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

FORM 10-Q

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

For the Quarterly Period Ended August 1, 2026

OR

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

For the Transition Period From __________ to __________

Commission File Number: 001-34918

VERA BRADLEY, INC.
(Exact name of registrant as specified in its charter)

Indiana **(State or other jurisdiction of incorporation or organization)**	**27-2935063** **(I.R.S. Employer Identification No.)**
12420 Stonebridge Road, Roanoke, Indiana **(Address of principal executive offices)**	**46783** **(Zip Code)**

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

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

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

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

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

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

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒ (Do not check if a smaller reporting company)	Smaller reporting company	☐
		Emerging growth company	☐

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

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

The registrant had 28,688,664 shares of its common stock outstanding as of September 8, 2026.

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FORWARD-LOOKING STATEMENTS

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

- possible inability to successfully implement our long-term strategic plans;
- possible declines in our comparable sales;
- possible inability to maintain and enhance our brands;
- possible failure of our multi-channel distribution model;
- possible 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, and other related 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 websites;
- possible disruptions in our supply chain;
- possible new or increased tariffs on our products and increases in inbound and outbound freight expense that could lead to increased product costs and lower profit margins; and
- public health pandemics and actions by governmental or other actors regarding containment.

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

For a discussion of the above described risks and uncertainties and other risks and uncertainties that could cause actual results to differ materially from those contained in our forward-looking statements, please refer to “Risk Factors” in Item 1A of our Annual Report on Form 10-K for the fiscal year ended January 31, 2026, as well as in Item 1A herein.

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

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

(unaudited)

	August 1, 2026	January 31, 2026
Assets		
Current assets:		
Cash and cash equivalents	$ 34,249	$ 18,513
Accounts receivable, net	12,819	17,301
Inventories	69,252	75,951
Short-term contingent consideration	1,835	1,605
Income taxes receivable	223	317
Prepaid expenses and other current assets	7,468	6,034
Total current assets	125,846	119,721
Operating right-of-use assets	64,915	63,233
Property, plant, and equipment, net	44,255	46,358
Long-term contingent consideration	—	230
Other assets	4,257	4,463
Total assets	$ 239,273	$ 234,005
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 14,905	$ 16,235
Accrued employment costs	8,698	5,394
Short-term operating lease liabilities	15,573	18,620
Other accrued liabilities	12,353	10,185
Income taxes payable	22	16
Total current liabilities	51,551	50,450
Long-term operating lease liabilities	55,395	51,914
Other long-term liabilities	2	2
Total liabilities	106,948	102,366
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, 44,519 and 43,800 shares issued and 28,684 and 27,966 shares outstanding, respectively	—	—
Additional paid-in capital	117,180	116,152
Retained earnings	172,114	172,439
Accumulated other comprehensive loss	(149)	(132)
Treasury stock	(156,820)	(156,820)
Total shareholders' equity	132,325	131,639
Total liabilities and shareholders' equity	$ 239,273	$ 234,005

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

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

(unaudited)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 1, 2026	August 2, 2025	August 1, 2026	August 2, 2025
Net revenues	$ 71,649	$ 70,858	$ 127,351	$ 122,510
Cost of sales	28,835	35,361	55,706	64,246
Gross profit	42,814	35,497	71,645	58,264
Selling, general, and administrative expenses	38,747	40,442	72,875	81,246
Other income, net	113	353	762	533
Operating income (loss) from continuing operations	4,180	(4,592)	(468)	(22,449)
Interest income (expense), net	227	(134)	162	(130)
Income (loss) from continuing operations before income taxes	4,407	(4,726)	(306)	(22,579)
Income tax (benefit) expense	(93)	(17)	19	390
Net income (loss) from continuing operations	4,500	(4,709)	(325)	(22,969)
Income (loss) from discontinued operations, net of income tax	—	37	—	(15,163)
Net income (loss)	$ 4,500	$ (4,672)	$ (325)	$ (38,132)
Basic weighted-average shares outstanding	28,546	27,935	28,337	27,854
Diluted weighted-average shares outstanding	30,004	27,935	28,337	27,854
Basic net income (loss) per share:				
Continuing operations	$ 0.16	$ (0.17)	$ (0.01)	$ (0.82)
Discontinued operations	$ —	$ —	$ —	$ (0.55)
Basic net income (loss) per share	$ 0.16	$ (0.17)	$ (0.01)	$ (1.37)
Diluted net income (loss) per share:				
Continuing operations	$ 0.15	$ (0.17)	$ (0.01)	$ (0.82)
Discontinued operations	$ —	$ —	$ —	$ (0.55)
Diluted net income (loss) per share	$ 0.15	$ (0.17)	$ (0.01)	$ (1.37)

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

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

(unaudited)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 1, 2026	August 2, 2025	August 1, 2026	August 2, 2025
Net income (loss)	$ 4,500	$ (4,672)	$ (325)	$ (38,132)
Cumulative translation adjustment	(5)	(64)	(17)	(108)
Comprehensive income (loss), net of tax	$ 4,495	$ (4,736)	$ (342)	$ (38,240)

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

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

(unaudited)

	Number of Shares						
	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Shareholders' Equity
Balance at January 31, 2026	**27,965,520**	**15,834,579**	**$ 116,152**	**$ 172,439**	**$ (132)**	**$ (156,820)**	**$ 131,639**
Net loss	—	—	—	(4,825)	—	—	(4,825)
Translation adjustments	—	—	—	—	(12)	—	(12)
Restricted shares vested, net of repurchase for taxes	472,914	—	(412)	—	—	—	(412)
Stock-based compensation	—	—	659	—	—	—	659
Balance at May 2, 2026	**28,438,434**	**15,834,579**	**$ 116,399**	**$ 167,614**	**$ (144)**	**$ (156,820)**	**$ 127,049**
Net income	—	—	—	4,500	—	—	4,500
Translation adjustments	—	—	—	—	(5)	—	(5)
Restricted shares vested, net of repurchase for taxes	245,981	—	(518)	—	—	—	(518)
Stock-based compensation	—	—	1,299	—	—	—	1,299
Balance at August 1, 2026	**28,684,415**	**15,834,579**	**$ 117,180**	**$ 172,114**	**$ (149)**	**$ (156,820)**	**$ 132,325**

	Number of Shares						
	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Shareholders' Equity
Balance at February 1, 2025	**27,700,900**	**15,834,579**	**$ 115,515**	**$ 220,279**	**$ (19)**	**$ (156,820)**	**$ 178,955**
Net loss	—	—	—	(33,460)	—	—	(33,460)
Translation adjustments	—	—	—	—	(44)	—	(44)
Restricted shares vested, net of repurchase for taxes	217,422	—	(171)	—	—	—	(171)
Stock-based compensation	—	—	754	—	—	—	754
Balance at May 3, 2025	**27,918,322**	**15,834,579**	**$ 116,098**	**$ 186,819**	**$ (63)**	**$ (156,820)**	**$ 146,034**
Net loss	—	—	—	(4,672)	—	—	(4,672)
Translation adjustments	—	—	—	—	(64)	—	(64)
Restricted shares vested, net of repurchase for taxes	18,382	—	(29)	—	—	—	(29)
Stock-based compensation	—	—	(783)	—	—	—	(783)
Balance at August 2, 2025	**27,936,704**	**15,834,579**	**$ 115,286**	**$ 182,147**	**$ (127)**	**$ (156,820)**	**$ 140,486**

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

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

(unaudited)

	Twenty-Six Weeks Ended	
	August 1, 2026	August 2, 2025
Cash flows from operating activities		
Net loss	$ (325)	$ (38,132)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation of property, plant, and equipment	3,522	4,100
Amortization of operating right-of-use assets	9,914	10,220
Impairment charges	—	1,048
Provision for doubtful accounts	161	97
Stock-based compensation	2,658	(29)
Loss on sale of business	—	15,163
Other non-cash loss, net	92	17
Changes in assets and liabilities:		
Accounts receivable	4,321	(3,994)
Inventories	6,699	(4,913)
Prepaid expenses and other assets	(1,228)	(1,212)
Accounts payable	(1,718)	2,830
Income taxes	100	140
Operating lease liabilities, net	(11,162)	(11,772)
Accrued and other liabilities	4,687	3,139
Net cash provided by (used in) operating activities	17,721	(23,298)
Cash flows from investing activities		
Purchases of property, plant, and equipment	(1,038)	(2,613)
Proceeds from sale of business, net of cash disposed	—	1,037
Net cash used in investing activities	(1,038)	(1,576)
Cash flows from financing activities		
Tax withholdings for equity compensation	(930)	(200)
Borrowings under asset-based revolving credit agreement	—	15,000
Repayment of borrowings under asset-based revolving credit agreement	—	(5,000)
Net cash (used in) provided by financing activities	(930)	9,800
Effect of exchange rate changes on cash and cash equivalents	(17)	(108)
Net increase (decrease) in cash and cash equivalents	15,736	(15,182)
Cash and cash equivalents, beginning of period	18,513	30,366
Cash and cash equivalents, end of period	$ 34,249	$ 15,184

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

(unaudited)

	Twenty-Six Weeks Ended	
	August 1, 2026	August 2, 2025
Supplemental disclosure of cash flow information		
Cash (received) paid for interest	$ (244)	$ 121
Cash (received) paid for income taxes, net	$ (80)	$ 252
Supplemental disclosure of non-cash activity		
Non-cash operating, investing, and financing activities		
Purchases of property, plant, and equipment incurred but not yet paid	$ 622	$ 92
Contingent consideration related to sale of business	$ 1,835	$ 2,552

Refer to Note 3 herein for supplemental cash flow information regarding the Company's leases. Refer to Note 13 herein for supplemental cash flow information regarding the discontinued operations.

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

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

1. Description of the Company and Basis of Presentation

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

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.

On March 11, 2025, the Company entered into an Interest Purchase Agreement (the "Agreement") to sell one hundred percent (100%) of Creative Genius, Inc. ("Creative Genius"), which operates under the name Pura Vida Bracelets. The sale consummated on March 31, 2025. As a result, the operations of Pura Vida have been classified as discontinued operations in the consolidated financial statements in accordance with ASC 205-20, *Discontinued Operations*. Prior period amounts have been retrospectively adjusted to conform to the current period presentation. Unless otherwise specified, disclosures in these condensed consolidated financial statements reflect continuing operations only.

Following the sale, Pura Vida is no longer included in the Company's consolidated financial results. Refer to Note 13 for additional information.

The Company has two reportable segments: Direct and Indirect. During the thirteen weeks ended May 3, 2025, the Company completed the sale of Pura Vida, which was previously considered a reportable segment.

- The Direct segment consists of sales of Vera Bradley products through Vera Bradley full-line and outlet stores in the United States; e-commerce sites (verabradley.com, verabradleyoutlet.com, and international.verabradley.com); direct to consumer marketplaces; and typically the Vera Bradley annual outlet sale in Fort Wayne, Indiana. As of August 1, 2026, the Company operated 26 full-line stores and 86 outlet stores.
- The Indirect segment consists of revenues generated through the distribution of Vera Bradley-branded products to specialty retailers representing approximately 1,200 locations, substantially all of which are located in the United States; key accounts, which include department stores, national accounts, and third-party inventory liquidators; and royalties recognized through licensing agreements related to the Vera Bradley brand.

The accompanying unaudited consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States ("GAAP") have been condensed or omitted as permitted by such rules and regulations. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2026, filed with the SEC.

The interim financial statements reflect all adjustments that are, in the opinion of management, necessary to present fairly the results for the interim periods presented. All such adjustments are of a normal, recurring nature. The results of operations for the thirteen and twenty-six weeks ended August 1, 2026, are not necessarily indicative of the results to be expected for the full fiscal year due to, in part, seasonal fluctuations in the business and the uncertainty of macroeconomic factors on future periods, including inflation and other related matters.

Principles of Consolidation

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

During the thirteen weeks ended May 3, 2025, the Company completed the sale of its wholly owned subsidiary, Creative Genius, also referred to as Pura Vida. As a result, the operations of Pura Vida have been classified as discontinued operations in the consolidated financial statements in accordance with ASC 205-20.

Fiscal Periods

The Company's fiscal year ends on the Saturday closest to January 31. References to the fiscal quarters ended August 1, 2026 and August 2, 2025 refer to the thirteen week periods ended on those dates.

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

Recently Issued Accounting Pronouncements

In November 2024, the FASB 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.

In September 2025, the FASB issued Accounting Standards Update (ASU) No. 2025-06, "Intangibles - Goodwill and Other-Internal-Use Software (Topic 350-40): Targeted Improvements to the Accounting for Internal-Use Software". This amendment modernizes and makes targeted improvements to the accounting for software costs found under Topic 350-40, effective for fiscal years and interim periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements and disclosures.

Recent Business Developments

In February 2026, the U.S. Supreme Court issued a ruling striking down certain tariffs previously imposed under the International Emergency Economic Powers Act ("IEEPA"). In response, the U.S. Customs and Border Protection agency established a process for importers to submit refund claims for certain previously paid IEEPA tariffs.

As of August 1, 2026, the Company has submitted refund requests and received refunds related to certain previously paid IEEPA tariffs. Because the timing of claim acceptance, resolution and payment was previously uncertain, the Company did not recognize any related refunds and interest until cash was received. During the quarter ended August 1, 2026, $8.0 million in refunds and $0.3 million in interest was received. $7.7 million was recognized in Cost of Goods Sold during the quarter with the remaining $0.3 million to be recognized in the third quarter of fiscal 2027. All interest received was recorded in interest income in the period. No additional refunds are expected to be received by the Company.

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

2. Revenue from Contracts with Customers

Disaggregation of Revenue

The following presents the Company's net revenues disaggregated by product category for the thirteen weeks ended August 1, 2026 and August 2, 2025 (in thousands):

	Thirteen Weeks Ended August 1, 2026		
	Direct Segment	Indirect Segment	Total
Product categories			
Bags	$ 33,148	$ 3,235	$ 36,383
Travel	15,481	1,334	16,815
Accessories	9,001	607	9,608
Home	4,568	81	4,649
Apparel/Footwear	1,257	3	1,260
Other	1,922 (1)	1,012 (2)	2,934
Total net revenues	$ 65,377 (3)	$ 6,272 (4)	$ 71,649

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

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

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

(4) $5.3 million of net revenues related to product sales recognized at a point in time and $1.0 million of net revenues related to sales-based royalties recognized over time.

	Thirteen Weeks Ended August 2, 2025		
	Direct Segment	Indirect Segment	Total
Product categories			
Bags	$ 29,615	$ 6,983	$ 36,598
Travel	14,909	1,865	16,774
Accessories	8,702	670	9,372
Home	3,770	158	3,928
Apparel/Footwear	1,630	99	1,729
Other	1,888 (1)	569 (2)	2,457
Total net revenues	$ 60,514 (3)	$ 10,344 (4)	$ 70,858

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

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

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

(4) $9.8 million of net revenues related to product sales recognized at a point in time and $0.5 million of net revenues related to sales-based royalties recognized over time.

The following presents the Company's net revenues disaggregated by product category for the twenty-six weeks ended August 1, 2026 and August 2, 2025 (in thousands):

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

	Twenty-Six Weeks Ended August 1, 2026		
	Direct Segment	Indirect Segment	Total
Product categories			
Bags	$ 52,824	$ 9,340	$ 62,164
Travel	27,591	3,450	31,041
Accessories	16,351	2,056	18,407
Home	7,668	280	7,948
Apparel/Footwear	2,435	33	2,468
Other	3,361 (1)	1,962 (2)	5,323
Total net revenues	$ 110,230 (3)	$ 17,121 (4)	$ 127,351

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

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

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

(4) $15.2 million of net revenues related to product sales recognized at a point in time and $1.9 million of net revenues related to sales-based royalties recognized over time.

	Twenty-Six Weeks Ended August 2, 2025		
	Direct Segment	Indirect Segment	Total
Product categories			
Bags	$ 46,799	$ 11,463	$ 58,262
Travel	27,081	4,180	31,261
Accessories	15,925	1,435	17,360
Home	7,307	390	7,697
Apparel/Footwear	3,192	174	3,366
Other	3,293 (1)	1,271 (2)	4,564
Total net revenues	$ 103,597 (3)	$ 18,913 (4)	$ 122,510

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

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

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

(4) $17.7 million of net revenues related to product sales recognized at a point in time and $1.2 million of net revenues related to sales-based royalties recognized over time.

Contract Balances

Contract liabilities as of August 1, 2026 and January 31, 2026, were $1.6 million. The balance as of August 1, 2026 and January 31, 2026 consisted primarily of unredeemed gift cards. These contract liabilities are recognized within other accrued liabilities on the Company's Condensed Consolidated Balance Sheets. Substantially all contract liabilities are recognized within one year. The Company did not have contract assets as of August 1, 2026 and January 31, 2026.

The balance for accounts receivable from contracts with customers, net of allowances, as of August 1, 2026 and January 31, 2026, was $11.3 million and $16.4 million, respectively, which is recognized within accounts receivable, net, on the Company's Condensed Consolidated Balance Sheets. The provision for doubtful accounts was $0.6 million and $0.5 million as of August 1, 2026 and January 31, 2026, 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 Direct and Indirect segments include the promise to transfer distinct goods (or a bundle of distinct goods). The 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 August 1, 2026.

3. Leases

Discount Rate

The weighted-average discount rate as of August 1, 2026, and August 2, 2025 was 5.3% and 5.1%, respectively. The discount rate is not readily determinable in the lease; therefore, the Company estimated the incremental borrowing rate, at the commencement date of each lease, which is the rate of interest it would have to borrow on a collateralized basis over a similar term with similar payments.

Leases Not Yet Commenced

As of August 1, 2026, there were no executed leases in which the Company did not have control of the underlying asset.

Amounts Recognized in the Condensed Consolidated Financial Statements

The following lease expense is recorded within cost of sales for the Asia sourcing office and certain equipment leases and within selling, general, and administrative expenses for all other leases, including retail store leases, in the Company's Condensed Consolidated Statement of Operations for the thirteen and twenty-six weeks ended August 1, 2026 and August 2, 2025 (in thousands):

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 1, 2026	August 2, 2025	August 1, 2026	August 2, 2025
Operating lease cost	$ 5,997	$ 6,218	$ 11,843	$ 12,576
Variable lease cost	1,012	1,012	2,114	2,096
Short-term lease cost	55	83	116	195
Less: Sublease income [1]	(102)	(103)	(204)	(208)
Total net lease cost	$ 6,962	$ 7,210	$ 13,869	$ 14,659

[1] Related to the sublease of a former Company location.

The weighted-average remaining lease term as of August 1, 2026 and August 2, 2025 was 4.3 years and 4.4 years, respectively.

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

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

	Twenty-Six Weeks Ended	
	August 1, 2026	August 2, 2025
Cash paid for amounts included in the measurement of operating lease liabilities[1]	$ 12,998	$ 14,202
Right-of-use assets increase as a result of new and modified operating lease liabilities, net	$ 11,596	$ 2,106

[1] $2.3 million of lease liabilities were recorded within accounts payable on the Company's Consolidated Balance Sheets as of August 2, 2025, and were subsequently paid in the month following the end of the period.

4. Earnings Per Share

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

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

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 1, 2026	August 2, 2025	August 1, 2026	August 2, 2025
Numerator:				
Net income (loss) from continuing operations	$ 4,500	$ (4,709)	$ (325)	$ (22,969)
Income (loss) from discontinued operations, net of income tax	—	37	—	(15,163)
Net income (loss)	$ 4,500	$ (4,672)	$ (325)	$ (38,132)
Denominator:				
Weighted-average number of common shares (basic)	28,546	27,935	28,337	27,854
Dilutive effect of stock-based awards	1,458	—	—	—
Weighted-average number of common shares (diluted)	30,004	27,935	28,337	27,854
Basic net income (loss) per share:				
Continuing operations	$ 0.16	$ (0.17)	$ (0.01)	$ (0.82)
Discontinued operations	$ —	$ —	$ —	$ (0.55)
Basic net income (loss) per share	$ 0.16	$ (0.17)	$ (0.01)	$ (1.37)
Diluted net income (loss) per share:				
Continuing operations	$ 0.15	$ (0.17)	$ (0.01)	$ (0.82)
Discontinued operations	$ —	$ —	$ —	$ (0.55)
Diluted net income (loss) per share	$ 0.15	$ (0.17)	$ (0.01)	$ (1.37)

For the twenty-six weeks ended August 1, 2026 and the thirteen and twenty-six weeks ended August 2, 2025, all potential common shares were excluded from the diluted share calculation because they were anti-dilutive due to the net loss in the period.

5. Fair Value of Financial Instruments

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

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

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

The carrying amounts reflected on the Condensed Consolidated Balance Sheets for cash and cash equivalents, accounts receivable, other current assets, and accounts payable as of August 1, 2026 and January 31, 2026, approximated their fair values.

The following table details the fair value measurements of the Company's instruments as of August 1, 2026 and January 31, 2026 (in thousands):

	Level 1		Level 2		Level 3	
	August 1, 2026	January 31, 2026	August 1, 2026	January 31, 2026	August 1, 2026	January 31, 2026
Contingent consideration related to sale of business[1]	—	—	—	—	$ 1,835	$ 1,835

[1] Established during the thirteen weeks ended May 3, 2025. Refer to Note 13 herein for additional information.

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. No impairment charges were recorded for the thirteen and twenty-six weeks ended August 1, 2026 and thirteen weeks ended August 2, 2025. There were $1.0 million impairment charges recorded for the twenty-six weeks ended August 2, 2025 for store property, plant, and equipment. These charges are included in selling, general, and administrative ("SG&A") expenses in the Consolidated Statements of Operations and in impairment charges in the Consolidated Statements of Cash Flows.

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.

On a nonrecurring basis, assets recognized or disclosed at fair value on the consolidated financial statements include items such as property, plant, and equipment, including leasehold improvements, and operating lease assets.

Vera Bradley, Inc.
Notes to the Condensed Consolidated Financial Statements
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6. Debt

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 March 11, 2025, certain subsidiaries of the Company, JPMorgan 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 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. The Fourth Amendment allowed for the sale of Creative Genius and irrevocably released Creative Genius from the loan documents upon completion of the sale.

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.

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) $25.0 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).

On October 21, 2025, VBD amended the agreement to include, among other things, to: (i) permit the sale of certain real property assets without requiring the application of the proceeds from such sale to be used to repay amounts outstanding under the Credit Agreement, (ii) remove the prohibition against sale and leaseback transactions and (iii) increase the amount of Company assets permitted to be disposed of in any fiscal year outside the ordinary course of business from $5,000,000 to $10,000,000.

The Credit Agreement matures in May 2028.

As of August 1, 2026 and January 31, 2026, the Company had no borrowings outstanding under its Credit Agreement and availability of $54.3 million and $58.6 million, respectively. Availability under the Credit Agreement is driven by a borrowing base comprised primarily of eligible accounts receivable and inventory, each subject to advance rates, eligibility criteria, and applicable reserves. As a result, borrowing capacity may fluctuate based on the level and quality of receivables and the composition and valuation of inventory.

7. Income Taxes

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

The effective tax rate for the thirteen weeks ended August 1, 2026 was (2.1)% compared to 0.4% for the thirteen weeks ended August 2, 2025. The effective tax rate for the twenty-six weeks ended August 1, 2026, was (6.2)%, compared to (1.7)% for the twenty-six weeks ended August 2, 2025.

Refer to Note 13 herein for the information regarding the income tax impact associated with the sale of Pura Vida on March 31, 2025.

On July 4, 2025, the One Big Beautiful Bill Act (“OBBBA”) was signed into law, making permanent certain provisions of the Tax Cuts and Jobs Act, including 100% bonus depreciation, domestic research cost expensing, and the business interest expense limitation. In accordance with ASC 740, the Company has recognized the effects of the new tax law in fiscal 2026. As the Company maintains a full valuation allowance on its U.S. deferred tax assets, the legislation does not have a material impact on our consolidated financial statements.

8. Stock-Based Compensation

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

The Company reserved 9,000,000 shares of common stock for issuance or transfer under the 2020 Equity and Incentive Plan, as amended, which allows for grants of restricted stock units, as well as other equity awards. The Company maintains the 2010 Equity and Incentive Plan for awards granted prior to the effectiveness of the 2020 Equity and Incentive Plan.

Executive Short-Term Incentive Plan

During the twenty-six weeks ended August 1, 2026, the Company initiated a new executive short-term incentive plan that provides for settlement in both equity and cash based on the achievement of certain performance objectives. Awards earned at or below 100% of target are settled entirely in shares of the Company's common stock. For awards earned in excess of 100% of target, the portion up to 100% of target is settled in shares of the Company's common stock, with any excess amount settled in cash. Shares issued under the plan vest immediately upon grant.

The portion of awards that is settled in shares of the Company's common stock results in a variable number of shares based on achievement of Company performance metrics. Accordingly, this portion of the awards is accounted for as liability-classified share-based awards. During the thirteen weeks and twenty-six weeks ended August 1, 2026, $0.3 million and $0.7 million of share-based compensation expense under this plan, respectively, was recognized in selling, general and administrative expenses on the Condensed Consolidated Income Statements and the related liability of $0.7 million included in accrued employment costs on the Condensed Consolidated Balance Sheets.

Under the previous executive short-term incentive plan in the prior-year period, all incentive compensation was paid solely in cash.

Awards of Restricted Stock Units

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During the thirteen weeks ended August 1, 2026, the Company granted 209,800 time-based and performance-based restricted stock units with an aggregate fair value of $0.8 million to certain employees and non-employee directors under the 2020 Equity and Incentive Plan, compared to 1,253,694 time-based and performance-based restricted stock units with an aggregate fair value of $2.7 million in the same period of the prior-year.

During the twenty-six weeks ended August 1, 2026, the Company granted 1,556,847 time-based and performance-based restricted stock units with an aggregate fair value of $5.4 million to certain employees and non-employee directors under the 2020 Equity and Incentive Plan, compared to 2,757,196 time-based and performance-based restricted stock units with an aggregate fair value of $5.9 million in the same period of the prior-year.

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

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

The following table sets forth a summary of restricted stock unit activity for the twenty-six weeks ended August 1, 2026 (units in thousands):

	Time-based Restricted Stock Units		Performance-based Restricted Stock Units	
	Number of Units	Weighted-Average Grant Date Fair Value (per unit)	Number of Units	Weighted-Average Grant Date Fair Value (per unit)
Nonvested units outstanding at January 31, 2026	2,383	$ 2.28	215	$ 5.26
Granted	970	3.45	587	3.44
Vested	(806)	2.53	(173)	4.82
Forfeited	(143)	2.57	(19)	6.69
Nonvested units outstanding at August 1, 2026	2,404	$ 2.65	610	$ 3.58

As of August 1, 2026, there was $7.8 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 2.2 years, subject to meeting performance conditions.

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9. Commitments and Contingencies

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

In June of 2025, the Company received a notice from the buyer of Creative Genius requesting a purchase price adjustment of approximately $4.6 million related to the sale of Creative Genius. The demand was based on certain working capital adjustments. The Company has disputed this purchase price adjustment request. On August 27, 2025, the Company filed an action in the Chancery Court of Delaware seeking a judgment declaring that the buyer's claim for a purchase price adjustment is improper and barred by the purchase Agreement. The Company has filed for summary judgment in that action. At this time, we are not able to estimate a possible loss or range of loss that may result from this matter or to determine whether such loss, if any, would have a material adverse effect on our financial condition or results of operations due to the fact that the Company believes the purchase price adjustment is improper, and is seeking to have it declared as such by a Delaware Court. The Company believes that it has a number of meritorious legal approaches in defending itself against these claims.

The Company is also 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.

10. Common Stock

During the fourth quarter 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 August 1, 2026, there was $30.0 million remaining available to repurchase shares of the Company's common stock under the 2024 Share Repurchase Program.

As of August 1, 2026, 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 2010 Equity and Incentive Plan (with respect to outstanding awards under that plan), under the 2020 Equity and Incentive Plan, or for other corporate purposes.

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11. 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 optimization initiatives were identified and are expected to be fully realized in fiscal 2027. 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 thirteen weeks ended August 1, 2026 (in thousands):

	Reportable Segment			
	Direct	Indirect	Unallocated Corporate Expenses	Total Expense
Severance charges	$ —	$ —	$ 46	$ 46
Total [1]	$ —	$ —	$ 46	$ 46

[1] Recorded within selling, general, and administrative ("SG&A") expenses

The Company incurred the following charges during the twenty-six weeks ended August 1, 2026 (in thousands):

	Reportable Segment			
	Direct	Indirect	Unallocated Corporate Expenses	Total Expense
Severance charges	$ 334	$ 117	$ 712	$ 1,163
Total [1]	$ 334	$ 117	$ 712	$ 1,163

[1] Recorded within selling, general, and administrative ("SG&A") expenses

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

	Severance Charges Activity
Liability as of January 31, 2026	$ 744
Fiscal 2027 charges	1,163
Cash payments	(1,866)
Liability as of August 1, 2026 [1]	$ 41

[1] Remaining liability is recorded within accrued employment costs

The Company incurred the following charges during the thirteen weeks ended August 2, 2025 (in thousands):

	Reportable Segment			
	Direct	Indirect	Unallocated Corporate Expenses	Total Expense
Severance charges	$ —	$ —	$ 3,018	$ 3,018
Total [1]	$ —	$ —	$ 3,018	$ 3,018

[1] Recorded within selling, general, and administrative ("SG&A") expenses

The Company incurred the following charges during the twenty-six weeks ended August 2, 2025 (in thousands):

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	Reportable Segment			
	Direct	Indirect	Unallocated Corporate Expenses	Total Expense
Severance charges	$ 15	$ —	$ 3,293	$ 3,308
Total [(1)]	$ 15	$ —	$ 3,293	$ 3,308

[(1)] Recorded within selling, general, and administrative ("SG&A") expenses

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

	Severance Charges Activity
Liability as of February 1, 2025	$ 2,525
Fiscal 2026 charges	3,308
Cash payments	(3,803)
Liability as of August 2, 2025[(1)]	$ 2,030

[(1)] Remaining liability is recorded within accrued employment costs

12. Segment Reporting

The Company has two operating segments, which are also its reportable segments: Direct and Indirect. During the thirteen weeks ended May 3, 2025, the Company completed the sale of its wholly owned subsidiary, Creative Genius, also referred to as Pura Vida which was the Company's third reporting segment. Refer to Note 13 for additional information. 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 Chairman and Chief Executive Officer.

The Direct segment includes Vera Bradley full-line and outlet stores; e-commerce sites (verabradley.com, verabradleyoutlet.com, and international.verabradley.com); direct to consumer marketplaces; and typically the Vera Bradley annual outlet sale. Revenues generated from this segment are driven through the sale of Vera Bradley-branded products from Vera Bradley to end consumers.

The Indirect segment represents revenues generated through the distribution of Vera Bradley-branded products to specialty retailers representing approximately 1,200 locations, substantially all of which are located in the United States; key accounts, which include department stores, national accounts, and third-party inventory liquidators; and royalties recognized through licensing agreements related to the Vera Bradley brand.

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. Income earned under the Transition Services Agreement ("TSA") resulting from the sale of Creative Genius is netted against these unallocated corporate expenses. 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.

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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.

Net revenues, cost of sales, other segment expenses, and operating income information for the Company's reportable segments, as well as a reconciliation to loss from continuing operations before income taxes during the twenty-six weeks ended August 1, 2026 and August 2, 2025, respectively, consisted of the following (in thousands):

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 1, 2026	August 2, 2025	August 1, 2026	August 2, 2025
Segment net revenues:				
Direct	$ 65,377	$ 60,514	$ 110,230	$ 103,597
Indirect	6,272	10,344	17,121	18,913
Total	$ 71,649	$ 70,858	$ 127,351	$ 122,510
Segment cost of sales:				
Direct	$ 26,618	$ 29,352	$ 47,890	$ 53,229
Indirect	2,217	6,009	7,816	11,017
Total	$ 28,835	$ 35,361	$ 55,706	$ 64,246
Other segment expenses, net [(1)]				
Direct	$ 22,077	$ 21,827	$ 42,551	$ 46,569
Indirect	1,077	2,145	2,318	3,726
Total	$ 23,154	$ 23,972	$ 44,869	$ 50,295
Segment operating income:				
Direct	$ 16,682	$ 9,335	$ 19,789	$ 3,799
Indirect	2,978	2,190	6,987	4,170
Total	$ 19,660	$ 11,525	$ 26,776	$ 7,969
Reconciliation:				
Segment operating income:	$ 19,660	$ 11,525	$ 26,776	$ 7,969
Unallocated corporate expenses	$ (15,480)	$ (16,117)	$ (27,244)	$ (30,418)
Interest (expense) income	227	(134)	162	(130)
Income (loss) from continuing operations before income taxes	$ 4,407	$ (4,726)	$ (306)	$ (22,579)

[(1)] Other segment expenses, net include SG&A expenses and are net of other income.

13. Discontinued Operations

On March 11, 2025, the Company completed the sale of Creative Genius pursuant to an Interest Purchase Agreement (the "Agreement") to sell one hundred percent (100%) of Creative Genius, which operates under the name Pura Vida Bracelets. The sale consummated on March 31, 2025. In connection with the transaction, the Company received total consideration of $3.5 million, consisting of a combination of cash consideration, subject to net working capital and net cash adjustments, as well as contingent consideration.

At closing, the Company received cash proceeds of $0.9 million, in addition, the Company is entitled to receive contingent consideration with an estimated fair value of $2.5 million, based on the present value of expected future payments. The remaining contingent consideration receivable was $1.8 million as of August 1, 2026. The contingent consideration is calculated as 5% of total sales generated by the divested business, as operated by the buyer, net of customary shipping costs, during the earn-out period specified in the agreement. The earn-out period and related terms are consistent with customary provisions for transactions of this nature. The fair value of the contingent consideration was determined using a probability-weighted discounted cash flow analysis based on internal projections of the

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buyer's expected future sales. The fair value measurement is classified as Level 3 within the fair value hierarchy due to the use of unobservable inputs.

The Company will assess changes in the fair value of the contingent consideration at each reporting date, with any adjustments recognized in earnings in the period in which such changes are identified.

The Company recorded a net loss on disposal of $15.2 million for the twenty-six weeks ended August 2, 2025. The loss on sale is presented as part of results of the discontinued operations.

The results of operations for the Pura Vida business is reported as discontinued operations in the Consolidated Statements of Operations for all periods presented in this Form 10-Q. This business was historically presented as its own reportable segment.

Results of discontinued operations were as follows for the twenty-six weeks ended August 1, 2026 and August 2, 2025:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 1, 2026	August 2, 2025	August 1, 2026	August 2, 2025
Net revenues	$ —	$ —	$ —	$ 5,553
Cost of sales	—	—	—	2,167
Gross profit	—	—	—	3,386
Selling, general, and administrative expenses	—	—	—	3,244
Other expense, net [1]	—	37	—	(15,305)
Operating income (loss) from discontinued operations	—	37	—	(15,163)
Interest income, net	—	—	—	—
Income (loss) from discontinued operations before income taxes	—	37	—	(15,163)
Income tax expense	—	—	—	—
Income (loss) from discontinued operations	—	37	—	(15,163)

[1] Includes $15.2 million loss on sale of discontinued operations recorded during the twenty-six weeks ended August 2, 2025.

The Company provided certain transition services to support the divested business in accordance with the Interest Purchase Agreement.

The following table presents cash flows from operating and investing activities for discontinued operations for the twenty-six weeks ended August 1, 2026 and August 2, 2025:

	Twenty-Six Weeks Ended	
	August 1, 2026	August 2, 2025
Cash used in operating activities - discontinued operations	$ —	$ (2,115)
Cash provided by investing activities - discontinued operations	—	2

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

The following discussion summarizes the significant factors affecting the condensed consolidated operating results, financial condition, liquidity, and cash flows of the Company as of and for the thirteen and twenty-six weeks ended August 1, 2026 and August 2, 2025. The following discussion should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended January 31, 2026, and our unaudited condensed consolidated financial statements and the related notes included in Item 1 of this Quarterly Report. The results of operations for the thirteen and twenty-six weeks ended August 1, 2026, are not necessarily indicative of the results to be expected for the full fiscal year.

Strategic Progress, Macroeconomic Factors, and Other Factors Impacting our Financial Condition and Results of Operations

Strategic Progress. We are continuing execution of Project Sunshine, a comprehensive strategy to strengthen our market position by tapping into our brand’s strong emotional connection with consumers. We are simplifying decision-making, removing organizational complexity, and focusing resources on high-impact initiatives. This operational focus, paired with prudent cost management, will allow us to invest in the brand, innovation, and customer experiences, all while driving shareholder value. These improvements are about agility — building a responsive organization to fully leverage our unique brand position.

The five key initiatives of Project Sunshine are:

Sharpening Our Brand Focus: We are restoring Vera Bradley’s distinctive, joyful brand positioning by strengthening product, emphasis on social-first marketing, storytelling, and partnering selectively across wholesale and IP to rebuild relevance and demand.

Resetting Our Go-to-Market Model: We are rebuilding our commercial engine with sharper hero product focus, disciplined pricing and promotions, improved inventory planning, and integrated, insight-led execution across channels.

Rewiring the Digital Ecosystem: We are integrating our digital commerce platforms to create a seamless customer journey, supported by enhanced site functionality, data-driven decisions, and improved conversion and profitability.

Outlet 2.0: We are transforming our outlet channel from discount driven to a curated, brand-building smart-value experience that is delivering higher sales, conversion, and profitability.

Reimagining How We Work: We are streamlining the organization while investing in critical talent and capabilities to create a more agile, future-fit company positioned for sustainable long-term growth.

Macroeconomic and Other Factors. We continue to closely monitor the dynamic economic landscape and are actively managing the impact of changing tariff costs. While ongoing inflationary pressures and related macroeconomic factors continue to influence consumer discretionary spending, our business has demonstrated resilience to start the fiscal year. We delivered a strong start to fiscal 2027 and remain focused on executing our strategic initiatives and adapting to current market conditions to support sustained long-term growth.

Management Transition

In June 2025, the Company announced the departure of its former Chief Executive Officer (“CEO”), Jacqueline Ardrey. In March 2026, Board member Ian Bickley was appointed permanent Chairman and Chief Executive Officer after serving as our Interim CEO since July 2025. Martin Layding was named Chief Financial Officer in June 2025 and was promoted to also serve as the Chief Operating Officer in March 2026.

Recent Transactions

The sale of Pura Vida was completed on March 31, 2025. See Note 13 to the Notes to the Condensed Consolidated Financial Statements herein for additional information. The loss on sale was presented as part of results of the discontinued operations. We have reflected the results of operations of the Pura Vida business as discontinued operations in the Consolidated Statement of Operations. This business was historically presented as its own reporting unit.

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 Direct segment reflect sales through full-line and outlet stores; e-commerce sites (verabradley.com, verabradleyoutlet.com, and international.verabradley.com); direct to consumer marketplaces; and typically the Vera Bradley annual outlet sale. Revenues for the Indirect segment reflect sales of Vera Bradley-branded products to specialty retail partners; key accounts consisting of department stores, national accounts, and third-party inventory liquidators; and royalties recognized through licensing agreements related to the Vera Bradley brand.

Comparable Sales

Comparable sales are calculated based upon our stores that have been open for at least 12 full fiscal months and net revenues from our e-commerce operations. 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.

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

- Overall economic trends;
- Consumer preferences and fashion trends;
- Competition;
- The timing of our releases of new patterns and collections;
- Changes in our product mix;
- Pricing, as well as timing 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, duties, all inbound freight costs incurred, and inventory adjustments, if any. 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; inbound freight and other logistical costs; outbound freight; 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:

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

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. 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 11 to the Notes to the Condensed Consolidated Financial Statements herein.

Results of Operations

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

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 1, 2026	August 2, 2025	August 1, 2026	August 2, 2025
Statement of Operations Data:				
Net revenues	$ 71,649	$ 70,858	$ 127,351	$ 122,510
Cost of sales	28,835	35,361	55,706	64,246
Gross profit	42,814	35,497	71,645	58,264
Selling, general, and administrative expenses	38,747	40,442	72,875	81,246
Other income, net	113	353	762	533
Operating income (loss) from continuing operations	4,180	(4,592)	(468)	(22,449)
Interest income (expense), net	227	(134)	162	(130)
Income (loss) from continuing operations before income taxes	4,407	(4,726)	(306)	(22,579)
Income tax (benefit) expense	(93)	(17)	19	390
Net income (loss) from continuing operations	$ 4,500	$ (4,709)	$ (325)	$ (22,969)
Percentage of Net Revenues:				
Net revenues	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	40.2 %	49.9 %	43.7 %	52.4 %
Gross profit	59.8 %	50.1 %	56.3 %	47.6 %
Selling, general, and administrative expenses	54.1 %	57.1 %	57.2 %	66.3 %
Other income, net	0.2 %	0.5 %	0.6 %	0.4 %
Operating income (loss) from continuing operations	5.8 %	(6.5)%	(0.3)%	(18.3)%
Interest income (expense), net	0.3 %	(0.2)%	0.1 %	(0.1)%
Income (loss) from continuing operations before income taxes	6.2 %	(6.7)%	(0.2)%	(18.4)%
Income tax (benefit) expense	(0.1)%	— %	— %	0.3 %
Net income (loss) from continuing operations	6.3 %	(6.7)%	(0.2)%	(18.7)%

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

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 1, 2026	August 2, 2025	August 1, 2026	August 2, 2025
Net Revenues by Segment:				
Direct	$ 65,377	$ 60,514	$ 110,230	$ 103,597
Indirect	6,272	10,344	17,121	18,913
Total	$ 71,649	$ 70,858	$ 127,351	$ 122,510
Percentage of Net Revenues by Segment:				
Direct	91.2 %	85.4 %	86.6 %	84.6 %
Indirect	8.8 %	14.6 %	13.4 %	15.4 %
Total	100.0 %	100.0 %	100.0 %	100.0 %

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 1, 2026	August 2, 2025	August 1, 2026	August 2, 2025
Operating Income (Loss) by Segment:				
Direct	$ 16,682	$ 9,335	$ 19,789	$ 3,799
Indirect	2,978	2,190	6,987	4,170
Less: Corporate unallocated	(15,480)	(16,117)	(27,244)	(30,418)
Total	$ 4,180	$ (4,592)	$ (468)	$ (22,449)
Operating Income (Loss) as a Percentage of Net Revenues by Segment:				
Direct	25.5 %	15.4 %	18.0 %	3.7 %
Indirect	47.5 %	21.2 %	40.8 %	22.0 %
Vera Bradley Store Data [(1)]:				
Total stores opened during period	—	—	—	2
Total stores closed during period	—	(8)	(3)	(10)
Total stores open at end of period	112	118	112	118
Total gross square footage at end of period	354,709	365,512	354,709	365,512
Average net revenues per gross square foot [(2)]	$ 101	$ 98	$ 166	$ 158
Comparable sales (including e-commerce) increase (decrease) [(3)]	9.2 %	(17.3)%	10.9 %	(20.5)%

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

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

(3) 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. Comparable sales increase (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.

Thirteen Weeks Ended August 1, 2026, Compared to Thirteen Weeks Ended August 2, 2025

Net Revenues

For the thirteen weeks ended August 1, 2026, net revenues increased $0.8 million, or 1.1%, to $71.6 million, from $70.9 million in the comparable prior-year period.

Direct. For the thirteen weeks ended August 1, 2026, net revenues in the Direct segment increased $4.9 million, or 8.0%, to $65.4 million, from $60.5 million in the comparable prior-year period. Vera Bradley comparable sales increased 9.2%, which includes a 4.1% increase in comparable store sales as well as an increase in e-commerce sales of 16.2%.

Indirect. For the thirteen weeks ended August 1, 2026, net revenues in the Indirect segment decreased $4.1 million, or 39.4%, to $6.3 million, from $10.3 million in the comparable prior-year period. The decrease was primarily due to strategic shift and timing related to our marketplace strategy.

Gross Profit

For the thirteen weeks ended August 1, 2026, gross profit increased $7.3 million, or 20.6%, to $42.8 million, from $35.5 million in the comparable prior-year period. As a percentage of net revenues, gross profit increased to 59.8% for the thirteen weeks ended August 1, 2026, from 50.1% in the comparable prior-year period. The year-over-year margin rate improvement was primarily driven by tariff refunds of $7.7 million partially offset by margin pressure to sell through Project Restoration product.

Selling, General, and Administrative Expenses

For the thirteen weeks ended August 1, 2026, SG&A expenses decreased $1.7 million, or 4.2%, to $38.7 million, from $40.4 million in the comparable prior-year period. As a percentage of net revenues, SG&A expenses decreased to 54.1% for the thirteen weeks ended August 1, 2026, from 57.1% in the comparable prior-year period. For the thirteen weeks ended August 1, 2026, consolidated SG&A expenses decreased primarily due to a $4.0 million reduction in advertising costs driven by cost optimization efforts, including the reduction and phasing of advertising spend. This decrease was partially offset by $1.1 million in higher employee-related costs, primarily reflecting increased variable compensation, net of lower severance costs, as well as $0.7 million in higher professional fees and $0.5 million in other expenses.

Other Income, Net

For the thirteen weeks ended August 1, 2026, net other income decreased $0.3 million to $0.1 million, from $0.4 million in the comparable prior-year period. The decrease in net other income was primarily due to prior-year income from the TSA resulting from the sale of Creative Genius.

Operating Income (Loss) from Continuing Operations

For the thirteen weeks ended August 1, 2026, operating income from continuing operations increased $8.8 million, or 191.0%, to $4.2 million, from a loss of $(4.6) million in the comparable prior-year period. As a percentage of net revenues, operating income (loss) from continuing operations was 5.8% and (6.5)% for the thirteen weeks ended August 1, 2026 and August 2, 2025, respectively. Operating income from continuing operations increased due to the factors described above.

Direct. For the thirteen weeks ended August 1, 2026, operating income in the Direct segment increased $7.3 million, or 78.7%, to $16.7 million, from $9.3 million in the comparable prior-year period. As a percentage of Direct segment net revenues, operating income in the Direct segment was 25.5% and 15.4% for the thirteen weeks ended August 1, 2026 and August 2, 2025, respectively. The increase in operating income as a percentage of Direct segment net revenues was primarily due to the tariff refund discussed earlier, as well as improved SG&A expense leverage.

Indirect. For the thirteen weeks ended August 1, 2026, operating income in the Indirect segment increased $0.8 million, or 36.0%, to $3.0 million from $2.2 million in the comparable prior-year period. As a percentage of Indirect segment net revenues, operating income in the Indirect segment was 47.5% and 21.2% for the thirteen weeks ended August 1, 2026 and August 2, 2025, respectively. The increase in operating income as a percentage of Indirect segment net revenues was primarily due to the tariff refund previously discussed, which partially offset the impact of the sales decline, as well as lower overall SG&A expenses in the segment.

Unallocated. For the thirteen weeks ended August 1, 2026, unallocated expenses decreased $0.6 million, or 4.0%, to $15.5 million from $16.1 million in the comparable prior-year period. The decrease in unallocated expenses was primarily due to a $1.9 million reduction in advertising costs driven by cost optimization efforts, including the reduction and phasing of advertising spend throughout the year. This decrease was partially offset by $0.4 million in higher employee-related costs, primarily reflecting increased variable compensation, net of lower severance costs, and $0.9 million in other expenses, net of other income.

Interest Expense, Net

For the thirteen weeks ended August 1, 2026, interest income increased $0.3 million, to $0.2 million from $(0.1) million in the comparable prior-year period.

Income Tax Expense

The effective tax rate for the thirteen weeks ended August 1, 2026, was (2.1)%, compared to 0.4% for the thirteen weeks ended August 2, 2025. See Note 7 "Income Taxes" of the Notes to the Condensed Consolidated Financial Statements for additional information about the Company's interim provision for income taxes.

Net Income (Loss) from Continuing Operations

For the thirteen weeks ended August 1, 2026, net income (loss) from continuing operations was $4.5 million, a $9.2 million increase from $(4.7) million in the comparable prior-year period due to the factors described above.

Twenty-Six Weeks Ended August 1, 2026, Compared to Twenty-Six Weeks Ended August 2, 2025

Net Revenues

For the twenty-six weeks ended August 1, 2026, net revenues increased $4.8 million, or 4.0%, to $127.4 million, from $122.5 million in the comparable prior-year period.

Direct. For the twenty-six weeks ended August 1, 2026, net revenues in the Direct segment increased $6.6 million, or 6.4%, to $110.2 million, from $103.6 million in the comparable prior-year period. Vera Bradley comparable sales increased 10.9%, which includes a 6.9% increase in comparable store sales as well as an increase in e-commerce sales of 15.9%. In addition, non-comparable revenue decreased $4.1 million, primarily attributable to not hosting the Vera Bradley annual outlet sale in the current year period. The increase in net revenues was primarily driven by strong e-commerce performance, including favorable customer response to our IP collections featuring Disney characters, Peanuts, and other licensed collections.

Indirect. For the twenty-six weeks ended August 1, 2026, net revenues in the Indirect segment decreased $1.8 million, or 9.5%, to $17.1 million, from $18.9 million in the comparable prior-year period. The decrease was primarily due to strategic shift and timing related to our marketplace strategy.

Gross Profit

For the twenty-six weeks ended August 1, 2026, gross profit increased $13.4 million, or 23.0%, to $71.6 million, from $58.3 million in the comparable prior-year period. As a percentage of net revenues, gross profit increased to 56.3% for the twenty-six weeks ended August 1, 2026, from 47.6% in the comparable prior-year period. The year-over-year margin rate improvement was driven by $7.7 million of favorable tariff impact, favorable sales mix and lower freight and duty costs in the current year period, as well as reduction in costs related to inventory write-offs associated with the sale of Pura Vida, purchase order cancellation fees, and professional fees from the prior-year period.

Selling, General, and Administrative Expenses

For the twenty-six weeks ended August 1, 2026, SG&A expenses decreased $8.4 million, or 10.3%, to $72.9 million, from $81.2 million in the comparable prior-year period. As a percentage of net revenues, SG&A expenses decreased to 57.2% for the twenty-six weeks ended August 1, 2026, from 66.3% in the comparable prior-year period. For the twenty-six weeks ended August 1, 2026, consolidated SG&A expenses decreased primarily due to a $6.8 million reduction in advertising costs driven by cost optimization efforts, including the reduction and phasing of advertising spend throughout the year, a $1.0 million impairment charge in the prior-year, and $0.8 million in lower other expenses, partially offset by $0.2 million in higher employee-related costs.

Other Income, Net

For the twenty-six weeks ended August 1, 2026, other income, net increased $0.3 million to $0.8 million, from $0.5 million in the comparable prior-year period. The increase in net other income was primarily due to an insurance settlement in the current year.

Operating Loss from Continuing Operations

For the twenty-six weeks ended August 1, 2026, operating loss from continuing operations decreased $22.0 million, or 97.9%, to $(0.5) million, from $(22.4) million in the comparable prior-year period. As a percentage of net revenues, operating loss from continuing operations was (0.3)% and (18.3)% for the twenty-six weeks ended August 1, 2026 and August 2, 2025, respectively. Operating loss from continuing operations decreased due to the factors described above.

Direct. For the twenty-six weeks ended August 1, 2026, operating income in the Direct segment increased $16.0 million, or 420.9%, to $19.8 million, from $3.8 million in the comparable prior-year period. As a percentage of Direct segment net revenues, operating income in the Direct segment was 18.0% and 3.7% for the twenty-six weeks ended August 1, 2026 and

August 2, 2025, respectively. The increase in operating income as a percentage of Direct segment net revenues was primarily due to the tariff refund discussed earlier, as well as improved SG&A expense leverage.

Indirect. For the twenty-six weeks ended August 1, 2026, operating income in the Indirect segment increased $2.8 million, or 67.6%, to $7.0 million from $4.2 million in the comparable prior-year period. As a percentage of Indirect segment net revenues, operating income in the Indirect segment was 40.8% and 22.0% for the twenty-six weeks ended August 1, 2026 and August 2, 2025, respectively. The increase in operating income as a percentage of Indirect segment net revenues was due to the tariff refund previously discussed, which partially offset the impact of the sales decline, as well as lower overall SG&A expenses in the segment.

Unallocated. For the twenty-six weeks ended August 1, 2026, unallocated expenses decreased $3.2 million, or 10.4%, to $27.2 million from $30.4 million in the comparable prior-year period. The decrease in unallocated expenses was primarily due to a $2.8 million reduction in advertising costs driven by cost optimization efforts, including the reduction and phasing of advertising spend throughout the year, and $0.5 million in lower other expenses, net of other income, partially offset by $0.1 million in higher employee-related costs.

Interest Expense, Net

For the twenty-six weeks ended August 1, 2026, interest income increased $0.3 million, to $0.2 million from $(0.1) million in the comparable prior-year period.

Income Tax Expense

The effective tax rate for the twenty-six weeks ended August 1, 2026, was (6.2)%, compared to (1.7)% for the twenty-six weeks ended August 2, 2025. See Note 7 "Income Taxes" of the Notes to the Condensed Consolidated Financial Statements for additional information about the Company's interim provision for income taxes.

Net Loss from Continuing Operations

For the twenty-six weeks ended August 1, 2026, there was a net loss from continuing operations of $(0.3) million, a $22.6 million decrease, from $(23.0) million in the comparable prior-year period due to the factors described above.

Liquidity and Capital Resources

General

Our primary sources of liquidity are cash on hand and cash equivalents, as well as cash flow from operations. We also have access to additional liquidity, if needed, through borrowings under our $75.0 million asset-based revolving credit agreement (the “Credit Agreement”). Availability under the Credit Agreement is driven by a borrowing base comprised primarily of eligible accounts receivable and inventory, each subject to advance rates, eligibility criteria, and applicable reserves. As a result, borrowing capacity may fluctuate based on the level and quality of receivables and the composition and valuation of inventory. There was no debt outstanding under the Credit Agreement as of August 1, 2026. The Company also owns two real estate properties that are unencumbered, which provide additional financial flexibility and may serve as a potential source of liquidity or collateral if needed. Historically, our primary cash needs have been for merchandise inventories; payroll; store rent; capital expenditures associated with operational equipment, buildings, information technology, and opening new stores; and share repurchases. The most significant components of our working capital are cash and cash equivalents, merchandise inventories, accounts receivable, accounts payable, and other current liabilities.

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

Cash Flow Analysis

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

	Twenty-Six Weeks Ended	
	August 1, 2026	August 2, 2025
Net cash provided by (used in) operating activities	$ 17,721	$ (23,298)
Net cash (used in) investing activities	(1,038)	(1,576)
Net cash (used in) provided by financing activities	(930)	9,800

Net Cash Provided by (Used in) Operating Activities

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

Net cash provided by (used in) operating activities for the twenty-six weeks ended August 1, 2026 was $17.7 million, compared to $(23.3) million for the twenty-six weeks ended August 2, 2025. The increase in cash provided by operating activities was primarily attributable to a net loss of $(0.3) million, a $22.6 million improvement in net loss compared to the prior-year period, excluding the $15.2 million loss on the sale of a business recognized in the prior-year period. Operating cash flows also benefited from continued inventory management initiatives, which resulted in a $6.7 million source of cash from inventories during the current year period compared to a $4.9 million use of cash in the prior-year period and cash collected in payment of accounts receivable which resulted in a $4.3 million source of cash during the current year period compared to a $4.0 million use of cash in the prior-year period. These favorable impacts were partially offset by changes in cash paid for accounts payable which resulted in a $1.7 million use of cash during the current year period compared to a $2.8 million use of cash in the prior-year period.

Net Cash Used in Investing Activities

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

Net cash used in investing activities was $1.0 million for the twenty-six weeks ended August 1, 2026, compared to $1.6 million for the twenty-six weeks ended August 2, 2025. The decrease in cash used in investing activities was primarily attributable to a decrease in property, plant, and equipment spending of $1.6 million in the current year period, partially offset by $1.0 million proceeds from the sale of Pura Vida recognized in the prior-year period.

Net Cash Provided by Financing Activities

Net cash used in financing activities was $0.9 million for the twenty-six weeks ended August 1, 2026, compared to net cash provided by financing activities of $9.8 million for the twenty-six weeks ended August 2, 2025. The decrease in cash (used in) provided by financing activities was primarily attributable to a $10 million ABL draw in the prior-year.

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 March 11, 2025, certain subsidiaries of the Company, JPMorgan 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 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, and Vera Bradley Sales, LLC. 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.

On October 21, 2025, VBD amended the agreement to include, among other things, to: (i) permit the sale of certain real property assets without requiring the application of the proceeds from such sale to be used to repay amounts outstanding under the Credit Agreement, (ii) remove the prohibition against sale and leaseback transactions and (iii) increase the amount of Company assets permitted to be disposed of in any fiscal year outside the ordinary course of business from $5,000,000 to $10,000,000.

As of August 1, 2026 and January 31, 2026, the Company had no borrowings outstanding and availability of $54.3 million and $58.6 million, respectively, under the Credit Agreement, subject to the borrowing base provisions of the facility.

For further information regarding the Credit Agreement, please see Note 6 of the Notes to Condensed Consolidated Financial Statements herein.

Material Cash Requirements

As of August 1, 2026, there were no material changes outside the ordinary course of business to material cash requirements, as disclosed in our Annual Report on Form 10-K for the fiscal year ended January 31, 2026.

Off-Balance-Sheet Arrangements

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

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, as well as the related disclosures of contingent assets and liabilities at the date of the financial statements. A summary of the Company’s significant accounting policies is included in Note 2 to the Company’s consolidated financial statements in the Company’s Annual Report on Form 10-K for the fiscal year ended January 31, 2026.

Certain accounting policies and estimates of the Company are considered critical, as these policies and estimates are the most important to the depiction of the Company’s consolidated financial statements and require significant, difficult, or complex judgments, often about the effect of matters that are inherently uncertain. Such policies are summarized in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Company’s Annual Report on Form 10-K for the fiscal year ended January 31, 2026. There were no significant changes to any of the critical accounting policies and estimates described in the Annual Report as of August 1, 2026.

Recently Issued Accounting Pronouncements

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of August 1, 2026, there was no material change in the market risks described in “Quantitative and Qualitative Disclosures About Market Risks” in the Company’s Annual Report on Form 10-K for the fiscal year ended January 31, 2026.

ITEM 4. CONTROLS AND PROCEDURES

At the end of the period covered by this Quarterly Report on Form 10-Q, the Company carried out an evaluation, under the supervision and with the participation of the Company’s Disclosure Committee and management, including the Chief Executive Officer and the Chief Operating & Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures pursuant to Rule 13a-15 of the Securities Exchange Act of 1934. Based on that evaluation, the Chief Executive Officer and Chief Operating & Financial Officer concluded that the Company’s disclosure controls and procedures were effective as of August 1, 2026.

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

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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.

In June of 2025, the Company received a notice from the buyer of Creative Genius requesting a purchase price adjustment of approximately $4.6 million related to the sale of Creative Genius. The demand was based on certain working capital adjustments. The Company has disputed this purchase price adjustment request. On August 27, 2025, the Company filed an action in the Chancery Court of Delaware seeking a judgment declaring that the buyer’s claim for a purchase price adjustment is improper and barred by the purchase Agreement. The Company has filed for summary judgment in that action. At this time, we are not able to estimate a possible loss or range of loss that may result from this matter or to determine whether such loss, if any, would have a material adverse effect on our financial condition or results of operations due to the fact that the Company believes the purchase price adjustment is improper, and is seeking to have it declared as such by a Delaware Court. The Company believes that it has a number of meritorious legal approaches in defending itself against these claims.

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

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors previously set forth in the Company’s Annual Report on Form 10-K for the fiscal year ended January 31, 2026.

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

In December 2024, 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 August 1, 2026, there were no purchases made under the 2024 Share Repurchase Program.

ITEM 5. OTHER INFORMATION

Securities Trading Plans of Directors and Executive Officers

During the thirteen weeks ended August 1, 2026, none of the Company’s directors or executive officers adopted or terminated any contract, instruction, or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any “non-Rule 10b5-1 trading arrangement.”

ITEM 6. EXHIBITS

a. Exhibits

Exhibit No.	Description
31.1	CEO Section 302 Certification
31.2	CFO Section 302 Certification
32.1	Section 906 Certifications
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

*

SIGNATURE

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

	Vera Bradley, Inc. (Registrant)
Date: September 15, 2026	/s/ Martin Layding
	Martin Layding Chief Operating & Financial Officer

Exhibit 31.1

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

I, Ian Bickley, certify that:

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

Date: September 15, 2026

/s/ Ian Bickley

Ian Bickley
Chief Executive Officer & Chairman

Exhibit 31.2

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

I, Martin Layding, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vera Bradley, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 15, 2026

/s/ Martin Layding

Martin Layding
Chief Operating & Financial Officer

Exhibit 32.1

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

I, Ian Bickley, the Chief Executive Officer & Chairman of Vera Bradley, Inc., certify that (i) the quarterly report on Form 10-Q for the fiscal quarter ended August 1, 2026 (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/ Ian Bickley
Ian Bickley
Chief Executive Officer & Chairman

September 15, 2026
Date

I, Martin Layding, the Chief Operating & Financial Officer of Vera Bradley, Inc., certify that (i) the quarterly report on Form 10-Q for the fiscal quarter ended August 1, 2026 (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/ Martin Layding
Martin Layding
Chief Operating & Financial Officer

September 15, 2026
Date