

IN WITNESS WHEREOF, the parties have executed this Transition Services Agreement as of the date first above written.

SELLER

VERA BRADLEY HOLDINGS, LLC

By: _____

Name: _____
Title: _____

COMPANY

CREATIVE GENIUS, LLC

By: _____
Name: _____
Title: _____

[SIGNATURE PAGE TO TRANSITION SERVICES AGREEMENT]

**LIMITED CONSENT, FOURTH AMENDMENT TO CREDIT AGREEMENT AND
AMENDMENT TO SECURITY AGREEMENT**

This Limited Consent, Fourth Amendment to Credit Agreement and Amendment to Security Agreement, dated as of March 11, 2025 (this "Amendment"), is among Vera Bradley Designs, Inc., as a Borrower, the other Borrowers party hereto, the other Loan Parties party hereto, the Lenders party hereto, and JPMorgan Chase Bank, N.A., as Administrative Agent.

RECITAL

A. Vera Bradley Designs, Inc., the other Loan Parties party thereto, the Lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent, are parties to a Credit Agreement dated as of September 7, 2018, as amended by a certain First Amendment to Credit Agreement dated June 19, 2019, by a certain Second Amendment to Credit Agreement dated July 16, 2019 and by a certain Third Amendment to Credit Agreement dated August 3, 2023 (as amended, and as it may be further amended or modified from time to time, the "Credit Agreement"). Terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

B. The Loan Parties and JPMorgan Chase Bank, N.A., as Administrative Agent, are parties to a Pledge and Security Agreement dated as of September 7, 2018 (as amended or modified from time to time, the "Security Agreement").

C. The Loan Parties have requested an amendment of the Credit Agreement and the Security Agreement as set forth herein, and the Lenders are willing to do so in accordance with the terms hereof.

TERMS

In consideration of the premises and of the mutual agreements herein contained, the parties agree as follows:

ARTICLE 1. AMENDMENTS TO CREDIT AGREEMENT AND SECURITY AGREEMENT

Upon the satisfaction of the conditions specified in Article 3 hereof, the Credit Agreement and Security Agreement are amended as of the date hereof as follows:

1.1 The definition of "Additional Reporting Period" in Section 1.01 of the Credit Agreement is amended and restated in its entirety as follows:

"Additional Reporting Period" means the period beginning on the date that Availability is less than \$25,000,000 at any time, and continuing even if Availability is equal to greater than \$25,000,000 thereafter; provided that, if the Fixed Charge Coverage Ratio is greater than 1.0:1.0 for two consecutive fiscal quarters ending after the first fiscal quarter of the 2026 fiscal year, then "Additional Reporting Period" means the period beginning on the date that Availability is less than the greater of (i) \$10,000,000, and (ii) 12.5% of the Aggregate Revolving Commitment, and ending on the date that Availability has been greater than the foregoing threshold for 60 consecutive days, subject to reinstatement.

1.2 Each reference in Sections 5.06 and 5.12 of the Credit Agreement to "12.5% of the Aggregate Revolving Commitment" is replaced with "\$25,000,000 at any time, and continuing even if

fiscal year, then less than 12.5% of the Aggregate Revolving Commitment”).

1.3 Section 6.12(a) of the Credit Agreement is amended and restated in its entirety as follows:

(a) Fixed Charge Coverage Ratio.

(i) The Borrowers will not permit the Fixed Charge Coverage Ratio, as of the end of any fiscal month of Holdings, commencing with the fiscal month for which the Administrative Agent has received financial statements ending immediately preceding the date on which (x) there is an Event of Default, or (y) the Borrowers’ Availability is less than \$25,000,000 at any time, to be less than 1.0 to 1.0, and such covenant shall continue to be in effect even if there is no Event of Default and Availability is equal to greater than \$25,000,000 thereafter.

(ii) If the Fixed Charge Coverage Ratio is greater than 1.0:1.0 for two consecutive fiscal quarters ending after the first fiscal quarter of the 2026 fiscal year, then this clause 6.12(a)(ii) shall be in effect (and 6.12(a)(i) shall not be in effect). The Borrowers will not permit the Fixed Charge Coverage Ratio, as of the end of any fiscal month of Holdings, commencing with the fiscal month for which the Administrative Agent has received financial statements ending immediately preceding the date on which (A) there is an Event of Default, or (B) the Borrowers’ Availability is less than the greater of (1) \$9,375,000, and (2) 12.5% of the lesser of (x) the Aggregate Revolving Commitment, and (y) the Borrowing Base, to be less than 1.0 to 1.0. Once the covenant under this clause 6.12(a)(ii) is in effect, compliance with such covenant will be discontinued on the day immediately succeeding the last day of the fiscal month which includes the 60th consecutive day on which the Borrowers’ Availability remains in excess of 12.5% of the Revolving Commitment, provided that (A) no Default shall have occurred and be continuing as of such day and (B) such covenant may not be discontinued pursuant to this sentence more than five (5) times during the term of this Agreement.

1.4 The definition of “Cash Dominion Period” in Section 1.3 of the Security Agreement is amended and restated in its entirety as follows:

“Cash Dominion Period” means any period when any Default exists and any other period beginning on the date that Availability is less than \$25,000,000 at any time, and continuing even if Availability is equal to greater than \$25,000,000 thereafter. For all purposes of the Credit Agreement, cash dominion shall be deemed to be in effect during any Cash Dominion Period.

ARTICLE 2. CONSENT; RELEASE.

2.1 On or about the date hereof, VB Holdings and CG desire to enter into that certain Interest Purchase Agreement by and among Project Aster Acquisition, LLC (“Buyer”), VB Holdings and CG in the form of Exhibit A hereto (the “CG Interest Purchase Agreement”), pursuant to which VB Holdings will sell 100% of the Equity Interests of CG (the “CG Membership Interests”) to the Buyer (the “CG Sale”). In reliance upon the representations, warranties and covenants of the Loan Parties contained herein and subject to the satisfaction of the conditions set forth in Section 2.2 and Article V hereof and otherwise herein, (a) the Administrative Agent and the Lenders signatory hereto hereby irrevocably consent to the CG Sale pursuant to the CG Interest Purchase Agreement and (b) the Administrative Agent and Lenders hereby further agree that the net proceeds received by VB Holdings or any other Loan Party with respect to the CG Sale (but not any other sale, transfer, lease or other disposition) shall not be subject

to the prepayment requirements of Section 2.11 of the Credit Agreement. The Loan Parties shall not amend, supplement or otherwise modify the CG Interest Purchase Agreement without the prior written consent of the Administrative Agent.

2.2 Among other conditions herein, the consent by the Lenders to the CG Sale is subject to each of the following, and the Loan Parties hereby represent to, and agree with, the Lenders as to each of the following: (i) no Default exists at the time of the CG Sale, no Default would be caused by the CG Sale and the CG Sale occurs on or before February 15, 2025; (ii) a correct and complete final copy of the Interest Purchase Agreement is attached hereto as Schedule 6.05, and the Interest Purchase Agreement has not been, and will not be, amended or otherwise modified without the consent of the Administrative Agent; (iii) the representations and warranties of the Loan Parties in this Amendment shall be true and

correct and (iv) the Loan Parties have not sold or otherwise transferred any assets to CG, nor made any loan, advance or other investment in CG, since the date of the most recent financial statements of the Loan Parties delivered to the Administrative Agent pursuant to Section 5.01(b) of the Credit Agreement, and will not sell or otherwise transfer any assets to CG, nor make any loan, advance or other investment in CG.

2.3 As of the Closing (as defined in the CG Interest Purchase Agreement), Administrative Agent and Lenders agree that:

(i) CG shall be irrevocably released from each of the Loan Documents and shall cease to be a "Borrower," "Loan Guarantor", "Grantor" or any other defined term used to refer to CG thereunder.

(ii) All Liens, claims, security interests, financing statements, intellectual property security agreements, encumbrances, pledges and other collateral interests against all properties and assets of CG (including, without limitation, the Collateral of CG) and the Equity Interests of CG owned by VB Holdings (the "CG Membership Interests") in favor of Administrative Agent, for the benefit of the Lenders, or any Lender, under the Loan Documents shall automatically terminate and be satisfied, released and forever discharged. The Administrative Agent hereby authorizes the Borrowers or any of their agents, attorneys or designees to file and/or deliver to the appropriate parties, UCC termination statements and any other releases pertaining to the Liens and security interests of the Administrative Agent and/or Lenders in the property and assets of CG and the CG Membership Interests and agree to promptly execute and deliver to the Borrowers or any of their agents, attorneys or designees any other documents as the Borrowers reasonably request from time to time to evidence the foregoing.

2.4 The Loan Parties agree to promptly notify the Administrative Agent upon the Closing of the CG Sale. The Loan Parties hereby acknowledge and agree that the Administrative Agent will not release its security interests in any Collateral (including the sale proceeds of the CG Sale) other than the assets owned by CG as specifically set forth herein (subject to the terms hereof) and the CG Membership Interests, and its security interests with respect to each of the other Loan Parties shall continue in full force and effect in accordance with the Loan Documents following consummation of the CG Sale.

ARTICLE 3. REPRESENTATIONS. In order to induce the Lenders and the Administrative Agent to enter into this Amendment, each Loan Party represents and warrants to each Lender and the Administrative Agent, that the following statements are true, correct and complete or shall be true, correct and complete at the time specified therein:

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3.1 The execution, delivery and performance of this Amendment are within its powers and have been duly authorized by it.

3.2 This Amendment is the legal, valid and binding obligation of it, enforceable against it in accordance with the terms hereof, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

3.3 After giving effect to the amendments herein contained the representations and warranties contained in the Credit Agreement and the representations and warranties contained in the other Loan Documents are true in all material respects on and as of the date hereof with the same force and effect as if made on and as of the date hereof (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date, and that any representation or warranty which is subject to any materiality qualifier shall be required to be true and correct in all respects), and no Default exists or has occurred and is continuing on the date hereof.

ARTICLE 5. CONDITIONS PRECEDENT.

This Amendment shall be effective as of the date hereof when each of the following is satisfied:

5.1 This Amendment shall be executed by each of the Borrowers, the other Loan Parties, the Lenders, and the Administrative Agent.

5.2 The Administrative Agent shall have received an executed copy of the CG Interest Purchase Agreement.

5.3 The representations and warranties of the Loan Parties herein shall be true, correct and complete

5.4 The Administrative Agent shall have received and be reasonably satisfied with such other agreements, instruments and documents, and the Borrowers shall have satisfied such other conditions, as the Administrative Agent may have reasonably requested.

ARTICLE 6. MISCELLANEOUS.

6.1 References in the Loan Documents to the Credit Agreement and the Security Agreement shall be deemed to be references to the Credit Agreement and the Security Agreement, as applicable, as amended hereby and as further amended from time to time. This Amendment is a Loan Document and is subject to various terms of the Credit Agreement, including without limitation Sections 9.06(b), 9.07, 9.09 and 9.10.

6.2 Except as expressly amended hereby, each Loan Party agrees that the Loan Documents are ratified and confirmed and shall remain in full force and effect and that it has no set off, counterclaim, defense or other claim or dispute with respect to any of the foregoing. Except as expressly set forth herein, all rights, powers, privileges and remedies of the Administrative Agent and the Lenders and all obligations of the Loan Parties, shall remain in full force and effect. Each of the Loan Parties acknowledges, ratifies, confirms and reaffirms its grant of Liens on its properties and assets pursuant to the Loan Documents to secure the prompt and complete payment, performance and/or observance of all or any part of the Secured Obligations. Each Loan Party acknowledges and agrees that each of the Administrative Agent, the Issuing Bank, each Lender and each Related Party of any of the foregoing Persons has properly performed and satisfied in a


timely manner all of its obligations to each Loan Party under or in connection with the Loan Documents and the transactions related thereto, all actions taken by the Administrative Agent and the Lenders are reasonable and appropriate under the circumstances and within their rights under the Loan Documents and they are not aware of any currently existing claims or causes of action against the Administrative Agent, the Issuing Bank, any Lender or any Related Party of any of the foregoing Persons under or in connection with the Loan Documents or any of the transactions related thereto.

6.3 This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract.

BY THE SIGNATURE OF THE PARTIES ABOVE, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

BORROWERS:

VERA BRADLEY DESIGNS, INC.

By  _____


Name: Michael Schwindle
Title: Executive Vice President and Chief Financial Officer

VERA BRADLEY INTERNATIONAL, LLC

By  _____

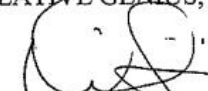
Name: Michael Schwindle
Title: Executive Vice President and Chief Financial Officer

VERA BRADLEY SALES, LLC

By  _____

Name: Michael Schwindle
Title: Executive Vice President and Chief Financial Officer


CREATIVE GENIUS, LLC

By  _____

Name: Michael Schwindle
Title: Executive Vice President and Chief Financial Officer

OTHER LOAN PARTIES:

VERA BRADLEY, INC.

By  _____

Name: Michael Schwindle
Title: Executive Vice President and Chief Financial Officer

VERA BRADLEY HOLDINGS, LLC

By  _____

Name: Michael Schwindle
Title: Executive Vice President and Chief Financial Officer

Signature Page to Vera Bradley Fourth Amendment to Credit Agreement

JPMORGAN CHASE BANK, N.A., individually and as
Administrative Agent, Issuing Bank and Swingline
Lender

By  _____

Name: Mac Banas
Title: Authorized Officer

Signature Page to Vera Bradley Fourth Amendment to Credit Agreement

Exhibit A

See attached CG Interest Purchase Agreement

**VERA BRADLEY, INC.
INSIDER TRADING POLICY**

Vera Bradley, Inc. (the “Company”) has adopted this Insider Trading Policy (this “Policy”) both to satisfy its obligation to prevent insider trading and to help you avoid the severe consequences associated with violations of insider trading laws and other relevant securities laws. This Policy also is intended to prevent even the appearance of improper conduct on the part of anyone employed by or associated with the Company.

Scope of Policy

Persons Covered. This Policy applies to all directors, officers, employees, agents and consultants of the Company and its subsidiaries and affiliated companies, as well as to any other outsiders who the Company’s Chief Financial Officer or General Counsel may designate because they have access to material nonpublic information concerning the Company. Unless the context clearly requires otherwise, in this Policy, references to “you” include:

- your family members who reside with you;
- anyone else who lives in your household;
- any family members who do not live in your household but whose transactions in securities are directed by you or are subject to your influence or control (such as parents or children who consult with you before they trade in securities);
- any person to whom you have disclosed material nonpublic information;
- any person acting on your behalf or on behalf of any individual listed above; and
- any entity which you control or that is controlled by any person listed above.

You are responsible for making sure that the purchase or sale of any security covered by this Policy by any such person or entity complies with this Policy.

Securities Covered. Although it is most likely that the “material nonpublic information” you possess will relate to the common stock of the Company, the Company may from time to time issue other securities that are publicly traded and, therefore, subject to this Policy. In addition, this Policy applies to purchases and sales of the securities of other entities, including customers or suppliers of the Company and entities with which the Company may be negotiating major transactions (such as an acquisition, investment or sale of assets). Information that is not material to the Company may nevertheless be material to those entities.

Statement of Policy

No Trading if in Possession of Material Nonpublic Information. If you possess “material nonpublic information” relating to the Company, its subsidiaries or any other entity, you may not (a) purchase or sell securities of the Company or such other entity, (b) direct any other person or entity to purchase or sell such securities, (c) disclose the information to anyone outside the Company, or (d) provide trading advice regarding securities of the Company or such other entity

Material Nonpublic information. “Material nonpublic information” is information that is not available to the public at large that could affect the market price of a security and which a reasonable investor would regard as important in deciding whether to buy, sell or hold the security. Either positive or negative information may be material. Because trading that receives scrutiny will be evaluated after the fact with the benefit of hindsight, questions concerning the materiality of particular information should be resolved in favor of materiality, and trading should be avoided if such information is nonpublic. If you are not sure whether nonpublic information constitutes material information, you should either consult with the Company’s Chief Financial Officer or General Counsel or assume the information is material nonpublic information and treat it as confidential. Common examples of material information include, but are not limited to:

- forecasts, estimates or projections of earnings or results of operations for current or future periods;
- news of a pending or proposed merger, acquisition, tender offer, divestiture or disposition of significant assets;

- changes in dividend policies;
- actual or threatened major litigation, or the resolution of such litigation;
- major events regarding securities, including the declaration of a stock split or the offering of additional securities (debt or equity);
- new major contracts, orders, suppliers, customers or finance sources, or the loss thereof;
- a change in management;
- financial liquidity problems; or
- significant new products or services.

Public Information. Information is considered to be available to the public only when it has been released to the public through appropriate channels (for example, by means of a press release, a publicly accessible conference call or a governmental filing) and enough time has elapsed to permit the investment market to absorb and evaluate the information. As a general rule, information is considered absorbed and evaluated after the completion of the second trading day after the information is released. As with questions of materiality, if you are not sure whether information is considered public, you should either consult with the Company's Chief Financial Officer or General Counsel or assume the information is non-public and treat it as confidential.

Improper Disclosure. The Company has authorized only certain individuals to publicly release material nonpublic information. Unless you are explicitly authorized to do so, you should refrain from discussing material nonpublic information with anyone outside the company. If such information is improperly disclosed to outsiders, the Company may be forced to release it publicly. For example, an improper disclosure which results in a news story about a pending acquisition may require public release of plans that could upset the transaction. Therefore, you should avoid discussing such information in public and should ensure that documents containing sensitive information about the Company are secure and are not distributed improperly.

Violations. If you violate this Policy or any federal or state laws governing insider trading, or know of any such violation by any other person, you must report the violation immediately to the Company's Chief Financial Officer or General Counsel. Upon learning of any such violation, the Company's Chief Financial Officer and General Counsel, in consultation with the Company's President and legal counsel, will determine whether the Company should release any material nonpublic information, or whether the Company should report the violation to the U.S. Securities & Exchange Commission (the "SEC") or other appropriate governmental authority. Failure to observe this Policy could lead to legal problems for you, as well as for the Company. In addition, violation of this Policy or federal or state insider trading by any director, officer, employee, consultant or agent, or by the parties they are responsible for under this Policy, may subject the director to dismissal proceedings, the officer or employee to disciplinary action by the Company, up to and including termination, and the agent or consultant to termination of his or her service relationship.

Post-Termination Transactions

Please be advised that insider trading laws remain applicable even after your employment or service relationship with the Company and/or its subsidiaries and affiliated companies terminates. In particular, if you are aware or become aware of material, nonpublic information regarding the Company at the end of your employment or service relationship or subsequent thereto, you should not trade in Company securities until that information has been publicly released. The Company requires your compliance with this Policy and federal and state securities laws during the term of your engagement with the Company, and expects your continued compliance with federal and state securities laws thereafter.

Black Out Periods

A "black out" period is a period during which you may not execute transactions in Company securities. Please bear in mind that even if a black out period is not in effect, at no time may you trade in Company securities if you are aware of material nonpublic information about the Company. For example, if the Company issues a quarterly earnings release and you are aware of other material nonpublic information not disclosed in the earnings release, you may not trade in Company securities.

Earnings Black Out Periods. You may not buy or sell Company securities during the period beginning four weeks prior to the last day of each fiscal quarter or fiscal year of the Company and ending at the opening of the trading market on the first full business day following the public release of the financial results for such fiscal quarter or year (for example, by means of a press release, a publicly accessible conference call or a governmental filing). For example, the fourth quarter of fiscal 2020 ends on January 31, 2020, and the Company issues its earnings release for that quarter on March 11, 2020 prior to the opening of markets. Therefore, employees are prohibited from purchasing or selling the Company's common stock between January 4, 2020 and March 12, 2020 (except selling pursuant to a Company-approved 10b5-1 plan as described below). In accordance with this Policy, the Company will from time to time advise interested parties of the expected timing of its earnings releases.

Event-Specific Black Out Periods. The Company reserves the right to impose trading black out periods from time to time when, in the judgment of the Company, a black out period is warranted. A black out period may be imposed for any reason, including the Company's involvement in a material transaction, the anticipated issuance of interim earnings guidance or other material public announcements. The existence of an event-specific black out period may not be announced, or may be announced only to those who are aware of the transaction or event giving rise to the black out period. If you are made aware of the existence of an event-specific black out period, you should not disclose the existence of such black out period to any other person. Individuals that are subject to event-specific black out periods will be contacted when these periods are instituted from time to time.

Pension Fund Black Out Periods. The Sarbanes-Oxley Act of 2002 prohibits all purchases, sales or transfers of company securities by directors and officers of the Company during a "pension fund black out period." A pension fund black out period exists whenever 50% or more of the participants in a Company benefit plan are unable to conduct transactions in their Company common stock accounts for more than three (3) consecutive business days. These black out periods typically occur when there is a change in the benefit plan's trustee, record keeper or investment manager. Individuals that are subject to these black out periods will be contacted when these periods are instituted from time to time.

Hardship Exceptions. If you have an unexpected and urgent need to sell Company securities in order to generate cash you may, in appropriate circumstances, be permitted to sell Company securities during a black out period. Hardship exceptions may be granted only by the Chief Financial Officer and must be requested at least two (2) business days in advance of the proposed transaction.

Other Trading Restrictions

The Company considers it improper and inappropriate for you to engage in short-term or speculative transactions in Company securities or in other transactions in Company securities that may lead to inadvertent violations of relevant securities laws. Accordingly, your transactions in Company securities are subject to the following guidance.

Short-Term Trading. You may not purchase Company securities and then sell any Company securities of the same class for at least six months after the purchase; or sell Company securities and then purchase any Company securities of the same class for at least six months after the sale.

Short Sales. You may not engage in short sales of Company securities (sales of securities that are not then owned), including a "sale against the box" (a sale with delayed delivery).

Publicly Traded Options. You may not engage in transactions in publicly traded options on Company securities (such as puts, calls and other derivative securities) on an exchange or in any other organized market.

Hedging. You may not enter into hedging (making an investment to reduce the risk of adverse price movements or to offset potential losses/gains in a Company security) or other monetization transactions or similar arrangements with respect to Company securities.

Standing Orders. Standing orders should be used only for a very brief period of time. A standing order placed with a broker to sell or purchase stock at a specific price leaves you with no control over the timing of the transaction. A standing order transaction executed by the broker when you are aware of material nonpublic information may result in unlawful insider trading even if the standing order was placed at a time when you did not possess material nonpublic information.

Margin Accounts and Pledges. Securities held in a margin account or pledged as collateral for a loan may be sold by the broker if you fail to meet a margin call or by the lender in foreclosure if you default on the loan. You

may not have control over these transactions as the securities may be sold at certain times without your consent. Because of this danger, you may not enter into pledging arrangements or maintain a margin account with respect to Company securities.

Stock Option Exercises. You may exercise stock options for cash. However, you may not sell the underlying shares of Company stock and you may not engage in a cashless exercise of a stock option through a broker (because this entails selling a portion of the underlying stock to cover the costs of exercise) during any black out period or while you possess material nonpublic information.

Stock Incentive Plan. You may be granted stock-based compensation awards, including restricted shares, under the Vera Bradley Designs, Inc. 2010 Restricted Stock Plan. You may not, however, sell any Company stock granted under the plan during any black out period or while you possess material nonpublic information.

Rule 10b5-1 Plans

Transactions in Company securities under a plan that complies with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), are not subject to the prohibition on trades during black out periods or the prohibition on trading while being aware of material nonpublic information described above. Executive officers and directors are encouraged to employ Rule 10b5-1 plans in connection with any sale or disposition of Company securities. Section 16 Reporters must still report the details of completed transactions in accordance with the "Pre-Clearance of Securities Transactions – Procedures" section below.

In general, a Rule 10b5-1 plan is a plan that:

- i. that has been reviewed and approved at least one month in advance of any trades thereunder by the Company's Chief Financial Officer or General Counsel (or, if revised or amended, such revisions or amendments have been reviewed and approved by the Company's Chief Financial Officer or General Counsel at least one month in advance of any subsequent trades). In addition, any Rule 10b5-1 plans entered into by the Company's Chief Executive Officer or Chief Financial Officer shall be subject to the further approval of the Company's Board of Directors or an authorized committee thereof;
- ii. was entered into in good faith outside of a blackout period and at a time when you were not in possession of material non-public information about the Company; and
- iii. gives a third party the discretionary authority to execute purchases and sales, outside of your control, so long as such third party does not possess any material non-public information about the Company; or explicitly specifies the security or securities to be purchased or sold, the number of shares, the prices and/or dates of transactions, or other formula(e) describing such transactions. Once the plan is adopted, you must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade.

Section 16 Reporting and Pre-clearance for Directors and Officers

Covered Persons. This Section applies only to the following persons (the "Covered Persons"):

- employees who hold the position of Senior Vice President or above with the Company or any of its subsidiaries;
- executive officers of the Company (including certain officers of the Company's subsidiaries);
- directors of the Company; and
- such other persons as may be designated by the Company's Chief Financial Officer or General Counsel from time to time.

Pre-clearance Policy. Because Covered Persons are likely to obtain material non-public information on a regular basis, you may not engage in any transaction involving Company securities (including a stock plan transaction such as an option exercise, a gift, loan, pledge or hedge, contribution to a trust or any other transfer) without first obtaining pre-clearance of the transaction from the Company's Chief Financial Officer or Chief Legal Officer in the manner provided for below. This Pre-clearance Policy is designed not only to ensure your compliance with insider trading laws, but also to prevent violations of Sections 16(a) and 16(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Section 16(a) requires the filing of a Form 4 with the SEC reporting certain transactions in Company securities within two (2) business days following the date of such transactions. Section 16(b) provides that Company insiders, including directors and certain officers of the Company, are liable to the

Company for any "short-swing profits" resulting from a non-exempt purchase or sale of Company securities that occurs within a period of less than six (6) months from an opposite way transaction. The SEC may cause the Company to contribute these disgorged profits into a public fund to be used for restitution to the victims of such violations. Although compliance with Section 16(a), Section 16(b) and other restricted trading periods is your responsibility, the pre-clearance of all trades will allow the Company to assist you in preventing inadvertent violations. The Company will notify you if you are subject to Section 16 of the Exchange Act (a "Section 16 Reporter").

Procedure. A request for pre-clearance should be submitted by you to the Company's Chief Financial Officer at least two (2) business days in advance of the proposed transaction(s) and should contain a brief description of the proposed transaction(s). In addition, when seeking pre-clearance, you must certify in writing no earlier than two (2) business days prior to the proposed transaction(s) that (i) you are not in possession of material nonpublic information concerning the Company and (ii) the proposed transaction(s) do(es) not result in a requirement to disgorge profits under Section 16(b) of the Exchange Act and (iii) the proposed transaction, if eligible, will be made in accordance with Rule 144 under the Securities Act. To ensure that the Company has sufficient time to prepare and file necessary Forms 4 with the SEC, Section 16 Reporters must also report the details of completed transactions to the Company's Chief Financial Officer at least by the close of business on the date the transactions occur. Due to the short, two-business day period following transactions during which Form 4 reports must generally be filed, the Company may have Forms 4 executed and filed on behalf of Section 16 Reporters using the power of attorney granted to the Company for this purpose. Please contact the Company immediately if you believe there may be any errors in such filings.

Expiration of Pre-Clearance. The Company's Chief Financial Officer shall record the date each pre-clearance request is received and the date and time each request is approved or disapproved. Unless revoked, a grant of permission will normally remain valid until the close of trading (5) five business days following the day on which it was granted. If the approved transaction(s) do(es) not occur during the five-business-day period, pre-clearance of the transaction(s) must be re-requested.

Discretion of the Company's Chief Financial Officer. The existence of the foregoing approval procedure does not in any way obligate the Company's Chief Financial Officer to approve any trades requested by you. The Company's Chief Financial Officer may reject any trading requests in his or her sole reasonable discretion. The Company's Chief Financial Officer may not approve or disapprove his or her own pre-clearance request.

Consequences

Insider trading violations are pursued vigorously by the SEC and the U.S. Attorneys and are punished severely. Failure to comply with this Policy may also subject you to Company-imposed sanctions, including dismissal for cause, whether or not your failure to comply results in a violation of law.

Revised and adopted: March 5, 2020

**Vera Bradley, Inc.
Subsidiaries**

Subsidiary	State of Incorporation
Vera Bradley Designs, Inc	Indiana
Vera Bradley International, LLC	Indiana
Vera Bradley Sales, LLC	Indiana
Vera Bradley Handbag Design (Dongguan) Co., Ltd.	The People's Republic of China
Vera Bradley Hong Kong Co., Limited	Hong Kong
Vera Bradley Holdings, LLC	Delaware
Creative Genius, LLC	Delaware
Pura Vida Europe Limited	United Kingdom

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-249701 and 333-272824 on Form S-8 of our reports dated March 28, 2025, relating to the financial statements of Vera Bradley, Inc. and the effectiveness of Vera Bradley, Inc.'s internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended February 1, 2025.

/s/ Deloitte & Touche LLP

Indianapolis, Indiana
March 28, 2025

CERTIFICATIONS

I, Jacqueline Ardrey, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 statement 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 period presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 28, 2025

/s/ Jacqueline Ardrey

Jacqueline Ardrey
Chief Executive Officer

CERTIFICATIONS

I, Michael Schwindle, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 statement 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 period presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 28, 2025

/s/ Michael Schwindle

Michael Schwindle
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, Jacqueline Ardrey, the Chief Executive Officer of Vera Bradley, Inc., certify that (i) the annual report on Form 10-K for the fiscal year ended February 1, 2025 (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/ Jacqueline Ardrey

Jacqueline Ardrey
Chief Executive Officer

March 28, 2025

Date

I, Michael Schwindle, the Chief Financial Officer of Vera Bradley, Inc., certify that (i) the annual report on Form 10-K for the fiscal year ended February 1, 2025 (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/ Michael Schwindle

Michael Schwindle
Chief Financial Officer

March 28, 2025

Date