

Risk Factors Comparison 2025-03-28 to 2024-03-29 Form: 10-K

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

Risks Related to Our Business Operations and Industry If we are unable to successfully implement our long- term strategic plans and growth strategies, including Project Restoration, our future operating results could suffer. The success of our long- term strategic plan and growth strategies, including Project Restoration, alone or collectively, will depend on various factors, including the appeal of our product designs, retail presentation to consumers, effectiveness of our marketing initiatives, expense- saving initiatives, competitive conditions, and economic conditions. Project Restoration represents our business strategy to revitalize our consumer, brand, product, and channel components for both Vera Bradley and Pura Vida brands in order to serve our customers, grow our revenues, and increase our profitability. There is no assurance that we will be able to successfully implement our strategic plan and growth strategies. If we are unsuccessful in implementing some or all of our strategies or initiatives, our future operating results could be adversely impacted. Changes in general economic conditions **and political uncertainty, including policies related to global trade and tariffs**, and their impact on consumer confidence and consumer spending, could **negatively impact our profitability and net revenues, which could force us to delay or slow the implementation of our growth strategies and** adversely impact our results of operations. Our performance is subject to general economic conditions **and political uncertainty** and their impact on levels of consumer confidence and consumer spending. Consumer confidence and consumer spending may be influenced by levels of inflation, fluctuating interest rates and credit availability (including possible exposure to bank failures), changing fuel and other energy costs, fluctuating commodity prices, levels of unemployment and consumer debt levels, **tariffs, trade barriers or other measures that create barriers to or increase the costs associated with international trade,** changes in net worth based on market conditions, general uncertainty regarding the overall future economic environment, political turmoil **and uncertainty**, pandemics or other public health matters, and weather and weather-related phenomena. Consumer purchases of discretionary items, including our merchandise, generally decline during periods when disposable income is adversely affected or there is economic **or political** uncertainty ~~is~~. **This includes rising geopolitical tensions and U. S. policies related to global trade and tariffs. The deterioration of economic relations between countries, such as changes in or terminations of existing trade agreements, or these--- the occurrences imposition of tariffs (including recent U. S. tariffs imposed or threatened to be imposed on Canada, Mexico, China, and other countries, and any retaliatory actions taken by such countries) or otherwise,** could adversely impact our ~~results of operations~~ **profitability or otherwise have an adverse effect on our business**. In addition, in the event of a downturn in the U. S. economy, or if there is a decline in consumer- spending levels or other unfavorable conditions, including inflationary pressure, we could experience lower than expected net revenues, which could force us to delay or slow the implementation of our growth strategies and adversely impact our results of operations. If we are unable to predict and respond in a timely manner to changes in consumer demand, our net revenues and results of operations could be adversely affected. Our success depends on our ability to gauge the fashion tastes of our customers and to provide merchandise that satisfies consumer demand in a timely manner. Our products must appeal to a broad range of consumers whose preferences cannot be predicted with certainty and are subject to rapid change. We cannot assure that we will be able to develop appealing patterns, styles, and collections or meet changing consumer demands in the future. If we misjudge the market for our products, we may be faced with significant excess inventories for some products and missed opportunities for other products. In addition, changes to our product assortment and to our available fabrications, as well as the availability and breadth of pattern assortment may not gain consumer acceptance. Merchandise misjudgments could adversely impact our net revenues and results of operations. We may experience declines in comparable sales **which could negatively affect the price of** ~~and strategic initiatives we are implementing to improve our~~ **common stock results, such as Project Restoration, may not be successful**. We may not be able to regain the levels of comparable sales that we have experienced in the past, and comparable sales may also further deteriorate. If our future comparable sales fail to meet market expectations, then the price of our common stock could decline. Also, the aggregate results of operations of our stores have fluctuated in the past and will fluctuate in the future. Numerous factors influence comparable sales, including fashion trends, competition, national and regional economic conditions, pricing, inflation, the timing of the release of new merchandise and promotional events, changes in our merchandise mix, marketing programs, changes in consumer shopping trends, site selection strategies, public health matters, and weather conditions. These factors may cause our comparable sales results to be lower in the future than in recent periods or lower than expectations, either of which could result in a decline in the price of our common stock. If our multi- channel distribution model is not successful, our business and results of operations may suffer. We currently sell our Vera Bradley- branded products into two segments: Direct to consumers through Vera Bradley full- line and outlet stores in the United States, **the Vera Bradley websites (verabradley.com and, international.verabradley.com, and outlet.verabradley.com)**, and typically the Vera Bradley annual outlet sale in Fort Wayne, Indiana **as well as direct to consumer marketplaces**; and through our Vera Bradley Indirect wholesale business which consists of sales to specialty retail locations, department stores, national accounts, third- party e- commerce sites, third- party inventory liquidators, as well as royalties recognized through licensing agreements related to the Vera Bradley brand. We currently sell ~~our~~ Pura Vida- branded products direct to consumers through our e- commerce ~~websites~~ **website** (puravidabraacelets.com, ~~puravidabraacelets.eu, and~~

puravidabraccets.ca), through wholesale retailers, and through our ~~five~~ **seven** retail stores. These channels are sometimes in direct competition and sales through these channels may not be incremental to total sales. If our omni-channel distribution model is unsuccessful, our business, financial condition, and results of operations could be materially adversely affected. We may not be able to successfully open new stores and / or operate new and current stores as planned, which could adversely impact our results of operations. Our long-term future growth prospects include our ability to successfully open new stores and operate new and current Vera Bradley and Pura Vida stores. In recent years, however, Vera Bradley comparable store sales have declined. Consequently, the rate at which we have opened new stores has slowed. We have closed a total of ~~74~~ **79** underperforming full-line stores and ~~three~~ **four** underperforming outlet stores since the beginning of fiscal 2015 and forecast that we will close additional full-line stores. We plan to open **two** additional Vera Bradley ~~full-line and outlet~~ stores during fiscal ~~2025~~ **2026**. We will continue to evaluate our plans for store openings in future years in light of demand and store performance. Our ability to successfully open and operate stores depends on many factors, including our ability to:

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

The success of new store openings may also be affected by our ability to initiate marketing efforts in advance of opening our first store in a particular region. Additionally, we will incur pre-opening costs and we may encounter initial losses while new stores commence operations, which could strain our resources and adversely impact our results of operations. Our business depends on strong brands. If we are unable to execute our marketing strategies, intended to enhance our brands, then revenues and our results of operations could be adversely impacted. We believe that the brand images that we have developed have contributed significantly to the success of our business. We also believe that enhancing the Vera Bradley and Pura Vida brands through our marketing strategies is critical to maintaining and expanding our customer base. Enhancing our brands and implementing our marketing strategies may require us to make substantial investments in areas such as product design, store operations, store design, community relations, and marketing. These investments might not succeed. If we are unable to successfully execute our brand strategies, our results of operations could be adversely impacted. Closing stores could result in significant costs to us. We have closed a total of ~~74~~ **79** underperforming full-line stores and ~~three~~ **four** underperforming outlet stores since the beginning of fiscal 2015 and forecast that we will close additional ~~full-line~~ stores. We could, in the future, decide to close additional stores beyond those currently forecasted that are producing losses or that are not as profitable as we expect. If we decide to close any stores before the expiration of their lease terms, we may incur payments to landlords to terminate or “buy out” the remaining term of the lease. We also may incur costs related to the employees at such stores, whether or not we terminate the leases early. Upon any such closure, the closing costs, including fixed assets and inventory write-downs, could adversely affect our results of operations and our cash on hand. Our ability to attract customers to our stores depends heavily on the success of the shopping centers in which many of our stores are located. Substantially all of our Vera Bradley Direct stores are located in regional mall shopping centers, and many of our Vera Bradley Indirect customers are also located in regional mall shopping centers. Factors beyond our control impact mall traffic, including general economic conditions, consumer spending levels, and pandemics or other public health matters. Consumer spending and mall traffic have been depressed in recent years. As a result, mall operators have faced increasing operational and financial difficulties. The increasing inability of mall “anchor” tenants and other area attractions to generate consumer traffic around our stores, the increasing inability of mall operators to attract “anchor” tenants and maintain viable operations, and the increasing departures of existing “anchor” and other mall tenants due to declines in the sales volume and in the popularity of certain malls as shopping destinations, have reduced and may continue to reduce our sales volume and, consequently, adversely affect our financial condition, results of operations, and cash flows. We are subject to risks associated with leasing substantial amounts of space, including future increases in occupancy costs. We lease all of our store locations. We typically occupy our stores under operating leases with terms of ten years. We have been able to negotiate favorable rental rates in recent years due in part to the state of the economy and high vacancy rates within some shopping centers, but there is no assurance that we will be able to continue to negotiate such favorable terms. Some of our leases have early cancellation clauses, which permit the lease to be terminated by us or the landlord if certain sales levels are not met in specific periods or if the shopping center does not meet specified occupancy standards. In addition to requiring future minimum lease payments, some of our store leases provide for the payment of common area maintenance charges, real property insurance, and real estate taxes. Many of our lease agreements have escalating rent provisions over the initial term and any extensions. If we expand our store base, our lease expense and our cash outlays for rent under lease agreements will increase. Our substantial operating lease obligations could have significant negative consequences, including:

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

Any of these consequences could place us at a disadvantage with respect to our competitors. We depend on cash flow from operating activities to pay our lease expenses and to fulfill our other cash needs. If our business does not generate sufficient cash flow from operating activities to fund these expenses and needs, we may not be able to service our lease expenses, grow our business, respond to competitive challenges, or fund our other liquidity and capital needs, which would harm our business. Additional sites that we lease may be subject to long-term non-cancelable leases if we are unable to negotiate our current standard lease terms. If an existing or future store is not profitable, and we decide to close it, we may nonetheless be committed to perform our obligations under the applicable lease, including paying the base rent for the balance of the lease term. Moreover, even if a lease has an early cancellation clause, we may not satisfy the contractual requirements for early cancellation under the lease. Our inability to enter new leases or renew existing leases on acceptable terms or be released from our obligations under leases for stores that we close would, in any such case, affect us adversely.

Failure to effectively compete with other retailers for sales could have a material adverse effect on our financial condition, results of operations, and cash flows. The market for bags, accessories, travel items and our other products is increasingly competitive. Our competitive challenges include: • attracting customer traffic; • sourcing and manufacturing merchandise efficiently; • competitively pricing our products and achieving customer perception of value; • maintaining favorable brand recognition and effectively marketing our products to consumers in diverse market segments; • developing designs that appeal to a broad range of demographic and age segments; • developing high- quality products; • offering attractive promotional incentives while maintaining profit margins; and • establishing and maintaining good working relationships with our wholesale retailers. In our Vera Bradley Indirect business and Pura Vida wholesale business, we compete with numerous manufacturers, importers, and distributors of handbags, accessories, and other products for the limited space available for the display of such products to the consumer. In our Vera Bradley Direct business and Pura Vida e- commerce and retail store business, we compete against other gift and specialty retailers, department stores, catalog retailers, and Internet businesses that engage in the retail sale of similar products. Moreover, the general availability of contract manufacturing allows new entrants easy access to the markets in which we compete, which may increase the number of competitors and adversely affect our competitive position and our business. In addition, in light of a continued difficult consumer environment, pricing is a significant driver of consumer choice in our industry and we regularly engage in price competition, particularly through our promotional programs, which impacts our margins. To the extent that we decrease our promotional activity or are otherwise unable to effectively compete on pricing, our ability to maintain sales levels may be adversely impacted. Our wholesale business could suffer as a result of decisions by our wholesale retailers to decrease or eliminate the amount of merchandise purchased from us. We do not enter into long- term agreements with any of our wholesale retailers. Instead, we enter into a number of purchase order commitments with our customers for each of our lines every season. A decision by a significant number of wholesale retailers, whether motivated by competitive conditions, operational or financial difficulties, reduced access to capital, or otherwise, to decrease or eliminate the amount of merchandise purchased from us or to change their manner of doing business with us could adversely impact our results of operations. Although we recommend retail sale prices for our products to our wholesale retailers, we typically do not provide dealer allowances or other economic incentives to support those prices. Possible promotional pricing or discounting by wholesale retailers in response to softening retail demand could have a negative effect on our brand image and prestige, which might be difficult to counteract. Bankruptcies or other operational or financial difficulties of our wholesale retailers could adversely impact our business. We sell our wholesale merchandise primarily to specialty retail and department stores across the United States and extend trade credit based on an evaluation of each wholesale retailer' s financial condition, usually without requiring collateral. Perceived or actual financial difficulties of a customer could cause us to curtail or eliminate business with that customer or could decrease demand for our products by that customer. Pending the resolution of a relationship with a financially troubled wholesale retailer, we might assume credit risk that we would otherwise avoid relating to our receivables from that customer. Inability to collect on accounts receivable from our wholesale retailers would adversely impact our results of operations and financial position.

Risks Related to Global Sourcing and Distribution We rely on various contract manufacturers to produce all of our products and generally do not have long- term contracts with our manufacturers. Our various contract manufacturers produce all of our products. We generally do not enter into long- term formal written agreements with our manufacturers and instead transact business with each of them on an order- by- order basis. In the event of a disruption in our contract manufacturers' production systems, we may be unable to locate alternative manufacturers of comparable quality at an acceptable price or in a timely manner, or at all. Identifying a suitable manufacturer is an involved process that requires us to become satisfied with the prospective manufacturer' s quality control, responsiveness and service, financial stability, labor practices, and environmental compliance. Any delay, interruption, or increased cost in the manufactured products that might occur for any reason, such as the lack of long- term contracts or regulatory requirements and the loss of certifications, power interruptions, fires, hurricanes, war, pandemics or other public health matters, **tariff- related cost increases**, or threats of terrorism, could affect our ability to meet customer demand for our products, adversely affect our net revenues, increase our cost of sales, and hurt our results of operations. In addition, manufacturing disruption could injure our reputation and customer relationships, thereby harming our business. We rely on various suppliers to supply a significant majority of our raw materials. We generally do not enter into long- term formal written agreements with our suppliers and typically transact business with each of them on an order- by- order basis. In the event of a significant disruption in the supply of fabrics or raw materials from our current sources, we may not be able to locate alternative suppliers of materials of comparable quality at an acceptable price or in a timely manner, or at all. In such a case, we could have difficulty meeting consumer demand and net revenues could be adversely impacted. We rely on a limited number of distribution facilities for the products we sell. Distribution operations for Vera Bradley- branded products are currently concentrated in a single, company- owned distribution center in Roanoke, Indiana. Pura Vida- branded products are primarily distributed from one third- party distribution center in Tijuana, Mexico. Any significant disruption in the operation of these facilities due to natural disaster or severe weather, or events such as fire, accidents, power outages, system failures, or other unforeseen causes, could devalue or damage a significant portion of our inventory and could adversely affect our product distribution and sales until such time as we could secure alternative facilities. In addition to the aforementioned events, pandemics or other public health matters could cause disruptions in our distribution operations if we were to temporarily suspend operations, or if we are unable to obtain the staffing levels required to effectively operate the facilities. If we encounter difficulties with our distribution facilities or other problems or disasters arise, we cannot ensure that critical systems and operations will be restored in a timely manner or at all, and this would have a material adverse effect on our business. In addition, if our distribution facilities are unable to sufficiently meet the capacity needs for the future growth of our business and products, we could be required to further expand our current facilities, which could affect us adversely in ways that we cannot predict. The cost of raw materials could increase our cost of sales and cause our results of operations to suffer. Fluctuations in the price, availability, and quality of fabrics or other raw materials used to manufacture our

products, as well as **increases in** the price for labor, marketing, and transportation, could have adverse impacts on our cost of sales and our ability to meet our customers' demands. In particular, increases in the price of cotton, our primary raw material, could have an adverse impact on our cost of sales. In addition, because synthetic components of our products are petroleum-based, the cost of oil affects the cost of our products. Upward movements in the price of oil in the global oil markets would also likely result in rising fuel and freight prices, which could increase our shipping costs. In the future, we may not be able to pass all or a portion of such higher costs on to our customers. Our business is subject to the risks inherent in global sourcing and manufacturing activities. We source our Vera Bradley raw materials primarily from various suppliers in Asia, with the majority of non-cotton based products coming from China and South Korea. Our cotton-based products are sourced from areas outside of China. For Vera Bradley, we outsource the production of a significant majority of our products to companies in Asia. ~~We source our~~ Pura Vida components **are** primarily **sourced** from Asia and outsource the production of products primarily to El Salvador. We are subject to the risks inherent in global sourcing and manufacturing, including, but not limited to: • exchange rate fluctuations and trends; • availability of raw materials; • compliance with labor laws and other foreign governmental regulations; • compliance with U. S. import and export laws and regulations including the Uyghur Forced Labor Prevention Act ("UFLPA") as described below; • disruption or delays in shipments; • loss or impairment of key manufacturing sites; • product quality issues; • political unrest; • natural disasters, acts of war and terrorism, changing macroeconomic trends, pandemics or other public health matters, and other external factors over which we have no control; and • quotas, duties, tariffs, or other trade restrictions or regulations. The UFLPA went into effect on June 21, 2022. The act establishes a rebuttable presumption that the importation into the United States of any goods manufactured in whole or partially in Xinjiang Uyghur Autonomous Region of China, or produced by certain entities, is prohibited entry. The Commissioner of U. S. Customs and Border Protection employs a risk-based approach that prioritizes the highest-risk goods based on current data and intelligence available to them at the time of entry. Significant disruption of manufacturing for any of the above reasons could interrupt product supply and, if not remedied in a timely manner, could have an adverse impact on our results of operations. Additionally, we do not have complete oversight over our contract manufacturers. Violations of labor or other laws by those manufacturers, or the divergence of a contract manufacturer's labor or other practices from those generally accepted as ethical in the United States or in other markets in which we may in the future do business, could also draw negative publicity for us and our brands, diminishing the value of our brands and reducing demand for our products. Our ability to source our products at favorable prices, or at all, could be harmed, with adverse effects on our results of operations, if new trade restrictions are imposed **or if**, existing trade restrictions become more burdensome **, or increased tariffs are implemented**. A significant majority of our Vera Bradley and Pura Vida products are currently manufactured for us in Asia and Central America, respectively. The United States and the countries in which our products are produced have imposed and may impose additional quotas, duties, tariffs, or other restrictions or regulations or may adversely adjust prevailing quotas, duties, or tariffs. Countries impose, modify, and remove tariffs and other trade restrictions in response to a diverse array of factors, including global and national economic and political conditions, which make it impossible for us to predict future developments regarding tariffs and other trade restrictions. Trade restrictions, which include embargoes, safeguards, and customs restrictions, could increase the cost or reduce the supply of products available to us or could require us to modify our supply chain organization or other current business practices, any of which could harm **our results of operations. In addition, the current U. S. presidential administration has implemented tariffs and has signaled that it may implement additional or increased tariffs, other trade restrictions, or may alter trade agreements between the U. S. and Canada, China, the European Union and Mexico, among others. Such actions include limiting trade and / or imposing tariffs on imports from such countries. Tariffs have the potential to significantly raise the cost of our merchandise. In such a case, there can be no assurance that we will be able to shift manufacturing and supply agreements to non-impacted countries to reduce the effects of tariffs. As a result, we may suffer margin erosion or be required to raise our prices, which may result in the loss of customers and negatively impact** our results of operations. We rely on independent transportation providers for substantially all of our product shipments. We currently rely on independent transportation service providers for substantially all of our product shipments. Our utilization of these delivery services, or those of any other shipping companies that we may elect to use, is subject to risks, including increases in fuel prices, which would increase our shipping costs, employee strikes, labor shortages, and inclement weather, which may impact a shipping company's ability to provide delivery services sufficient to meet our shipping needs. If for any reason we were to change shipping companies, we could face logistical difficulties that might adversely affect deliveries, and we would incur costs and expend resources in the course of making the change. Moreover, we might not be able to obtain terms as favorable as those received from the service providers that we currently use, which in turn would increase our costs. We also would face shipping and distribution risks and uncertainties associated with any expansion of our distribution facilities and related systems. Losses or disruptions associated with our distribution systems could have a material adverse effect on our business and operations. Our operating results depend on the orderly operation of our receiving and distribution functions, which also depends on our vendors' adherence to our shipping and receiving schedules. We may not anticipate all of the changing demands that our operating activities may impose on our receiving and distribution functions. There may also be events that are beyond our control that could cause delays in these functions, including but not limited to, changing macroeconomic trends, pandemics or other public health matters, and general disruptions or delays in shipping and receiving. In addition, we rely on the flow of our goods through worldwide ports on a consistent basis. Disruption at the ports, such as labor work stoppages, could create significant risks to our business, particularly if the occurrence is during a peak import time. If we experience significant delays in our receipt of product, we may experience an increase in freight costs, unanticipated inventory shortages, and missed sales opportunities which could adversely affect our financial condition, results of operations, and cash flows. Risks Related to **Pura Vida** ~~We have taken material impairment charges related to goodwill and other indefinite-lived intangible assets associated with the Pura Vida acquisition in the past and may be required to take additional impairment charges in the future, which may adversely affect the~~

company's financial condition and results of operations. We used the purchase method of accounting to account for the acquisition of a majority interest in Pura Vida, which was consummated on July 16, 2019. A portion of the purchase price for this business is allocated to identifiable tangible and intangible assets and assumed liabilities based on estimated fair values at the date of acquisition. Goodwill is measured indirectly as the excess of the sum of (i) the consideration transferred (including contingent consideration, if any) and (ii) the fair value of any noncontrolling interest in the acquiree over the net assets acquired and liabilities assumed. The purchase price allocation resulted in a goodwill value of \$ 44.3 million and a value of \$ 61.7 million related to other intangible assets. During fiscal 2024, we recorded an impairment to the Pura Vida brand indefinite-lived intangible asset of \$ 5.4 million. The carrying value of all Pura Vida intangible assets, including the Pura Vida brand intangible asset, was \$ 7.6 million as of February 3, 2024. During fiscal 2023, we recorded a full impairment of goodwill totaling \$ 44.3 million and an impairment charge for the Pura Vida brand intangible asset of \$ 25.0 million. When the Company performs future impairment tests, it is possible that the carrying value of the remaining intangible assets could exceed their implied fair value and therefore would require adjustment. Such adjustment would result in a charge to operating income in that period. Once adjusted, there can be no assurance that there will not be further adjustments for impairment in future periods. Risks

Related to Information Technology and Security A data security or privacy breach could damage our reputation and our relationships with our customers, expose us to litigation risk and adversely affect our business. We remain dependent on information technology systems and networks, including the Internet, for a significant portion of our sales, primarily through our e-commerce operations and credit card transaction authorization and processing. We are also responsible for storing data relating to our customers and employees and rely on third parties for the operation of our e-commerce websites and for the various social media tools and websites we use as part of our marketing strategy. As part of our normal course of business, we often collect, retain, and transmit certain sensitive and confidential customer information, including the transmission of credit card information, over public networks. There is a significant concern by consumers and employees over the security of personal information transmitted over the Internet, consumer identity theft, and user privacy. Despite the security measures we currently have in place, our facilities and systems and those of our third-party service providers may be vulnerable to security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming and / or human errors, ransomware, or other similar events.

The rapid evolution and increased adoption of artificial intelligence technologies by attackers may intensify our cybersecurity risks. Any electronic or physical security breach involving the misappropriation, loss or other unauthorized disclosure of confidential or personally identifiable information, including penetration of our network security, whether by us or by a third-party, could disrupt our business, severely damage our reputation and our relationships with our customers, expose us to risks of litigation and liability, and adversely affect our business and results of operations. We do not control third-party service providers and cannot guarantee that electronic or physical computer break-ins and security breaches will not occur in the future. Any perceived or actual unauthorized disclosure of personally identifiable information regarding our customers or website visitors could harm our reputation and credibility, reduce our e-commerce net sales, impair our ability to attract website visitors, and reduce our ability to attract and retain customers. We may also incur significant costs in complying with the various applicable state, federal, and foreign laws regarding unauthorized disclosure of personal information. Our business could suffer if our computer systems and websites are disrupted or cease to operate effectively. We are dependent on our computer systems to record and process transactions and manage and operate our business, including in designing, marketing, manufacturing, importing, tracking and distributing our products, processing payments, and accounting for and reporting results. We also utilize an automated replenishment system to facilitate the processing of basic replenishment orders, the movement of goods through distribution channels, and the collection of information for planning and forecasting. In addition, we have **U. S. and international** e-commerce websites ~~in the U. S., Europe, and Canada~~.

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

Risks Related to Tax and Valuation Matters
Fluctuations in our tax obligations and effective tax rate may result in volatility of our operating results and stock price. We are subject to income taxes in many U. S. and certain foreign jurisdictions. We record tax expense based on our estimates of future payments, which includes reserves for uncertain tax positions in multiple tax jurisdictions. At any one time, many tax years are subject to audit by various taxing jurisdictions. Further, possible changes in federal, state, local, and non-U. S. tax laws bearing

upon our revenues, income, property, or other aspects of our operations or business would, if enacted, affect our results of operations in ways and to a degree that we cannot currently predict. We have recorded long- lived asset impairment charges in the past and we may record material long- lived asset impairment charges in the future. Quarterly, we assess whether events or changes in circumstances have occurred that indicate the carrying value of long- lived asset groups may not be recoverable. If we determine that the carrying value of long- lived asset groups are not recoverable, we will be required to record impairment charges relating to those assets. For example, our assessments during fiscal years **2025 and 2023 and 2022** indicated that operating losses or insufficient operating income existed at certain retail stores, with a projection that the operating losses or insufficient operating income for those locations would continue. As such, we recorded non- cash charges of \$ **0.2, 8.6** million and \$ **0.1, 8** million during fiscal years **2025 and 2023 and 2022**, respectively, within selling, general, and administrative expenses in the consolidated statements of operations to write down the carrying values of these stores' long- lived asset groups to their estimated fair values. We also recorded \$ 0. 6 million of a non- cash impairment charge relating to a corporate right- of- use asset in fiscal 2023. We recorded no long- lived asset impairments in fiscal 2024. Our quarterly evaluation of store assets includes consideration of current and historical performance and projections of future profitability. The profitability projections rely upon estimates made by us, including store- level sales, gross margins, and direct expenses, and, by their nature, include judgments about how current strategic initiatives will impact future performance. If we are not able to achieve projected key financial metrics for any reason, including if any of the strategic initiatives we implement do not result in significant improvements in our current financial performance trend, this would indicate that the value of our long- lived assets was not recoverable and we would incur additional impairment of assets in the future. In the event we record additional impairment charges, this could have a material adverse effect on our results of operations and financial condition.

Risks Related to Legal and Regulatory Matters There are claims made against us from time to time that can result in litigation or regulatory proceedings, which could distract management from our business activities and result in significant liability or damage to the images associated with our brands. We increasingly face the risk of litigation and other claims against us. Litigation and other claims may arise in the ordinary course of our business and include employee claims, custom and duty claims, commercial disputes, intellectual property issues, marketing and solicitation claims, product- oriented allegations, and slip and fall claims. These cases often raise complex factual and legal issues, which are subject to risks and uncertainties and which could divert significant financial and management resources. Litigation and other claims against us could result in unexpected expenses and liability, as well as materially adversely affect our operations and our reputation. Our inability or failure to protect our intellectual property or our infringement of other' s intellectual property could have a negative impact on our operating results. We believe that our registered copyrights, registered and common law trademarks, and other proprietary rights have significant value and are critical to our ability to create and sustain demand for our products. The actions taken by us to establish and protect our proprietary rights may not be adequate to prevent imitation of our products or infringement of our rights by others. The legal regimes of some foreign countries, particularly China, may not protect proprietary rights to the same extent as the laws of the United States, and it may be more difficult for us to successfully challenge the use of our proprietary rights by others in these countries. The inability to protect our copyrights, trademarks, and other proprietary rights could adversely impact our results of operations. Any litigation regarding our proprietary rights could be time consuming and costly and could consume significant amounts of management' s time that would otherwise be spent operating and growing our business. We are also subject to the risk that claims will be brought against us for infringement of the intellectual property rights of third parties, seeking to block the sale of our products claimed to violate their intellectual property rights or to receive payment of monetary amounts related thereto. Although we have not been inhibited from selling our products in connection with intellectual property disputes, intellectual property- related obstacles may arise as we expand our product lines and extend our brands as well as the geographic scope of our sales and marketing. In particular, we may be subject to copyright infringement claims for which we may not be entitled to indemnification from our suppliers. In addition, in recent years, companies in the retail industry, including us, have been subject to patent infringement claims from non- practicing entities, or “ patent trolls. ” Any infringement or other intellectual property claim made against us, whether or not it has merit, could be time- consuming and result in costly litigation. As a result, any such claim, or the combination of multiple claims, could have a material adverse effect on our operating results. If we are required to stop using any of our registered or nonregistered trademarks, our brands could be negatively affected, our sales could decline and, consequently, our business and results of operations could be adversely affected. The success of our Environmental, Social, and Governance (“ ESG ”) actions may impact the value of our brands. There has been increasing stakeholder and regulatory focus on ESG matters affecting public companies. Expectations regarding ESG disclosures, setting and executing ESG- related goals, and achieving measurable progress in a timely manner could expose us to market, operational, and execution costs or risks. We expect that stakeholder expectations, as well as laws, rules and regulations, in these areas will continue to evolve quickly, which may result in the need for increased resources for ESG monitoring and reporting and adjustments to our operations may be necessary as a result. We could face scrutiny with respect to the accuracy, adequacy, or completeness of our ESG- related disclosures. Additionally, disclosures about our ESG- related initiatives or goals, and progress towards those goals, may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions or third- party information that we believe to be reasonable but are subject to change in the future. We could also be subject to scrutiny with respect to the scope or nature of our ESG- related initiatives or goals, or for any revisions to those goals. **If Some stakeholders and customers may react negatively to the Company' s disclosure of ESG compliance efforts. Furthermore, if** our ESG- related data, processes, and reporting are incomplete or inaccurate, or if we fail to achieve progress with respect to these initiatives or goals on a timely basis, or at all, our reputation and the value of our brands could be adversely affected. Any harm to our reputation resulting from a failure or perceived failure to meet ESG- related goals, metrics, or disclosures could adversely affect our business, financial performance, and growth. **Risks Related to the Securities Markets and Ownership of Our Common Stock** Our stock price may be volatile or may decline regardless of our operating performance,

and you may not be able to resell shares at or above the price at which you purchase them. The market price of our common stock may fluctuate significantly in response to a number of factors, most of which we cannot control, including: • actions by other shopping mall or lifestyle center tenants; • weather conditions, particularly during the holiday shopping period; • unexpected departures of key executives; • financial projections that we may choose to provide to the public, any changes in these projections or our failure for any reason to meet these projections; • the public's response to press releases or other public announcements by us or others, including our filings with the SEC and announcements relating to litigation and other matters; • speculation about our business in the press or the investment community; • future sales of our common stock by our significant shareholders, officers, and directors; • our entry into new markets; • the impact of wars, hostilities, riots, social unrest or acts of terrorism on trading markets; • changes in laws or regulations that impact the retail industry, **including the imposition or increase in the rate of tariffs or trade sanctions**; • strategic actions by us or our competitors, such as acquisitions or restructurings; • the outbreak of pandemics or other public health matters and the resulting adverse impact on the capital markets; and • changes in accounting principles. These and other factors may result in a lower market price of our common stock, regardless of our actual operating performance. In addition, the stock markets, including The NASDAQ Global Select Market, have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many retail companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were involved in securities litigation, we could incur substantial costs and our resources and the attention of management could be diverted from our business. **Our business could be negatively affected as..... our shareholders may be adversely affected.** A limited number of shareholders control a significant percentage of the voting power of our common stock, and therefore investors may have diminished ability to determine the outcome of shareholder votes. Robert Hall, Barbara Bradley Baekgaard, Joan Hall (Mr. Hall's wife and Ms. Bradley Baekgaard's daughter), Patricia R. Miller, and P. Michael Miller, directly or indirectly, beneficially own and have the ability to exercise voting control over, in the aggregate, **19.21** % of our outstanding shares of common stock as of February **3-1, 2024-2025**. **Fund 1 Investments, LLC beneficially owns and has the ability to exercise voting control over, in the aggregate, 10 % of our outstanding shares of common stock as of February 1, 2025**. As a result, these shareholders are able to exercise significant influence over all matters requiring shareholder approval, including the election of directors, any amendments to our second amended and restated articles of incorporation, and significant corporate transactions. This concentrated ownership of outstanding common stock may diminish an investor's ability to influence corporate matters, and the interests of these shareholders may not coincide with our interests or interests of investors. As a result, we may take actions that investors do not believe to be in our interests or their interests and that could depress our stock price. In addition, this significant concentration of stock ownership may adversely affect the trading price of our common stock should investors perceive disadvantages in owning shares of common stock in a company that has such concentrated ownership. **Our business could be negatively affected as a result of the actions of activist shareholders. Over the last few years, proxy contests and other forms of shareholder activism have been directed against numerous public companies in retail businesses. We could become engaged in a consent solicitation, or proxy contest, or experience other shareholder activism, in the future. Activist shareholders may advocate for certain governance and strategic changes at our company. In the event of shareholder activism, particularly with respect to matters which** our Board of Directors ("Board") ~~attention and resources from our business. For example, on December 30, 2024, Fund 1 Investments, LLC delivered a letter to our Board calling for a the commencement of a strategic alternatives process. In the future, we could become engaged in a consent solicitation, or proxy contest, or experience other shareholder activism. Activist shareholders may advocate for certain governance and strategic changes at our company. In the event of shareholder activism, particularly with respect to matters which our Board,~~ in exercising their fiduciary duties, disagree with or have determined not to pursue, our business could be adversely affected because responding to actions by activist shareholders can be costly and time-consuming, disrupting our operations and diverting the attention of management, and perceived uncertainties as to our future direction may result in the loss of potential business opportunities and may make it more difficult to attract and retain qualified personnel, business partners, and customers. In addition, if faced with a consent solicitation or proxy contest, we may not be able to respond successfully to the contest or dispute, which would be disruptive to our business. If individuals are elected to our Board with a differing agenda, our ability to effectively and timely implement our strategic plans and create additional value for our shareholders may be adversely **affected**. Our actual operating results may differ significantly from our guidance, which could cause incongruous fluctuation in our stock price. From time to time, we provide guidance regarding our future performance that represents our management's estimates as of the date of release. This guidance, which consists of forward-looking statements, is prepared by our management and is qualified by, and subject to, the assumptions and the other information contained or referred to in such release. Our guidance is not prepared with a view toward compliance with published guidelines of the American Institute of Certified Public Accountants, and neither our independent registered public accounting firm nor any other independent expert or outside party compiles or examines our guidance and no such person expresses any opinion or any other form of assurance with respect thereto. Guidance is based upon a number of assumptions and estimates that, while presented with numerical specificity, are inherently subject to significant business, economic, and competitive uncertainties and contingencies, many of which are beyond our control and are based upon specific assumptions with respect to future business decisions, some of which will change. We generally state possible outcomes as high and low ranges which are intended to provide a sensitivity analysis as variables are changed, but such statements are not intended to represent that actual results could not fall outside of the suggested ranges. The principal reason that we release this data is to provide a basis for our management to discuss our business outlook with analysts and investors. We do not accept any responsibility for any projections or reports published by any such persons. Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions of the guidance furnished by us will not materialize or will vary significantly from actual results. Accordingly, our guidance is only an estimate of what management believes is realizable as of the date of release. Actual results

will vary from the guidance and the variations may be material. Investors should also recognize that the reliability of any forecasted financial data diminishes the further into the future that the data are forecast. In light of the foregoing, if investors, analysts, and others fail to review our guidance within the proper context or place undue reliance on our guidance, deviations from such guidance may result in incongruous fluctuation in our stock price. Anti- takeover provisions in our organizational documents and Indiana law may discourage or prevent a change in control, even if a sale of the Company would be beneficial to our shareholders, which could cause our stock price to decline and prevent attempts by shareholders to replace or remove our current management. Our second amended and restated articles of incorporation and amended and restated bylaws contain provisions that may delay or prevent a change in control, discourage bids at a premium over the market price of our common stock, harm the market price of our common stock, and diminish the voting and other rights of the holders of our common stock. These provisions include: • authorizing our Board to issue preferred stock and additional shares of our common stock without shareholder approval; • prohibiting shareholder action by written consent; • prohibiting our shareholders from calling a special meeting of shareholders; and • requiring advance notice for raising business matters or nominating directors at shareholders' meetings. As permitted by our second amended and restated articles of incorporation and amended and restated bylaws, our Board ~~also has the ability, should it so determine, to adopt~~ **adopted** a shareholder rights agreement, sometimes called a "poison pill," providing for the issuance of a new series of preferred stock to holders of common stock. In the event of a takeover attempt, this preferred stock would give rights to holders of common stock (other than the potential acquirer) to buy additional shares of our common stock at a discount, leading to the dilution of the potential acquirer's stake. The adoption of a poison pill ~~, or the Board's ability to do so~~, can have negative effects such as those described above. As an Indiana corporation, we are governed by the Indiana Business Corporation Law (as amended from time to time, the "IBCL"). Under specified circumstances, certain provisions of the IBCL related to control share acquisitions, business combinations, and constituent interests may delay, prevent, or make more difficult unsolicited acquisitions or changes of control of us. These provisions also may have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions that shareholders might deem to be in their best interest.

Risks Related to Pandemics The outbreak of pandemics, or events related thereto, may cause significant disruptions in our revenue streams, operations, global supply chain and other facets of our business, which may continue to adversely impact our results of operations, financial condition, and share price. A pandemic (COVID- 19) in the past resulted in travel restrictions both domestically and internationally, community and self- quarantines, certain factory closures or reduced operations, as well as mall closures and reduced mall operating hours. This could happen in the future as well. Due to the past pandemic we experienced significantly reduced traffic, demand, and sales. This could recur in the future. Future pandemic- related mandates from governments and public health officials may necessitate additional closures to some, or all, of our retail stores, the stores of our Indirect segment partners and Pura Vida wholesale retailers, or otherwise detrimentally impact aspects of our operations, as COVID- 19 did in the past. Pandemics may reduce consumers' willingness and ability to travel to major cities and vacation destinations in which some of our stores are located. In recent fiscal years, the COVID- 19 pandemic led to temporary factory closures and production and logistics constraints due to workforce availability, as well as global supply chain challenges such as vessel and container shortages and port congestion. As a result of the aforementioned restrictions, or other related factors, we have experienced and may experience in the future delayed shipments and increased shipping costs for some of our merchandise. We may also be adversely impacted should a pandemic compromise operations at our corporate headquarters and distribution center located in Roanoke, Indiana. The extent of a pandemic's impact on our results of operations, financial condition, and share price will likely depend on the nature and severity of the pandemic, future developments, including as may be related to the spread of new virus variants; mitigation activities undertaken by governments and the general public; the overall economic impacts of quarantines and business closures; and current, and potentially long- term, changes in consumer behavior. As a result of the above- mentioned factors, the Company's liquidity, results of operations, and financial condition could be adversely impacted.

General Risk Factors Our results of operations could suffer if we lose key management or design associates or are unable to attract and retain the talent required for our business. Our performance depends largely on the efforts and abilities of our senior management and product development teams. These executives and design associates have substantial experience in our business and have made significant contributions to our growth and success. Although we have entered into an employment agreement with our Chief Executive Officer, we may not be able to retain her services or those of other key individuals in the future. The unexpected loss of services of key employees could have adverse impacts on our business and results of operations. We may also need to attract and retain additional qualified employees and develop, train, and manage an increasing number of management- level, sales, and other employees. Competition for qualified employees is intense. We may not be able to attract and retain employees as needed in the future. Our results of operations could suffer if we are unable to attract and retain retail and distribution center employees required for our business. We must attract, motivate, and retain a sufficient number of qualified retail and distribution center employees. Historically, competition for talent in these positions has been intense and turnover is generally high. If we are unable to attract and retain such employees with the necessary skills and experience, we may not achieve our objectives and our financial condition, results of operations, and cash flows could be adversely impacted. Our results of operations are subject to quarterly fluctuations, which could adversely affect the market price of our common stock. Our quarterly results of operations may fluctuate significantly as a result of a variety of factors, including, among other things: • timing of new store openings and store closings; • net revenues and profits contributed by new stores; • changes in store traffic and comparable sales; • shifts in the timing of holidays, particularly in the United States and China; • changes in our merchandise mix; • timing of marketing campaigns or promotions; • timing of sales to Vera Bradley and Pura Vida wholesale retailers; and • timing of new pattern and collection releases and new product introductions. Any quarterly fluctuations that we report in the future may not match the expectations of market analysts and investors. This could cause the trading price of our common stock to fluctuate significantly. We may be subject to unionization, work stoppages, slowdowns, or increased labor costs. Currently, none of our employees are

represented by a union. Nevertheless, our employees have the right at any time under the National Labor Relations Act to organize or affiliate with a union. If some or all of our workforce were to become unionized, our business could be exposed to increased risk of work stoppages and slowdowns. In addition, if the terms of a collective bargaining agreement were to be significantly more favorable to union workers than our current pay- and- benefits arrangements, our costs would increase and our results of operations would suffer. We may suffer negative publicity and our business may be harmed if we need to recall any products we sell. We have in the past needed to, and may in the future need to, recall products that we determine may present safety issues. If products we sell have safety problems of which we are not aware, or if we or the Consumer Product Safety Commission recall a product sold in our stores, we may suffer negative publicity and, potentially, product liability lawsuits, which could have a material adverse impact on our reputation, financial condition and results of operations or cash flows. 27