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

FORM 10-K

(Mark One)

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

For the fiscal year ended January 31, 2026
OR

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

For transition period from to
Commission File Number 001-40571

TORRID

TORRID HOLDINGS INC.
(Exact name of registrant as specified in its charter)

Delaware	**84-3517567**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

18501 East San Jose Avenue
City of Industry, California 91748
(626) 667-1002
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $0.01 per share	CURV	New York Stock Exchange

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

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

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

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

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	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 7(a)(2)(B) of the Securities Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

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

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

As of March 15, 2026, there were approximately 99,316,586 shares of the registrant's common stock outstanding. The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of August 1, 2025 was approximately $89 million based upon the last reported sales price on the New York Stock Exchange on that date of $2.50.

DOCUMENTS INCORPORATED BY REFERENCE

Information required in response to Part III of this Annual Report on Form 10-K (Items 10, 11, 12, 13 and 14) is hereby incorporated by reference to portions of the registrant's definitive proxy statement for the 2026 Annual Meeting of Stockholders (the “2026 Proxy Statement”), to be filed with the Securities and Exchange Commission (“SEC”) no later than 120 days after the end of the registrant’s fiscal year ended January 31, 2026.

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FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K for the fiscal year ended January 31, 2026 (the "Form 10-K") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which are subject to the safe harbor created thereby under the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical or current fact included in this Form 10-K are forward-looking statements. Forward-looking statements reflect our current expectations and projections relating to our financial condition, results of operations, plans, objectives, 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," "will," "should," "can have," "likely" and other words and terms of similar meaning (including their negative counterparts or other various or comparable terminology). For example, all statements we make relating to our estimated and projected costs, expenditures, cash flows, growth rates and financial results, our plans and objectives for future operations, growth or initiatives, 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:

- changes in consumer spending and general economic conditions;
- the negative impact on our revenue and profitability as a result of the imposition of new or increased duties or tariffs on goods from the countries where we manufacture our merchandise which, among other things, could limit our ability to manufacture products in cost-effective countries and require us to absorb costs or pass costs onto customers;
- ongoing or threats of war, terrorism and other catastrophes, including natural disasters, that could negatively impact our business.
- the interruption of the flow of merchandise from international manufacturers;
- the negative impact on interest expense as a result of high interest rates;
- inflationary pressures with respect to labor and raw materials and global supply chain constraints that could increase our expenses;
- our ability to identify, adapt and respond to new and changing product trends, consumer shopping preferences and other related factors, including the increasing use of glucagon-like peptide-1 ("GLP-1") medications;
- our dependence on a strong brand image;
- increased competition from other brands and retailers;
- our reliance on third parties to drive traffic to our website;
- the success of the shopping centers in which our stores are located;
- our ability to develop and maintain a relevant and reliable omni-channel experience for our customers;
- our dependence upon independent third parties for the manufacture of all of our merchandise;
- availability constraints and price volatility in the raw materials used to manufacture our products;
- exposure to risks inherent in doing business globally as a result of sourcing a significant amount of our products from various countries;
- shortages of inventory, delayed shipments to our e-Commerce customers and harm to our reputation due to difficulties or shut-down of our distribution facility;
- our reliance upon independent third-party transportation providers for substantially all of our product shipments;
- our growth strategy, including our retail store optimization strategy;
- our failure to attract and retain employees that reflect our brand image, embody our culture and possess the appropriate skill set;
- damage to our reputation arising from our use of social media, email and text messages;

- our reliance on third parties for the provision of certain services, including real estate management;
- our dependence upon key members of our executive management team;
- our reliance on information systems, including artificial intelligence and machine learning technologies;
- system security risk issues that could disrupt our internal operations or information technology services;
- unauthorized disclosure of sensitive or confidential information, whether through a breach of our computer system, third-party computer systems we rely on, or otherwise;
- our failure to comply with federal and state laws and regulations and industry standards relating to privacy, data protection, advertising and consumer protection;
- payment-related risks that could increase our operating costs or subject us to potential liability;
- claims made against us resulting in litigation;
- changes in laws and regulations applicable to our business;
- regulatory actions or recalls arising from issues with product safety;
- the adverse impact of rulemaking changes implemented by the Consumer Financial Protection Bureau on our income streams, profitability and results of operations;
- our inability to protect our trademarks or other intellectual property rights;
- our substantial indebtedness and lease obligations;
- restrictions imposed by our indebtedness on our current and future operations;
- changes in tax laws or regulations or in our operations that may impact our effective tax rate;
- the possibility that we may recognize impairments of definite-lived assets; and
- our failure to maintain adequate internal control over financial reporting.

We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the effect of known factors, and, it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from our expectations are disclosed under the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Form 10-K and in our other filings with the Securities and Exchange Commission (“SEC”) and public communications. All forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements as well as other cautionary statements that are made from time to time in our other filings with the SEC and public communications. You should evaluate all forward-looking statements made in this Form 10-K in the context of these risks and uncertainties.

We caution you that the important factors referenced above may not include all of the factors that are important to you. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the outcomes or affect us or our operations in the way we expect. The forward-looking statements included in this Form 10-K 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 to the extent required by law.

PART I

Item 1. Business.

Overview

Torrid Holdings Inc. (“Torrid,” “we,” “us,” “our,” the “Company”) is a direct-to-consumer brand in North America dedicated to offering a diverse assortment of stylish apparel, intimates, and accessories skillfully designed for curvy women. Specializing in sizes 10 to 30, our primary focus is on providing fashionable, comfortable, and affordable options that meet the unique needs of our customers. Our extensive collection features high quality merchandise, including tops, bottoms, denim, dresses, intimates, activewear, footwear, and accessories. Our products are exclusive to us, and each product is meticulously crafted to cater to the needs of the curvy woman, empowering her to love the way she looks and feels. Our collections are artfully curated to suit all aspects of our customers’ lives, including casual weekends, work, dressy and special occasions. Understanding the importance of affordability, we aim to keep our prices reasonable without compromising on quality. This allows us to build a meaningful connection with our customers, distinguishing us from other brands that often overlook plus- and mid-size consumers. Our brand experience and product offerings establish us as a differentiated and reliable choice for plus- and mid-size customers, which we believe sets us apart in the market. We strive to be everything our customer needs in her closet, consistently delivering products that make her feel confident and stylish.

The Torrid Approach

We have developed a proprietary approach to designing stylish, commercially relevant apparel and intimates that resonates with a diverse range of customers and appeals broadly to their sense of style. Our loyal customer base provides us with valuable insights that enable us to refine our products and experience. This creates a self-reinforcing cycle that solidifies our leadership in the plus- and mid-size apparel markets.

Our diverse assortment caters to the curvy woman’s unique needs, offering:

- A tailored fit she rarely has access to that meets all of her individual style aspirations;
- A rigorous design process where every single article of clothing is fitted on a real woman, and not simply “grading up” non-plus-size apparel;
- A proprietary sizing process constantly updated through continuous customer feedback and data, until we fit to perfection; and
- An expanded brand that provides a fusion of trendy and on-point style with exceptional tailoring that satisfies the unique needs of the curvy woman.

Product

Product Offering

We offer a comprehensive product line that inspires our customers with new and exciting options for her entire closet. Our assortment spans tops, bottoms, denim, dresses, intimates, activewear, footwear and accessories that we believe embody the attitude and style that enable our customers to comfortably and confidently dress like their non-plus-size friends. Combined with an unparalleled fit, we believe our products make us a destination for our customers to shop for every occasion, from casual to dressy, and everything in between.

While we aim to bring her current styles and trends, we also bring her offerings built on a foundation of timeless year-round styles and colors (“Basics”) that are constantly replenished. Our core offerings include products that are on-trend interpretations of our Basics merchandise (“Core”) that we update with new fabrics, prints, embellishments or features. For example, the Harper Blouse represents a Basics item with Core iterations that feature different lengths and sleeve designs. Our trend-driven items incorporate fresh styles available in the broader market to excite and engage our customer but are bought narrowly and reordered as demand dictates to minimize inventory risk.

Our focus on bottoms and intimates, both attractive growth categories where technical expertise is critical, drives customer loyalty and serves as an entry point to the Torrid brand. Our intimates line is designed to inspire confidence and allows our customer to move in effortless comfort throughout her day while feeling confident and sexy. We offer a full range of bra frames, sizes and solutions, continually testing new innovations. Over the course of approximately two decades, Torrid has developed the requisite design and engineering expertise for the highly technical bra category through a rigorous in-house research and development process.

Product Design and Development

We are dedicated to creating youthful, sexy and commercially relevant products that cater specifically to the woman in our size range. Our in-house design, development and merchandising teams work tirelessly to bring our vision to life under our portfolio of brands, including Torrid®, Torrid Curve®, CURV®, and Lovesick®. Our products are exclusive to us and provide a consistent quality and fit that we believe she cannot find elsewhere. Our product development is led by a team of highly skilled designers, artists and product engineers. Our core competency is our differentiated, market-leading fit that we achieve through the following strategies:

- Laser focus on fit across our entire organization;
- Differentiated technical fit created through building and continuously refining a database of fit specifications derived from testing, measuring and cataloging garments on our fit models;
- Proprietary fabrics specifically engineered to enhance the fit;
- Fit all of our products on fit models and our staff, not mannequins; and
- We often test new fabrics, new silhouettes and new product lines on our staff and community of loyal customers before launch.

Additionally, we employ a data-driven approach to design and product development, proactively and quickly incorporating sales and operational performance information alongside customer feedback from thousands of product reviews, and our ongoing dialogue with customers through social media and customer surveys.

Merchandise Planning

Our strategy is built around a consistent and stable base of Core products that provide our customer with year-round style. At the same time, we introduce new lines of merchandise approximately 16 times per year, thus providing a consistent flow of fresh merchandise to keep our customer engaged, encourage repeat business and attract new customers.

We regularly use the depth and breadth of our data to assess sales, market trends and new product development to inform purchasing decisions. As a result, we have the flexibility to react quickly to product performance, make in-season inventory purchasing adjustments where possible and to respond to the latest sales trends by ordering or re-ordering as appropriate. Further, we utilize a read-and-react testing approach, with small purchase quantities, to introduce our new product offering, minimizing fashion risk. This strategy also allows us to mitigate inventory risk, particularly for new products or styles, while simultaneously providing our customers access to current fashion.

Customers

Our typical customer is an employed, youthful woman between the ages of approximately 30 and 44 years old with above-average annual household income, and wears sizes 10 to 30 (average of size 18). Approximately half of our customers are under 40 years old and the ethnic composition of our customer base largely parallels that of the U.S. population. She leads a busy life, is short on time and wants a curated presentation of quality apparel, intimates and accessories that are on trend and fit her well.

Torrid Loyalty and Torrid Credit Card Programs

We drive customer loyalty and engagement through our three-tier loyalty program, Torrid Rewards. Members earn one point for every dollar spent and receive a reward for every 250 points collected. The program is tiered by annual customer spend and offers incremental perks with each tier. Torrid Insider members are those who spend up to $499 annually, while members of Torrid Loyalist spend $500+ annually and Torrid VIP spend $1,000+ annually. We inspire loyalty by continuously engaging with our loyalty members through birthday gifts, social media, dedicated customer service lines and exclusive events. Members of the top two tiers of our loyalty program, Torrid VIP and Loyalist, are our most loyal customers who purchase from us more often and spend significantly more than the average customer, accounting for an outsized share of net sales.

Additionally, we provide our customers with access to our Torrid Credit Card Program through which customers receive points, discounts and other perks. Torrid Credit Card holders are among our most loyal and valuable customers. Our credit card program encourages customer loyalty, serves as a valuable source for data and allows us to further invest in marketing efforts while limiting exposure to incremental credit risk as our bank partner substantially manages all administrative processes, including underwriting, and bears a portion of the credit balance risk.

Torrid Rewards and our Torrid Credit Card program provide us with a strong ability to attribute sales and behavioral data to individual customers, which informs our decision-making process.

Unified Commerce Platform

Through our unified commerce platform, which includes our e-Commerce and retail stores, we deliver a seamless brand experience to our customers wherever and whenever she chooses to shop. We are agnostic to the channel where our customers choose to shop, as we are highly profitable across both e-Commerce and store channels. We deliver a consistent brand message by coordinating our strategies across channels, which we believe influences our customers' buying decisions. This customer-centric strategy enhances customer acquisition, retention and customer lifetime value. Our e-Commerce and store channels complement and drive traffic to one another, creating more loyal omni-channel customers.

e-Commerce

Our e-Commerce channel is central to our unified commerce platform. Our online platform provides customers with a highly engaging shopping experience featuring access to our full product assortment, an aesthetically rich and easily navigable website, and seamless ordering and fulfillment. Additionally, we successfully use our e-Commerce platform to expand our selection of styles, colors and merchandise meaningfully beyond what is available in our stores, making the online shopping experience highly engaging and additive to our in-store experience. Our website and mobile app feature updates on new collections, guidance on how to wear and put together outfits and a selection of web-only exclusives, all of which facilitate customer engagement and interaction.

We aim to be wherever she is and make the transaction process as convenient as possible. As a result, a majority of our e-Commerce orders and a material portion of all orders are placed directly from her phone. The functionality and features of our mobile app enable us to deliver enhanced personalization such as allowing her to find her recommended size while suggesting complementary items to expedite purchase decisions and increase frequency and order size.

Stores

Even as we optimize our store footprint, we continue to believe that our stores are highly valuable strategic assets that play an important role in our customer acquisition strategy as many of our new customer relationships begin in our stores. We believe our remaining stores are located in the most impactful locations and enhance brand awareness, drive traffic to our e-Commerce platform and encourage customers to shop across multiple channels of our unified commerce platform. We provide a sophisticated presentation of products that has an emphasis on outfits, which presents creative styling ideas to our customer and encourages incremental spend. Our stores include large, comfortable fitting rooms with features, such as cooling fans, that are specifically suited for our customers' needs. Additionally, our stores offer customers the opportunity to connect with a like-minded community, through exclusive in-store events and interactions with our store associates, who act as brand ambassadors and are often customers themselves.

As of January 31, 2026, we operated 483 stores in the U.S., Puerto Rico and Canada. Our stores are located primarily in premium malls, shopping plazas, lifestyle centers and outlet locations. Our stores are designed to deliver an immersive fit discovery experience and serve as desirable customer destinations. Our average store size is approximately 3,200 square feet.

People and Culture

Our management is committed to attracting, developing and retaining talent, and supporting a company culture of belonging where our associates and customers feel valued. Our work environment is open and collaborative with an organizational structure that facilitates efficient decision making. Many of our employees are also customers who believe in our mission to empower curvy women to love the way they look and feel. We strive to promote a welcoming and inclusive culture throughout our Company.

The goal of creating a welcoming and supportive environment spans our full organization from our headquarters and distribution center to our stores. We remain committed to a work environment rooted in mutual respect and inclusion and will continue to encourage different ideas and points of view. We believe that diverse perspectives and experiences are important to help inform management of risks, business strategies and opportunities. We believe that our in-store brand ambassadors are critical to our success and often represent the face of our organization to our customers. We empower our managers and in-store brand ambassadors to deliver a superior shopping experience. We provide thorough product- and fit-oriented training that aims to strengthen our brand experience in the store. We also provide our in-store brand ambassadors with sales and key performance data that help them optimize their store's performance and foster a culture of accountability. Communications with our store associates is a critical channel for valuable product and customer feedback. We believe we have established effective two-way lines of communication throughout our organization, including using technologies to communicate with stores in real time and routinely synthesize store insights and customer feedback from the field to influence decision making.

As of January 31, 2026, we employed approximately 1,530 full-time and 4,155 part-time employees. Of these employees, approximately 590 are assigned to our headquarters in City of Industry, California and approximately 5,095 are employed in our stores and distribution center. Our number of employees, particularly part-time employees, fluctuates depending upon seasonal needs. Our employees are not represented by a labor union and are not party to a collective bargaining agreement.

Our talent strategy is to attract, engage and retain the best and most qualified talent. We offer competitive compensation packages that are based on market-specific data for comparable roles and geographic locations. We believe in rewarding high performance and seek to design plans and programs to support this culture. To further support the advancement of our employees, we invest in a wide range of training and development opportunities at all levels across the organization, including through both online and instructor-led internal programs, as well as third-party programs. We regularly collect feedback from our employees to better understand and improve our learning and development offerings to meet their needs. To ensure we provide a rich and rewarding experience for our employees, we monitor culture and engagement to build on the competencies that are important for our future success. We routinely hold employee engagement events and virtual and on-demand learning sessions for our associates' development.

Employee safety remains a priority. We develop and administer company-wide policies to ensure the safety of each team member and compliance with Occupational Safety and Health Administration standards and local requirements.

An important part of our culture is our focus on giving back to the community, which we do primarily through our Torrid Foundation that we established in 2017. The mission of the Torrid Foundation is to support various nonprofit organizations dedicated to helping women and changing lives for our customers and their communities. The funds utilized in these efforts are raised from customer donations, including whole-dollar sale round-ups and proceeds from a portion of total sales during specific campaign periods.

Data Analytics

We have a significant volume of customer and transaction data, collected from a variety of sources, including e-Commerce and in-store interactions, our loyalty program, social media and customer surveys. For example, we have the ability to track page views, search history, clicks, linger time and purchase route for visitors to our e-Commerce platform. We use our data to drive decision making across the organization. This customer data is largely based on information provided by customers who have opted-in to be part of our loyalty program. Our extensive database contains valuable customer information that helps us better market to our customers.

We have significant visibility into our customers' transaction behavior, including purchases made across our channels. We use our customer database to acquire, develop and retain customers. We can identify customers who purchase products regardless of whether they shop on our e-Commerce platform or in-store. We leverage this customer database to drive data analysis and insights that we use in managing our business. For example, to grow the penetration of intimates sales, we are able to offer a promotion targeted at customers who have bought our apparel but not our intimates, which will encourage shopping across categories.

Marketing and Advertising

We promote a message of inclusivity that empowers all women to love the way they look and feel. Our brand inspires women to feel confident, sexy and youthful like they never have before. We believe our brand messaging built around fashion and fit resonates with the attitudes of younger generations who are frustrated with being ignored by other brands. Our marketing collateral intentionally represents the diversity of our customer base, including curvy women of all sizes from 10 to 30, and communicates the confidence and sexiness our product is intended to deliver.

We use a variety of marketing and advertising mediums to increase brand awareness, acquire new customers, and drive repeat purchases across our channels. These programs include our online marketing, such as paid search and social media, product listing ads and retargeting, combined with direct mail, store marketing and public relations initiatives. Further, we have a multiple brand strategy, including niche concepts like Festi, Nightfall and Retro Chic. This enables us to reach new customers and increase our brand awareness. We strengthen the connection with our most engaged customers through special events, like Casting Call, which feature plus- and mid-size models, celebrities, bloggers and other influencers. We use our customer database to strategically optimize the value of our marketing investments across our customer base and channels. This enables us to efficiently acquire new customers, effectively market to repeat customers and reactivate lapsed customers.

Our investments in digital and physical marketing drive customer acquisition and engagement across all of our channels. We coordinate the introduction of our collections across our e-Commerce platform and stores, allowing a customer to experience a consistent brand message wherever and whenever she chooses to shop. We have a large and growing following on our social media channels, including Facebook, Instagram, Pinterest, Twitter, YouTube and TikTok. We use these channels to communicate with our customers, disseminate our outbound marketing messages and collect feedback about their lifestyles and product preferences.

Sourcing and Production

We outsource the manufacturing of our products, which eliminates the need to own or operate manufacturing facilities. Thus, our product sourcing is not dependent on any one manufacturing facility, enabling a flexible and agile approach to sourcing. We internally design and develop the vast majority of our products, a model we describe as vertical sourcing, which gives us control to deliver consistent fit, quality and cost across our products.

We have a diversified vendor base. No single supplier accounted for more than 10% of merchandise purchased in fiscal year 2025. Substantially all of our product receipts in fiscal year 2025 were sourced internationally, primarily from Asia. We plan to continue diversifying our vendor bases by both vendor and geography. We continue to reduce our exposure to factories located within China. Though we are working towards decreasing our share of product manufactured in China, our manufacturing partners may source their own raw materials from third-party suppliers in other countries, including China. We maintain compliance guidelines for our vendors that dictate various standards including product quality, manufacturing practices, labor compliance and legal compliance. Through third parties, we periodically monitor our factories and suppliers to ensure compliance with these guidelines.

Distribution and Fulfillment

Our unified commerce business model is serviced by our distribution facility located in West Jefferson, Ohio. This 750,000 square foot facility is highly automated and capable of handling our existing and future needs. The West Jefferson facility is equipped with omni-channel capabilities that enable global direct-to-customer e-Commerce, U.S. and Canada retail store order fulfillment, including buy-online-pickup-in-store (“BOPIS”) and ship-to-store fulfillment. Our store omni-channel offerings also include ship-from-store, ship-to-store and BOPIS in the U.S. and Canada. During 2025, our distribution facility also began support of third-party marketplace fulfillment of our products.

Our distribution facility also oversees customer and store returns to drive efficient online returns processing, allowing us to seamlessly execute our unified commerce strategy. We outsource our U.S. returns operations to a third-party returns specialist. International returns are processed at the West Jefferson facility.

Our supply chain team manages the inbound transportation, receipt, quality assurance, regulatory compliance, storage, sorting, picking, packing and distribution of merchandise for our e-Commerce platform and store channels. Stores are typically replenished at least once per week from this facility, which provides our stores with a steady flow of both new inventory and basics replenishment that helps maintain product freshness and in-stock availability. Distribution for e-Commerce customers and retail stores is performed by third-party parcel delivery services that optimize cost and service.

Information Systems

We utilize a full range of third-party management information systems to support our store, e-Commerce, merchandising, customer data, financial and real estate business teams. We utilize these systems to provide us with various functions, including customer relationship management, point-of-sales, inventory management, merchandising support systems, financial reporting, e-Commerce solutions and other systems.

Seasonality

While the apparel industry is generally seasonal in nature, we have not historically experienced significant seasonal fluctuations in our sales. In fiscal year 2025, no single quarter contributed more than 27% of Torrid net sales. We believe this is partly attributable to our broad merchandise offering that encourages purchasing across seasons. We believe our reduced seasonality is also attributable to the behavior of our customer, who is generally purchasing products for herself, not as gifts.

Competition

We face competition across a variety of players within the broader apparel industry. Our competitors range from smaller, growing e-Commerce brands to considerably larger players with substantially greater financial, marketing and other resources. Further, we may face new competitors and increased competition from existing competitors as we expand into new markets and increase our presence in existing markets.

Our competition in the women's plus- and mid-size apparel industry includes:

- ***Plus- and Mid-Size Focused Specialty Retailers.*** We compete with other specialty retailers that, like Torrid, focus on plus- and mid-size customers. We offer a fashion-first focus rooted in a great fit and a broad and stylish product assortment that is differentiated by our vertical sourcing capabilities. We target a younger, more fashion-minded consumer with a wide assortment that has broad appeal. We further differentiate ourselves based on the strength of our brand, industry-leading unified commerce business model and e-Commerce penetration, strong data capabilities, loyal customer base, customer-focused product assortment and highly experienced leadership team.

- ***Plus- and Mid-Size Focused Direct to Consumer Brands.*** We compete with other plus- and mid-size focused direct to consumer brands. We operate on a large scale, which allows us to offer a wide product assortment, high product quality and convenience to provide a better experience and acquire customers more efficiently.

- ***Local, National and International Retail Chains.*** We compete indirectly with department stores, specialty apparel players and mass merchandise retailers who also carry products in our size range and offer similar categories of merchandise to our customer segment. By maintaining a maniacal focus on fashion and fit, our proprietary product offering delivers a superior fit for the curvy woman that makes her love the way she looks and feels. Our sole focus on designing for our specific customer needs differentiate her experience when she shops with us.

Our distinct combination of first at fashion and fit design, service, product quality and value allows us to compete effectively within the women's plus- and mid-size apparel market.

Intellectual Property

Our trademarks are important to our marketing efforts. We own or have the rights to use certain trademarks, service marks and trade names that are registered with the U.S. Patent and Trademark Office or other foreign trademark registration offices or exist under common law in the United States and other jurisdictions. Trademarks that are important in identifying and distinguishing our products and services include, but are not limited to, Torrid®, Torrid Curve®, CURV® and Lovesick®. Our rights to some of these trademarks may be limited to select markets. We also own domain names, including our website, www.torrid.com. Further, we have patents issued, as well as applications pending for our innovative technology featured in our most popular line of bras, the Reduced-Coverage Back Smoothing Brassiere, as well as the Wire-free Push-Up Brassiere with Hinge for Improved Support and Flexibility, and for our Power Mesh Panels for Tummy-Flattening Pants and Tummy-Covering Garments.

Regulation and Legislation

We are required to comply with numerous laws and regulations at the state, federal and international levels. For instance, we are subject to labor and employment, tax, environmental, privacy and anti-bribery laws. We are also subject to regulations, trade laws and customs, truth-in-advertising, consumer protection and zoning and occupancy laws and ordinances that regulate retailers generally and/or govern the importation, promotion and sale of merchandise and the operation of stores and warehouse facilities. We monitor changes in these laws and believe that we are in material compliance with applicable laws.

A substantial portion of our products are manufactured outside the United States. These products are imported and are subject to U.S. customs laws, which impose tariffs as well as import quota restrictions for textiles and apparel. Some of our imported products are eligible for duty-advantaged programs.

The current U.S. trade environment has introduced significant uncertainty for Torrid and other apparel importers. Beginning in early 2025, the U.S. government announced a series of broad import tariff increases, including new and expanded duties on goods imported from major sourcing countries that collectively supply a significant portion of U.S. apparel imports. The tariff environment has remained highly fluid, with executive orders, temporary pauses, partial reversals, and ongoing negotiations between the U.S. and its trading partners creating continuing uncertainty. On February 20, 2026, the U.S. Supreme Court issued a ruling striking down certain tariffs previously imposed under the International Emergency Economic Powers Act ("IEEPA") and following the Supreme Court's decision, the U.S. presidential administration announced its intention to invoke other laws to collect tariffs and announced new tariffs on imports from all countries, in addition to any existing non-IEEPA tariffs. As a significant portion of our sourcing is from countries directly affected by the new and increased tariff rates, these developments have increased our cost of goods sold and impacted our gross margins. We are actively monitoring the tariff environment and taking steps to mitigate the impact of higher duties on our business. These steps include, but are not limited to, diversifying our sourcing network across additional countries and manufacturing partners, engaging with our vendor base to negotiate cost-sharing arrangements, evaluating potential adjustments to our product mix and pricing strategy, and accelerating review of duty-advantaged trade programs. There can be no assurance that these mitigation efforts will fully offset the impact of increased tariffs on our product costs, margins, or results of operations. While importation of goods from foreign countries from which we buy our products may be subject to embargo by U.S. customs authorities if shipments exceed quota limits, we closely monitor import quotas and believe we have the sourcing network to efficiently shift production to factories located in countries with available quotas. The existence of import quotas has, therefore, not had a material adverse effect on our business. For more information, see "Risk Factors—Risks Related to Government Regulation and Litigation—Changes in laws, including employment laws and laws related to our merchandise, could make conducting our business more expensive or otherwise change the way we do business" and "Risk Factors—Risks Related to the Manufacturing, Processing and Supply of Our Products—The interruption of the flow of merchandise from international manufacturers could disrupt our supply chain, including as a result of the imposition of additional duties, tariffs, and other charges on imports and exports."

Data Privacy and Security

We collect, process, store and use confidential, proprietary and personal information, including information about our customers, our employees and other third parties. Consequently, our business is subject to increasingly complex and rigorous, and sometimes conflicting laws, regulatory standards, industry standards, external and internal privacy and security policies, contracts and other obligations governing data privacy and security in the U.S. and other jurisdictions where we do business, including with respect to the collection, storage, use, transmission, sharing and protection of personal information and other consumer data.

For example, the European Union ("EU") and United Kingdom ("UK"), have adopted strict data privacy and security regulations. The General Data Protection Regulation (EU 2016/679) ("EU GDPR"), effective May 2018, and the EU GDPR as it forms part of the laws of England and Wales, Scotland and Northern Ireland by virtue of section 3 of the European Union Withdrawal Act 2018 ("UK GDPR" and together with the EU GDPR, the "GDPR"), have compliance obligations applicable to businesses without an establishment in the EU, the European Economic Area ("EEA") or the UK, but that either (i) offer their goods or services to individuals located in the EU, EEA or UK, or (ii) monitor the behavior of individuals located in the EU, EEA or UK. As a result, it is possible the UK GDPR and/or EU GDPR may apply to us.

In addition, various federal and state legislative and regulatory bodies, or self-regulatory organizations, may expand current laws or regulations, enact new laws or regulations or issue revised rules or guidance regarding privacy, data protection, consumer protection, and advertising. For example, on January 1, 2023, the California Privacy Rights Act (the "CPRA") amendments to the California Consumer Privacy Act of 2018 (the "CCPA") came into force. Among other operational requirements for covered companies, the CCPA mandates that covered companies provide new disclosures to California consumers and afford such consumers data privacy rights that include, among other things, the right to request a copy from a covered company of the personal information collected about them, the right to request correction or deletion of such personal information, and the right to request to opt-out of certain sales, or disclosures for the purposes of cross-context behavioral advertising, of such personal information. The California Attorney General and a standalone California data privacy agency, the California Privacy Protection Agency, can enforce the CCPA, including seeking an injunction and civil penalties for violations. The CCPA also provides a private right of action for certain data breaches that is expected to increase data breach litigation. We continue to monitor and update our privacy policy and procedures as additional states implement new data privacy and security laws. This legislation may add additional complexity, variation in requirements, restrictions and potential legal risk, require additional investment in resources to compliance programs, and could impact strategies and availability of previously useful data and could result in increased compliance costs and/or changes in business practices and policies. Additionally, the Federal Trade Commission ("FTC") and many state attorneys general are interpreting existing federal and state consumer protection laws to impose expanded standards for the online collection, use, dissemination and security of data.

We may publish privacy policies, marketing materials, and other statements, such as compliance with certain certifications or self-regulatory principles, regarding data privacy and security. If these policies, materials or statements are found to be deficient, lacking in transparency, deceptive, unfair or misrepresentative of our practices, we may be subject to investigation, enforcement actions by regulators or other adverse consequences. For example, our compliance with our privacy policies and our general consumer data privacy and security practices may be subject to review by the FTC, which may bring enforcement actions to challenge allegedly unfair and deceptive trade practices, including the violation of privacy policies and representations or material omissions therein.

Compliance with existing, proposed and recently enacted laws and regulations can be costly and time consuming, and any failure to comply with these regulatory standards could subject us to legal and reputational risks. Misuse of or failure to secure personal information could also result in violation of data privacy laws and regulations, proceedings against us by governmental entities or others, imposition of fines by governmental authorities and damage to our reputation and credibility and could have a negative impact on revenues and profits. See "Risk Factors—Risks Related to Government Regulation and Litigation—Failure to comply with federal and state laws and regulations and industry standards relating to privacy, data protection, advertising and consumer protection, or the expansion of current or the enactment of new laws, regulations or industry standards relating to privacy, data protection, advertising and consumer protection, could adversely affect our business, financial condition, and results of operations."

Available Information

We make available on our website (investors.torrid.com) under "Financials" our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports as soon as reasonably practicable after we electronically file or furnish them to the SEC. The information contained in, or that can be accessed through, our website is not part of, or incorporated by reference in, this Form 10-K. The SEC maintains an internet website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at www.sec.gov.

The charters for committees of our Board of Directors (Audit, Compensation and Nominating and Corporate Governance Committees), our Corporate Governance Guidelines and our Code of Business Conduct are also available on our website (investors.torrid.com) under “Governance, Governance Documents.”

Investors and others should note that we may announce material information to our investors using our investor relations website (https://investors.torrid.com), SEC filings, press releases, public conference calls and webcasts. We use these channels, as well as social media, to communicate with our investors and the public about our Company, our business and other issues. It is possible that the information that we post on social media could be deemed to be material information. We therefore encourage investors to visit these websites from time to time. The information contained on such websites and social media posts is not incorporated by reference into this filing. Further, our references to website URLs in this filing are intended to be inactive textual references only.

Item 1A. Risk Factors.

An investment in our common stock involves a high degree of risk. You should carefully consider the risks described below, together with the financial and other information contained in this Form 10-K, including our financial statements and the related notes and under "Management's Discussion and Analysis of Financial Condition and Results of Operations," before you decide to purchase, hold or sell shares of our common stock. If any of the following risks actually occur, our business, financial condition, results of operations and cash flows could be materially and adversely affected. As a result, the trading price of our common stock could decline, and you could lose all or part of your investment in our common stock. Additionally, the risks and uncertainties described in this Form 10-K or in any document incorporated by reference herein are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may become material and adversely affect our business.

Summary Risk Factors

The following is a summary of some of the material risks and uncertainties that could adversely affect our business, financial condition and results of operations. You should read this summary together with the more detailed description of each risk factor contained below:

- the effect of changes in consumer spending and general macroeconomic conditions on our operations and financial performance;
- the negative impact on our revenue and profitability as a result of the imposition of new or increased duties or tariffs on goods from the countries where we manufacture our merchandise which, among other things, could limit our ability to manufacture products in cost-effective countries and require us to absorb costs or pass costs on customers;
- the interruption of the flow of merchandise from international manufacturers;
- our growth strategy, including our retail store optimization strategy;
- our inability or failure to identify, adapt or respond to new trends and consumer shopping preferences, including the increasing use of GLP-1 medications;
- our inability to maintain and enhance our brand and attract sufficient numbers of customers to our stores or sell sufficient quantities of our products;
- increased competition from other brands or retailers and our ability to obtain favorable store locations;
- our dependency or reliance on third parties for different services, such as customer driving, product sourcing, manufacturing and transportation;
- our failure to develop and maintain a relevant and reliable omni-channel experience for our customers;
- our failure to find employees that reflect our brand image and embody our culture;
- our failure to effectively utilize information systems and implement new technologies or misuse or unauthorized use of these systems and technologies, including artificial intelligence and machine learning technologies;
- price volatility and lack of availability of raw materials to manufacture our products and impact on transportation and labor costs;
- exposure to risks inherent in doing business globally as a result of sourcing a significant amount of our products from various countries;
- potential liability arising from payment-related risks, litigation or regulatory proceedings;
- changes in laws and regulations, including, among others, privacy, data protection, advertising, consumer protection, environmental and tax regulations;
- government or consumer concerns about product safety that could result in regulatory actions, recalls or changes to laws;
- the adverse impact of rulemaking changes implemented by the Consumer Financial Protection Bureau on our income streams, profitability and results of operations;
- our inability to protect our trademarks or other intellectual property rights;

- our substantial indebtedness and lease obligations;
- our dependency on key members of our executive management team; and
- ongoing or threats of war, terrorism and other catastrophes, including natural disasters, that could negatively impact our business.

Risks Related to Our Business

Our business is sensitive to consumer spending and general economic conditions, and an economic slowdown or inflationary pressures could adversely affect our financial performance.

Consumer purchases of discretionary items, including our products, generally decline during recessionary periods and other periods where disposable income is adversely affected. Our performance is subject to factors that affect domestic and worldwide economic conditions, particularly those that affect our target demographic. These factors may include unemployment rates, levels of consumer and student debt, the availability of consumer credit, healthcare costs, reductions in net worth, residential real estate and mortgage markets, taxation, fuel and energy prices, interest rates, inflation, consumer confidence, the value of the United States dollar versus foreign currencies and other macroeconomic factors, such as the economic disruption caused by a global pandemic. Deterioration in economic conditions or increasing unemployment levels may reduce the level of consumer spending and inhibit consumers' use of credit, which may adversely affect our net sales and profits. In recessionary periods, we may have to increase the number of promotional sales or otherwise dispose of inventory for which we have previously paid to manufacture, which could adversely affect our profitability in those periods. Weakened economic conditions and a slowdown in the economy could also adversely affect shopping center traffic and new shopping center development, which could materially adversely affect us.

In addition, a weakened economic environment or recessionary period may exacerbate some of the risks noted below, including consumer demand, strain on available resources, store growth, decreases in mall traffic, brand reputation, our ability to develop and maintain a reliable omni-channel customer experience, our ability to execute our growth initiatives, interruption of the production and flow of merchandise from key vendors, foreign exchange rate fluctuations and leasing substantial amounts of space. The same risks could be exacerbated individually or collectively.

Recent inflationary pressures have increased the cost of energy and raw materials and may adversely affect our results of operations. If inflation continues to rise and further impact the cost of energy and raw materials, we may not be able to offset cost increases to our products through price adjustments without negatively impacting customer demand, which could adversely affect our sales and results of operations.

Our business is dependent upon our ability to identify and respond to changes in customer preferences and other related factors. Our inability to identify or respond to these new trends may lead to inventory markdowns and write-offs, which could adversely affect our business and our brand image.

Our target market of approximately 30 to 44-year-old plus- and mid-size women has stylistic preferences that cannot be predicted with certainty and is subject to change. Our success depends in large part upon our ability to effectively identify and respond to changing product trends and consumer demands among this segment, and to translate market trends into appropriate, salable product offerings. In particular, the increasing use of GLP-1 medications may impact demand for our plus-size products as consumer preferences and body shapes evolve, potentially leading to inventory management challenges, markdowns, or lost sales. Our failure to identify and react appropriately to new and changing product trends or tastes, to accurately forecast demand for certain product offerings or an overall decrease in the demand for plus- and mid-size products could lead to, among other things, excess or insufficient amounts of inventory, markdowns and write-offs, which could materially adversely affect our business and our brand image. Because our success depends significantly on our brand image among our target segment, damage to our brand image as a result of our failure to identify and respond to changing product trends could have a material negative impact on our business. Additionally, as a direct-to-consumer brand focusing on plus- and mid-size women, we may not effectively identify product trends that appeal to our target segment or successfully adapt product trends prevailing in the market more broadly to this target segment. While we believe we have a flexible supply chain, we often enter into agreements for the manufacture and purchase of merchandise well ahead of the season in which that merchandise will be sold. Therefore, we are vulnerable to changes in consumer preferences and demand between the time we design and order our merchandise and the season in which this merchandise will be sold. Inventory levels for certain merchandise styles may exceed planned levels, leading to higher markdowns to sell through excess inventory and, therefore, lower than planned margins. Conversely, if we underestimate consumer demand for our merchandise, or if our manufacturers fail to supply quality products in a timely manner, we may experience inventory shortages, which may negatively impact customer relationships, diminish brand loyalty and result in lost sales.

There can be no assurance that our new product offerings will have the same level of acceptance as our product offerings in the past or that we will be able to adequately and timely respond to the preferences of our customers. The failure of our product offerings to appeal to our customers could have a material adverse effect on our business, results of operations and financial condition.

Our business depends in part on a strong brand image, and if we are not able to maintain and enhance our brand, particularly among our target segment and in new markets where we have limited brand recognition, we may be unable to attract sufficient numbers of customers to our stores or sell sufficient quantities of our products.

Our ability to maintain our reputation is critical to our brand image. Our reputation could be jeopardized if we fail to maintain high standards for merchandise quality and integrity. Any negative publicity about these types of concerns may reduce demand for our merchandise. Failure to maintain high ethical, social and environmental standards for all of our operations and activities, including those of our third-party manufacturers (if they do not, for instance, adhere to our vendor code of conduct), or adverse publicity regarding our responses to these concerns could also jeopardize our reputation. Damage to our reputation or loss of consumer confidence for any of these reasons could have a material adverse effect on our business, financial condition and results of operations, as well as require additional resources to rebuild our reputation.

We could face increased competition from other brands or retailers that could adversely affect our ability to generate higher net sales and margins, as well as our ability to obtain favorable store locations.

We face substantial competition in the plus- and mid-size women's apparel industry from both specialty and general retailers, including department stores, mass merchants, regional retail chains, web-based stores and other direct retailers that engage in the retail sale of apparel, accessories, footwear and other similar product categories. We compete with these businesses for customers, vendors, digital marketing channels, suitable store locations and personnel. We compete on the basis of a combination of factors, including among others, our knowledge of and focus on our target segment, price, breadth, quality, commercial relevance, fit and style of merchandise offered, in-store experience, level of customer service, ability to identify and offer new and emerging product trends and brand image.

Many of our competitors have greater financial, marketing and other resources available. In many cases, our competitors sell their products in stores that are located in the same shopping centers as our stores. In addition to competing for sales, we compete for favorable site locations and lease terms in malls, strip centers, lifestyle centers and outlet centers and our competitors may be able to secure more favorable locations than we can as a result of their relationships with, or appeal to, landlords. Our competitors may also sell substantially similar products at reduced prices online or through outlet locations or discount stores, increasing the competitive pricing pressure for those products.

We also compete with other retailers for talent. The competition for retail talent is increasing, and we may not be able to secure the talent we need to operate our stores without increasing wages. We cannot assure you that we will continue to be able to compete successfully against existing or future competitors. Our expansion into markets served by our competitors and entry of new competitors or expansion of existing competitors into our markets could have a material adverse effect on us.

We rely on third parties to drive traffic to our website, and these providers may change their algorithms or pricing in ways that could negatively impact our business, operations, financial condition and prospects.

We rely in part on digital advertising, including search engine marketing, to promote awareness of our online marketplace, grow our business, attract new customers and increase engagement with existing customers. In particular, we rely on search engines, such as Google, and the major mobile app stores as important marketing channels. Search engine companies change their search algorithms periodically, and our ranking in searches may be adversely impacted by those changes. Search engine companies or app stores may also determine that we are not in compliance with their guidelines and penalize us as a result. If search engines change their algorithms, terms of service, display or the featuring of search results, determine we are out of compliance with their terms of service or if competition increases for advertisements, we may be unable to cost-effectively attract customers. Our relationships with our marketing vendors are not long-term in nature and do not require any specific performance commitments. In addition, many of our online advertising vendors provide advertising services to other companies, including companies with whom we may compete. As competition for online advertising has increased, the cost for some of these services has also increased. Our marketing initiatives may become increasingly expensive and generating a return on those initiatives may be difficult. Even if we successfully increase revenue as a result of our paid marketing efforts, such increase may not offset the additional marketing expenses we incur.

Our ability to attract customers to our physical stores that are located in shopping centers depends on the success of these shopping centers, and any decrease in customer traffic in these shopping centers could cause our net sales and profitability to be less than expected.

Our stores are primarily located in shopping centers, and some of these shopping centers have been experiencing declines in customer traffic, including as a result of an increasing number of customers that have begun to shop online. While we believe we are a destination for our customers, our sales at these stores are impacted by the volume of customer traffic in those shopping centers and the surrounding area. In centers that may experience declining customer traffic, certain of our expenses are contractually fixed and our ability to reduce these expenses if we were to experience sales declines is limited in the near term. To mitigate this potential risk, we have negotiated termination provisions in a majority of our store leases that allow us to terminate the lease if store sales fall below certain thresholds or if certain co-tenancy requirements are not met. However, these provisions may not be adequate to protect our results of operations if our sales were to decline.

Our stores in shopping centers benefit from the ability of other tenants, particularly anchor stores, such as department stores, to generate consumer traffic in the vicinity of our stores and maintain the overall popularity of the shopping center as a shopping destination. Our net sales volume and traffic generally may be adversely affected by, among other things, a decrease in popularity of the shopping centers in which our stores are located, the closing of anchor stores important to our business, a decline in the popularity of other stores in the shopping centers in which our stores are located, changing economic conditions and/or demographic patterns (including any increases in purchases of merchandise online as opposed to in-store), or a deterioration in the financial condition of shopping center operators or developers which could, for example, limit their ability to finance tenant improvements for us and other retailers. A reduction in customer traffic as a result of these or any other factors, or our inability to obtain or maintain favorable store locations within shopping centers could have a material adverse effect on us.

If we are unable to successfully adapt to consumer shopping preferences and develop and maintain a relevant and reliable omni-channel experience for our customers, our financial performance and brand image could be adversely affected.

We are continuing to grow our omni-channel business model, and as we optimize our retail store footprint and enhance our e-Commerce presence, we must further anticipate and implement innovations in customer experience and logistics to appeal to customers who increasingly rely on multiple channels to meet their shopping needs. Our customers are increasingly using computers, tablets and smartphones to make purchases online and to help them in making purchasing decisions when in our stores. Our customers also engage with us online through our social media channels, including Facebook, Instagram, Pinterest, TikTok, YouTube and Twitter, by providing feedback and public commentary about all aspects of our business. Omni-channel retailing is rapidly evolving, and our success depends on our ability to anticipate and implement innovations in customer experience and logistics in order to appeal to customers who increasingly rely on multiple channels to meet their shopping needs. If for any reason we are unable to implement our omni-channel initiatives or provide a convenient and consistent experience for our customers across all channels that provides the products they want, when and where they want them, then our financial performance and brand image could be adversely affected.

Our growth strategy, including our retail store optimization strategy, is dependent on a number of factors, any of which could strain our resources or delay or prevent the successful penetration into new markets.

As we close stores and enhance our e-Commerce presence, we face risks related to achieving expected cost savings, mitigating revenue impacts from reduced store presence, and successfully shifting customer engagement to digital channels. Additional factors required for the successful implementation of our growth strategy include, but are not limited to, continuing to operate an effective e-Commerce platform, implementing initiatives to improve our existing operations and reduced store fleet, and to the extent we open new stores, obtaining desirable store locations, negotiating acceptable leases, completing projects on budget, supplying proper levels of merchandise and successfully hiring and training store managers and sales associates. In order to optimize profitability for our remaining store fleet, we must choose store sites, execute favorable real estate transactions on terms that are acceptable to us, hire competent personnel and effectively operate these stores. We historically have received landlord allowances for store build outs, which offset certain capital expenditures we must make to open a new store. If landlord allowances cease to be available to us in the future or are decreased, opening new stores or maintaining existing stores would require increased capital outlays, which could adversely affect our ability to continue investing in our business.

While we believe the opportunity exists to optimize our remaining store footprint without competing with our existing units, to the extent we open new stores in markets where we have existing stores, our existing stores in those markets may experience reduced net sales. Any planned growth will also require additional infrastructure for the development, maintenance and monitoring of the selected growth strategy. If we fail to continue to improve our infrastructure, we may be unable to implement our growth strategy, including our retail store optimization strategy, or maintain current levels of operating performance in our existing stores.

Our growth plans will place increased demands on our financial, operational, managerial and administrative resources. These increased demands may cause us to operate our business less efficiently, which in turn could cause deterioration in the performance of our e-Commerce operations or existing stores.

Executing our growth plans and achieving our objectives are dependent upon our ability to successfully execute against such plans and objectives. There can be no guarantee that these plans or objectives will result in improved operating results or an increase in the value of the business.

We have, and will continue to have, significant lease obligations. We are subject to risks associated with leasing substantial amounts of space, including future increases in occupancy costs and the need to generate cash flow to meet our lease obligations.

We have, and will continue to have, significant lease obligations. We lease all of our store locations, our corporate headquarters and our distribution center. We typically occupy our stores under operating leases with initial terms of up to ten years. In the future, we may not be able to negotiate favorable lease terms. Our inability to do so may cause our occupancy costs to be higher in future years or may force us to close stores in desirable locations.

A majority of our leases have early termination clauses, which permit the lease to be terminated by us if certain sales levels are not met in specific periods or if the center does not meet specified occupancy standards. In addition to future minimum lease payments, some of our store leases provide for additional rental payments based on a percentage of net sales, or “percentage rent,” if sales at the respective stores exceed specified levels, as well as the payment of common area maintenance charges, real property insurance and real estate taxes. Many of our lease agreements have defined escalating rent provisions over the initial term and any extensions. As we expand our footprint, our lease expense and our cash outlays for rent under the lease terms will increase.

We depend on cash flow from operations to pay our lease expenses. If our business does not generate sufficient cash flow from operating activities to fund these expenses, we may not be able to service our lease expenses, which could materially harm our business. Furthermore, the significant cash flow required to satisfy our obligations under the leases increases our vulnerability to adverse changes in general economic, industry and competitive conditions, and could limit our ability to fund working capital, incur indebtedness and make capital expenditures or other investments in our business.

If an existing or future store is not generating positive contribution, and we decide to close it, we may nonetheless be committed to perform our obligations under the applicable lease including, among other things, 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 that lease. Our inability to enter into new leases or renew existing leases on terms acceptable to us or be released from our obligations under leases for stores that we close could materially adversely affect us.

Our failure to attract and retain employees that reflect our brand image, embody our culture and possess the appropriate skill set could adversely affect our business and our results of operations.

Our success depends in part upon our ability to attract, motivate and retain a sufficient number of employees who understand and appreciate our corporate culture and customers and are able to adequately and effectively represent this culture and establish credibility with our customers. The employee turnover rate in the retail industry is generally high. Excessive employee turnover will result in higher employee costs associated with finding, hiring and training new employees. If we are unable to hire and retain personnel capable of consistently providing a high level of customer service, as demonstrated by their enthusiasm for our culture, understanding of our customers and knowledge of the merchandise we offer, our ability to open new stores may be impaired, the performance of our existing and new stores could be materially adversely affected, our brand image may be negatively impacted and our results of operations may be adversely affected. Competition for such qualified individuals could require us to pay higher wages to attract a sufficient number of employees. Changes to our office environments, the adoption of new work models and our requirements and/or expectations about when or how often certain employees work on-site or remotely may not meet the expectations of our employees. As businesses increasingly operate remotely, traditional geographic competition for talent may change in ways that we cannot presently predict. If our employment proposition is not perceived as favorable compared to other companies, it could negatively impact our ability to attract and retain our employees.

Additionally, our labor costs are subject to many external factors, including unemployment levels, prevailing wage rates, minimum wage laws, potential collective bargaining arrangements, health insurance costs and other insurance costs and changes in employment and labor legislation or other workplace regulation (including changes in entitlement programs such as health insurance and paid leave programs). Such increase in labor costs may adversely impact our profitability, or if we fail to pay such higher wages we could suffer increased employee turnover.

While we have not historically experienced significant sales seasonality, we may require temporary personnel to adequately staff our stores, with heightened dependence during busy periods such as the holiday season and when multiple new stores are opening. There can be no assurance that we will receive adequate assistance from our temporary personnel, or that there will be sufficient sources of suitable temporary personnel to meet our demand. Any such failure to meet our staffing needs or any material increases in employee turnover rates could have a material adverse effect on our business or results of operations.

We depend on key members of our executive management team and may not be able to retain or replace these individuals or recruit additional personnel, which could harm our business.

We depend on the leadership and experience of key members of our executive management team. The loss of the services of any of our executive management could have a material adverse effect on our business and prospects, as we may not be able to find suitable individuals to replace such personnel on a timely basis or without incurring increased costs, or at all. In addition, we believe that our future success will depend greatly on our continued ability to attract and retain highly skilled and qualified personnel. There is a high level of competition for experienced, successful personnel in the retail industry. Our inability to meet our staffing requirements in the future could impair our growth and harm our business.

We rely on third parties to provide us with certain key services for our business. If any of these third parties fails to perform their obligations to us or declines to provide services to us in the future, we may suffer a disruption to our business. Furthermore, we may be unable to provide these services or implement substitute arrangements on a timely basis on terms favorable to us.

We receive certain key services from a range of different third parties, including merchandise vendors, landlords, suppliers and logistics partners. For example, we rely on third parties to provide certain inbound and outbound transportation and delivery services, customs and brokerage services and real estate management services. In connection with our sourcing activities, we rely on vendors to help us source products. If any of these third parties fails to perform its obligations to us or declines to provide services to us in the future, we may suffer a disruption to our business or increased costs. Furthermore, we may be unable to provide these services or implement substitute arrangements on a timely and cost-effective basis on terms favorable to us.

Failure to effectively utilize information systems, implement new technologies, and manage AI-related risks could disrupt our business or reduce our sales or profitability.

We rely extensively on various information systems, including data centers, hardware and software and applications to manage many aspects of our business, including to process and record transactions in our stores, to enable effective communication systems, to track inventory flow, to manage logistics and to generate performance and financial reports. These various systems are substantially operated by our services provider, and we rely on them for efficient and consistent operations of these systems. We are dependent on the integrity, security and consistent operations of these systems and related back-up systems. Our computer systems and the third-party systems we rely on are also subject to damage or interruption from a number of causes, including power outages; computer and telecommunications failures; computer viruses, malware, phishing or distributed denial-of-service attacks; security breaches; cyber-attacks; catastrophic events such as fires, floods, earthquakes, tornadoes and hurricanes; acts of war or terrorism and design or usage errors by our associates or contractors. The increasing use of artificial intelligence (“AI”) and machine learning technologies also introduces new risks, such as AI-driven system failures, data biases, potential vulnerabilities to AI-specific threats, AI model drift, explainability issues, and potential liability for AI-related errors or biases. Compromises, interruptions or shutdowns of our systems, including those managed by third parties, whether intentional or inadvertent, could lead to delays in our business operations and, if significant or extreme, affect our results of operations.

From time to time, our systems require modifications and updates, including by adding new hardware, software and applications; maintaining, updating or replacing legacy programs; integrating new service providers; and adding enhanced or new functionality. Although we are actively selecting systems and vendors and implementing procedures to enable us to maintain the integrity of our systems when we modify them, there are inherent risks associated with modifying or replacing systems and with new or changed relationships, including accurately capturing and maintaining data, realizing the expected benefit of the change and managing the potential disruption of the operation of the systems as the changes are implemented. Potential issues associated with implementation of these technology initiatives could reduce the efficiency of our operations in the short term. In addition, any interruption in the operation of our website, particularly our e-Commerce site, could cause us to suffer reputational harm or to lose sales if customers are unable to access our site or purchase merchandise from us during such interruption. The efficient operation and successful growth of our business depends upon our information systems. The failure of our information systems and the third-party systems we rely on to perform as designed, or our failure to implement and operate them effectively, could disrupt our business or subject us to liability and thereby harm our profitability.

Unauthorized disclosure of sensitive or confidential information, whether through a breach of our computer system or otherwise, could severely hurt our business.

Some aspects of our business, like that of most direct-to-consumer businesses, involve the receipt, storage and transmission of customers' personal information, consumer preferences and payment card information, including in relation to our private label credit card, as well as confidential information about our associates, our suppliers and our Company, some of which is entrusted to third-party service providers and vendors. We increasingly rely on commercially available systems, software, tools (including encryption technology) and monitoring to provide security and oversight for processing, transmission, storage and the protection of confidential information. Despite the security measures we have in place, our facilities and systems, and those of third parties with which we do business, may be vulnerable to security breaches, acts of vandalism and theft, computer viruses, misplaced or lost data, programming and/or human errors or other similar events. Additionally, as a result of state-sponsored cyber threats including those stemming from the Russian invasion of Ukraine, we may face increased cybersecurity risks as companies in the United States and its allied countries have become targets of malicious cyber activity.

Electronic security attacks designed to gain access to sensitive information by breaching mission critical systems of large organizations are constantly evolving, and high-profile electronic security breaches leading to unauthorized release of confidential information have occurred recently at a number of major U.S. companies. Attempts by computer hackers or other unauthorized third parties to penetrate or otherwise gain access to our computer systems or the systems of third parties with which we do business through fraud or other means of deceit, if successful, may result in the misappropriation of personal information, payment card or check information or confidential business information. Such incidents have been attempted and have occurred in the past and may occur in the future. No incidents to date have had a material impact on the Company. Hardware, software or applications we utilize may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. In addition, our associates, contractors or third parties with which we do business or to which we outsource business operations may attempt to circumvent our security measures in order to misappropriate such information and may purposefully or inadvertently cause a breach involving such information. Despite advances in security hardware, software and encryption technologies, the methods and tools used to obtain unauthorized access, disable or degrade service or sabotage systems are constantly changing and evolving, and may be difficult to anticipate or detect for long periods of time. We are implementing and updating our processes and procedures to protect against unauthorized access to or use of secured data and to prevent data loss. However, the ever- evolving threats mean we and our third-party service providers and vendors must continually evaluate and adapt our respective systems, procedures, controls and processes, and there is no guarantee that they will be adequate to safeguard against all data security breaches or misuses of data.

An electronic security breach in our systems (or in the systems of third parties with which we do business) that results in the unauthorized release of individually identifiable customer or other sensitive data could nonetheless occur and have a material adverse effect on our reputation and lead to financial losses from remedial actions, loss of business or potential liability, including possible punitive damages. In addition, as the regulatory environment relating to retailers and other companies' obligation to protect such sensitive data becomes increasingly rigorous, with new and constantly changing requirements applicable to our business, compliance with those requirements could result in additional costs, and a material failure on our part to comply could subject us to fines or other regulatory sanctions and potentially to lawsuits. Further, we could be required to expend significant capital and other resources to address any data security incident or breach, which may not be covered or fully covered by our insurance, and which may involve payments for investigations, forensic analyses, legal advice, public relations advice, system repair or replacement or other services.

Use of social media, emails and text messages may adversely impact our reputation or subject us to fines or other penalties.

We use social media, emails, push notifications and text messages as part of our omni-channel approach to marketing. As laws and regulations evolve to govern the use of these channels, the failure by us, our employees or third parties acting at our direction to comply with applicable laws and regulations in the use of these channels could adversely affect our reputation or subject us to fines or other penalties. In addition, our employees or third parties acting at our direction may knowingly or inadvertently make use of social media in ways that could lead to the loss or infringement of intellectual property, as well as the public disclosure of proprietary, confidential or sensitive personal information of our business, employees, consumers or others. Information concerning us or our brands, whether accurate or not, may be posted on social media platforms at any time, including by social media influencers, and may have an adverse impact on our brand, reputation or business. The harm may be immediate without affording us an opportunity for redress or correction and could have a material adverse effect on our reputation, business, operating results, financial condition and prospects.

We may recognize impairments on definite-lived assets.

Our definite-lived assets, primarily stores and intangible assets, are subject to periodic testing for impairment. Store assets are reviewed using factors including, but not limited to, our future operating plans and projected future cash flows. Failure to achieve our future operating plans or generate sufficient levels of cash flow at our stores could result in impairment charges on definite-lived assets, which could have a material adverse effect on our financial condition or results of operations.

Risks Related to the Manufacturing, Processing and Supply of Our Products

We do not own or operate any manufacturing facilities and therefore depend upon third parties for the manufacture of all of our merchandise. The inability of a manufacturer to ship goods on time and to our specifications, or to operate in compliance with our guidelines or any other applicable laws, could negatively impact our business.

We do not own or operate any manufacturing facilities. As a result, we are dependent upon our timely receipt of quality merchandise from third-party manufacturers. If our manufacturers do not ship orders to us in a timely manner or meet our quality standards, it could cause delays in responding to consumer demands or inventory shortages and negatively affect consumer confidence in the quality and value of our brand or negatively impact our competitive position. Any of these factors could have a material adverse effect on our financial condition or results of operations. Furthermore, we are susceptible to increases in sourcing costs, which we may not be able to pass on to customers, and changes in payment terms from manufacturers, which could adversely affect our financial condition and results of operations.

We maintain compliance guidelines for our vendors that dictate various standards, including product quality, manufacturing practices, labor compliance and legal compliance. If any of our manufacturers fail to comply with applicable laws or these guidelines, or engage in any socially unacceptable business practices, such as poor working conditions, child labor, disregard for environmental standards or otherwise, our brand reputation could be negatively impacted and our results of operations could in turn be materially adversely affected.

The raw materials used to manufacture our products and our transportation and labor costs are subject to availability constraints and price volatility, including as a result of climate change-related governmental actions, which could result in increased costs.

The raw materials used to manufacture our merchandise are subject to availability constraints and price volatility caused by high demand for cotton, high demand for petroleum-based synthetic and other fabrics, weather conditions, supply conditions, government regulations, economic climate and other unpredictable factors. In addition, our transportation and labor costs are subject to price volatility caused by many of these same factors. Increases in the demand for, or the price of, raw materials used to manufacture our merchandise or increases in transportation or labor costs could each have a material adverse effect on our cost of sales or our ability to meet our customers' needs. We may not be able to pass all or a material portion of such increased costs on to our customers, which could negatively impact our profitability. Higher gasoline prices may also affect the willingness of consumers to drive to our stores or the shopping centers where they are located, and thereby adversely affect customer traffic. Continued rises in energy or other commodity costs could adversely affect consumer spending and demand for our products and increase our operating costs, either of which could have a material adverse effect on our financial condition and results of operations.

We are also subject to risks associated with new governmental mandates, standards or regulations intended to reduce greenhouse gas emissions or projected climate change impacts, which have resulted in, and are likely to continue resulting in, increased costs for us and our suppliers. Governmental requirements directed at regulating greenhouse gas emissions could cause us to incur expenses that we cannot recover or that will require us to increase the price of products we sell to the point that it impacts demand for those products.

The interruption of the flow of merchandise from international manufacturers could disrupt our supply chain, including as a result of the imposition of additional duties, tariffs, and other charges on imports and exports.

We purchase the majority of our merchandise outside of the United States, and trade matters, including the impact of current or potential tariffs by the United States, may disrupt our supply chain and adversely affect our business, financial condition, and results of operations. The United States has enacted significant changes to its trade policy and imposed or proposed substantial tariffs on imported goods from a number of countries, which have increased our cost of goods sold and impacted our gross margins. Following recent trade announcements and negotiations, unless otherwise exempted or subject to a different rate, all imports into the United States are currently subject to a tariff of at least 10 percent, and many of our sourcing countries are currently subject to significantly higher country-specific reciprocal tariffs. The degree of our exposure is dependent on (among other things) the type of goods, rates imposed and timing of the tariffs.

Changes in trade policies, including the imposition of tariffs or duties, could also lead to retaliatory actions by other countries, which could further increase our costs and disrupt our supply chain. Through enterprise risk management, we continue to evaluate the impact of current and potential tariffs on our supply chain, costs, sales, and profitability, as well as our strategies to mitigate negative impacts. We cannot predict whether the countries in which our merchandise is manufactured, or may be manufactured in the future, will be subject to new or additional trade restrictions imposed by the United States or other foreign governments, including the likelihood, type or effect of any such restrictions. In addition, we can provide no assurance that any strategies we implement to mitigate the impact of such tariffs or other trade restrictions will be successful in whole or in part. To the extent that our supply chain, costs, sales, or profitability are negatively impacted by these tariffs or other trade restrictions, or if there is an escalation of tariffs or other trade restrictions, our business, financial condition and results of operations may be adversely affected.

On February 20, 2026, the U.S. Supreme Court issued a ruling striking down certain tariffs previously imposed under the IEEPA. The ultimate availability, timing, and amount of any potential refunds of such tariffs remain highly uncertain and are subject to further legal, regulatory, and administrative developments. Following the Supreme Court’s decision, the U.S. presidential administration announced its intention to invoke other laws to collect tariffs and announced new tariffs on imports from all countries, in addition to any existing non-IEEPA tariffs. There remains substantial uncertainty regarding the duration of existing and newly announced tariffs, potential changes or pauses to such tariffs, tariff levels, and whether further additional tariffs or other retaliatory actions may be imposed, modified, or suspended, and the impacts of such actions on our business. We will continue to monitor and evaluate these developments and assess their potential impact on our business, financial condition, and results of operations, but we can provide no assurance that we will be able to offset any increased costs or other adverse impacts through pricing actions, sourcing changes, or other measures.

Other events that could also cause disruptions to our supply chain include:

- quotas imposed by bilateral textile agreements;
- Significant fluctuations in the value of the U.S. dollar against foreign currencies;
- natural disasters;
- public health issues and epidemic diseases, their effects (including any disruptions they may cause) or the perception of their effects;
- theft;
- terrorist threats such as pirate attacks at sea and other rogue activity;
- restrictions on the transfer of funds;
- the financial instability or bankruptcy of manufacturers; and
- U.S. or foreign labor strikes, work stoppages, boycotts, or port congestion.

Trade restrictions and other events that could cause disruptions to our supply chain may increase the cost or reduce or delay the supply of apparel available to us and adversely affect our business, financial condition or results of operations.

Sourcing our product receipts from various countries exposes us to risks inherent in doing business globally.

We source a significant amount of our product receipts from various countries, which exposes us to risks inherent in doing business in such countries. Although we are actively diversifying our product sourcing options, including from China, where we received approximately 19% of our products in fiscal year 2025 and approximately 11% as of March 2026, we may continue to source a meaningful portion of our product receipts from these foreign countries for the foreseeable future, and changes in labor costs, laws, and regulations in these countries could increase our costs and disrupt our supply chain. Our manufacturing partners outside of these countries may source their own raw materials from third parties in other countries.

Sourcing our product receipts from these countries exposes us to political, legal and economic risks. In particular, the political, legal and economic climate in these countries, both nationally and regionally, is fluid and unpredictable. Our ability to source product receipts may be adversely affected by changes in U.S. and foreign laws and regulations such as those related to, among other things, taxation, import and export tariffs, environmental regulations, land use rights, intellectual property, currency controls, network security, employee benefits, hygiene supervision and other matters. In addition, we may not obtain or retain the requisite legal permits to continue to source our product receipts, and costs or operational limitations may be imposed in connection with obtaining and complying with such permits. Furthermore, the third parties we rely on in other countries may disclose our confidential information or intellectual property to competitors or third parties, which could result in the illegal distribution and sale of counterfeit versions of our products or other misappropriation of our proprietary rights. Disruptions to our supply chain could impact our ability to source products in a timely manner. Such disruptions could result from temporary closures of third-party supplier and manufacturer facilities, restrictions on the export or shipment of our products or significant cutback of ocean container delivery. If any of these events occur, our business, financial condition and results of operations could be materially and adversely affected.

If our distribution facility were to encounter difficulties or if it were to shut down for any reason, we could face shortages of inventory in our stores, delayed shipments to our e-Commerce customers and harm to our reputation. Any of these issues, as well as loss of the use of our corporate offices due to natural disasters, public health issues or otherwise could have a material adverse effect on our business operations.

We operate and are continuing to invest in our own distribution facility in West Jefferson, Ohio. The success of our stores depends on their timely receipt of merchandise. The efficient flow of our merchandise requires that our distribution facility be operated effectively and have adequate capacity to support our current level of operations and any anticipated increased levels that may follow from the growth of our business.

If we encounter difficulties associated with our distribution facility or our facility were to shut down for any reason, including as a result of fire or other natural disaster, public health issues or work stoppage, we could face shortages of inventory, resulting in “out of stock” conditions in our stores, incur significantly higher costs and longer lead times associated with distributing our products to both our stores and e-Commerce customers and experience dissatisfaction from our customers. Any of these outcomes could have a material adverse effect on our business and harm our reputation.

In addition to our distribution facility, our corporate office is also vulnerable to damage from natural disasters, fire, public health issues and other unexpected events which could cause us to experience significant disruption in our business, resulting in lost sales and productivity, and causing us to incur significant costs to repair, any of which could have a material adverse effect on our business.

We rely upon independent third-party transportation providers for substantially all our product shipments and are subject to increased shipping costs as well as the potential inability of our third-party transportation providers to deliver on a timely basis.

We currently rely upon independent third-party transportation providers for substantially all our product shipments, including shipments to our distribution center, to and from all of our stores and to our customers. Our utilization of these delivery services for shipments is subject to risks, including increases in fuel prices, which would increase our shipping costs, and employee strikes and inclement weather which may impact a shipping company's ability to provide delivery services that adequately meet our shipping needs. If we change the shipping companies we use, we could face logistical difficulties that could adversely affect deliveries, and we would incur costs and expend resources in connection with such change. Moreover, we may not be able to obtain terms as favorable as those received from our current independent third-party transportation providers which, in turn, would increase our costs.

Risks Related to Government Regulation and Litigation

Failure to comply with foreign and domestic laws and regulations and industry standards relating to privacy, data protection, advertising and consumer protection, or the expansion of current or the enactment of new laws, regulations or industry standards relating to privacy, data protection, advertising and consumer protection, could adversely affect our business, financial condition, and results of operations.

We rely on a variety of marketing and advertising techniques, including email communications, affiliate partnerships, social media interactions, influencer partnerships, digital marketing, direct mailers and public relations initiatives, and we are subject to various laws, regulations and industry standards that govern such marketing and advertising practices. Increasingly complex and rigorous, and sometimes conflicting laws, regulatory standards, industry standards, external and internal privacy and security policies, contracts and other obligations govern the collection, use, retention, sharing and security of consumer data, particularly in the context of digital marketing, which we rely upon to attract new customers.

Laws, regulations and industry standards (including, for example, the Payment Card Industry Data Security Standard, or “PCI-DSS”) relating to privacy, data protection, marketing and advertising and consumer protection continue to evolve as new, increasingly restrictive legislation and regulations are coming into force and subject to potentially differing interpretations. These requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another or may conflict with other rules or our practices. As a result, our practices may not have complied or may not comply in the future with all such laws, regulations, standards, requirements and obligations. Any failure, or perceived failure, by us to comply with our posted privacy policies or with any federal or state privacy or consumer protection-related laws, regulations, industry self-regulatory principles, industry standards or codes of conduct, regulatory guidance, orders to which we may be subject, contracts by which we are bound, or other obligations relating to privacy or consumer protection could adversely affect our reputation, brand and business, and may result in claims, proceedings or actions against us by governmental entities, customers, suppliers or others or other liabilities or may require us to change our operations and/or cease using certain data sets. Any such claims, proceedings or actions may also hurt our reputation, brand and business, force us to incur significant expenses in defense of such proceedings or actions, distract our management, increase our costs of doing business, result in a loss of customers, suppliers or vendors and result in the imposition of monetary penalties. We may also be contractually required to indemnify and hold harmless third parties from the costs or consequences of non-compliance with any laws, regulations or other legal obligations relating to privacy or consumer protection or any inadvertent or unauthorized use or disclosure of data that we store or handle as part of operating our business. Further, we may publish privacy policies, marketing materials, and other statements, such as compliance with certain certifications or self-regulatory principles, regarding data privacy and security. If these policies, materials or statements are found to be deficient, lacking in transparency, deceptive, unfair or misrepresentative of our practices, then we may be subject to investigation, enforcement actions by regulators or other adverse consequences. For example, our compliance with our privacy policies and our general consumer data privacy and security practices may be subject to review by the FTC, which may bring enforcement actions to challenge allegedly unfair and deceptive trade practices, including the violation of privacy policies and representations or material omissions therein.

Federal and state governmental authorities continue to evaluate the privacy implications inherent in the use of third-party “cookie” and other methods of online tracking for behavioral advertising and other purposes. The U.S. government has enacted, has considered or is considering legislation or regulations that could significantly restrict the ability of companies and individuals to engage in these activities, such as by regulating the level of consumer notice and consent required before a company can employ cookies or other electronic tracking tools or the use of data gathered with such tools. Additionally, some providers of consumer devices and web browsers have implemented, or announced plans to implement, means to make it easier for Internet users to prevent the placement of cookies or to block other tracking technologies, which could if widely adopted result in the use of third-party cookies and other methods of online tracking becoming significantly less effective. The regulation of the use of these cookies and other current online tracking and advertising practices or a loss in our ability to make effective use of services that employ such technologies could increase our costs of operations and limit our ability to acquire new customers on cost-effective terms and, consequently, materially and adversely affect our business, financial condition, and results of operations.

In addition, various federal and state legislative and regulatory bodies, or self-regulatory organizations, may expand current laws or regulations, enact new laws or regulations or issue revised rules or guidance regarding privacy, data protection, consumer protection, and advertising. For example, on January 1, 2023, the CPRA amendments to the CCPA came into force. Among other operational requirements for covered companies, the CCPA mandates that covered companies provide new disclosures to California consumers and afford such consumers data privacy rights that include, among other things, the right to request a copy from a covered company of the personal information collected about them, the right to request correction or deletion of such personal information, and the right to request to opt-out of certain sales, or disclosures for the purposes of cross-context behavioral advertising, of such personal information. The California Attorney General and a standalone California data privacy agency can enforce the CCPA, including seeking an injunction and civil penalties for violations. The CCPA also provides a private right of action for certain data breaches that is expected to increase data breach litigation. We continue to monitor and update our privacy policy and procedures as additional states implement new data privacy and security laws. This legislation may add additional complexity, variation in requirements, restrictions and potential legal risk, require additional investment in resources to compliance programs, and could impact strategies and availability of previously useful data and could result in increased compliance costs and/or changes in business practices and policies. Additionally, the FTC and many state attorneys general are interpreting existing federal and state consumer protection laws to impose expanded standards for the online collection, use, dissemination and security of data.

Foreign privacy laws are also undergoing a period of rapid change, have become more stringent in recent years and may increase the costs and complexity of offering our products and services in new geographies. In Canada, where we operate, the Personal Information Protection and Electronic Documents Act (“PIPEDA”) and various provincial laws require that companies give detailed privacy notices to consumers; obtain consent to use personal information, with limited exceptions; allow individuals to access and correct their personal information; and report certain data breaches. In addition, Canada’s Anti-Spam Legislation (“CASL”) prohibits email marketing without the recipient’s consent, with limited exceptions. Failure to comply with PIPEDA, CASL or provincial privacy or data protection laws could result in significant fines and penalties or possible damage awards.

In addition, the data protection landscape in the EU, EEA and UK is continually evolving and in some cases, laws or regulations in one country may be inconsistent with, or contrary to, those of another country. Tracking existing data privacy laws and regulations, new data privacy laws and regulations, and changes to the same over time, together with implementing compliance measures may result in possible significant operational costs for internal compliance and risks to our business. Compliance with the GDPR may require adhering to stringent legal and operational obligations and therefore the dedication of substantial time and financial resources by the business, which may increase over time (in particular in relation to any transfers of any personal data of European or UK residents to third parties located in certain jurisdictions). Failure to comply with the GDPR may lead to the business incurring fines and/or facing other enforcement action or reputational damage. For example, failure to comply with the GDPR, depending on the nature and severity of the breach (and with a requirement on regulators to ensure any enforcement action taken is proportionate), could (in the worst case) incur regulatory penalties of up to the greater of (i) €20 million / £17.5 million (as applicable); and (ii) 4% of an entire group’s total annual worldwide turnover, as well as the possibility of other enforcement actions (such as suspension of processing activities and audits), and liabilities from third-party claims.

Further, we are subject to the PCI-DSS, which is a multifaceted security standard that is designed to protect credit card account data as mandated by payment card industry entities. We rely on vendors to handle PCI-DSS matters and to ensure PCI-DSS compliance. Despite our compliance efforts, we may become subject to claims that we have violated PCI-DSS, based on past, present, and future business practices, which could have an adverse impact on our business and reputation.

Given the rapidly evolving landscape of data privacy and security laws, we cannot yet determine the full impact these privacy, security, and data protection laws and regulations, or other such future privacy, security, and data protection laws and regulations, may have on our current or future business. However, each of these privacy, security, and data protection laws and regulations, and any other such changes or new laws or regulations, could impose significant limitations, require changes to our business, or restrict our use or storage of personal information, which may increase our compliance expenses and make our business more costly or less efficient to conduct. In addition, any such changes could compromise our ability to develop an adequate marketing strategy and pursue our growth strategy effectively, which, in turn, could adversely affect our business, financial condition and results of operations. Finally, any actual or perceived failure to comply with these laws could result in a costly investigation or litigation resulting in potentially significant liability and a material and adverse impact on our reputation and business.

Rulemaking changes and regulatory initiatives implemented by the Consumer Financial Protection Bureau (the "CFPB") may result in adverse effects to our income streams, profitability and results of operations.

Our business, results of operations or competitive position may be adversely affected by new regulations affecting certain of our major commercial partners, including our third-party financing company that solely owns the accounts issued under our private label credit card ("PLCC") program. In March 2024, the CFPB issued a final rule to amend Regulation Z to mandate significant decreases in credit card late fees and eliminate annual inflation adjustments for late fee safe harbor amounts. In May 2024, the United States District Court for the Northern District of Texas issued a preliminary injunction prohibiting the order from taking effect and the rule was vacated on April 15, 2025. Although the CFPB remains active, its operations have been significantly impacted by the actions of the current administration, including a directive in 2025 to halt most activities. Future rules issued by the CFPB could result in a reduction of income streams to our third-party financing company that may alter the profitability of our agreements with them. Such changes could also affect our ability or willingness to provide certain products or services, necessitate changes to our business practices or have an adverse effect on our results of operations.

We are subject to payment-related risks that could increase our operating costs, expose us to fraud or theft, subject us to potential liability and potentially disrupt our business.

We accept payments using a variety of methods, including cash, checks, credit and debit cards and gift cards, and we may offer new payment options over time. Acceptance of these payment options subjects us to rules, regulations, contractual obligations and compliance requirements, including payment network rules and operating guidelines, data security standards and certification requirements and rules governing electronic funds transfers. These requirements may change over time or be reinterpreted, making compliance more difficult or costly.

For certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs. We rely on third parties to provide payment processing services, including the processing of credit cards, debit cards and other forms of electronic payment. If these companies become unable to provide these services to us, or if their systems are compromised, it could potentially disrupt our business. The payment methods that we offer also subject us to potential fraud and theft by criminals, who are becoming increasingly more sophisticated, seeking to obtain unauthorized access to or exploit weaknesses that may exist in the payment systems. If we fail to comply with applicable rules or requirements for the payment methods we accept, or if payment-related data is compromised due to a breach or misuse of data, we may be liable for costs incurred by payment card issuing banks and other third parties or subject to fines and higher transaction fees, or our ability to accept or facilitate certain types of payments may be impaired. In addition, our customers could lose confidence in certain payment types, which may result in a shift to other payment types or potential changes to our payment systems that may result in higher costs. As a result, our business and operating results could be adversely affected.

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.

We 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 commercial disputes, intellectual property disputes, such as trademark, copyright and patent infringement disputes, consumer protection and privacy matters, product-related allegations and premises liability claims. In addition, we could face a wide variety of employee related claims against us, including wage and hour, general discrimination, privacy, labor and employment, ERISA and disability claims.

Any claims could result in litigation against us and could also result in regulatory proceedings being brought against us by various federal and state agencies that regulate our business, including the United States Equal Employment Opportunity Commission, the FTC or the Consumer Product Safety Commission. Often these cases raise complex factual and legal issues, which are subject to risks and uncertainties and could require significant management time. Litigation and other claims and regulatory proceedings against us could result in unexpected expenses, legal liability and injunctions against us or restrictions placed upon us, which could disrupt our operations, preclude us from selling products, or otherwise have a material adverse effect on our operations, financial results and our reputation.

In addition, we may be subject to liability if we infringe the trademarks or other intellectual property rights of third parties. If we were to be found liable for any such infringement, we could be required to pay substantial damages and could be subject to injunctions preventing further infringement. Such infringement claims could subject us to boycotts by our customers and harm to our brand image. In addition, any payments we are required to make and any injunctions we are required to comply with as a result of such infringement actions could adversely affect our financial results.

Changes in laws, including employment laws and laws related to our merchandise, could make conducting our business more expensive or otherwise change the way we do business.

We are subject to numerous laws and regulations, including labor and employment, product safety, customs, truth-in-advertising, consumer protection, privacy and zoning and occupancy laws and ordinances, intellectual property laws and other laws that regulate retailers generally and/or govern the import and export of goods, advertising and promotions, the sale of merchandise, product content and the operation of stores and warehouse facilities. If these regulations were to change or were violated by our management, employees, vendors, buying agents or trading companies, the costs of certain goods could increase, or we could experience delays in shipments of our goods, be subject to fines or penalties, or suffer reputational harm, which could reduce demand for our merchandise and hurt our business and results of operations.

In addition to increased regulatory compliance requirements, changes in laws could make ordinary conduct of our business more expensive or require us to change the way we do business. For example, changes in federal and state minimum wage laws could raise the wage requirements for certain of our employees, which would likely cause us to reexamine our entire wage structure for stores. Other laws related to employee benefits and treatment of employees, including laws related to limitations on employee hours, work scheduling, supervisory status, leaves of absence, mandated health benefits or overtime pay, could also negatively impact us, such as by increasing compensation and benefits costs for overtime and medical expenses.

Moreover, changes in product safety or other consumer protection laws, environmental laws and other regulations could lead to increased compliance costs to us for certain merchandise, or additional labor costs associated with readying merchandise for sale. It is often difficult for us to plan and prepare for potential changes to applicable laws and future compliance costs related to such changes could be material to us. See "—Failure to comply with federal and state laws and regulations and industry standards relating to privacy, data protection, advertising and consumer protection, or the expansion of current or the enactment of new laws, regulations or industry standards relating to privacy, data protection, advertising and consumer protection, could adversely affect our business, financial condition, and results of operations."

Changes in tax laws or regulations or in our operations may impact our effective tax rate and may adversely affect our business, financial condition and results of operations.

Changes in tax laws or regulations in any of the jurisdictions in which we operate, or adverse outcomes from tax audits that we may be subject to in any of the jurisdictions in which we operate, could result in an unfavorable change in our effective tax rate, which could adversely affect our business, financial condition and operating results.

Additionally, recent political developments have introduced greater uncertainty with respect to tax and trade policies, tariffs and government regulations affecting trade between the U.S. and other countries. Further major developments in tax policy or trade relations, such as the disallowance of tax deductions for imported merchandise could have a material adverse effect on our business, results of operations and liquidity. See also "—We source a significant amount of our product receipts from various countries, which exposes us to risks inherent in doing business in such countries."

On July 4, 2025, President Trump signed into law the One Big Beautiful Bill Act, which introduced significant changes to federal tax law, including modifications to foreign tax credits, global intangible low-taxed income (GILTI), foreign-derived intangible income (FDII), and the base erosion and anti-abuse tax (BEAT), among other provisions. While we do not currently anticipate that these changes will have a material impact on our business, we continue to monitor developments and are awaiting further guidance from the U.S. Department of the Treasury. We cannot predict whether additional legislative or regulatory changes will occur or the ultimate impact of such changes on our business. Future changes may materially and adversely impact our business, financial condition, and results of operations.

Additionally, certain aspects of U.S. tax law may prompt foreign jurisdictions to enact additional, potentially unfavorable, tax legislation. Numerous countries have enacted the Organization for Economic Cooperation and Development's (OECD) model rules on a global minimum tax of 15%. Several countries, including European Union member states, have enacted or are expected to enact legislation implementing the global minimum tax. Based on guidance available to date, we do not expect these changes to have a material impact on our consolidated financial statements. However, we will continue to evaluate the effects of these developments as additional guidance and clarification become available. As these rules are implemented in jurisdictions where we operate, our tax liabilities could increase, which may negatively impact our provision for income taxes. The evolving and increasingly complex global tax environment has in the past, and may continue to, increase tax uncertainty, resulting in higher compliance costs and potential adverse effects on our financial performance.

Government or consumer concerns about product safety could result in regulatory actions, recalls or changes to laws, which could harm our reputation, increase costs or reduce sales.

We are subject to regulation by the Consumer Product Safety Commission and similar state and international regulatory authorities, and our products could be subject to involuntary recalls and other actions by these authorities. We purchase merchandise from suppliers domestically as well as outside the United States. One or more of our suppliers might not adhere to product safety requirements or our quality control standards, and we might not identify the deficiency before such merchandise is received by our customers. Issues of product safety could result in a recall of products we sell. Additionally, regulatory authorities, including the Consumer Product Safety Commission, have undertaken reviews of product safety and are in the process of enacting or are considering various proposals for more stringent laws and regulations. In particular, the Consumer Product Safety Improvement Act of 2008 imposes significant requirements on the sale of consumer products and enhanced penalties for noncompliance. Such regulations contain provisions which have uncertain applicability to products we sell, and such lack of certainty may inhibit our willingness to carry products or cause us to carry product we otherwise would not. These regulations could result in delays in getting products to our stores, lost sales, the rejection of our products by consumers, damage to our reputation or material increases in our costs, and may have a material adverse effect on our business. Moreover, individuals and organizations may assert legal claims for our non-compliance with consumer product rules and regulations, and we may be subject to lawsuits relating to these claims. There is a risk that these claims or liabilities may exceed or fall outside the scope of indemnities provided by third parties or outside the coverages of our insurance policies.

We may be unable to protect our trademarks or other intellectual property rights, which could harm our business.

We rely on certain trademark registrations and common law trademark rights to protect the distinctiveness of our brand. However, there can be no assurance that the actions we have taken to establish and protect our trademarks will be adequate to prevent imitation of our trademarks by others or to prevent others from claiming that sales of our products infringe, dilute or otherwise violate third-party trademarks or other proprietary rights that could block sales of our products.

The laws of certain foreign countries may not protect the use of unregistered trademarks to the same extent as do the laws of the United States. As a result, international protection of our brand image may be limited and our right to use our trademarks outside the United States could be impaired. Other persons or entities may have rights to trademarks that contain portions of our marks or may have registered similar or competing marks for apparel and/or accessories in foreign countries in which our vendors source our merchandise. There may also be other prior registrations of trademarks identical or similar to our trademarks in other foreign countries of which we are not aware. Accordingly, it may be possible for others to prevent the manufacture of our branded goods in certain foreign countries or the sale or exportation of our branded goods from certain foreign countries to the United States. If we were unable to reach a licensing arrangement with these parties, our vendors may be unable to manufacture our products in those countries. Our inability to register or maintain our trademarks or purchase or license the right to use the relevant trademarks or logos in these jurisdictions could limit our ability to obtain supplies from less costly markets or penetrate new markets in jurisdictions outside the United States.

Litigation may be necessary to protect and enforce our trademarks and other intellectual property rights, or to defend against claims by third parties alleging that we infringe, dilute or otherwise violate third-party trademarks or other intellectual property rights. Any litigation or claims brought by or against us, whether with or without merit, and whether successful or not, could result in substantial costs and diversion of our resources, which could have a material adverse effect on our business, financial condition, results of operations or cash flows. Any intellectual property litigation or claims against us could result in the loss or compromise of our intellectual property rights, could subject us to significant liabilities, require us to seek licenses on unfavorable terms, if available at all, prevent us from manufacturing or selling certain products, limit our ability to market or sell to our customers using certain methods or technologies and/or require us to redesign or re-label our products or rename our brand, any of which could have a material adverse effect on our business, financial condition, results of operations or cash flows.

Risks Related to Our Indebtedness

Our indebtedness and lease obligations could adversely affect our financial flexibility and our competitive position.

On June 14, 2021, we entered into a term loan credit agreement (the “Term Loan Credit Agreement”) in an initial aggregate amount of $350.0 million, which has a maturity date of June 14, 2028, and used borrowings thereunder to, among other things, repay and terminate an original term loan credit agreement. On May 24, 2023, we entered into an amendment to the Term Loan Credit Agreement (the “Amended Term Loan Credit Agreement”). As of January 31, 2026, we had $272.4 million of outstanding indebtedness under the Amended Term Loan Credit Agreement, net of unamortized original issue discount (“OID”) and debt financing costs. In May 2015, we entered into a credit agreement for a senior secured asset-based revolving credit facility which has been subsequently amended (“ABL Facility”), including extending the maturity of the ABL Facility to the earlier of (i) August 1, 2030 or (ii) the date that is 91 days prior to the maturity of any material indebtedness (as defined in the ABL Facility). The ABL Facility currently would mature 91 days prior to June 14, 2028, the maturity date of the Amended Term Loan Credit Agreement. As of January 31, 2026, we had $31.0 million of outstanding indebtedness under the ABL Facility. For a description of our debt service obligations, including mandatory repayments, under the Amended Term Loan Credit Agreement and ABL Facility, see “Note 10—Debt.” Our level of indebtedness increases the risk that we may be unable to generate cash sufficient to pay amounts due in respect of our indebtedness. We also have, and will continue to have, significant lease obligations. As of January 31, 2026, the estimated annual future occupancy payments for lease terms that include periods covered by options to extend some of our leases was $175.3 million. Our indebtedness and lease obligations could have other important consequences to you and significant effects on our business. For example, it could:

- increase our vulnerability to adverse changes in general economic, industry and competitive conditions;

- require us to dedicate a substantial portion of our cash flow from operations to make payments on our indebtedness and leases, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- restrict us from pursuing business opportunities;
- make it more difficult to satisfy our financial obligations, including payments on our indebtedness;
- place us at a disadvantage compared to our competitors that have less debt and fewer lease obligations; and
- limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions, debt service requirements, execution of our business strategy or other general corporate purposes.

In addition, the Amended Term Loan Credit Agreement and the ABL Facility contain, and the agreements evidencing or governing any other future indebtedness may contain, restrictive covenants that will limit our ability to engage in activities that may be in our long-term best interests. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our indebtedness.

Our indebtedness may restrict our current and future operations, which could adversely affect our ability to respond to changes in our business and to manage our operations.

The Amended Term Loan Credit Agreement and the ABL Facility contain, and the agreements evidencing or governing any other future indebtedness, may contain, financial restrictions on us and our restricted subsidiaries, including restrictions on our or our restricted subsidiaries' ability to, among other things:

- place liens on our or our restricted subsidiaries' assets;
- make investments other than permitted investments;
- incur additional indebtedness;
- prepay or redeem certain indebtedness;
- merge, consolidate or dissolve;
- sell assets;
- engage in transactions with affiliates;
- change the nature of our business;
- change our or our subsidiaries' fiscal year or organizational documents; and
- make restricted payments (including certain equity issuances).

In addition, we are required to maintain compliance with various financial ratios in the ABL Facility.

A failure by us or our subsidiaries to comply with the covenants under the Amended Term Loan Credit Agreement or the ABL Facility or to maintain the required financial ratios contained in the ABL Facility could result in an event of default under such indebtedness, which could adversely affect our ability to respond to changes in our business and manage our operations. Additionally, a default by us under the Amended Term Loan Credit Agreement, the ABL Facility or an agreement governing any other future indebtedness may trigger cross-defaults under the Amended Term Loan Credit Agreement, the ABL Facility or any other future agreements governing our indebtedness. Upon the occurrence of an event of default or cross-default under any of the present or future agreements governing our indebtedness, the lenders could elect to declare all amounts outstanding to be due and payable and exercise other remedies as set forth in the agreements. If any of our indebtedness were to be accelerated, there can be no assurance that our assets would be sufficient to repay this indebtedness in full, which could have a material adverse effect on our ability to continue to operate as a going concern. See "Note 10—Debt."

Risks Related to Ownership of Our Common Stock

We are a "controlled company" and, as a result, qualify for, and rely on, exemptions from certain corporate governance requirements. In addition, Sycamore's interests may conflict with our interests and the interests of other stockholders.

As of January 31, 2026, Sycamore Partners Management, L.P. ("Sycamore") controlled the voting power of a majority of our common stock. As a result, we are a "controlled company" within the meaning of the applicable stock exchange corporate governance standards. Under the rules of the NYSE, a company of which more than 50% of the outstanding voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain stock exchange corporate governance requirements, including:

- the requirement that a majority of our Board of Directors (the "Board") consists of independent directors;
- the requirement that nominating and corporate governance matters be decided solely by independent directors; and
- the requirement that employee and officer compensation matters be decided solely by independent directors.

So long as Sycamore controls a majority of the voting power of our common stock, we intend to utilize these exemptions. As a result, we may not have a majority of independent directors and our nominating and corporate governance and compensation functions may not be decided solely by independent directors. Accordingly, our stockholders will not have the same protections afforded to stockholders of companies that are subject to all of the stock exchange corporate governance requirements.

The interests of Sycamore and its affiliates, which include Hot Topic Inc. ("Hot Topic"), could conflict with or differ from our interests or the interests of our other stockholders. For example, the concentration of ownership held by Sycamore could delay, defer or prevent a change of control of our Company or impede a merger, takeover or other business combination which may otherwise be favorable for us and our other stockholders. Additionally, Sycamore is in the business of making investments in companies and may, from time to time, acquire and hold interests in businesses that compete, directly or indirectly, with us. Sycamore may also pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. So long as Sycamore continues to directly or indirectly own a significant amount of our common stock, even if such amount is less than a majority thereof, Sycamore will continue to be able to substantially influence or effectively control our ability to enter into corporate transactions.

Our stock price has been volatile or may decline regardless of our operating performance.

The market price for our common stock has been, and may continue to be, volatile. The market price of our common stock may fluctuate significantly in response to a number of factors, most of which we cannot control, including:

- quarterly variations in our operating results compared to market expectations;
- changes in preferences of our customers;
- announcements of new products, significant price reductions or other strategic actions by us or our competitors;
- public reactions to our press releases, public announcements and/or filings with the SEC;
- speculation in the press or investment community;
- size of our public float;
- stock price performance and valuations of our competitors;
- fluctuations in stock market prices and volumes;
- default on our indebtedness;
- actions by competitors or other shopping center tenants;
- changes in senior management or key personnel;
- actions by our stockholders;

- changes in financial estimates by securities analysts or our failure to meet any such estimates;
- negative earnings or other announcements by us or other retail apparel companies;
- downgrades in our credit ratings or the credit ratings of our competitors;
- issuances (or sales by our stockholders) of capital stock;
- general market conditions;
- global economic, legal and regulatory factors unrelated to our performance; and
- the realization of any of the risks described in this section, or other risks that may materialize in the future.

Numerous factors affect our business and cause variations in our operating results and affect our net sales and comparable store sales, including consumer preferences, buying trends and overall economic trends; our ability to identify and respond effectively to product trends and customer preferences; changes in the population of our target segment; actions by competitors and other shopping center tenants; changes in our merchandise mix; pricing; the timing of our releases of new merchandise and promotional events; the level of customer service that we provide in our stores; changes in sales mix among sales channels; our ability to source and distribute products effectively; inventory shrinkage; weather conditions, particularly during the holiday season; and the number of stores we open, close and convert in any period.

In addition, stock markets 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.

Sales of substantial amounts of our common stock, or the perception in the public markets that these sales may occur, may depress our stock price.

Sales of substantial amounts of our common stock in the public market, or the perception that these sales could occur, could adversely affect the price of our common stock and could impair our ability to raise capital through the sale of additional shares.

In the future, we may also issue securities if we need to raise capital. The amount of shares of our common stock issued in connection with a capital raise or acquisition could constitute a material portion of our then-outstanding shares of our common stock. Our stockholders may experience immediate dilution upon such future equity issuances or the exercise of stock options to purchase common stock granted to our employees, consultants and directors under our stock option and incentive plans.

Anti-takeover provisions in our organizational documents and Delaware law might discourage or delay acquisition attempts for us that you might consider favorable.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the merger or acquisition of our Company more difficult without the approval of our Board. Among other things, these provisions:

- would allow us to authorize the issuance of undesignated preferred stock in connection with a stockholder rights plan or otherwise, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend or other rights or preferences superior to the rights of the holders of common stock;
- prohibit stockholder action by written consent from and after the date on which Sycamore, Sycamore Partners Torrid, L.L.C. and each of their respective affiliates cease to beneficially own at least 50% of the total voting power of all then outstanding shares of our common stock (the “Trigger Event”) unless such action is recommended by all directors then in office;
- provide that our Board is expressly authorized to make, alter, or repeal our bylaws and that from and after the Trigger Event our stockholders may only amend our bylaws with the approval of 75% or more of all of the outstanding shares of our capital stock entitled to vote; and

- establish advance notice requirements for nominations for elections to our Board or for proposing matters that can be acted upon by stockholders at stockholder meetings.

Further, as a Delaware corporation, we are also subject to provisions of Delaware law, which may impair a takeover attempt that our stockholders may find beneficial. These anti-takeover provisions and other provisions under Delaware law could discourage, delay or prevent a transaction involving a change in control of our Company, including actions that our stockholders may deem advantageous, or negatively affect the trading price of our common stock. These provisions could also discourage proxy contests and make it more difficult for our stockholders to elect directors of their choosing and to cause us to take other corporate actions that they desire.

We have never declared nor paid any cash dividends.

The continued operation and expansion of our business will require substantial funding. Any determination to pay dividends in the future will be at the discretion of our Board and will depend upon results of operations, financial condition, contractual restrictions, restrictions imposed by applicable law and other factors our Board deems relevant. Additionally, our operating subsidiaries are currently restricted from paying cash dividends by the agreements governing their indebtedness, and we expect these restrictions to continue in the future.

If we are unable to design, implement and maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley"), we may not be able to report our financial results in a timely and reliable manner, which could have a material adverse effect on our business and stock price.

As a public company, we have significant requirements for enhanced financial reporting and internal controls. The process of designing and implementing effective internal controls is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company. If we are unable to establish or maintain appropriate internal controls over financial reporting, it could cause us to fail to meet our reporting obligations on a timely basis, result in material misstatements in our consolidated financial statements and harm our operating results. In addition, we are required to comply with the SEC's rules implementing Sections 302 and 404 of Sarbanes-Oxley, which require our management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of our internal control over financial reporting. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. Testing and maintaining internal controls may divert our management's attention from other matters that are important to our business. We may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of Sarbanes-Oxley.

If we are unable to conclude that we have effective internal control over financial reporting or material weaknesses or control deficiencies occur in the future, the accuracy and timing of our financial reporting may be adversely affected, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports in addition to applicable stock exchange listing requirements and investors may lose confidence in our financial reporting, which could have a material adverse effect on the trading price of our stock.

Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with the Company or the Company's directors, officers or other employees.

Our amended and restated certificate of incorporation provides that, unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for any (1) derivative action or proceeding brought on behalf of our Company, (2) action asserting a claim of breach of a fiduciary duty owed by any director or officer of our Company to the Company or the Company's stockholders, (3) action asserting a claim against the Company or any director or officer of the Company arising pursuant to any provision of the Delaware General Corporation Law or our amended and restated certificate of incorporation or our amended and restated bylaws, or (4) action asserting a claim against us or any director or officer of the Company governed by the internal affairs doctrine. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. In addition, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our certificate of incorporation will provide that, unless we consent in writing to the selection of an alternate forum, the federal district courts of the United States will be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. We note that there is uncertainty as to whether a court would enforce the choice of forum provision with respect to claims under the federal securities laws, and that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

Any person or entity purchasing or otherwise acquiring any interest in any shares of our capital stock shall be deemed to have notice of and to have consented to the forum provisions in our amended and restated certificate of incorporation. This choice-of-forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with the Company or the Company's directors, officers or other employees, which may discourage such lawsuits. Alternatively, if a court were to find this provision of our amended and restated certificate of incorporation inapplicable or unenforceable with respect to one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could materially and adversely affect our business, financial condition and results of operations and result in a diversion of the time and resources of our management and Board.

If securities or industry analysts publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who covers us downgrades our stock or publishes inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volume to decline.

General Risk Factors

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified Board members.

As a public company, we are subject to certain reporting requirements. We have incurred, and will continue to incur, significant costs associated with complying with the requirements of the Exchange Act, Sarbanes-Oxley and any rules promulgated thereunder, as well as the rules of the NYSE. The requirements of these rules and regulations increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources. The expenses incurred by public companies generally for reporting and corporate governance purposes have also been increasing. We may need to hire additional accounting, finance and other personnel in connection with our continued efforts to comply with these requirements, and our management and other personnel will continue to devote a substantial amount of time toward maintaining compliance with these requirements. The various laws and regulations applicable to public companies also make it more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our Board, our Board committees or as our executive officers. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our common stock, fines, sanctions and other regulatory action and potentially civil litigation.

Public health crises, war, terrorism and other catastrophic events could negatively impact our customers, places where we do business and our expenses.

The threat of armed conflicts, war, political instability, terrorism, heightened security and military action in response to this threat, any future acts of terrorism, and significant natural disasters, public health issues or other catastrophic events may cause disruptions and create uncertainties that affect our business. To the extent that such disruptions or uncertainties negatively impact commercial transportation and shipping, shopping patterns and/or shopping center traffic, or adversely affect consumer confidence or the economy in general, our business, operating results and financial condition could be materially and adversely affected. A significant natural disaster, public health crises or other catastrophic event affecting our facilities and financial performance could materially adversely affect our supply chain, our information systems, workforces, customers, consumer sentiment and other aspects of our operations. Such events may also affect the local, regional and global economies, financial markets and businesses in the countries in which we operate. Such disruptions, as well as poor economic conditions generally, may lead to a decline in the sales and operating results of our omni-channel business. A decline in the sales and operating results could in turn materially and adversely affect our ability to pursue our growth strategy, which would reduce our future sales and profit margins.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

Cybersecurity Risk Management and Strategy

We rely extensively on various information systems, operated by us as well as third-party service providers, to manage many aspects of our business. We are susceptible to a number of significant and persistent cybersecurity threats, including those common to most industries as well as those we face as a retailer, operating in an industry characterized by a high volume of customer transactions and collection of sensitive data. These threats, which are constantly evolving, include data breaches, ransomware, and phishing attacks. We, and our vendors and suppliers, regularly face attempts by malicious actors to breach our security and compromise our information technology systems, and a cybersecurity incident impacting us or any vendor or supplier could significantly disrupt our operations and result in damage to our reputation, costly litigation and/or government enforcement action.

Accordingly, we recognize the critical importance of protecting and securing these information systems and have implemented multiple layers of cybersecurity processes, technologies, and controls to aid in our efforts to assess, identify, and manage cybersecurity risk. Our enterprise risk management framework considers cybersecurity risk alongside other company risks as part of our overall risk assessment process. Efforts to assess, identify, and manage cybersecurity risk are led by our dedicated Chief Operating Officer ("COO"), and supported by an experienced team, other members of management, and the Board. From time to time, we engage consultants, auditors, and other third parties to assist us in these efforts.

We assess our information security program using an industry-leading cybersecurity framework, the National Institute of Standards and Technology ("NIST") Cybersecurity Framework ("CSF"). A risk assessment along with risk-based analysis and judgment are used to select security controls to address risks. During this process, the following factors, among others, are considered: likelihood and severity of risk, impact on us and others if a risk materializes, feasibility and cost of controls and impact of controls on operations.

To test our cybersecurity program, we perform periodic vulnerability testing, engage an independent third party to perform periodic internal and external penetration testing, and engage other third parties to conduct periodic assessments of our cybersecurity capabilities. We continuously expand training and awareness practices to mitigate risk from human error, including mandatory computer-based training and internal communications for employees. Our employees undergo cybersecurity awareness training and regular phishing simulation campaigns that are based upon and designed to emulate real-world contemporary threats. We provide prompt feedback (and, if necessary, additional training or remedial action) based on the results of such exercises.

Our processes also address cybersecurity risks associated with our use of third-party service providers used in different capacities to provide or operate some of our cybersecurity and technology systems. We proactively evaluate the cybersecurity risk of a third party by utilizing a repository of risk assessments and external monitoring sources, including performing dark web analyses, to better inform us during contracting and vendor selection processes. Security issues are documented and tracked, and periodic monitoring of third parties is conducted in an effort to mitigate risk.

In addition to the processes, technologies, and controls that we have in place that are designed to reduce the likelihood of a material cybersecurity incident (or series of related cybersecurity incidents), we have a written incident response plan outlining how to address cybersecurity events that occur. The plan sets forth the steps for coordination among various corporate functions and governance groups, including the legal and finance functions, the Board, and external breach counsel, and serves as a framework for the execution of responsibilities across businesses and operational roles. Our incident response plan is designed to help us coordinate actions to prepare for, detect, respond to and recover from cybersecurity incidents, and includes processes to triage, assess severity, escalate, contain, investigate, and remediate the incident, as well as to assess the need for disclosure, comply with applicable legal obligations and mitigate the impact to our brand and reputation and on impacted parties.

In addition to our cybersecurity incident response plan, we conduct tabletop exercises to enhance our incident response preparedness. We maintain business continuity and disaster recovery plans for certain critical applications and services to prepare for and respond to the potential for a disruption in the technology we rely on.

Impact of cybersecurity risks on business strategy, results of operations or financial condition

Torrid (or the third parties it relies on) may not be able to fully, continuously, or effectively implement security controls as intended. As described above, we utilize a risk-based approach and judgment to determine whether and how to implement certain security controls and it is possible that we may not implement the necessary controls if we are unable to recognize or underestimate a particular risk. In addition, security controls, no matter how well designed or implemented, may only mitigate and not fully eliminate cybersecurity risks. Cybersecurity events, when detected by security tools or third parties, may not always be identified immediately or addressed in the manner intended by our cybersecurity incident response plan. While we maintain cyber risk insurance, the costs relating to certain kinds of security incidents could be substantial, and our insurance may not be sufficient to cover all losses related to any future incidents involving our data or systems. See "Risks Related to Our Business" in Item 1A, "Risk Factors" in this Form 10-K for a discussion of cybersecurity risks that may materially impact us.

Based on the information available as of the date of this Form 10-K, no material risks from known cybersecurity incidents have, either individually or in the aggregate, materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations or financial condition. There is no guarantee that any risks from cybersecurity threats will not materially affect us in the future.

Cybersecurity Governance

The Board oversees our overall risk assessment process, where we assess key enterprise risks within the Company, and at least quarterly, senior management reviews these risks with the Board. Cybersecurity and other technology risks, which are considered in our enterprise risk management framework, continue to remain a top priority for the Board. Primary oversight responsibility for cybersecurity and other technology risks has been given to the Audit Committee by the Board.

Our cybersecurity risk management and strategy processes are led by our COO, assisted by our Director, IT Network and Security. Together, they have over 20 years of combined professional experience in various roles across multiple industries involving managing information security, developing cybersecurity strategy, implementing effective information and cybersecurity programs, and managing multiple industry and regulatory compliance environments.

At least quarterly, the Audit Committee, Chief Executive Officer and senior finance and legal management, evaluate, review and discuss with the COO our cybersecurity, privacy and data security programs, the status of projects to strengthen internal cybersecurity, results from third-party assessments, recent cybersecurity incidents at other companies and the emerging threat landscape. Significant cybersecurity incidents are reviewed and discussed with the Audit Committee and senior finance and legal management as required by our cybersecurity incident response plan.

Item 2. Properties.

We are headquartered in City of Industry, California. Our principal executive offices are leased under a lease agreement expiring in 2027, with an option to renew thereafter. We lease a 750,000 square foot distribution facility located in West Jefferson, Ohio. The lease agreement expires in 2030, with options to renew thereafter. We do not own any real property.

As of January 31, 2026, we operated 483 stores in 50 U.S. states, Puerto Rico and Canada. Our stores are located primarily in premium malls, strip centers, lifestyle centers or outlet locations. They perform consistently across all formats because, we believe, our stores serve as a shopping destination for our customers and are therefore less dependent on broader traffic trends. The average size of our stores is approximately 3,200 square feet. All of our stores are leased from third parties, and we expect new leases to have initial terms of eight years based on current discussions. A majority of our store leases, including all new leases signed since fiscal year 2013 include performance-based early termination provisions or “kickout” clauses. These clauses provide us the contractual flexibility to exit a store or renegotiate rent in the event a store’s performance deteriorates. Substantially all of our current leases will have a termination or kickout within three years of the end of fiscal year 2025, providing us with significant flexibility. The average remaining lease term was 2.4 years as of January 31, 2026, before the assumed benefit of kickout clauses. Assuming termination of each lease at the earlier of its first available kickout date or full term, the average remaining lease term was 1.7 years as of January 31, 2026. Substantially all of our store leases also include early termination provisions based on co-tenancy requirements for the shopping center. As of January 31, 2026, 13% of our total leases were on variable rent structures, providing additional flexibility to our store fleet going forward. A number of our leases have built-in options to extend our tenancy for periods of up to five years.

Generally, store leases contain standard provisions concerning the payment of rent, events of default and the rights and obligations of each party. Rent due under the leases is generally comprised of annual base rent and sometimes includes a contingent rent payment based on the store’s sales in excess of a specified threshold. The leases also generally require us to pay real estate taxes, insurance and certain common area costs. We renegotiate with landlords to obtain more favorable terms as opportunities arise.

The table below sets forth the number of Torrid stores by U.S. state or territory or Canadian province that we operated as of January 31, 2026.

U.S. State/Territory	Number of Stores	U.S. State/Territory	Number of Stores	U.S. State/Territory	Number of Stores
AK	2	ME	2	SC	5
AL	5	MI	13	SD	2
AR	6	MN	10	TN	12
AZ	13	MO	7	TX	45
CA	49	MS	2	UT	5
CO	8	MT	2	VA	14
CT	3	NC	13	VT	1
DE	2	ND	3	WA	13
FL	27	NE	2	WI	12
GA	11	NH	5	WV	2
HI	3	NJ	6	WY	1
IA	5	NM	5		
ID	3	NV	6		
IL	9	NY	11	**Canadian Province**	**Number of Stores**
IN	12	OH	20	CAN-AB	10
KS	3	OK	6	CAN-BC	5
KY	6	OR	7	CAN-MB	3
LA	3	PA	21	CAN-NB	2
MA	7	PR	3	CAN-NL	1
MD	5	RI	1	CAN-NS	3
				CAN-ON	18
				CAN-SK	2

Item 3. Legal Proceedings.

Refer to “Note 13—Commitments and Contingencies” in our consolidated financial statements included elsewhere in this Form 10-K for information regarding certain legal proceedings in which we are involved.

From time to time, we are subject to certain other legal proceedings and claims in the ordinary course of business. We are not presently party to any of these other legal proceedings the resolution of which we believe would have a material adverse effect on our business, financial condition, operating results or cash flows. We establish reserves for specific legal matters when we determine that the likelihood of an unfavorable outcome is probable and the loss is reasonably estimable.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

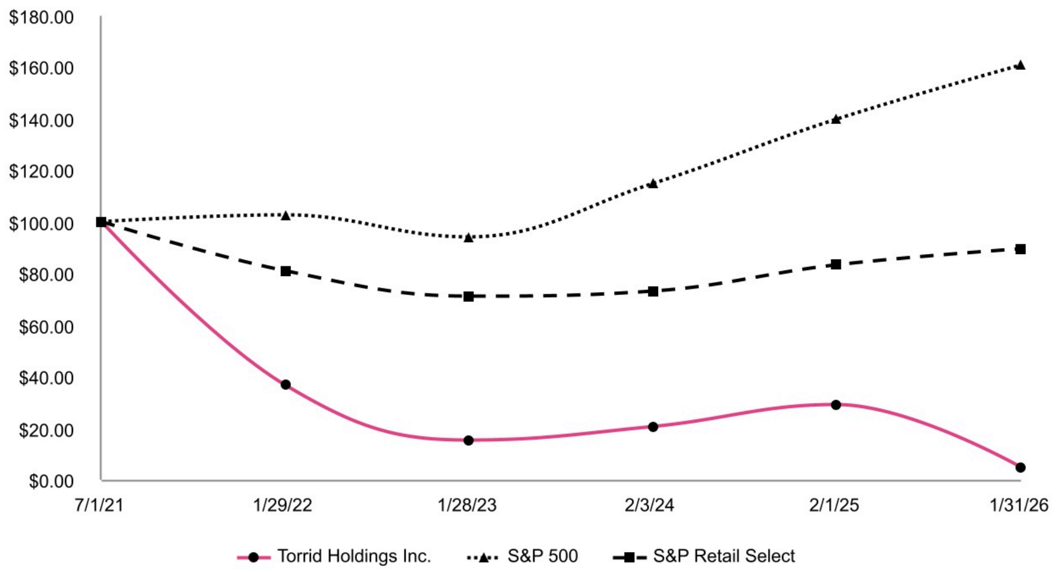
Our common stock is listed on the New York Stock Exchange under the symbol "CURV" and began trading on July 1, 2021. Prior to that date there was no public trading market for our common stock. Our website is www.torrid.com. The number of holders of record of our common stock as of March 15, 2026 was 37. The actual number of beneficial owners of our common stock is greater than the number of record holders and includes holders whose common stock are held in street name by brokers and other nominees.

Stock Performance Graph

This performance graph shall not be deemed "filed" with the SEC for purposes of Section 18 of the Exchange Act or incorporated by reference into any filing of Torrid Holdings Inc. under the Securities Act or the Exchange Act.

The graph below presents our cumulative total shareholder returns on our common stock relative to the performance of the S&P 500 Index and the S&P Retail Select Industry Index. The graph assumes $100 was invested at the market close on July 1, 2021, which was the first day our common stock began trading and its relative performance is tracked through January 31, 2026. Data for the S&P 500 Index and the S&P Retail Select Industry Index assume reinvestment of dividends, if any. The graph uses the closing market price on July 1, 2021 of $24.15 per share as the initial value of our common stock. The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our common stock.

Cumulative Stock Performance Graph



(in dollars)	July 1, 2021	January 31, 2026
Torrid Holdings Inc.	$ 100.00	$ 4.76
S&P 500	$ 100.00	$ 160.63
S&P 500 Retail Select Industry	$ 100.00	$ 89.38

Dividends

We have never declared nor paid any cash dividends on our common stock. Any determination to pay dividends in the future will be at the discretion of our Board and will depend upon results of operations, financial condition, contractual restrictions, restrictions imposed by applicable law and other factors our Board deems relevant. Additionally, our operating subsidiaries are currently restricted from paying cash dividends by the agreements governing their indebtedness, and we expect these restrictions to continue in the future. We are not obligated to pay dividends on our common stock.

Recent Sales of Unregistered Securities and Use of Proceeds

None.

Share Repurchases

On December 6, 2021, our Board authorized a share repurchase program under which we may purchase up to $100.0 million of our outstanding common stock. Repurchases may be made from time to time, depending upon a variety of factors, including share price, corporate and regulatory requirements, and other market and business conditions, as determined by us. We may purchase shares of our common stock in the open market at current market prices at the time of purchase, in privately negotiated transactions, or by other means. The authorization does not, however, obligate us to acquire any particular amount of shares, and the share repurchase program may be suspended or terminated at any time at our discretion. During the fiscal quarter ended January 31, 2026, we did not repurchase any shares of our common stock. As of January 31, 2026, we had approximately $44.9 million remaining under the repurchase program.

On June 23, 2025, we entered into a stock repurchase agreement with Sycamore, whereby we agreed to purchase $20.0 million of shares of our common stock in a private transaction at a price per share equal to $3.32 (which was equal to the price paid by the underwriters, net of underwriting discounts and commissions, in Sycamore’s concurrent sale of shares of our common stock in a public offering). Accordingly, we repurchased 6,030,908 shares of common stock, which are being held as treasury stock. The shares repurchased in this transaction were not made under the share repurchase program.

Item 6. [Reserved]

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

The following discussion summarizes the significant factors affecting the consolidated operating results, financial condition, liquidity and cash flows of our Company as of and for the periods presented below. The following discussion and analysis should be read in conjunction with the consolidated financial statements and the related notes thereto included elsewhere in this Form 10-K. This discussion contains forward-looking statements that are based on the beliefs of our management, as well as assumptions made by, and information currently available to, our management. Actual results could differ materially from those discussed in or implied by forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Form 10-K, particularly in the section entitled "Risk Factors."

Overview

We are a direct-to-consumer brand in North America dedicated to offering a diverse assortment of stylish apparel, intimates, and accessories skillfully designed for the curvy woman. Specializing in sizes 10 to 30, our primary focus is on providing fashionable, comfortable, and affordable options that meet the unique needs of our customers. Our extensive collection features high quality merchandise, including tops, bottoms, denim, dresses, intimates, activewear, footwear, and accessories. Our products are exclusive to us and each product is meticulously crafted to cater to the needs of the curvy woman, empowering her to love the way she looks and feels. Our collections are artfully curated to suit all aspects of our customers' lives, including casual weekends, work, dressy and special occasions. Understanding the importance of affordability, we aim to keep our prices reasonable without compromising on quality. This allows us to build a meaningful connection with our customers, distinguishing us from other brands that often overlook plus- and mid-size consumers. Our brand experience and product offerings establish us as a differentiated and reliable choice for plus- and mid-size customers, which we believe sets us apart in the market. We strive to be everything our customer needs in her closet, consistently delivering products that make her feel confident and stylish.

We have implemented a retail store optimization strategy to better align our distribution with the demands of our customers who have increasingly demonstrated a preference for our online experience. We believe this strategy will enhance our customer experience, significantly reduce our cost structure, and improve working capital and cash flow generation, allowing us to reinvest more aggressively in customer reactivation and acquisition initiatives to support long-term revenue growth. We closed 151 stores in fiscal year 2025 and intend to target up to 40 additional store closures in fiscal year 2026.

Key Financial and Operating Metrics

We use the following metrics to assess the progress of our business, inform how we allocate our time and capital, and assess the near-term and longer-term performance of our business.

	Fiscal Year Ended		
	January 31, 2026	**February 1, 2025**	**February 3, 2024**
Active customers (in thousands, as of end of period)[(A)]	3,441	3,656	3,761
Net sales per active customer[(A)]	$ 291	$ 302	$ 306
Comparable sales[(B)]	(7)%	(5)%	(12)%
Number of stores (as of end of period)	483	634	655
Net (loss) income (in thousands)	$ (7,034)	$ 16,318	$ 11,619
Adjusted EBITDA[(C)] (in thousands)	$ 63,577	$ 109,120	$ 106,219

(A) Active customers and net sales per active customer calculated on a preceding four quarters basis.
(B) The computation of fiscal year 2024 comparable sales compares sales in fiscal year 2024 to sales in the 52-week period ended February 3, 2024. The computation of fiscal year 2023 comparable sales compares sales in fiscal year 2023 to sales in the 53-week period ended February 4, 2023.
(C) Refer to "Results of Operations" for a reconciliation of net (loss) income to Adjusted EBITDA.

Active Customers. We define an active customer as a distinct, identifiable customer who has completed at least one purchase transaction either in-store or online in the preceding four quarters. We are able to identify the vast majority of our customers primarily through our robust loyalty program, which gives us access to extensive customer and sales data. We have improved our customer tracking capabilities and have maintained the proportion of our net sales attributable to active customers over time. The proportion of net sales, excluding PLCC Funds (as defined below), that we are able to attribute to active customers was 97% for each of fiscal years 2025, 2024 and 2023. We view the number of active customers as a key indicator of our performance, the reach of our e-Commerce and stores platform, the value proposition and consumer awareness of our brand and our customers' desire to purchase our products.

Net Sales per Active Customer. We define net sales per active customer for any given period as the net sales in the preceding four quarters, divided by the total number of active customers at the end of that period. We view net sales per active customer as a key indicator of our customers' purchasing patterns, including their initial and repeat purchase behavior, and we continue to closely monitor this metric each year.

Comparable Sales. We define comparable sales for any given period as the sales of our e-Commerce operations and stores that we have included in our comparable sales base during that period. We include a new store in our comparable sales base after it has been open for 15 full fiscal months. If a store is closed during a fiscal year, it is only included in the computation of comparable sales for the full fiscal months in which it was open. We also determine when certain store remodels and relocations are reintegrated into our comparable sales base. The computation of fiscal year 2024 comparable sales compares sales in fiscal year 2024 to sales in the 52-week period ended February 3, 2024. The computation of fiscal year 2023 comparable sales compares sales in fiscal year 2023 to sales in the 53-week period ended February 4, 2023. Partial fiscal months are excluded from the computation of comparable sales. We apply current year foreign currency exchange rates to both current year and prior year comparable sales to remove the impact of foreign currency fluctuation and achieve a consistent basis for comparison. Comparable sales allow us to evaluate how our unified commerce business is performing exclusive of the effects of non-comparable sales and new store openings.

Number of Stores. Store count reflects all stores open at the end of a reporting period.

Adjusted EBITDA. Adjusted EBITDA is a supplemental measure of our operating performance that is neither required by, nor presented in accordance with accounting principles generally accepted in the United States of America ("GAAP") and our calculation thereof may not be comparable to similarly titled measures reported by other companies. Adjusted EBITDA represents GAAP net income (loss) plus interest expense less interest income, net of other (income) expense, plus provision for less (benefit from) income taxes, depreciation and amortization ("EBITDA"), and share-based compensation, noncash deductions and charges and other expenses. We believe Adjusted EBITDA facilitates operating performance comparisons from period to period by isolating the effects of certain items that vary from period to period without any correlation to ongoing operating performance. We also use Adjusted EBITDA as one of the primary methods for planning and forecasting the overall expected performance of our business and for evaluating on a quarterly and annual basis actual results against such expectations. Further, we recognize Adjusted EBITDA as a commonly used measure in determining business value and, as such, use it internally to report and analyze our results and as a benchmark to determine certain non-equity incentive payments made to executives.

Adjusted EBITDA has limitations as an analytical tool. This measure is not a measurement of our financial performance under GAAP and should not be considered in isolation or as an alternative to or substitute for net income, income from operations or any other performance measures determined in accordance with GAAP or as an alternative to cash flows from operating activities as a measure of our liquidity. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Among other limitations, Adjusted EBITDA does not reflect:

- interest expense;
- interest income, net of other (income) expense;
- (benefit from) provision for income taxes;
- depreciation and amortization;
- share-based compensation;

- noncash deductions and charges; and
- other expenses.

Factors Affecting Our Performance

We believe that our performance and future success depend on a number of factors that present significant opportunities for us but also pose risks and challenges, including those discussed below and elsewhere in this Form 10-K and in the section titled “Risk Factors.”

Customer Acquisition and Retention. Our success is impacted not only by efficient and profitable customer acquisition, but also by our ability to retain customers and encourage repeat purchases. It is important to maintain reasonable costs for these marketing efforts relative to the net sales and profit we expect to derive from customers. Failure to effectively attract customers on a cost-efficient basis would adversely impact our profitability and operating results. Requirements for consumer disclosures regarding privacy practices and application tracking transparency framework that requires opt-in consent for certain types of tracking has increased the difficulty and cost of acquiring and retaining customers. These changes may adversely affect our results of operations.

Customer Migration from Single to Omni-channel. We have a history of converting customers from single-channel customers to omni-channel customers, defined as active customers who shopped both online and in-store within the last 12 months. Customers that shop across multiple channels purchase from us more frequently and spend approximately 3.5 times more per year than our single-channel customer.

Overall Economic Trends. Our results of operations during any given period are often impacted by the overall economic conditions in the markets in which we operate. Consumer purchases of clothing generally remain constant or may increase during stable economic periods and decline during recessionary periods, inflationary periods and other periods when disposable income is adversely affected. Recent historic high rates of inflation have led to a softening of consumer demand. We have encountered inflation on our wages, transportation and product costs, and a material increase in these costs without any meaningful offsetting price increases may reduce our future profits. Government actions in various countries relating to tariffs, particularly countries in the East and Southeast Asia region, have introduced significant uncertainty to the current U.S. trade environment resulting in increased cost of goods sold and impacted gross margins. Beginning in early 2025, the U.S. government announced a series of broad import tariff increases, including new and expanded duties on goods imported from major sourcing countries that collectively supply a significant portion of our imports. The tariff environment has remained highly fluid, with executive orders, temporary pauses, partial reversals, and ongoing negotiations between the U.S. and its trading partners creating continuing uncertainty. On February 20, 2026, the U.S. Supreme Court issued a ruling striking down certain tariffs previously imposed under the IEEPA and following the Supreme Court’s decision, the U.S. presidential administration announced its intention to invoke other laws to collect tariffs and announced new tariffs on imports from all countries, in addition to any existing non-IEEPA tariffs. The degree of our exposure is dependent on (among other things) the countries in which the merchandise is manufactured, rates imposed, and timing of the tariffs. Higher tariffs may adversely impact our results.

Demographic Changes. The growth of our business is impacted, in part, by the size of the plus- and mid-size population. Slower or negative growth in this demographic, specific to certain geographic markets, income levels, the increasing use of GLP-1 medications or overall, could adversely affect our results of operations.

Growth in Brand Awareness. We intend to continue investing in our brand, with a specific focus on growing brand awareness, customer engagement, and conversion through targeted investments in performance and brand marketing. We have made significant historical investments to strengthen the Torrid brand through our marketing efforts, brand partnerships, events and expansion of our social media presence. If we fail to cost-effectively promote our brand or convert impressions into new customers, our net sales growth and profitability may be adversely affected.

Inventory Management. Our strategy is built around a base of core products that provide our customer with year-round style. At the same time, we introduce new lines of merchandise approximately 16 times per year, thus providing a consistent flow of fresh merchandise to keep our customer engaged, encourage repeat business and attract new customers. We employ a data-driven approach to design and product development, proactively and quickly incorporating sales and operational performance information alongside customer feedback from thousands of product reviews. We engage in ongoing dialogue with customers through social media and customer surveys. Although we intend to continue to tightly manage our inventory levels, shifts in these levels may result in fluctuations in the amount of regular price sales, markdowns, and merchandise mix, as well as gross margin.

Investments. We have invested significantly to strengthen our business, including augmenting leadership across our organization and enhancing our infrastructure and technology in order to realize growth. We anticipate that a significant portion of our operating expenses will be attributable to our spending on advertising and marketing and hiring additional personnel primarily in marketing, product design and development, merchandising, technology, operations, customer service and general and administrative functions. We are strategically working to rebalance our store footprint, aiming for an optimal split among malls, outdoor centers and online. We will also continue to make investments to improve the customer experience both in-store and online. We believe that such investments will increase the number and loyalty of our customers and, as a result, yield positive financial performance in the long term.

Seasonality. While seasonality frequently impacts businesses in the retail sector, our business is generally not seasonal. Accordingly, our net sales do not fluctuate as significantly as those of other brands and retailers from quarter to quarter and any modest seasonal effect does not significantly change the underlying trends in our business. Additionally, we do not generate an outsized share of our net sales or Adjusted EBITDA during the holiday season. Typically, our Adjusted EBITDA generation is strongest in the first half of the year as we benefit from more favorable product margins, lower advertising and lower shipping expenses relative to the second half of the year. The lack of net sales seasonality provides structural cost advantages relative to peers, including reduced staffing cyclicality and seasonal distribution capacity needs.

Impact of Infectious Disease Outbreaks. Infectious disease outbreaks may cause general business disruption worldwide which could directly or indirectly impact our business, results of operations, cash flows, and financial condition. This could have a negative impact on our business including, but not limited to, closure requirements with respect to some or all of our physical locations, changes in consumer behavior, difficulties attracting and retaining employees and supply chain disruptions.

Components of Our Results of Operations

Net Sales. Net sales reflects our revenues from the sale of our merchandise, shipping and handling revenue received from e-Commerce sales, royalties, profit-sharing and marketing and promotional funds from the use of private label credit cards (“PLCC Funds”), and gift card breakage income, less returns, discounts and loyalty points/awards. Revenue from our stores is recognized at the time of sale and revenue from our e-Commerce channel is recognized upon shipment of the merchandise to the customer; except in cases where the merchandise is shipped to a store and revenue is recognized when the customer retrieves the merchandise from the store. Net sales are impacted by the size of our active customer base, product assortment and availability, marketing and promotional activities and the spending habits of our customers. Net sales are also impacted by the migration of single-channel customers (i.e., customers shopping only in-store or online) to omni-channel customers (i.e., customers shopping both in-store and online), who on average spend significantly more than single-channel customers in a given year.

Gross Profit. Gross profit is equal to our net sales less cost of goods sold. Our cost of goods sold includes merchandise costs, freight, inventory shrinkage, payroll expenses associated with the merchandising department, distribution center expenses and store occupancy expenses, including rent, common area maintenance charges, real estate taxes and depreciation. Merchandising payroll costs and store occupancy costs included within cost of goods sold are largely fixed and do not necessarily increase as volume increases. We review our inventory levels on an ongoing basis in order to identify slow-moving merchandise and generally use markdowns to clear that merchandise. The timing and level of markdowns are driven primarily by customer acceptance of our merchandise. The primary drivers of our merchandise costs include the raw materials, labor in the countries where we source our merchandise, customs duties, and logistics costs.

Selling, General and Administrative Expenses. Selling, general and administrative expenses include all operating costs not included in cost of goods sold or marketing expenses.

Marketing Expenses. We continue to make investments in marketing in an effort to grow and retain our active customer base and increase our brand awareness. Marketing expenses consist primarily of (i) targeted online performance marketing costs, such as retargeting, paid search/product listing advertising, and social media advertisements, (ii) store and brand marketing, public relations and photographic production designed to acquire, retain and remain connected to customers and (iii) payroll and benefits expenses associated with our marketing team.

Interest Expense. Interest expense consists primarily of interest expense and other fees associated with our ABL Facility (as defined below) and Amended Term Loan Credit Agreement (as defined below).

Provision for (Benefit from) Income Taxes. Our provision for (benefit from) income taxes consists of an estimate of federal and state income taxes based on enacted federal and state tax rates, as adjusted for allowable credits, deductions and uncertain tax positions.

Results of Operations

Our fiscal year ends on the Saturday nearest to January 31 and each fiscal year is generally comprised of four 13-week quarters (although in years with 53 weeks, the fourth quarter is comprised of 14 weeks). Fiscal years 2025 and 2024 were 52-week years and fiscal year 2023 was a 53-week year. Fiscal years are identified according to the calendar year in which they begin. For example, references to “fiscal year 2025” or similar references refer to the fiscal year ended January 31, 2026. A discussion regarding our results of operations for fiscal year 2025 compared to fiscal year 2024 is presented below. A discussion regarding our results of operations for fiscal year 2024 compared to fiscal year 2023 can be found under Part II, Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations, in our Annual Report on Form 10-K for the fiscal year ended February 1, 2025, filed with the SEC on April 1, 2025.

Fiscal Year 2025 Compared to Fiscal Year 2024

The following table summarizes our consolidated results of operations for the periods indicated (dollars in thousands):

	Fiscal Year Ended			
	January 31, 2026	% of Net Sales	February 1, 2025	% of Net Sales
Net sales	$ 1,000,092	100.0 %	$ 1,103,737	100.0 %
Cost of goods sold	652,130	65.2	690,266	62.5
Gross profit	347,962	34.8	413,471	37.5
Selling, general and administrative expenses	269,182	26.9	302,032	27.4
Marketing expenses	57,378	5.7	54,231	4.9
Income from operations	21,402	2.2	57,208	5.2
Interest expense	31,844	3.2	35,633	3.2
Interest income, net of other (income) expense	(882)	(0.1)	(28)	0.0
(Loss) income before income taxes	(9,560)	(0.9)	21,603	2.0
(Benefit from) provision for income taxes	(2,526)	(0.3)	5,285	0.5
Net (loss) income	$ (7,034)	(0.6)%	$ 16,318	1.5 %

The following table provides a reconciliation of net (loss) income to Adjusted EBITDA for the periods presented (in thousands):

	Fiscal Year Ended	
	January 31, 2026	February 1, 2025
Net (loss) income	$ (7,034)	$ 16,318
Interest expense	31,844	35,633
Interest income, net of other (income) expense	(882)	(28)
(Benefit from) provision for income taxes	(2,526)	5,285
Depreciation and amortization(A)	34,618	35,721
Share-based compensation(B)	5,208	7,634
Noncash deductions and charges(C)	347	347
Other expenses(D)	2,002	8,210
Adjusted EBITDA	$ 63,577	$ 109,120

(A) Depreciation and amortization excludes amortization of debt issuance costs and original issue discount that are reflected in interest expense.
(B) Share-based compensation in fiscal years 2025 and 2024 includes $0.3 million and $3.0 million, respectively, for awards that will be settled in cash as they are accounted for similar to awards settled in shares in accordance with ASC 718, *Compensation—Stock Compensation*.
(C) Noncash deductions and charges includes noncash losses on property and equipment disposals and the net impact of noncash rent expense.
(D) Other expenses include severance costs for certain key management positions, certain transaction and litigation fees (including certain settlement costs), and the reimbursement of certain management expenses, primarily for travel, incurred by Sycamore on our behalf, which are not considered to be part of our core business.

Net Sales

Net sales for fiscal year 2025 decreased $103.6 million, or 9.4%, to $1,000.1 million from $1,103.7 million for fiscal year 2024. This decrease was primarily driven by a decrease in sales transactions and sales transaction values. The total number of stores we operate decreased by 151 stores, or 23.8%, to 483 stores at the end of fiscal year 2025, from 634 stores at the end of fiscal year 2024, primarily due to the implementation of our retail store optimization strategy.

Gross Profit

Gross profit for fiscal year 2025 decreased $65.5 million, or 15.8%, to $348.0 million, from $413.5 million for fiscal year 2024. Gross profit as a percentage of net sales decreased 2.7% to 34.8% in fiscal year 2025 from 37.5% in fiscal year 2024. The decrease in gross profit was primarily driven by a decrease in net sales. The decrease in gross profit as a percentage of net sales was primarily driven by a decrease in net sales, increased merchandising payroll costs and store depreciation expense, and the deleverage of store occupancy costs as a result of lower net sales. In addition, new and increased tariffs on goods from the countries where we manufacture our merchandise had a negative impact on our gross profit for fiscal year 2025.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for fiscal year 2025 decreased $32.9 million, or 10.9%, to $269.2 million, from $302.0 million for fiscal year 2024. The decrease was primarily due to a $14.4 million decrease in store and e-Commerce payroll costs, a $6.3 million decrease in performance bonuses, a $5.6 million decrease in other store operating costs, a $4.1 million decrease in headquarters general and administrative expenses, and a $2.4 million decrease in share-based compensation. Selling, general and administrative expenses as a percentage of net sales decreased 0.5% to 26.9% in fiscal year 2025 from 27.4% in fiscal year 2024. The decrease was primarily driven by decreased store and e-Commerce payroll costs, performance bonuses, other store operating costs, and share-based compensation, partially offset by the deleverage of headquarters general and administrative expenses as a result of lower net sales.

Marketing Expenses

Marketing expenses for fiscal year 2025 increased $3.1 million, or 5.8%, to $57.4 million, from $54.2 million for fiscal year 2024. Marketing expenses as a percentage of net sales increased 0.8% to 5.7% in fiscal year 2025 from 4.9% in fiscal year 2024. The increase in both marketing expenses and marketing expenses as a percentage of net sales was primarily driven by increased retargeting, photographic production, social media spend, and payroll expenses associated with our marketing team, partially offset by decreased spend on our model search campaign.

Interest Expense

Interest expense was $31.8 million for fiscal year 2025, compared to $35.6 million for fiscal year 2024. The decrease was primarily due to a decrease in the variable interest rate and a lower balance on the Amended Term Loan Credit Agreement resulting from principal payments.

Benefit from/Provision for Income Taxes

The benefit from income taxes for fiscal year 2025 was $2.5 million and the provision for income taxes for fiscal year 2024 was $5.3 million. Our effective tax rate was 26.4% for fiscal year 2025 and 24.5% for fiscal year 2024. The increase in the effective tax rate for fiscal year 2025 as compared to fiscal year 2024 was primarily due to a decrease in our uncertain tax benefits and increases in the amount of non-deductible compensation for covered employees and non-deductible share-based compensation for fiscal year 2025.

Liquidity and Capital Resources

Cash Sources

Our business relies on cash flows from operations as our primary source of liquidity. We do, however, have access to additional liquidity, if needed, through borrowings under our ABL Facility.

As of January 31, 2026, we had $20.0 million in cash and cash equivalents and $303.4 million of outstanding indebtedness, net of unamortized original issue discount and financing costs, of which $31.0 million consists of borrowings on our ABL Facility, which is accruing interest at an underlying variable rate of 7%, and $272.4 million consists of term loans under the Amended Term Loan Credit Agreement, which is accruing interest at an underlying variable rate of 9%. As of January 31, 2026, we had access to $64.9 million in additional liquidity from our ABL Facility, net of outstanding letters of credit.

ABL Facility

In May 2015, we entered into a credit agreement for a senior secured asset-based revolving credit facility (as amended and restated in October 2017 and as amended in June 2019, September 2019, June 2021, April 2023, and August 2025) with Bank of America, N.A., as agent, and the lenders party thereto (the “ABL Facility”). Under the ABL Facility, the aggregate commitments available are $150.0 million (subject to a borrowing base) and we have the right to request additional commitments up to $50.0 million plus the aggregate principal amount of any permanent principal reductions we may take (subject to customary conditions precedent). In August 2025, the maturity date of the principal amount of the outstanding loans was extended from June 14, 2026 to the earlier of (i) August 1, 2030 and (ii) the date that is 91 days prior to the maturity of any material indebtedness (as defined in the ABL Facility). The ABL Facility currently would mature 91 days prior to June 14, 2028, the maturity date of the Amended Term Loan Credit Agreement.

The ABL Facility requires us to maintain a fixed charge coverage ratio (as defined by the ABL Facility) of at least 1.00 to 1.00 when a covenant compliance event occurs. A covenant compliance event occurs if we fail to maintain certain specified availability (as defined by the ABL Facility) of at least the greater of 10% of the loan cap, as defined by the ABL Facility, and $7.0 million. If we fail to maintain the fixed charge coverage ratio defined by the ABL Facility, the lenders may declare the unpaid principal amount of all outstanding loans and all interest accrued and unpaid thereon to be immediately due and payable, among other remedies available to the lenders. The ABL Facility contains a number of other covenants that, among other things and subject to certain exceptions, will restrict our ability and the ability of our subsidiaries to: incur additional indebtedness; pay dividends on our capital stock or redeem, repurchase or retire our capital stock or our other indebtedness; make investments, loans and acquisitions; engage in transactions with our affiliates; sell assets, including capital stock of our subsidiaries; alter the business we conduct; consolidate or merge; and incur liens.

As of January 31, 2026, we did not trigger a covenant compliance event and were compliant with our covenants under the ABL Facility.

Amended Term Loan Credit Agreement

In June 2021, we entered into a term loan credit agreement (as amended in May 2023) with Bank of America, N.A., as agent, and the lenders party thereto (the “Amended Term Loan Credit Agreement”). The Amended Term Loan Credit Agreement provides for term loans in an initial aggregate amount of $350.0 million and has a maturity date of June 14, 2028. The Amended Term Loan Credit Agreement is subject to fixed mandatory quarterly principal amortization payments until the maturity date of approximately $4.4 million.

The Amended Term Loan Credit Agreement also contains a number of covenants that, among other things and subject to certain exceptions, will restrict our ability and the ability of our subsidiaries to: create, incur or assume liens on our assets or property; incur additional indebtedness; issue preferred or disqualified stock; consolidate or merge; sell assets; pay dividends or make distributions, make investments, or engage in transactions with our affiliates.

As of January 31, 2026, we were compliant with our covenants under the Amended Term Loan Credit Agreement.

Refer to “Note 10—Debt” in our consolidated financial statements included elsewhere in this Form 10-K for more information on the components of our debt.

Cash Uses

Our primary cash needs are for merchandise inventories, payroll, rent for our stores, headquarters and distribution center, capital expenditures associated with opening new stores and updating existing stores, logistics and information technology. We also need cash to fund our interest and principal payments on the Amended Term Loan Credit Agreement and ABL Facility and make discretionary repurchases of our common stock. The most significant components of our working capital are cash and cash equivalents, merchandise inventories, prepaid expenses and other current assets, accounts payable, accrued and other current liabilities and operating lease liabilities. We believe that cash generated from operations and the availability of borrowings under our ABL Facility or other financing arrangements will be sufficient to meet working capital requirements and anticipated capital expenditures for at least the next 12 months. There can be no assurance, however, that our business will generate sufficient cash flows from operations or that future borrowings will be available under our ABL Facility or otherwise to enable us to service our indebtedness, or to make capital expenditures in the future. Our future operating performance and our ability to service or extend our indebtedness will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control.

Share Repurchase

On June 23, 2025, we entered into a stock repurchase agreement with Sycamore, whereby we agreed to purchase $20.0 million of shares of our common stock in a private transaction at a price per share equal to $3.32 (which was equal to the price paid by the underwriters, net of underwriting discounts and commissions, in Sycamore's concurrent sale of shares of our common stock in a public offering). Accordingly, we repurchased 6,030,908 shares of common stock, which are being held as treasury stock.

Material Cash Requirements

The following table summarizes current and long-term material cash requirements as of January 31, 2026 (in thousands):

	Payments Due by Period				
	Total	**<1 Year**	**1-3 Years**	**3-5 Years**	**Thereafter**
Amended Term Loan Credit Agreement Obligations(1)	$ 275,625	$ 17,500	$ 258,125	$ —	$ —
Interest Expense on Amended Term Loan Credit Agreement Obligations(1)(2)	57,215	25,264	31,951	—	—
Purchase Obligations	210,164	210,164	—	—	—
Letters of Credit and Other Obligations(3)	56,064	38,260	17,354	450	—
Operating Lease Obligations(4)	175,312	41,369	53,863	30,947	49,133
Total	$ 774,380	$ 332,557	$ 361,293	$ 31,397	$ 49,133

(1) Amounts assume that the Amended Term Loan Credit Agreement is paid upon maturity and does not consider any variable mandatory principal prepayments or optional principal prepayments which we may make in the future. See "Note 10—Debt" contained in the consolidated financial statements and notes, included elsewhere in this Form 10-K for additional disclosure related to our debt obligations.

(2) Assumes an interest rate of approximately 9% per annum, consistent with the interest rate at January 31, 2026. See "Note 10—Debt" contained in the consolidated financial statements and notes, included elsewhere in this Form 10-K for additional disclosure related to our debt obligations.

(3) Amounts listed above do not include cash obligations related to relocation expenses in connection with the involuntary separation of certain employees due to the uncertainty regarding the amount of such expenses.

(4) Includes estimated annual future minimum occupancy payments under operating leases including minimum base rents, common area maintenance charges and heating, ventilation and cooling charges, for lease terms that include periods covered by options to extend some of our leases, as we are reasonably certain to exercise those options. Options to terminate our leases have not been included in any lease terms as we are not reasonably certain to exercise those options. See "Note 11—Leases" contained in the consolidated financial statements and notes, included elsewhere in this Form 10-K for additional disclosure related to operating lease obligations.

In the material cash requirements table above, we have not included: (i) the amounts outstanding on the ABL Facility of $31.0 million, plus accrued interest thereon, due to the uncertainty regarding the timing of future borrowings and repayments, (ii) any income tax audit settlement payments due in less than one year as we do not have any open income tax audits as of January 31, 2026 or any material gross unrecognized tax benefits for which the statutes of limitations are expected to expire in fiscal year 2026, and (iii) cash settlements to the respective tax authorities related to noncurrent unrecognized tax benefits of $0.8 million due to the uncertainty regarding the timing of future cash outflows of such settlements.

Cash Flow Analysis

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

	Fiscal Year Ended		
	January 31, 2026	February 1, 2025	February 3, 2024
Net cash (used in) provided by operating activities	$ (13,013)	$ 77,390	$ 42,771
Net cash used in investing activities	$ (8,852)	$ (14,392)	$ (26,002)
Net cash used in financing activities	$ (7,176)	$ (24,500)	$ (18,517)

Net Cash Used In/Provided By Operating Activities

Operating activities consist primarily of net income adjusted for noncash items, including depreciation and amortization and share-based compensation, the effect of working capital changes and taxes paid.

Net cash used in operating activities during fiscal year 2025 was $13.0 million compared to net cash provided by operating activities of $77.4 million for fiscal year 2024. The decrease in net cash provided by operating activities during fiscal year 2025 was primarily as a result of decreases in accounts payable, accrued expenses and other current liabilities, and net income, partially offset by a decrease in inventory. The decreases in accounts payable and accrued expenses and other current liabilities were primarily driven by a decrease in inventory purchases before the current period end compared to the prior period end and a decrease in accrued payroll and related expenses.

Net cash provided by operating activities during fiscal year 2024 was $77.4 million compared to $42.8 million during fiscal year 2023. The increase in cash provided by operating activities during fiscal year 2024 was primarily as a result of an increase in net income of $4.7 million, and increases in accounts payable and accrued expenses, due to higher inventory purchases, performance bonuses and legal fees compared to prior year, and an increase in other current liabilities. The increase in cash provided by operating activities was partially offset by decreases in income taxes payable, inventory write-downs and deferred compensation.

Net Cash Used In Investing Activities

Typical investing activities consist primarily of capital expenditures for growth (new store openings, relocations and major remodels), store maintenance (minor store remodels and investments in store fixtures), and infrastructure to support the business related primarily to information technology, our headquarters facility and our West Jefferson, Ohio distribution center.

Net cash used in investing activities was $8.9 million and $14.4 million in fiscal years 2025 and 2024, respectively. The decrease in net cash used in investing activities was primarily a result of a decrease in capital expenditures due to fewer new store openings and remodels, partially offset by an increased investment in store fixtures and equipment during fiscal year 2025, compared to fiscal year 2024.

Net cash used in investing activities was $14.4 million and $26.0 million in fiscal years 2024 and 2023, respectively. The decrease in cash used in investing activities was primarily as a result of a decrease in capital expenditures related to the opening of new stores and investment in our West Jefferson, Ohio distribution center during fiscal year 2024, compared to fiscal year 2023.

Net Cash Used In Financing Activities

Financing activities consist primarily of (i) borrowings and repayments related to our ABL Facility, (ii) borrowings and repayments related to the Amended Term Loan Credit Agreement and (iii) repurchases and retirement of our common stock.

Net cash used in financing activities was $7.2 million and $24.5 million for fiscal years 2025 and 2024, respectively. The decrease in net cash used in financing activities is primarily due to an increase in net borrowings related to the ABL Facility, partially offset by the repurchase of our common stock.

Net cash used in financing activities was $24.5 million and $18.5 million for fiscal years 2024 and 2023, respectively. The increase in net cash used in financing activities is primarily as a result of a $6.2 million increase in net payments on the ABL Facility.

Critical Accounting Estimates

Our discussion of results of operations and financial condition is based upon the consolidated financial statements included elsewhere in this Form 10-K, which have been prepared in accordance with GAAP. The preparation of financial statements in conformity with GAAP requires management to make estimates and certain assumptions about future events that affect the classification and amounts reported in our consolidated financial statements and accompanying notes, including revenue and expenses, assets and liabilities, and the disclosure of contingent assets and liabilities. These estimates and assumptions are based on our historical results as well as management's judgment. Although management believes the judgment applied in preparing estimates is reasonable based on circumstances and information known at the time, actual results could vary materially from estimates based on assumptions used in the preparation of our consolidated financial statements.

The most significant accounting estimates involve a high degree of judgment or complexity. Management believes the estimates and judgments most critical to the preparation of our consolidated financial statements and to the understanding of our reported financial results include those made in connection with revenue recognition, including accounting for estimated merchandise returns and loyalty program expenses; estimating the value of inventory; determining operating lease liabilities; and estimating share-based compensation expense. Management evaluates its policies and assumptions on an ongoing basis. Our significant accounting estimates related to these accounts in the preparation of our consolidated financial statements are described below (see Note 2 to our consolidated financial statements included elsewhere in this Form 10-K for additional information regarding our significant accounting policies).

Revenue Recognition

We recognize revenue when our performance obligations under the terms of a contract or an implied arrangement with a customer are satisfied, which is when the merchandise is transferred to the customer and the customer obtains control of it. The amount of revenue we recognize reflects the total consideration we expect to receive for the merchandise, which is the transaction price. For arrangements that contain multiple performance obligations, we allocate the transaction price to each performance obligation on a relative stand-alone selling price basis.

At our retail store locations, we satisfy our performance obligation and recognize revenue at the point in time when a customer takes possession of the merchandise and tenders payment at the point-of-sale register. For e-Commerce sales shipped to a customer from our distribution center, or from a retail store location (ship from store), we satisfy our performance obligation and recognize revenue upon shipment, which is the point in time the customer obtains control of the merchandise after payment has been tendered. Income we receive from customers for shipping and handling is recognized as a component of revenue upon shipment of merchandise to the customer. We satisfy our performance obligation and recognize revenue from e-Commerce sales shipped to a retail store location from our distribution center, or fulfilled from merchandise already located at a retail store location (buy-online-pickup-in-store), at the point in time when the customer retrieves the merchandise from within the retail store location or at a retail store curbside.

We are required to estimate certain amounts included in a contract or an implied arrangement with a customer which add variability to the transaction price. Under certain conditions, we are obligated to accept customer returns for most of our merchandise. Sales returns reduce the revenue we expect to receive for merchandise and therefore add variability to the transaction price. Based on historical return pattern experience, we reasonably estimate the amount of merchandise expected to be returned and exclude it from revenue. We record a reserve for merchandise returns at the time revenue is recognized based on prior returns experience and expected future returns in accordance with our return policy and discretionary returns practices. We monitor our returns experience and resulting reserves on an ongoing basis and we believe our estimates are reasonable. We do not believe there is a reasonable likelihood that there will be a material change in the assumptions used to calculate the allowance for sales returns. However, if actual sales returns are significantly different than the estimated allowance, our results of operations could be materially affected.

We satisfy our performance obligation and recognize revenue from gift cards and store merchandise credits at the point in time when the customer presents the gift cards and store merchandise credits for redemption. Gift card breakage is income recognized due to the non-redemption of a portion of gift cards sold by us for which a liability was recorded in prior periods. We recognize estimated gift card breakage over time as a component of net sales in proportion to the pattern of rights exercised by the customer as reflected in actual gift card redemption patterns over the period. Based upon historical experience, we estimate the value of outstanding gift cards that will ultimately not be redeemed (breakage) nor escheated under statutory unclaimed property laws. This amount is recognized as revenue over the time pattern established by our historical gift card redemption experience. We monitor our gift card redemption experience and associated accounting on an ongoing basis. Our historical gift card redemption experience has not varied significantly from amounts historically recorded as breakage and we believe our assumptions are reasonable. While customer redemption patterns result in estimated gift card breakage, changes in our customers' behavior could impact the amount that ultimately is unused and could affect the amount recognized as a component of net sales.

If a customer earns loyalty program points in connection with the sales transactions described above, then we have a remaining performance obligation and cannot recognize all the revenue. A portion of the revenue is allocated to the loyalty program points earned during the transaction. We satisfy our performance obligation and recognize revenue allocated to these loyalty program points and the resulting awards at the point in time when the awards are redeemed for merchandise, when we determine that they will not be redeemed, or when the awards and points expire. Under our loyalty program, customers accumulate points based on purchase activity and qualifying non-purchase activity. Upon reaching a certain point level, customers can earn awards that may only be redeemed for merchandise. Unredeemed points typically expire after 13 months without additional purchase activity and qualifying non-purchase activity. Unredeemed awards typically expire 45 days after issuance. We use historical redemption rates to estimate the value of future award redemptions and we recognize the estimated value of these future awards as a reduction of revenue in the consolidated statements of comprehensive (loss) income in the period the points are earned by the customer.

Inventory

Inventory consists of finished goods merchandise held for sale to our customers. Inventory is valued at the lower of moving average cost or net realizable value.

In the normal course of business, we record inventory reserves based on past and projected sales performance, as well as the inventory on hand. We make certain assumptions regarding net realizable value in order to assess whether our inventory is recorded properly at the lower of cost or net realizable value. These assumptions are based on historical average selling price experience, current selling price information and estimated future selling price information. The carrying value of inventory is reduced to estimated net realizable value when factors indicate that merchandise will not be sold on terms sufficient to recover its cost.

We monitor inventory levels, sales trends and sales forecasts to estimate and record reserves for excess, slow-moving and obsolete inventory. Accordingly, estimates of future sales prices requires management judgment based on historical experience, assessment of current conditions and assumptions about future transactions. In addition, we conduct physical inventory counts to determine and record actual shrinkage. Estimates for shrinkage are recorded between physical store counts, based on actual shrinkage experience. Actual shrinkage can vary from these estimates. We believe our assumptions are reasonable, and we monitor actual results to adjust estimates and inventory balances on an ongoing basis.

Leases

We consider an agreement to be or contain a lease if it conveys us with the right to control the use of an identified asset for a period of time in exchange for consideration. Based on these criteria, we have operating lease agreements for our retail stores, distribution center and headquarter office space; and vehicles and equipment; under primarily non-cancelable leases with terms ranging from approximately one to 16 years.

Certain of our operating lease agreements contain one or more options to extend the leases at our sole discretion. However, the periods covered by the options to extend the leases of our retail stores, vehicles and equipment are not recognized as part of the associated right-of-use ("ROU") assets and lease liabilities, as we are not reasonably certain to exercise the options. The periods covered by the options to extend the leases of our distribution center and headquarter office space are recognized as part of the associated ROU assets and lease liabilities, as we are reasonably certain to exercise the options. Some of our operating lease agreements contain options to terminate the lease under certain conditions.

The retail space leases provide for rents based upon the greater of the minimum annual rental amounts or a percentage of annual store net sales volume. Certain leases provide for increasing minimum annual rental amounts. We consider rents based upon a percentage of annual store net sales volume, and other rent-related payments that generally vary because of changes in facts and circumstances (other than due to the passage of time), to be variable lease payments. Variable lease payments associated with retail space leases are recognized as occupancy costs within cost of goods sold in the consolidated statements of comprehensive (loss) income in the period in which the obligation for those payments is incurred. We generally consider all other lease payments to be fixed in nature and the sum of all the discounted remaining fixed payments in the lease terms make up the lease liabilities in our consolidated balance sheet (if the lease terms are longer than 12 months).

We discount the fixed lease payments that make up the lease liabilities using an incremental borrowing rate ("IBR"), as the rates implicit in our leases are not readily determinable. The IBR is the rate of interest that we would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. The determination of the IBR for each lease term incorporates various inputs and assumptions including our publicly available credit rating, credit spreads of other publicly traded debt issued by companies with a similar credit rating to ours and a risk-free interest rate. All inputs and assumptions and corresponding IBRs are highly subjective.

We choose not to separate non-lease components (such as common area maintenance charges and heating, ventilation and air conditioning charges), from lease components (such as fixed minimum rent payments), and instead account for each separate lease component and the non-lease components associated with that lease component as a single lease component. We do not apply ASU 2016-02, *Leases*, and all related guidance ("ASC 842") requirements to leases that have lease terms of 12 months or less upon commencement, and instead recognize short-term lease payments, if applicable, in the consolidated statements of comprehensive (loss) income on a straight-line basis over the lease term.

Share-Based Compensation

On June 22, 2021, in connection with our IPO, our Board adopted the Torrid Holdings Inc. 2021 Long-Term Incentive Plan (the "2021 LTIP"), for employees, consultants and directors. The 2021 LTIP provides for the grant of non-qualified stock options, stock appreciation rights, restricted stock and restricted stock units ("RSUs") including performance-based restricted stock units ("PSUs"), stock awards, dividend equivalents, other stock-based awards, cash awards and substitute awards intended to align the interests of service providers, with those of our shareholders. The Company measures share-based compensation cost at the grant date based on the fair value of the award and recognizes share-based compensation cost as expense over the vesting period. As share-based compensation expense recognized in the consolidated statements of comprehensive (loss) income is based on awards ultimately expected to vest, the amount of expense has been reduced for actual forfeitures as they occur.

Stock options are valued utilizing a Black-Scholes options pricing model ("OPM"). The OPM used to value the stock options incorporates various assumptions, including dividend yield, expected volatility, risk-free interest rate and expected term of the stock options. The expected volatility is estimated based on the historical volatility of a select peer group of similar publicly traded companies for a term that is consistent with the expected term of the stock options. The risk-free interest rates are based on the U.S. Treasury constant maturity interest rate whose term is consistent with the expected term of the stock options. The expected term of the stock options represents the estimated period of time until exercise and is calculated using the simplified method which deems the term to be the average of the time-to-vesting and the contractual life of the options due to insufficient historical data.

The grant date fair value of restricted stock and RSUs is based on the closing price per share of our common stock on the grant date. We recognize compensation expense for time-based awards on a straight-line basis and for performance-based awards on the graded-vesting method over the vesting period of the awards.

The fair value of PSUs is estimated at the grant date using a Monte Carlo simulation following a Geometric Brownian Motion which incorporates various assumptions, including dividend yield, expected volatility, risk-free interest rate and expected term of the PSUs. The expected volatility is estimated based on the historical volatility of a select peer group of similar publicly traded companies for a term that is consistent with the expected term of the PSUs. The risk-free interest rates are based on the U.S. Treasury constant maturity interest rate whose term is consistent with the expected term of the PSUs. The expected term of the PSUs represents the time period from the grant date and the full vesting date.

Restricted cash units (“RCUs”) are awarded to certain employees, non-employee directors and consultants and represent the right to receive a cash payment at the end of a vesting period, subject to the employee's continued employment or service as a director or consultant. In general, RCUs vest in equal installments each year over four years. RCUs are cash-settled with the value of each vested RCU equal to the lower of the closing price per share of our common stock on the vesting date or a specified per share price cap. We determined that RCUs are in-substance liabilities accounted for as liability instruments in accordance with ASC 718, *Compensation—Stock Compensation*, due to this cash settlement feature. RCUs are remeasured based on the closing price per share of our common stock at the end of each reporting period.

Recently Issued Accounting Pronouncements

Refer to “Note 3—Accounting Standards” in our consolidated financial statements included elsewhere in this Form 10-K for information regarding recently issued accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Risk

We are subject to interest rate risk in connection with borrowings under our ABL Facility and Amended Term Loan Credit Agreement, as amended, which bear interest at a variable rate equal to the Secured Overnight Financing Rate (“SOFR”) plus an applicable margin. As of January 31, 2026, we had $272.4 million of outstanding variable rate loans under the Amended Term Loan Credit Agreement and $31.0 million of outstanding variable rate borrowings under the ABL Facility. An increase or decrease of 1% in the variable rates on the amounts outstanding under the Amended Term Loan Credit Agreement and ABL Facility will increase or decrease our annual interest expense by approximately $3.0 million.

Foreign Exchange Risk

The reporting currency for our consolidated financial statements is U.S. dollars. To date, net sales generated outside of the United States have not been significant. As a result, we have not been impacted materially by changes in exchange rates and do not expect to be impacted materially for the foreseeable future. However, as our net sales generated outside of the United States increase, our results of operations could be adversely impacted by changes in exchange rates. For example, if we recognize international sales in local foreign currencies (as we currently do in Canada), as the U.S. dollar strengthens it would have a negative impact on our international results upon translation of those results into U.S. dollars during consolidation. We also purchase a significant quantity of merchandise from foreign countries. However, these purchases are made in U.S. dollar-denominated purchase contracts. We do not currently hedge foreign currency fluctuations and do not intend to do so for the foreseeable future.

Item 8. Financial Statements and Supplementary Data.

Torrid Holdings Inc.
Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Torrid Holdings Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Torrid Holdings Inc. and its subsidiaries (the "Company") as of January 31, 2026 and February 1, 2025, and the related consolidated statements of comprehensive (loss) income, of stockholders' deficit and of cash flows for each of the three years in the period ended January 31, 2026, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of January 31, 2026, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of January 31, 2026 and February 1, 2025, and the results of its operations and its cash flows for each of the three years in the period ended January 31, 2026 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 31, 2026, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

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

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

Critical Audit Matters

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

Inventory

As described in Note 2 to the consolidated financial statements, inventory is valued at the lower of moving average cost or net realizable value. As of January 31, 2026, the Company’s inventory balance was $136.5 million. Management makes certain assumptions regarding net realizable value in order to assess whether the Company’s inventory is recorded properly at the lower of cost or net realizable value. These assumptions are based on historical average selling price experience, current selling price information and estimated future selling price information. Physical inventory counts are conducted during the year to determine actual inventory on hand and shrinkage.

The principal considerations for our determination that performing procedures relating to inventory is a critical audit matter are a high degree of auditor effort in performing procedures and evaluating audit evidence related to inventory existence and accuracy.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the existence of inventory, including controls over the adjustment of the perpetual inventory listings based on the results of physical inventory counts, and the accuracy of inventory costing. These procedures also included, among others (i) testing the existence of inventory by conducting physical inventory observations by performing sample test counts of inventory quantities at a sample of locations and assessing inventory movement between the time of the inventory observations and January 31, 2026 and (ii) testing the accuracy of the cost of inventory for a sample of inventory items by obtaining third-party invoices and other supporting documents and recalculating the moving average cost.

/s/ PricewaterhouseCoopers LLP

Los Angeles, California
March 31, 2026

We have served as the Company’s auditor since 2015.

TORRID HOLDINGS INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	January 31, 2026	February 1, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 20,023	$ 48,523
Restricted cash	421	399
Inventory	136,483	148,493
Prepaid expenses and other current assets	24,564	24,507
Prepaid income taxes	11,991	4,244
Total current assets	193,482	226,166
Property and equipment, net	51,632	77,669
Operating lease right-of-use assets	108,191	140,651
Deposits and other noncurrent assets	19,570	18,935
Deferred tax assets	19,065	16,620
Intangible asset	8,400	8,400
Total assets	$ 400,340	$ 488,441
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	$ 56,764	$ 72,378
Accrued and other current liabilities	106,446	125,743
Operating lease liabilities	32,171	40,505
Borrowings under credit facility	31,020	—
Current portion of term loan	16,144	16,144
Due to related parties	6,271	8,362
Income taxes payable	122	—
Total current liabilities	248,938	263,132
Noncurrent operating lease liabilities	100,884	134,481
Noncurrent debt, net	256,264	272,409
Deferred compensation	4,039	3,913
Other noncurrent liabilities	3,622	5,595
Total liabilities	613,747	679,530
Commitments and contingencies (Note 13)		
Stockholders' Deficit:		
Preferred shares: $0.01 par value; 5,000,000 shares authorized; no shares issued and outstanding at January 31, 2026 and February 1, 2025	—	—
Common shares: $0.01 par value; 1,000,000,000 shares authorized; 105,344,216 and 99,313,308 shares issued and outstanding, respectively, at January 31, 2026; 104,859,266 shares issued and outstanding at February 1, 2025	1,053	1,049
Additional paid-in capital	144,720	140,029
Accumulated deficit	(338,303)	(331,269)
Accumulated other comprehensive loss	(606)	(898)
Common shares in treasury, at cost: 6,030,908 shares at January 31, 2026; no shares at February 1, 2025	(20,271)	—
Total stockholders' deficit	(213,407)	(191,089)
Total liabilities and stockholders' deficit	$ 400,340	$ 488,441

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

TORRID HOLDINGS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(In thousands, except per share data)

	Fiscal Year Ended		
	January 31, 2026	**February 1, 2025**	**February 3, 2024**
Net sales	$ 1,000,092	$ 1,103,737	$ 1,151,945
Cost of goods sold	652,130	690,266	745,967
Gross profit	347,962	413,471	405,978
Selling, general and administrative expenses	269,182	302,032	293,331
Marketing expenses	57,378	54,231	55,499
Income from operations	21,402	57,208	57,148
Interest expense	31,844	35,633	39,203
Interest income, net of other (income) expense	(882)	(28)	(90)
(Loss) income before income taxes	(9,560)	21,603	18,035
(Benefit from) provision for income taxes	(2,526)	5,285	6,416
Net (loss) income	$ (7,034)	$ 16,318	$ 11,619
Net (loss) earnings per share:			
Basic	$ (0.07)	$ 0.16	$ 0.11
Diluted	$ (0.07)	$ 0.15	$ 0.11
Weighted average number of shares:			
Basic	101,442	104,564	103,990
Diluted	101,442	105,684	104,400
Other comprehensive income (loss):			
Foreign currency translation adjustment	292	(585)	(52)
Total other comprehensive income (loss)	292	(585)	(52)
Comprehensive (loss) income	$ (6,742)	$ 15,733	$ 11,567

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

TORRID HOLDINGS INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(In thousands)

	Common Shares		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Shares		Total Stockholders' Deficit
	Shares	Amount				Shares	Amount	
Balance at January 28, 2023	103,775	$ 1,038	$ 128,205	$ (359,206)	$ (261)	—	$ —	$ (230,224)
Net income	—	—	—	11,619	—	—	—	11,619
Issuance of common shares and withholding tax payments related to vesting of restricted stock awards and restricted stock units	253	3	(309)	—	—	—	—	(306)
Issuance of common shares related to exercise of non qualified stock options	177	2	411	—	—	—	—	413
Share-based compensation	—	—	6,833	—	—	—	—	6,833
Other comprehensive loss	—	—	—	—	(52)	—	—	(52)
Balance at February 3, 2024	104,205	1,043	135,140	(347,587)	(313)	—	—	(211,717)
Net income	—	—	—	16,318	—	—	—	16,318
Issuance of common shares and withholding tax payments related to vesting of restricted stock awards and restricted stock units	424	4	(660)	—	—	—	—	(656)
Issuance of common shares related to exercise of non qualified stock options	133	1	466	—	—	—	—	467
Issuance of common stock related to employee stock purchase plan	98	1	458	—	—	—	—	459
Share-based compensation	—	—	4,625	—	—	—	—	4,625
Other comprehensive loss	—	—	—	—	(585)	—	—	(585)
Balance at February 1, 2025	104,860	1,049	140,029	(331,269)	(898)	—	—	(191,089)
Net loss	—	—	—	(7,034)	—	—	—	(7,034)
Issuance of common shares and withholding tax payments related to vesting of restricted stock awards and restricted stock units	312	3	(513)	—	—	—	—	(510)
Issuance of common shares related to exercise of non qualified stock options	7	—	20	—	—	—	—	20
Issuance of common stock related to employee stock purchase plan	165	1	253	—	—	—	—	254
Share-based compensation	—	—	4,931	—	—	—	—	4,931
Purchase of common stock, including excise tax	(6,031)	—	—	—	—	6,031	(20,271)	(20,271)
Other comprehensive income	—	—	—	—	292	—	—	292
Balance at January 31, 2026	99,313	$ 1,053	$ 144,720	$ (338,303)	$ (606)	6,031	$ (20,271)	$ (213,407)

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

TORRID HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Fiscal Year Ended		
	January 31, 2026	**February 1, 2025**	**February 3, 2024**
OPERATING ACTIVITIES			
Net (loss) income	$ (7,034)	$ 16,318	$ 11,619
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:			
Write down of inventory	3,042	1,779	4,577
Operating right-of-use assets amortization	33,359	40,574	41,366
Depreciation and other amortization	36,106	37,239	38,002
Share-based compensation	5,208	7,634	8,042
Deferred taxes	(2,445)	(7,939)	(5,670)
Write off of excess operating lease liabilities against operating right-of-use-assets	(4,739)	(1,959)	(1,828)
Other, net	(638)	867	(608)
Changes in operating assets and liabilities:			
Inventory	9,028	(7,615)	33,182
Prepaid expenses and other current assets	(57)	(2,278)	(2,179)
Prepaid income taxes	(7,747)	(1,683)	(480)
Deposits and other noncurrent assets	(334)	(4,314)	(6,296)
Accounts payable	(15,411)	26,999	(30,293)
Accrued and other current liabilities	(19,173)	18,148	(1,721)
Operating lease liabilities	(38,508)	(40,352)	(43,532)
Other noncurrent liabilities	(1,827)	(829)	(1,897)
Deferred compensation	126	(1,561)	1,228
Due to related parties	(2,091)	(967)	(3,412)
Income taxes payable	122	(2,671)	2,671
Net cash (used in) provided by operating activities	(13,013)	77,390	42,771
INVESTING ACTIVITIES			
Purchases of property and equipment	(8,852)	(14,392)	(26,002)
Net cash used in investing activities	(8,852)	(14,392)	(26,002)
FINANCING ACTIVITIES			
Proceeds from revolving credit facility	471,560	62,780	592,775
Principal payments on revolving credit facility	(440,540)	(70,050)	(593,885)
Deferred financing costs paid for revolving credit facility	(375)	—	—
Principal payments on term loan	(17,500)	(17,500)	(17,500)
Proceeds from issuances under share-based compensation plans	281	1,044	399
Withholding tax payments related to vesting of restricted stock units and awards and exercise of non qualified stock options	(517)	(774)	(306)
Share repurchase, including excise tax paid	(20,085)	—	—
Net cash used in financing activities	(7,176)	(24,500)	(18,517)
Effect of foreign currency exchange rate changes on cash, cash equivalents and restricted cash	563	(1,710)	(53)
(Decrease) increase in cash, cash equivalents and restricted cash	(28,478)	36,788	(1,801)
Cash, cash equivalents and restricted cash at beginning of period	48,922	12,134	13,935
Cash, cash equivalents and restricted cash at end of period	$ 20,444	$ 48,922	$ 12,134
SUPPLEMENTAL INFORMATION			
Cash paid during the period for interest related to the revolving credit facility and term loan	$ 32,434	$ 35,077	$ 34,195
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES			
Property and equipment purchases included in accounts payable and accrued liabilities	$ 1,258	$ 1,367	$ 4,524
Excise tax from share repurchase included in accounts payable and accrued liabilities	$ 186	$ —	$ —

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

TORRID HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Basis of Presentation and Description of the Business

Corporate Structure

Torrid Holdings Inc. is a Delaware corporation formed on October 29, 2019 and capitalized on February 20, 2020. Sycamore Partners Management, L.P. (“Sycamore”) owns a majority of the voting power of Torrid Holdings Inc.’s outstanding common stock. Torrid Parent Inc. is a Delaware corporation formed on June 4, 2019 and is a wholly owned subsidiary of Torrid Holdings Inc. Torrid Intermediate LLC, formerly known as Torrid Inc., is a Delaware limited liability company formed on June 18, 2019 and a wholly owned subsidiary of Torrid Parent Inc. Torrid LLC is a wholly owned subsidiary of Torrid Intermediate LLC. Substantially all of Torrid Holdings Inc.’s financial position, operations and cash flows are generated through its wholly owned indirect subsidiary, Torrid LLC.

Throughout these financial statements, the terms “Torrid,” “we,” “us,” “our,” the “Company” and similar references refer to Torrid Holdings Inc. and its consolidated subsidiaries.

Fiscal Year

Our fiscal year ends on the Saturday nearest to January 31 and each fiscal year is generally comprised of four 13-week quarters (although in years with 53 weeks, the fourth quarter is comprised of 14 weeks). Fiscal years 2025 and 2024 were 52-week years and fiscal year 2023 was a 53-week year. Fiscal years are identified according to the calendar year in which they begin. For example, references to “fiscal year 2025” or similar references refer to the fiscal year ended January 31, 2026.

Description of Business

We are a direct-to-consumer brand of apparel, intimates and accessories in North America aimed at fashionable women who are curvy and wear sizes 10 to 30. We generate revenues primarily through our e-Commerce platform www.torrid.com and our stores in the United States of America, Puerto Rico and Canada.

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying audited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The consolidated financial statements include our accounts and those of our wholly owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

We are required to make certain estimates and assumptions in order to prepare consolidated financial statements in conformity with GAAP. Such estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities in the consolidated financial statements and accompanying notes. We believe the estimates and assumptions most critical to the preparation of our consolidated financial statements include those made in connection with revenue recognition, including accounting for estimated merchandise returns and loyalty program expenses; estimating the value of inventory; determining operating lease liabilities; and estimating share-based compensation expense. The estimation process required to prepare our consolidated financial statements requires assumptions to be made about future events and conditions, and as such, is inherently subjective and uncertain. Our actual results could differ materially from those estimates.

Cash and Cash Equivalents

We consider all highly liquid investments with maturities of less than three months when purchased to be cash equivalents. All credit and debit card receivable balances are also classified as cash and cash equivalents. As of the end of fiscal years 2025 and 2024, the amounts due from third-party financial institutions for these transactions classified as cash and cash equivalents totaled $10.1 million and $7.9 million, respectively.

Restricted Cash

Restricted cash is held for a specific purpose, such as payment of healthcare claims, and is thus not available for immediate or general business use. As of each of the end of fiscal years 2025 and 2024, we had restricted cash of $0.4 million.

Concentration Risks

Cash and cash equivalents used primarily for working capital purposes are maintained with various major third-party financial institutions in amounts which are in excess of the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. We are potentially exposed to a concentration of credit risk when cash and cash equivalent deposits in these financial institutions are in excess of FDIC limits. We consider the credit risk associated with these financial instruments to be minimal as cash and cash equivalents are held by financial institutions with high credit ratings and we have not historically sustained any credit losses associated with our cash and cash equivalents balances.

In addition, MGF Sourcing US, LLC, an entity indirectly controlled by affiliates of Sycamore, accounted for approximately 8%, 8% and 10% of total net purchases in fiscal years 2025, 2024 and 2023, respectively. One other supplier accounted for approximately 12% of total net purchases in fiscal year 2023.

Fair Value of Financial Instruments

We carry certain of our assets and liabilities at fair value in accordance with GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Valuation techniques used to measure fair value require us to maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets; quoted prices for similar assets or liabilities in markets that are not active; or other inputs other than quoted prices that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities, including interest rates and yield curves, and market corroborated inputs.

Level 3: Unobservable inputs for the asset or liability that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. These are valued based on our estimates and assumptions that market participants would use in pricing the asset or liability.

Inventory

Our inventory is comprised solely of finished goods and is valued at the lower of moving average cost or net realizable value. We make certain assumptions regarding net realizable value in order to assess whether our inventory is recorded properly at the lower of cost or net realizable value. These assumptions are based on historical average selling price experience, current selling price information and estimated future selling price information. Physical inventory counts are conducted during the year to determine actual inventory on hand and shrinkage. We accrue our estimated inventory shrinkage for the period between the last physical store count and current balance sheet date.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Major repairs and improvements are capitalized, while routine maintenance and repairs are expensed as incurred. The gross carrying amounts of property and equipment sold or retired and the related accumulated depreciation are eliminated in the year of disposal, and any resulting gains or losses are included in the consolidated statements of comprehensive (loss) income. Application and development costs associated with internally developed software such as salaries of employees and payments made to third parties and consultants working on the software development are capitalized. Subsequent additions, modifications or upgrades to internal-use software are capitalized only to the extent that they constitute major enhancements. Capitalized internal-use software costs are amortized using the straight-line method over their estimated useful lives, which are generally three years.

Depreciation expense is calculated using the straight-line method over the following estimated useful lives:

Leasehold improvements	shorter of the 3- to 10-year estimated useful life or the respective lease term
Furniture, fixtures and equipment	2 to 10 years
Software and licenses	3 to 7 years

We assess the carrying value of definite-lived assets for potential impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. We group and evaluate definite-lived assets for impairment at the individual store level, which is the lowest level at which individual cash flows can be identified. Factors we consider important that could trigger an impairment review of our stores or e-Commerce operations include significant underperformance relative to historical or projected future operating results, a significant change in the manner of the use of the asset or a significant negative industry or economic trend. If we determine the carrying value of definite-lived assets may not be recoverable based upon the existence of one or more of the aforementioned factors, we test for the recoverability of the carrying value of our definite-lived assets by comparing the carrying value of the asset groups to our estimated undiscounted future net cash flows attributable to the asset groups. If the carrying value of the definite-lived assets is greater than the related undiscounted future net cash flows, the definite-lived assets are measured for impairment. We measure the impairment by comparing the difference between the definite-lived asset's carrying value and the discounted future net cash flows attributable to the definite-lived asset, which represent its fair value. We calculate the discounted future net cash flows of a store by netting future estimated sales of each store against estimated cost of goods sold, store occupancy costs and other store operating expenses such as payroll, supplies, repairs and maintenance and credit/debit card fees. Changes in these assumptions may cause the fair value to be significantly impacted. In the event future performance is lower than forecasted results, future cash flows may be lower than expected, which could result in future impairment charges. While we believe that recently opened stores will provide sufficient cash flow, material changes in financial performance could result in future store impairment charges.

Indefinite-Lived Intangible Assets

Indefinite-lived intangible assets are not amortized, but are reviewed for impairment at least annually, or more frequently when events or changes in circumstances indicate the carrying value may not be recoverable. Judgments regarding indicators of potential impairment are based on market conditions and operational performance of the business.

At the end of the third quarter of each fiscal year, we perform an impairment analysis of indefinite-lived intangible assets. We assess our indefinite-lived intangible asset for impairment using a qualitative analysis to determine whether it is more likely than not that the fair value of the asset is less than its carrying value. If it is determined that it is more likely than not that the fair value of the asset is less than its carrying amount or if a qualitative assessment is not performed, then we would perform the quantitative analysis to determine the fair value of the asset. If we conclude, based on our assessment, that the asset's fair value is less than its carrying value, then an impairment charge is recorded in the amount of the excess.

Implementation Costs Incurred in Cloud Computing Arrangements that are Service Contracts

Our cloud computing arrangements that are service contracts primarily consist of arrangements with third-party vendors for our internal use of their software applications that they host. We defer implementation costs incurred in relation to such arrangements, including costs for software application coding, configuration, integration and customization, while associated process reengineering, training and maintenance costs are expensed. Subsequent implementation costs are deferred only to the extent that they constitute major enhancements. The short-term portion of deferred costs are included in prepaid expenses and other current assets in the consolidated balance sheets, while the long-term portion of deferred costs are included in deposits and other noncurrent assets. Amortized implementation costs incurred in cloud computing arrangements that are service contracts are recognized in selling, general and administrative expenses, or cost of goods sold in the case of amortized implementation costs associated with the distribution center, in the consolidated statements of comprehensive (loss) income using the straight-line method over one to nine years, which generally represents the noncancellable terms of the cloud computing arrangements, plus any optional renewal periods that we are reasonably certain to exercise. Deferred implementation costs are subject to assessment for potential impairment whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

Deferred implementation costs incurred in cloud computing arrangements that are service contracts are summarized as follows (in thousands):

	January 31, 2026	February 1, 2025
Internal use of third-party hosted software, gross	$ 51,046	$ 42,208
Less: Accumulated amortization	(26,207)	(18,229)
Internal use of third-party hosted software, net	$ 24,839	$ 23,979

During the fiscal years 2025, 2024, and 2023, we amortized approximately $8.0 million, $6.9 million and $4.6 million, respectively, of implementation costs incurred in cloud computing arrangements that are service contracts.

Loyalty Program

We operate our loyalty program, Torrid Rewards, in all our stores and on www.torrid.com. Under this program, customers accumulate points based on purchase activity and qualifying non-purchase activity and upon reaching a certain point level, customers can earn awards that may only be redeemed for merchandise. Unredeemed points typically expire after 13 months without additional purchase and qualifying non-purchase activity and unredeemed awards typically expire 45 days after issuance. We use historical redemption rates to estimate the value of future award redemptions and we recognize the estimated value of these future awards as a reduction of revenue in the consolidated statements comprehensive (loss) income in the period the points are earned by the customer.

Self-Insurance

We are self-insured for certain losses related to medical and workers' compensation claims although we maintain stop loss coverage with third-party insurers to limit our total liability exposure. In general, our self-insurance reserves are recorded on an undiscounted basis. The estimate of our self-insurance liability involves uncertainty since we must use judgment to estimate the ultimate cost that will be incurred to settle reported claims and unreported claims for incidents incurred but not reported as of the balance sheet date. When estimating our self-insurance liability, we consider a number of factors, which include historical claim experience and valuations provided by independent third-party actuaries. While the ultimate amount of claims incurred is dependent on future developments, we believe recorded reserves are adequate to cover the future payment of claims. However, it is possible that recorded reserves may not be adequate to cover the future payment of claims. Adjustments, if any, to estimates recorded resulting from ultimate claim payments will be reflected in our consolidated statements of comprehensive (loss) income in the periods in which such adjustments are known.

Foreign Currency Translation

The functional currency for our wholly owned foreign subsidiaries included in these consolidated financial statements that are domiciled outside of the United States is the applicable local currency. Assets and liabilities of our foreign subsidiaries are translated into United States dollars at the exchange rate in effect on the balance sheet date. Revenues and expenses are translated at the average rate in effect during the period. Unrealized translation gains and losses are recorded as a cumulative translation adjustment, which is included in the consolidated statements of stockholders' deficit as a component of accumulated other comprehensive income (loss). Foreign currency translation adjustments in fiscal years 2025 and 2024 were $0.3 million and $0.6 million, respectively, and were not material in fiscal year 2023. Adjustments that arise from exchange rate changes on transactions denominated in a currency other than the local currency are included in selling, general and administrative expenses in the consolidated statements of comprehensive (loss) income as incurred.

Treasury Stock

We record our purchases of treasury stock at cost as a separate component of stockholders' deficit in the consolidated financial statements. Upon retirement of treasury stock, we allocate the excess of the purchase price over par value directly as a reduction of retained earnings or additional paid-in capital to the extent we have an accumulated deficit. Shares retired become part of the pool of authorized but unissued shares. The cost basis of treasury stock includes excise tax on an as-incurred basis on share repurchases initiated on and after January 1, 2023 and any outstanding balance of excise tax is included in accrued and other current liabilities on the consolidated balance sheets.

Revenue Recognition

We recognize revenue when our performance obligations under the terms of a contract or an implied arrangement with a customer are satisfied, which is when the merchandise is transferred to the customer and the customer obtains control of it. The amount of revenue we recognize reflects the total consideration we expect to receive for the merchandise, which is the transaction price. For arrangements that contain multiple performance obligations, we allocate the transaction price to each performance obligation on a relative standalone selling price basis.

At our retail store locations, we satisfy our performance obligation and recognize revenue at the point in time when a customer takes possession of the merchandise and tenders payment at the point-of-sale register. For e-Commerce sales shipped to a customer from our distribution center, or from a retail store location (ship from store), we satisfy our performance obligation and recognize revenue upon shipment, which is the point in time the customer obtains control of the merchandise after payment has been tendered. Income we receive from customers for shipping and handling is recognized as a component of revenue upon shipment of merchandise to the customer. We satisfy our performance obligation and recognize revenue from e-Commerce sales shipped to a retail store location from our distribution center, or fulfilled from merchandise already located at a retail store location (buy-online-pickup-in-store), at the point in time when the customer retrieves the merchandise from within the retail store location or at a retail store curbside.

If a customer earns loyalty program points in connection with the retail store or e-Commerce sales transactions described above, then we have a remaining performance obligation and cannot recognize all the revenue. A portion of the revenue is allocated to the loyalty program points earned during the transaction. We satisfy our performance obligation and recognize revenue allocated to these loyalty program points and the resulting awards at the point in time when the awards are redeemed for merchandise, when we determine that they will not be redeemed, or when the awards and points expire.

We satisfy our performance obligation and recognize revenue from gift cards and store merchandise credits at the point in time when the customer presents the gift cards and store merchandise credits for redemption. Gift card breakage is income recognized due to the non-redemption of a portion of gift cards sold by us for which a liability was recorded in prior periods. We recognize estimated gift card breakage over time as a component of net sales in proportion to the pattern of rights exercised by the customer as reflected in actual gift card redemption patterns over the period. Our estimated gift card breakage rate is approximately 4%. While customer redemption patterns result in estimated gift card breakage, changes in our customers' behavior could impact the amount that ultimately is unused and could affect the amount recognized as a component of net sales. During fiscal years 2025, 2024 and 2023, we recognized $0.7 million, $0.8 million and $0.9 million, respectively, of estimated gift card breakage as a component of net sales.

We are required to estimate certain amounts included in a contract or an implied arrangement with a customer which add variability to the transaction price. Under certain conditions, we are obligated to accept customer returns for most of our merchandise. Sales returns reduce the revenue we expect to receive for merchandise and therefore add variability to the transaction price. Based on historical return pattern experience, we reasonably estimate the amount of merchandise expected to be returned and exclude it from revenue. Similarly, losses we bear arising from uncollectible customer credit card payments are recorded as a reduction of revenue as they reduce the revenue we expect to receive for the merchandise.

We recognize a contract liability when we receive consideration from a customer before our performance obligations under the terms of a contract or an implied arrangement with the customer are satisfied. Consequently, we consider our remaining performance obligations to be representative of our contract liability, most of which is not expected to last for more than one year and has therefore been classified as current. Our contract liability balances increase as gift cards and store merchandise credits are purchased and received by the customer; and as loyalty points are earned based on purchase activity and qualifying non-purchase activity. Contract liability balances decrease as gift cards and store merchandise credits are redeemed for merchandise or when we determine that they will not be redeemed; as loyalty points expire or when we determine that they will not be converted into a loyalty award; and as loyalty awards are redeemed for merchandise or expire.

Sales taxes collected from customers and remitted directly to governmental authorities are not considered revenue and are excluded from the transaction price.

We have an agreement with a third party to provide customers with private label credit cards ("Credit Card Agreement"). Each private label credit card ("PLCC") bears the logo of the Torrid brand and can only be used at our store locations and on www.torrid.com. A third-party financing company is the sole owner of the accounts issued under the PLCC program and absorbs the losses associated with non-payment by the PLCC holders and a portion of any fraudulent usage of the accounts. Pursuant to the Credit Card Agreement, we are eligible to receive royalties, profit-sharing and marketing and promotional funds from the third-party financing company ("PLCC Funds") based on usage of the PLCCs. These PLCC Funds are recorded as a component of net sales in the consolidated statements of comprehensive (loss) income.

Cost of Goods Sold

Cost of goods sold includes: merchandise costs; freight; inventory shrinkage; payroll expenses associated with the merchandising and distribution departments; distribution center expenses, including rent, common area maintenance ("CAM") charges, real estate taxes, depreciation and amortization, utilities, supplies and maintenance; and store occupancy expenses, including rents, CAM charges, heating, ventilation and air conditioning ("HVAC") charges, real estate taxes and depreciation.

Vendor Allowances

We receive certain allowances from our vendors primarily related to damaged merchandise, markdowns and pricing. Allowances received from vendors related to damaged merchandise and pricing are reflected as a reduction of inventory in the period they are received and allocated to cost of goods sold during the period in which the items are sold. Markdown allowances received from vendors are reflected as reductions to cost of goods sold in the period they are received if the goods have been sold or marked down, or as a reduction of inventory if the goods have not yet been sold. During fiscal years 2025, 2024 and 2023, we received vendor allowances of $1.9 million, $2.5 million and $3.2 million, respectively, substantially all of which were accounted for as a reduction of cost of goods sold.

Selling, General and Administrative Expenses

Selling, general and administrative expenses include: payroll expenses associated with stores and e-Commerce; store and e-Commerce operating expenses other than store occupancy; store pre-opening costs; credit card processing fees; share-based compensation; and payroll, depreciation and amortization and other expenses associated with headquarters and administrative functions.

Marketing Expenses

Marketing expenses are expensed as incurred. Costs associated with communicating advertising that has been produced, such as television and webisodes, are recorded in prepaid expenses and other current assets in the consolidated balance sheets and are expensed the first time each advertising event takes place. Marketing expenses include photographic production, television, store and brand marketing, costs associated with special events such as model searches, and targeted online performance marketing costs such as retargeting, paid search/product listing advertising, and social media advertisements.

Store Pre-Opening Costs

Costs incurred in connection with the opening of new stores, store remodels or relocations are expensed as incurred. We incurred $0.1 million, $0.8 million and $2.4 million of pre-opening costs in fiscal years 2025, 2024 and 2023, respectively, which are recorded in selling, general and administrative expenses in the consolidated statements of comprehensive (loss) income.

Shipping and Handling Costs

We classify shipping and handling costs in costs of goods sold in the consolidated statements of comprehensive (loss) income. We account for shipping and handling activities that occur after the customer has obtained control of merchandise as a fulfillment cost rather than an additional promised service.

Leases

We consider an agreement to be or contain a lease if it conveys us as the lessee with the right to control the use of an identified property, plant and equipment asset for a period of time in exchange for consideration. Certain of our operating lease agreements contain one or more options to extend the leases at our sole discretion. However, the periods covered by the options to extend the leases of our retail stores, vehicles and equipment are not recognized as part of the associated right-of-use ("ROU") assets and lease liabilities, as we are not reasonably certain to exercise the options. The periods covered by the options to extend the leases of our distribution center and headquarter office space are recognized as part of the associated ROU assets and lease liabilities, as we are reasonably certain to exercise the options due to the significant effort and investment it would take to move out of these locations. Some of our operating lease agreements contain options to terminate the lease under certain conditions.

The retail space leases provide for rents based upon the greater of the minimum annual rental amounts or a percentage of annual store sales volume. Certain leases provide for increasing minimum annual rental amounts. We consider rents based upon a percentage of annual store sales volume, and other rent-related payments that generally vary because of changes in facts and circumstances (other than due to the passage of time), to be variable lease payments. Variable lease payments associated with retail space leases are recognized as occupancy costs within cost of goods sold in the consolidated statements of comprehensive (loss) income in the period in which the obligation for those payments is incurred. We generally consider all other lease payments to be fixed in nature and the sum of all the discounted remaining fixed payments in the lease terms make up the lease liabilities in our consolidated balance sheet (if the lease terms are longer than 12 months).

Our operating lease agreements do not contain any residual value guarantees or restrictive covenants, and we have not entered into any sublease agreements, lease agreements with related parties, or build-to-suit arrangements that may create significant rights and obligations for us.

We discount the fixed lease payments that make up the lease liabilities using an incremental borrowing rate ("IBR"), as the rates implicit in our leases are not readily determinable. The IBR is the rate of interest that we would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. The determination of the IBR for each lease term incorporates various inputs and assumptions including our publicly available credit rating, credit spreads of other publicly traded debt issued by companies with a similar credit rating to ours and a risk-free interest rate. All inputs and assumptions and corresponding IBRs are highly subjective.

We choose not to separate non-lease components (such as CAM charges and HVAC charges), from lease components (such as fixed minimum rent payments), and instead account for each separate lease component and the non-lease components associated with that lease component as a single lease component. We also have elected to apply the practical expedient for short-term leases whereby we do not recognize a lease liability and right-of-use asset for leases with a term of less than 12 months, but instead recognize lease expense on a straight-line basis over the related lease term.

Income Taxes

We account for income taxes using the liability method. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting bases and tax bases of assets and liabilities and are measured using the enacted tax rates expected to apply to taxable income in the periods in which the deferred tax asset or liability is expected to be realized or settled. Deferred tax assets are reduced by valuation allowances if we believe it is more likely than not that some portion or the entire deferred tax asset will not be realized.

Deferred tax assets and liabilities are measured using the enacted tax rates in effect in the years when those temporary differences are expected to reverse. The effect on deferred taxes from a change in tax rate is recognized through continuing operations in the period that includes the enactment date of the change. Changes in tax laws and rates could affect recorded deferred tax assets and liabilities in the future.

We prescribe a recognition threshold and a measurement attribute for the consolidated financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. We include interest and penalties related to uncertain tax positions in income tax expense in the consolidated statements of comprehensive (loss) income.

The amount of income taxes we pay may be subject to periodic audits by the Internal Revenue Service ("IRS") and other taxing authorities. These audits may challenge certain of our tax positions, such as the timing and amount of deductions and allocation of taxable income to various jurisdictions.

We recognize tax liabilities for our estimate of the potential outcome of any uncertain tax issue, which is subject to our assessment of the relevant risks, facts and circumstances existing at the time, and we adjust these liabilities when our judgment changes as a result of the evaluation of new information not previously available. Due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the current estimate of the tax liabilities. These differences will be reflected as increases or decreases to income tax expense and the effective tax rate in the period in which the new information becomes available.

Share-Based Compensation

We measure share-based compensation cost at the grant date based on the fair value of the award and recognize share-based compensation cost as expense for time-based awards on a straight-line basis and for performance-based awards on the graded-vesting method over the vesting period. As share-based compensation expense recognized as a component of selling, general and administrative expenses in the consolidated statements of comprehensive (loss) income is based on awards ultimately expected to vest, the amount of expense has been reduced for actual forfeitures as they occur.

Stock options are valued utilizing a Black-Scholes option pricing model ("OPM"). The OPM used to value the stock options incorporates various assumptions, including dividend yield, expected volatility, risk-free interest rate and expected term of the stock options. The expected volatility is estimated based on the historical volatility of a select peer group of similar publicly traded companies for a term that is consistent with the expected term of the stock options. The risk-free interest rates are based on the U.S. Treasury constant maturity interest rate whose term is consistent with the expected term of the stock options. The expected term of the stock options represents the estimated period of time until exercise and is calculated using the simplified method which deems the term to be the average of the time-to-vesting and the contractual life of the options due to insufficient historical data.

The grant date fair value of restricted stock awards ("RSAs") and restricted stock units ("RSUs") is based on the closing price per share of our common stock on the grant date.

Restricted cash units ("RCUs") are in-substance liabilities that are cash-settled based on the lower of the closing price per share of our common stock on the vesting date or a specified per share price cap. The liability for unvested RCUs is remeasured based on the closing price per share of our common stock at the end of each reporting period.

(Loss) Earnings Per Share

Basic (loss) earnings per share is computed by dividing net (loss) income by the weighted average number of common shares outstanding for the period. Diluted earnings per share is applicable only in periods of net income and is computed by dividing net income by the weighted average number of common shares outstanding for the period and potentially dilutive common share equivalents outstanding for the period. Periods of net loss require the diluted computation to be the same as the basic computation, as all potentially dilutive securities would be anti-dilutive.

Reclassification

Certain amounts in the accompanying consolidated financial statements have been reclassified to be consistent with the current period presentation. This reclassification had no impact on our financial condition, results of operations, or net cash flows.

Note 3. Accounting Standards

Recently Adopted Accounting Standards in Fiscal Year 2025

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"). The ASU includes amendments requiring enhanced income tax disclosures, primarily related to standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. We adopted this guidance on a prospective basis for the fiscal year ended January 31, 2026 and updated our income tax disclosures accordingly in "Note 12—Income Taxes."

Accounting Standards Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* ("ASU 2024-03") and in January 2025, the FASB issued ASU 2025-01, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date* ("ASU 2025-01"), which clarified the effective date of ASU 2024-03. ASU 2024-03 is intended to improve disclosures about a public business entity's expenses, primarily through additional disaggregation of income statement expenses. ASU 2024-03 will be effective for the annual period beginning after December 15, 2026 and interim reporting periods within the annual reporting period beginning after December 15, 2027, with the option to early adopt at any time prior to the effective date and should be applied either prospectively to financial statements issued for reporting periods after the effective date or retrospectively to any or all prior periods presented in the financial statements. We are currently evaluating the impact of the standard on our financial statements and disclosures.

In September 2025, the FASB issued ASU 2025-06, *Intangibles – Goodwill and Other – Internal Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software* ("ASU 2025-06"). The ASU primarily updates the accounting for internal-use software by replacing former stage-based rules with a principles-based framework. Costs associated with internal-use software will be capitalized only when management has authorized and committed funding and it is probable that the project will be completed and the software will be used to perform the intended function. ASU 2025-06 will be effective for the annual period beginning after December 15, 2027 and interim periods therein, with the option to early adopt at any time prior to the effective date and should be applied either prospectively to financial statements issued for reporting periods after the effective date, retrospectively to any or all prior periods presented in the financial statements or on a modified prospective basis. We are currently evaluating the impact of the standard on our financial statements and disclosures.

In December 2025, the FASB issued ASU 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements* ("ASU 2025-11"). ASU 2025-11 is intended to update the guidance in Topic 270 by improving navigability of the required interim disclosures, clarifying when that guidance is applicable and adding a principle that requires entities to disclose events since the end of the last annual reporting period that have a material impact on the entity. ASU 2025-11 will be effective for the interim reporting periods within annual reporting periods beginning after December 15, 2027, with the option to early adopt at any time prior to the effective date and should be applied either prospectively to financial statements issued for reporting periods after the effective date or retrospectively to any or all prior periods presented in the financial statements. We are currently evaluating the impact of the standard on our financial statements and disclosures.

In December 2025, the FASB issued ASU 2025-12, *Codification Improvements* ("ASU 2025-12"). ASU 2025-12 is intended to correct, clarify, or otherwise improve U.S. GAAP. ASU 2025-12 addresses 33 issues that span a wide range of topics such as clarifying diluted EPS calculations when a loss from continuing operations exists, and methods to account for treasury stock retirements, and is not intended to result in significant changes for most entities. However, to the extent these changes to guidance result in accounting changes, ASU 2025-12 will be effective for the interim reporting periods within annual reporting periods beginning after December 15, 2026, with the option to early adopt at any time prior to the effective date and should be applied either prospectively to financial statements issued for reporting periods after the effective date or retrospectively to any or all prior periods presented in the financial statements. Early adoption and transition method can be elected on an issue-by-issue basis. We are currently evaluating the impact of the standard on our financial statements and disclosures.

We have considered all other recent accounting pronouncements and have concluded that there are no other recent accounting pronouncements not yet adopted that are applicable to us, based on current information.

Note 4. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following (in thousands):

	January 31, 2026	February 1, 2025
Prepaid and other information technology expenses	$ 13,044	$ 12,946
PLCC Funds receivable	2,948	2,810
Prepaid advertising	2,399	1,706
Prepaid casualty insurance	2,082	2,213
Other	4,091	4,832
Prepaid expenses and other current assets	$ 24,564	$ 24,507

Note 5. Property and Equipment

Property and equipment are summarized as follows (in thousands):

	January 31, 2026	February 1, 2025
Property and equipment, at cost		
Leasehold improvements	$ 147,790	$ 187,792
Furniture, fixtures and equipment	104,555	118,901
Software and licenses	15,881	15,099
Construction-in-progress	1,198	1,438
	269,424	323,230
Less: accumulated depreciation and amortization	(217,792)	(245,561)
Property and equipment, net	$ 51,632	$ 77,669

We recorded depreciation expense related to our property and equipment in the amounts of $34.6 million, $35.7 million and $36.5 million during fiscal years 2025, 2024 and 2023, respectively. During fiscal years 2025, 2024 and 2023, we did not recognize any impairment charges.

Note 6. Intangible Assets

Indefinite-lived intangible assets are summarized as follows (in thousands):

	January 31, 2026			February 1, 2025		
	Gross	Accumulated Amortization	Net Book Value	Gross	Accumulated Amortization	Net Book Value
Indefinite-lived intangible assets:						
Trade name	$ 8,400	$ —	$ 8,400	$ 8,400	$ —	$ 8,400
Total	$ 8,400	$ —	$ 8,400	$ 8,400	$ —	$ 8,400

We performed our annual impairment assessment of our trade name at the end of the third quarter of fiscal year 2025. We performed a qualitative assessment and determined that it is not more likely than not that the fair value of our trade name is less than its carrying value, which indicated there was no impairment.

Note 7. Accrued and Other Current Liabilities

Accrued and other current liabilities consist of the following (in thousands):

	January 31, 2026	February 1, 2025
Accrued inventory-in-transit	$ 29,332	$ 35,177
Accrued payroll and related expenses	14,301	25,313
Accrued loyalty program	9,425	10,887
Gift cards	13,695	13,676
Accrued sales return allowance	4,122	2,961
Accrued freight	7,397	5,092
Accrued marketing	4,503	3,120
Accrued sales and use tax	3,465	2,745
Accrued lease costs	1,763	2,817
Accrued self-insurance liabilities	3,273	2,926
Accrued purchases of property and equipment	861	768
Deferred revenue	2,492	2,777
Term loan interest payable	142	2,486
Accrued legal	612	4,668
Other	11,063	10,330
Accrued and other current liabilities	$ 106,446	$ 125,743

Note 8. Revenue Recognition

Our revenue, disaggregated by product category, consists of the following (in thousands):

	Fiscal Year Ended		
	January 31, 2026	February 1, 2025	February 3, 2024
Apparel	$ 913,496	$ 989,239	$ 1,024,501
Non-apparel	52,870	82,526	93,462
Other	33,726	31,972	33,982
Total net sales	$ 1,000,092	$ 1,103,737	$ 1,151,945

Amounts within Apparel include revenues earned from the sale of tops, bottoms, dresses, intimates, sleep wear, swim wear and outerwear. Amounts within Non-apparel include revenues earned from the sale of accessories, footwear and beauty. Amounts within Other primarily represent PLCC Funds. During fiscal years 2025, 2024 and 2023, e-Commerce penetration of total net sales was 64%, 61% and 59%, respectively.

We recognize a contract liability when we receive consideration from a customer before our performance obligations under the terms of a contract or an implied arrangement with the customer are satisfied. The opening and closing balances of our contract liabilities are as follows (in thousands):

	January 31, 2026	February 1, 2025
Accrued loyalty program(1)	$ 9,425	$ 10,887
Gift cards(1)	$ 13,695	$ 13,676
Deferred revenue(2)	$ 2,683	$ 2,777
Deferred PLCC Funds(3)	$ 2,958	$ 3,458

(1) Amounts are included within accrued and other current liabilities in the consolidated balance sheets.

(2) Amount as of January 31, 2026 consists of $2.5 million within accrued and other current liabilities and $0.2 million within other noncurrent liabilities in the consolidated balance sheet. Amount as of February 1, 2025 is included within accrued and other current liabilities in the consolidated balance sheet.

(3) Amount as of January 31, 2026 consists of $0.5 million within accrued and other current liabilities and $2.5 million within other noncurrent liabilities in the consolidated balance sheet. Amount as of February 1, 2025 consists of $0.5 million within accrued and other current liabilities and $3.0 million within other noncurrent liabilities in the consolidated balance sheet.

During fiscal year 2025, we recognized revenue of approximately $9.4 million, $5.2 million, $0.5 million and $2.8 million related to our accrued loyalty program, gift cards, deferred PLCC Funds and deferred revenue, respectively, that existed at the beginning of fiscal year 2025. During fiscal year 2024, we recognized revenue of approximately $10.7 million, $5.7 million, $0.5 million and $1.9 million related to our accrued loyalty program, gift cards, deferred PLCC Funds and deferred revenue, respectively, that existed at the beginning of fiscal year 2024. During fiscal years 2025, 2024 and 2023 we recorded $1.5 million, $1.6 million and $0.9 million, respectively, as a benefit to net sales to reflect the estimated value of future award redemptions under our loyalty program.

Note 9. Related Party Transactions

Services Agreements with Hot Topic

Hot Topic Inc. (“Hot Topic”) is an entity indirectly controlled by affiliates of Sycamore. On March 21, 2019, we entered into an amended and restated services agreement with Hot Topic, which was subsequently amended on August 1, 2019, April 30, 2023 and May 3, 2024 (“Amended and Restated Services Agreement”). Under the Amended and Restated Services Agreement, Hot Topic provides us (or causes applicable third parties to provide) real estate leasing and construction management services. We record payments made to Hot Topic under these service agreements in the applicable expense category in either cost of goods sold, or selling, general and administrative expenses.

During fiscal years 2025, 2024, and 2023, Hot Topic charged us $2.2 million, $2.1 million and $2.0 million, respectively, for various services under the applicable service agreements, all of which were recorded as components of selling, general and administrative expenses. As of each of January 31, 2026 and February 1, 2025, we owed $0.6 million to Hot Topic for these services which is included in due to related parties in our consolidated balance sheets.

On August 1, 2019, we entered into a services agreement with Hot Topic, which was subsequently amended on July 31, 2022, September 30, 2022, December 1, 2022, January 1, 2024, and May 30, 2024 (“Amended Reverse Services Agreement”). Under the Amended Reverse Services Agreement, Torrid provided Hot Topic with certain information technology services for a fixed fee. The term of the Amended Reverse Services Agreement ended on October 25, 2025.

During fiscal years 2025, 2024, and 2023, we charged Hot Topic $0.3 million, $0.6 million and $1.7 million, respectively, for these services, which were recorded as reductions of selling, general and administrative expenses. As of January 31, 2026, no amount was owed to us by Hot Topic for these services. As of February 1, 2025, the net amount Hot Topic owed us was $0.1 million for these services.

Hot Topic incurs certain direct expenses on our behalf, such as payments to our non-merchandise vendors and each month, we pay Hot Topic for these pass-through expenses. As of January 31, 2026, the net amount we owed Hot Topic for these expenses was $0.1 million, which is included in due to related parties in our consolidated balance sheet. As of February 1, 2025, the net amount we owed Hot Topic for these expenses was not material.

Sponsor Advisory Services Agreement

On May 1, 2015, we entered into an advisory services agreement with Sycamore, pursuant to which Sycamore agreed to provide strategic planning and other related services to us. We are obligated to reimburse Sycamore for its expenses incurred in connection with providing such advisory services to us. As of January 31, 2026 and February 1, 2025, there were no amounts due and during fiscal years 2025, 2024, and 2023, no amounts were paid under this agreement.

From time to time, we reimburse Sycamore for certain management expenses it pays on our behalf. During fiscal years 2025, 2024, and 2023, the amounts paid to Sycamore for these expenses were not material. As of January 31, 2026 and February 1, 2025, there were no amounts due.

Other Related Party Transactions

MGF Sourcing US, LLC, an entity indirectly controlled by affiliates of Sycamore, is one of our suppliers. During fiscal years 2025, 2024, and 2023, cost of goods sold included $31.1 million, $38.7 million and $56.5 million, respectively, related to the sale of merchandise purchased from this supplier. Purchases from this supplier accounted for approximately 8%, 8% and 10% of total net purchases in fiscal years 2025, 2024, and 2023, respectively. As of January 31, 2026 and February 1, 2025, the net amounts we owed MGF Sourcing US, LLC for these purchases were $5.6 million and $7.9 million, respectively. This liability is included in due to related parties in our consolidated balance sheets.

HU Merchandising, LLC, a subsidiary of Hot Topic, is one of our suppliers. During fiscal year 2025, cost of goods sold related to the sale of merchandise purchased from this supplier was not material. During fiscal years 2024 and 2023, cost of goods sold included $0.2 million and $0.3 million, respectively, related to the sale of merchandise purchased from this supplier. As of January 31, 2026 and February 1, 2025, there was no amount due to HU Merchandising, LLC.

Staples, Inc., an entity indirectly controlled by affiliates of Sycamore, is one of our suppliers. During fiscal years 2025, 2024, and 2023, purchases from this supplier were not material. As of January 31, 2026, there were no amounts due to this supplier and as of February 1, 2025, amounts due to this supplier were not material.

Share Repurchase

On June 23, 2025, we entered into a stock repurchase agreement with Sycamore, whereby we agreed to purchase $20.0 million of shares of our common stock in a private transaction at a price per share equal to $3.32 (which was equal to the price paid by the underwriters, net of underwriting discounts and commissions, in Sycamore’s concurrent sale of shares of our common stock in a public offering). Accordingly, we repurchased 6,030,908 shares of common stock, which are being held as treasury stock.

Note 10. Debt

Our debt consists of the following (in thousands):

	January 31, 2026	February 1, 2025
ABL Facility (as defined below)	$ 31,020	$ —
Borrowings under credit facility[A]	$ 31,020	$ —
Amended Term Loan Credit Agreement (as defined below)	$ 275,625	$ 293,125
Less: unamortized original issue discount and debt financing costs	(3,217)	(4,572)
	272,408	288,553
Less: current portion of term loan	(16,144)	(16,144)
Noncurrent debt, net	$ 256,264	$ 272,409

(A) Outstanding borrowings under the ABL Facility are classified as current in the consolidated balance sheet based on our intent and ability to repay each respective borrowing within 12 months of the related balance sheet date.

Maturities for our noncurrent debt are as follows as of January 31, 2026 (in thousands):

Fiscal Year Ending	
2026	$ 17,500
2027	17,500
2028	240,625
	$ 275,625

Senior Secured Asset-Based Revolving Credit Facility, as amended

In May 2015, we entered into a credit agreement for a senior secured asset-based revolving credit facility with Bank of America, N.A., as administrative agent and collateral agent, and the lenders party thereto (as amended in October 2017, June 2019, September 2019, June 2021, April 2023 and August 2025, the “ABL Facility”). Under the ABL Facility the aggregate commitments available are $150.0 million (subject to a borrowing base), and we have the right to request additional commitments as described below. The August 1, 2025 amendment primarily extended the maturity date of the principal amount of the outstanding loans from June 14, 2026 to the earlier of (i) August 1, 2030 and (ii) the date that is 91 days prior to the maturity of any material indebtedness (as defined in the ABL Facility). The ABL Facility currently would mature 91 days prior to June 14, 2028, the maturity date of the Amended Term Loan Credit Agreement. There were no other material changes to the other terms of the ABL Facility. In connection with this amendment, we deferred an additional $0.4 million in financing costs.

The borrowing base for the ABL Facility at any time equals the sum of 90% of eligible credit card receivables, plus 90% of the appraised net orderly liquidation value of eligible inventory and eligible in-transit inventory multiplied by the cost of such eligible inventory and eligible in-transit inventory (to be increased to 92.5% during the period beginning on September 1 of each year and ending on December 31 of each year). The ABL Facility includes borrowing capacity for letters of credit and for borrowings on same-day notice, referred to as Swing Line Loans, and is available in U.S. dollars.

Under the ABL Facility we have the right to request up to $50.0 million of additional commitments plus the aggregate principal amount of any permanent principal reductions we may take plus the amount by which the borrowing base exceeds the aggregate commitments (subject to customary conditions precedent). The lenders under this facility are not under any obligation to provide any such additional commitments, and any increase in commitments is subject to customary conditions precedent. If we were to request any such additional commitments and the existing lenders or new lenders were to agree to provide such commitments, the size of the ABL Facility could increase to up to $200.0 million, but our ability to borrow under this facility would still be limited by the amount of the borrowing base.

Borrowings under the ABL Facility bear interest at an annual rate equal to, at our option, either (a) a base rate determined by reference to the highest of (1) the prime rate of Bank of America, N.A., (2) the federal funds effective rate plus 0.50% and (3) a Secured Overnight Financing Rate (“SOFR”) for an interest period of one month adjusted for certain costs, plus 1.00%, in each case, plus an applicable margin that ranges from 0.25% to 0.75% based on average daily availability; or (b) a SOFR for the interest period relevant to such borrowing adjusted for certain costs, in each case plus an applicable margin that ranges from 1.25% to 1.75%, based on average daily availability. As of the end of fiscal years 2025 and 2024, the applicable per annum interest rate for borrowings under the ABL Facility was approximately 7% and 8%, respectively.

If we elect SOFR, interest is due and payable on the last day of each interest period, unless an interest period exceeds three months, then the respective dates that fall every three months after the beginning of the interest period shall also be interest payment dates. If we elect the base rate (including a swing line loan, as defined in the ABL Facility), interest is due and payable on the first business day of each month and on the maturity date.

In addition to paying interest on outstanding principal under the ABL Facility we are required to pay a commitment fee in respect of unutilized commitments. The commitment fee ranges between 0.25% and 0.375% per annum of unutilized commitments and will be subject to adjustment each fiscal quarter based on the amount of unutilized commitments during the immediately preceding fiscal quarter. We must also pay customary letter of credit fees and agent fees.

If at any time the aggregate amount of outstanding loans, unreimbursed letter of credit drawings and undrawn letters of credit under the ABL Facility exceeds the lesser of (a) the commitment amount and (b) the borrowing base, we will be required to repay outstanding loans and/or cash collateralize letters of credit in an aggregate amount equal to such excess, with no reduction of the commitment amount.

We may voluntarily reduce the unused portion of the commitment amount and repay outstanding loans at any time. Prepayment of the loans may be made without premium or penalty other than customary “breakage” costs with respect to SOFR loans.

All obligations under the ABL Facility are unconditionally guaranteed by substantially all of Torrid Intermediate LLC's existing majority-owned domestic subsidiaries and will be required to be guaranteed by certain of Torrid Intermediate LLC's future domestic majority-owned subsidiaries. All obligations under the ABL Facility and the guarantees of those obligations, will be secured, subject to certain exceptions, by substantially all of Torrid Intermediate LLC's assets.

The ABL Facility requires us to maintain a fixed charge coverage ratio of at least 1.00 to 1.00 when a covenant compliance event occurs. A covenant compliance event occurs if we fail to maintain specified availability (as defined by the ABL Facility) of at least the greater of 10% of the loan cap, as defined by the ABL Facility, and $7.0 million. The ABL Facility contains a number of other covenants that, among other things and subject to certain exceptions, will restrict our ability and the ability of our subsidiaries to: incur additional indebtedness; pay dividends on our capital stock or redeem, repurchase or retire our capital stock or our other indebtedness; make investments, loans and acquisitions; engage in transactions with our affiliates; sell assets, including capital stock of our subsidiaries; alter the business we conduct; consolidate or merge; and incur liens. As of the end of fiscal years 2025 and 2024, we did not trigger a covenant compliance event and were compliant with our debt covenants under the ABL Facility.

The ABL Facility specifically restricts dividends and distributions, aside from amounts to cover ordinary operating expenses and taxes, between our subsidiaries and to us. However, dividends and distributions are permitted at any time that either (1) availability under the ABL Facility is equal to or greater than 15% of the maximum borrowing amount on a pro forma basis and we are pro forma compliant with a 1.00 to 1.00 fixed charge coverage ratio or (2) availability under the ABL Facility is equal to or greater than 20% of the maximum borrowing amount on a pro forma basis. As of the end of fiscal years 2025 and 2024, the maximum restricted payments utilizing the ABL Facility that our subsidiaries could make from its net assets were $91.3 million and $102.8 million, respectively.

Availability under the ABL Facility at the end of fiscal year 2025 was $64.9 million, which reflects borrowings of $31.0 million, net of standby letters of credit issued and outstanding of $11.5 million. Availability under the ABL Facility at the end of fiscal year 2024 was $98.1 million, which reflects no borrowings, net of standby letters of credit issued and outstanding of $11.4 million.

Financing costs associated with the ABL Facility are amortized over the term of the ABL Facility. Unamortized financing costs totaling $0.1 million and $0.2 million are reflected in prepaid expenses and other current assets as of the end of fiscal years 2025 and 2024, respectively, in our consolidated balance sheets. Unamortized financing costs totaling $0.4 million and $0.1 million are reflected in deposits and other noncurrent assets as of the end of fiscal years 2025 and 2024, respectively, in our consolidated balance sheets. During each of fiscal years 2025, 2024 and 2023, we amortized financing costs of $0.2 million. During fiscal years 2025, 2024 and 2023, interest payments were $1.6 million, $0.9 million and $1.6 million, respectively. We recognize amortization of financing costs and interest payments for the ABL Facility in interest expense in our consolidated statements of comprehensive (loss) income.

Amended Term Loan Credit Agreement

On June 14, 2021, we entered into a term loan credit agreement (the "Term Loan Credit Agreement") among Bank of America, N.A., as agent, and the lenders party thereto.

The Term Loan Credit Agreement provided for term loans in an initial aggregate amount of $350.0 million ("Principal"), net of an original issue discount ("OID") of $3.5 million, and has a maturity date of June 14, 2028. In connection with the Term Loan Credit Agreement, we paid financing costs of approximately $6.0 million.

The $346.5 million proceeds of the Term Loan Credit Agreement, net of OID, were used to (i) repay and terminate the original term loan credit agreement; (ii) make a $131.7 million distribution to the direct and indirect holders of our equity interests; and (iii) pay for financing costs associated with the Term Loan Credit Agreement.

In May 2023, we amended the Term Loan Credit Agreement to replace the London Interbank Offered Rate ("LIBOR") interest rate benchmark with the SOFR benchmark (as amended, the "Amended Term Loan Credit Agreement"). All other material terms of the Term Loan Credit Agreement remained substantially the same after giving effect to the Amended Term Loan Credit Agreement. The Amended Term Loan Credit Agreement did not have a material impact on our consolidated financial statements.

Loans made pursuant to the Amended Term Loan Credit Agreement bear interest at an annual rate equal to, at our option, either (a) a base rate determined by reference to the highest of (1) the prime rate quoted by The Wall Street Journal, (2) the federal funds effective rate plus 0.50% and (3) the SOFR for an interest period of one month, plus 1.00% (in each case, subject to a floor of 1.75%); or (b) the SOFR for the interest period relevant to such borrowing (subject to a floor of 0.75%), in each case plus an applicable margin of 5.50% for SOFR borrowings and 4.50% for base rate borrowings.

If we elect SOFR, interest is due and payable on the last day of each interest period, unless an interest period exceeds three months, then the respective dates that fall every three months after the beginning of the interest period shall also be interest payment dates. If we elect the base rate loan, interest is due and payable the last day of each calendar quarter. As of the end of fiscal years 2025 and 2024, the elected interest rate was approximately 9% and 10%, respectively.

Commencing with the fourth fiscal quarter of 2021, we are required to make fixed mandatory repayments representing 1.25% of the Principal on the last business day of each fiscal quarter until maturity, reduced as a result of the application of prior Prepayments (as defined below).

Under the Amended Term Loan Credit Agreement, we are also required to make variable mandatory prepayments of the Principal, under certain conditions as described below, approximately 102 days after the end of each fiscal year (each, a “Prepayment”). Prepayments, if applicable, commence at the end of fiscal year 2022 and represent between 0% and 50% (depending on our first lien net leverage ratio) of Excess Cash Flow (as defined in the Amended Term Loan Credit Agreement) in excess of $10.0 million, minus prepayments of Principal, the ABL Facility (to the extent accompanied by a permanent reduction in the commitments thereunder) and certain other specified indebtedness and amounts in connection with certain other enumerated items. As of January 31, 2026, we did not meet the Excess Cash Flow threshold to require a Prepayment.

In addition to mandatory repayment and prepayment obligations, we may at our option, prepay a portion of the outstanding Principal (“Optional Prepayment”).

All of Torrid LLC’s existing domestic subsidiaries and Torrid Intermediate LLC unconditionally guarantee all obligations under the Amended Term Loan Credit Agreement. Substantially all of the assets of Torrid LLC, Torrid LLC’s existing subsidiaries and Torrid Intermediate LLC will secure all such obligations and the guarantees of those obligations, subject to certain exceptions.

The Amended Term Loan Credit Agreement also contains a number of covenants that, among other things and subject to certain exceptions, will restrict our ability and the ability of our subsidiaries to: create, incur or assume liens on our assets or property; incur additional indebtedness; issue preferred or disqualified stock; consolidate or merge; sell assets; pay dividends or make distributions, make investments, or engage in transactions with our affiliates.

As of the end of fiscal years 2025 and 2024, we were compliant with our financial covenants under the Amended Term Loan Credit Agreement.

The OID and financing costs related to the Amended Term Loan Credit Agreement are amortized over the term of the Amended Term Loan Credit Agreement and are reflected as a direct deduction of the face amount of the term loan in our consolidated balance sheets. During fiscal year 2025, we recognized interest payments of $28.8 million and amortization of OID and financing costs of $1.4 million related to the Amended Term Loan Credit Agreement. During fiscal year 2024, we recognized interest payments of $33.2 million and amortization of OID and financing costs of $1.4 million related to the Amended Term Loan Credit Agreement. During fiscal year 2023, we recognized interest payments of $36.1 million and amortization of OID and financing costs of $1.4 million related to the Amended Term Loan Credit Agreement. We recognize interest payments, together with the amortization of OID and financing costs, related to the Amended Term Loan Credit Agreement in interest expense in our consolidated statements of comprehensive (loss) income.

Note 11. Leases

We have entered into operating lease agreements for retail, distribution and office space; and vehicles and equipment, under primarily non-cancelable leases with terms ranging from approximately one to 16 years. Our lease costs reflected in the tables below include minimum base rents, CAM charges and HVAC charges. We recognize such lease costs in the applicable expense category in either cost of goods sold or selling, general and administrative expenses in the consolidated statements of comprehensive (loss) income.

Our lease costs consisted of the following (in thousands):

	Fiscal Year Ended		
	January 31, 2026	February 1, 2025	February 3, 2024
Fixed operating lease cost	$ 47,151	$ 53,109	$ 54,446
Short-term lease cost	102	129	143
Variable lease cost	21,380	19,821	19,147
Total lease cost	$ 68,633	$ 73,059	$ 73,736

Maturities of operating lease liabilities are as follows as of January 31, 2026 (in thousands):

Fiscal Year Ending	
2026	$ 41,369
2027	30,706
2028	23,157
2029	17,567
2030	13,380
Thereafter	49,133
Total undiscounted future cash flows	$ 175,312
Less: Imputed interest	(42,257)
Total operating lease liabilities	$ 133,055
Less: Current portion of operating lease liabilities	(32,171)
Noncurrent operating lease liabilities	$ 100,884

Other supplementary information related to our leases are as follows (in thousands except lease term and discount rate):

	Fiscal Year Ended		
	January 31, 2026	February 1, 2025	February 3, 2024
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows for operating leases	$ 53,227	$ 60,475	$ 61,360
ROU assets obtained in exchange for new operating lease liabilities	$ 8,252	$ 12,126	$ 25,822
(Decrease) increase in right-of-use assets resulting from operating lease terminations or remeasurements	$ (8,435)	$ 8,373	$ 837
Weighted average remaining lease term - operating leases	7 years	7 years	6 years
Weighted average discount rate - operating leases	8 %	8 %	7 %

Note 12. Income Taxes

(Loss) Income Before (Benefit from) Provision for Income Taxes

The domestic and foreign (loss) income before (benefit from) provision for income taxes during fiscal years 2025, 2024 and 2023 is as follows (in thousands):

	Fiscal Year Ended		
	January 31, 2026	February 1, 2025	February 3, 2024
Domestic	$ (15,513)	$ 17,424	$ 17,604
Foreign	5,953	4,179	431
(Loss) income before (benefit from) provision for income taxes	$ (9,560)	$ 21,603	$ 18,035

(Benefit from) Provision for Income Taxes

The composition of the (benefit from) provision for income taxes during fiscal years 2025, 2024 and 2023 is as follows (in thousands):

	Fiscal Year Ended		
	January 31, 2026	February 1, 2025	February 3, 2024
Current:			
Federal	$ (56)	$ 11,565	$ 9,108
State	(980)	1,620	2,795
Foreign	958	21	186
	$ (78)	$ 13,206	$ 12,089
Deferred:			
Federal	$ (1,558)	$ (7,387)	$ (5,193)
State	(746)	(777)	(513)
Foreign	(144)	243	33
	(2,448)	(7,921)	(5,673)
Total (benefit from) provision for income taxes	$ (2,526)	$ 5,285	$ 6,416

Significant components of our deferred tax assets and liabilities are as follows (in thousands):

	January 31, 2026	February 1, 2025
Deferred tax assets (liabilities):		
Inventory	$ 1,648	$ 1,483
Loyalty reserve	2,493	2,874
Accrued bonus	278	2,032
Lease liability	28,118	38,729
Share-based compensation	1,407	2,324
Interest expense limitation	10,797	5,658
Net operating losses	1,847	—
Other deferred tax assets	6,839	7,335
ROU assets	(25,291)	(33,182)
Intangible assets	(2,066)	(2,065)
Depreciation	(4,636)	(6,531)
Other deferred tax liabilities	(2,369)	(2,037)
Total net deferred tax assets	$ 19,065	$ 16,620

A reconciliation of the benefit from income taxes to the amount computed by applying the statutory U.S. federal income tax rate to loss before income taxes subsequent to the adoption of ASU 2023-09 is as follows (dollars in thousands):

	Fiscal Year Ended	
	January 31, 2026	Percent
U.S. federal statutory rate	$ (2,016)	21.0 %
State and local taxes, net of federal benefit(A)	(444)	4.6
Foreign tax effects:		
Canada		
Statutory rate difference (national)	(203)	2.1
Statutory rate difference (provincial)	376	(3.9)
Others	(49)	0.5
Effects of changes in tax laws or rates enacted in the current period	—	—
Effects of cross-border tax laws	(91)	1.0
Tax credits:		
Work opportunity tax credit	(176)	1.8
Changes in valuation allowance	—	—
Nontaxable/nondeductible items:		
Share-based compensation	377	(3.9)
Section 162(m) limitations	713	(7.4)
Others	89	(0.9)
Changes in unrecognized tax benefits	(1,148)	12.0
Other	46	(0.5)
Effective tax rate	$ (2,526)	26.4 %

(A) California, Illinois, Oregon and Texas make up the majority (greater than 50%) of the effect of the state and local income tax category.

A reconciliation of the provision for income taxes to the amount computed by applying the statutory U.S. federal income tax rate to income before income taxes for fiscal years prior to the adoption of ASU 2023-09 is as follows:

	Fiscal Year Ended	
	February 1, 2025	February 3, 2024
U.S. federal statutory rate	21.0 %	21.0 %
State and local taxes, net of federal benefit	3.6	10.9
Share-based compensation	0.1	5.1
Liability for uncertain tax positions	(0.6)	(1.5)
Limitation on Section 162(m) officers	0.9	0.5
Foreign derived intangible income	(0.2)	(0.3)
Other differences, net	(0.3)	(0.1)
Effective income tax rate	24.5 %	35.6 %

The amount of income taxes paid, net of refunds received, for fiscal year 2025 is as follows (in thousands):

Federal	$ 6,954
State and local	1,978
Foreign	—
Total income taxes paid, net of refunds received	$ 8,932

Cash paid for income taxes, before refunds received, for fiscal years 2024 and 2023 was $17.8 million and $11.2 million, respectively.

As of the end of fiscal year 2025, we had accumulated undistributed earnings and profits of our foreign subsidiary of approximately $11.9 million. We continue to treat undistributed earnings of our foreign subsidiary as indefinitely reinvested according to our current operating plans and no deferred tax liability has been recorded for potential future taxes related to such earnings. According to current tax law, any future dividends paid from our foreign subsidiary will not be subject to income tax in the United States, except for withholding taxes and state taxes, which are not material. We have made a determination on our accounting policy choice to treat taxes related to GILTI as a period cost.

As of the end of fiscal year 2025, we had state net operating loss carryforwards of $28.1 million, which will begin to expire in fiscal year 2030.

Uncertain Tax Positions

The amount of income taxes we pay is subject to ongoing audits by taxing authorities. Our estimate of the potential outcome of any uncertain tax issue is subject to our assessment of the relevant risks, facts and circumstances existing at the time. We believe that we have adequately provided for reasonably foreseeable outcomes related to these matters. However, our future results may include favorable or unfavorable adjustments to our estimated tax liabilities in the period the assessments are made or resolved, which may impact our effective tax rate. As of the end of fiscal year 2025, the total liability for income taxes associated with unrecognized tax benefits, including interest and penalties, was $1.0 million ($0.8 million, net of federal benefit). As of the end of fiscal year 2024, the total liability for income taxes associated with unrecognized tax benefits, including interest and penalties, was $2.4 million ($2.0 million, net of federal benefit). Our effective tax rate will be affected by any portion of this liability we may recognize.

The following table reconciles the amount recorded for the liability for income taxes associated with unrecognized tax benefits as of the end of fiscal years 2025, 2024 and 2023 (in thousands):

	Fiscal Year Ended		
	January 31, 2026	**February 1, 2025**	**February 3, 2024**
Unrecognized tax benefits at the beginning of the fiscal year	$ 1,820	$ 1,925	$ 2,996
(Reductions) additions:			
Tax positions related to the current period	—	3	—
Tax positions related to the prior period	140	154	104
Tax positions settled or statute of limitations lapsed	(1,246)	(262)	(1,175)
Unrecognized tax benefits at the end of the fiscal year	$ 714	$ 1,820	$ 1,925

In fiscal years 2025, 2024 and 2023, income tax expense related to interest and penalties was $0.2 million, $0.5 million and $0.6 million, respectively.

We operate stores throughout the United States, Puerto Rico and Canada, and as a result, we file income tax returns in the United States federal jurisdiction and various state, local and foreign jurisdictions. In the normal course of business, we are subject to examination by taxing authorities. The federal statute of limitations period is three years and most states follow this limitations period with few exceptions. Consequently, tax years between 2022 and 2024 are open for examination.

One Big Beautiful Bill Act

On July 4, 2025, President Trump signed into law the One Big Beautiful Bill Act (the “OBBBA”). The legislation includes several changes to federal tax law that generally allow for more favorable deductibility of certain business expenses, the earliest of which are effective January 1, 2025, including the restoration of immediate expensing of domestic research and development expenditures, reinstatement of 100% bonus depreciation, and more favorable rules for determining the limitation on business interest expense. These changes have been reflected within the income tax provision for fiscal year 2025, as enactment occurred during the second quarter of fiscal year 2025.

The OBBBA also includes certain changes to the U.S. taxation of foreign activity, including changes to foreign tax credits, Global Intangible Low-Taxed Income, Foreign-Derived Intangible Income, and the Base Erosion and Anti-Abuse Tax, among other changes. These changes are generally effective for tax years beginning after December 31, 2025. The OBBBA did not have a significant impact on our total tax provision as of the end of fiscal year 2025, and we do not expect the elective provisions of the law to have a material impact on our future effective tax rate.

Note 13. Commitments and Contingencies

Operating Lease Agreements

Refer to “Note 11—Leases” for further discussion regarding our operating lease agreements.

Litigation

In April 2024, a class action complaint was filed in the United States District Court for the Central District of California captioned Crystal Jillson and Carmen Perez v. Torrid LLC. The complaint alleges misleading and unlawful pricing, sales, and discounting practices on our website under multiple legal theories including violation of California’s Unfair Competition Law, California False Advertising Law and California Consumer Legal Remedies Act. In May 2025, we entered into a proposed settlement agreement to resolve this matter, which was approved by the court in September 2025, and the majority of which was paid prior to the end of the third quarter of fiscal year 2025. As of the end of fiscal years 2025 and 2024, we had $0.6 million and $4.7 million, respectively, in accrued legal which is comprised of the estimated probable loss for this case and other unrelated legal costs and is included in accrued and other current liabilities in our consolidated balance sheets.

In October 2024, we were notified by a third-party vendor that it had observed a potentially unauthorized access to our data stored in a data warehouse. We have been named as a defendant in six pending class action lawsuits alleging that we failed to employ adequate security measures to protect the data stored in the data warehouse. On February 25, 2025, the United States District Court of the Central District of California granted a motion to consolidate the six lawsuits, and plaintiffs filed a single consolidated class action complaint on April 28, 2025. We intend to vigorously defend ourselves in this matter. We are currently unable to determine the probability of the outcome of this matter or the range of reasonably possible loss, if any.

In February 2025, a class action complaint was filed in the Superior Court of the State of California captioned Leslie Cruz v. Torrid LLC. The complaint alleges terms on our website violate California’s Yelp Law which makes it unlawful for contracts or proposed contracts for goods or services to include provisions waiving a consumer’s right to make statements concerning the goods or services and threatening to enforce such provisions. In May 2025, the complaint was amended to also allege misleading and unlawful pricing, sales and discounting practices on our website under multiple legal theories including violation of California’s Unfair Competition Law, California False Advertising Law, California Legal Remedies Act, and Federal Trade Commission Act. We intend to vigorously defend ourselves against the complaint. We are currently unable to determine the probability of the outcome of this matter or the range of reasonably possible loss, if any.

From time to time, we are involved in other matters of litigation that arise in the ordinary course of business. Though significant litigation or awards against us could seriously harm our business and financial results, we do not at this time expect these other matters of litigation to have a material adverse effect on our consolidated financial statements.

Indemnities, Commitments and Guarantees

During the ordinary course of business, we have made certain other indemnities, commitments and guarantees under which we may be required to make payments in relation to certain transactions. These indemnities include those given to various lessors in connection with facility leases for certain claims arising from such facility or lease and indemnities to our Board of Directors and officers to the maximum extent permitted. Commitments include those given to various merchandise vendors and suppliers. From time to time, we have issued guarantees in the form of standby letters of credit as security for workers' compensation claims. The durations of these indemnities, commitments and guarantees vary. Some of these indemnities, commitments and guarantees do not provide for any limitation of the maximum potential future payments we could be obligated to make. We have not recorded any liability for these indemnities, commitments and guarantees in the accompanying consolidated financial statements as no demands have been made upon us to provide indemnification under such agreements and there are no claims that we are aware of that could have a material effect on our consolidated financial statements.

Note 14. Other Noncurrent Liabilities

Other noncurrent liabilities consist of the following (in thousands):

	January 31, 2026	February 1, 2025
Noncurrent income taxes payable	$ 960	$ 2,366
Deferred PLCC Funds	2,458	2,958
Other	204	271
Other noncurrent liabilities	$ 3,622	$ 5,595

Note 15. Employee Benefit Plans

401(k) Plan

On August 1, 2015, we adopted the Torrid 401(k) Plan (as amended from time to time, the "401(k) Plan"). Eligible employees may contribute up to 80% of their eligible compensation in a pre-tax and/or after-tax basis to the 401(k) Plan, subject to a statutorily prescribed annual limit. We make matching contributions equal to 100% of the first 3% of participants' eligible contributions and 50% of the next 2% of participants' eligible contributions into their 401(k) Plan accounts. We may make an additional discretionary matching contribution. During fiscal years 2025, 2024 and 2023, we contributed $2.3 million, $1.0 million and $0.8 million, respectively, to eligible employees' 401(k) Plan accounts.

Deferred Compensation Plan

On August 1, 2015, we established the Torrid Management Deferred Compensation Plan ("Deferred Compensation Plan") for the purpose of providing highly compensated employees a program to meet their financial planning needs. The Deferred Compensation Plan provided participants with the opportunity to defer up to 80% of their base salary and up to 100% of their annual earned bonus, all of which, together with the associated investment returns, were 100% vested from the outset. The Deferred Compensation Plan was designed to be exempt from most provisions of the Employee Retirement Security Act of 1974, as amended, and we contributed certain amounts to eligible employees' accounts at our discretion. In December 2024, our Board approved freezing employee participation, employee deferrals, discretionary company credits and matching contributions, effective December 31, 2024. We did not have any assets of the Deferred Compensation Plan and all existing deferrals and associated earnings held in the plan continue to operate under the plan's rules. Prior to January 1, 2025, to the extent participants were ineligible to receive contributions from participation in our 401(k) Plan, we contributed 50% of the first 4% of participants' eligible contributions into their Deferred Compensation Plan accounts. As of January 31, 2026 and February 1, 2025, the associated liabilities were $4.2 million and $5.7 million, respectively, included in our consolidated balance sheets. As of January 31, 2026, $0.2 million of the $4.2 million Deferred Compensation Plan liabilities were included in accrued and other current liabilities in our consolidated balance sheet. As of February 1, 2025, $1.8 million of the $5.7 million Deferred Compensation Plan liabilities were included in accrued and other current liabilities in our consolidated balance sheet. All liabilities associated with the Deferred Compensation Plan are our general unsecured obligations.

Note 16. Capitalization

As of January 31, 2026, under our amended and restated certificate of incorporation dated July 6, 2021, we are authorized to issue: (i) 1,000.0 million shares of common stock with a par value of $0.01 per share and (ii) 5.0 million shares of preferred stock with a par value of $0.01 per share. Each share of common stock entitles the holder to one vote with respect to each matter presented to our stockholders on which the holders of our common stock are entitled to vote. Subject to preferences that may be applicable to any then outstanding preferred stock, the holders of outstanding shares of common stock are entitled to receive dividends, if any, as may be declared from time to time by our Board. Our ability to pay dividends on our common stock is limited by restrictions on the ability of our subsidiaries to pay dividends or make distributions to us, including restrictions under the terms of the agreements governing our indebtedness. Our Board has not declared any cash dividends during fiscal years 2025, 2024 and 2023.

On December 6, 2021, our Board authorized a share repurchase program under which we may purchase up to $100.0 million of our outstanding common stock. Repurchases may be made from time to time, depending upon a variety of factors, including share price, corporate and regulatory requirements, and other market and business conditions, as determined by us. We may purchase shares of our common stock in the open market at current market prices at the time of purchase, in privately negotiated transactions, or by other means. The authorization does not, however, obligate us to acquire any particular amount of shares, and the share repurchase program may be suspended or terminated at any time at our discretion. We did not have any share repurchases under the share repurchase program during fiscal years 2025, 2024 and 2023. As of January 31, 2026, we had approximately $44.9 million remaining under the share repurchase program.

On June 23, 2025, we entered into a stock repurchase agreement with Sycamore, whereby we agreed to purchase $20.0 million of shares of our common stock in a private transaction. The shares repurchased in this transaction were not made under the share repurchase program. See “Note 9—Related Party Transactions” for further description of this transaction.

Note 17. Share-Based Compensation

Our share-based compensation expense, by award type, consists of the following (in thousands):

	Fiscal Year Ended		
	January 31, 2026	February 1, 2025	February 3, 2024
Restricted stock units	$ 2,473	$ 2,391	$ 2,405
Restricted stock awards	—	128	2,018
Performance-based restricted stock units	21	124	711
Stock options	2,246	1,787	1,537
Restricted cash units	277	3,009	1,209
Employee stock purchase plan	191	195	162
Total share-based compensation expense	$ 5,208	$ 7,634	$ 8,042
Income tax benefit	$ 414	$ 1,831	$ 923

On June 22, 2021, our Board adopted, and our stockholders approved, the Torrid Holdings Inc. 2021 Long-Term Incentive Plan (the “2021 LTIP”), effective on its adoption date, for employees, consultants and directors. The 2021 LTIP provides for the grant of non-qualified stock options, stock appreciation rights, RSAs, RSUs including performance-based restricted stock units (“PSUs”), stock awards, dividend equivalents, other stock-based awards, cash awards and substitute awards intended to align the interests of service providers, with those of our shareholders. The 2021 LTIP provides that the initial aggregate number of shares reserved and available for issuance is 8,550,000 plus an increase on January 1 of each calendar year during the term of the LTIP, beginning on January 1, 2022, by a number equal to the lesser of (a) 2% of the aggregate number of shares of common stock outstanding on the final day of the immediately preceding calendar year and (b) such smaller number of shares as is determined by our Board. Since January 1, 2022, the aggregate number of shares of common stock reserved and available for issuance under the 2021 LTIP has increased by a total of 10,413,581 pursuant to the annual increase provision under the 2021 LTIP. As of the end of fiscal year 2025, 12,315,462 authorized shares remain available for issuance under the 2021 LTIP.

On June 22, 2021, our Board adopted, and our stockholders approved, the Torrid Holdings Inc. 2021 Employee Stock Purchase Plan (the “ESPP”), effective on its adoption date, intended to qualify under Section 423 of the U.S. Internal Revenue Code of 1986, as amended, in order to provide all of our eligible employees with a further incentive towards ensuring our success and accomplishing our corporate goals. The ESPP allows eligible employees to contribute up to 15% of their base earnings towards purchases of common stock, subject to an annual maximum. The purchase price is 85% of the lower of (i) the fair market value of the stock on the first day of the related offering period and (ii) the fair market value of the stock on the last day of the related offering period. The ESPP provides that the aggregate number of shares reserved and available for issuance is 3,650,000. As of the end of fiscal year 2025, 2,966,061 authorized shares remain available for issuance under the ESPP.

RSUs

RSUs are awarded to certain employees, non-employee directors and consultants and entitle the grantee to receive shares of common stock at the end of a vesting period, subject to the employee’s continued employment or service as a director or consultant. In general, RSUs vest in equal installments each year over four years.

PSUs are awarded to certain employees, non-employee directors and consultants and entitle the grantee to receive shares of common stock based on the achievement of various Company performance targets and market conditions. In general, PSUs vest in equal installments over a three-year period subject to the achievement of the performance targets or market conditions.

RSU activity, including PSUs, under the 2021 LTIP during fiscal year 2025 consisted of the following (in thousands, except per share amounts):

	Shares	Weighted average grant date fair value per share
Nonvested at the beginning of the fiscal year	1,483	$ 4.32
Granted	467	$ 5.52
Vested	(436)	$ 5.16
Forfeited	(423)	$ 3.60
Nonvested at the end of the fiscal year	1,091	$ 4.77

As of the end of fiscal year 2025, unrecognized compensation expense related to unvested RSUs, including PSUs, was $3.6 million, which is expected to be recognized over a weighted average period of approximately 2.0 years. The weighted average grant date fair value of RSUs granted during fiscal years 2025, 2024 and 2023 was $5.52, $4.67 and $3.13, respectively. The total fair value of RSUs which vested during fiscal years 2025, 2024 and 2023 was $1.8 million, $3.1 million and $0.8 million, respectively.

There were no PSUs granted in fiscal years 2025 and 2024. The grant date fair value of PSUs granted during fiscal year 2023 was estimated using a Monte Carlo simulation following a Geometric Brownian Motion with the following weighted average assumptions:

Dividend yield	0.0 %
Expected volatility[(1)]	68.4 %
Risk-free interest rate[(2)]	3.8 %
Expected term[(3)]	3.0 years
Weighted average grant date fair value per share	$ 1.66

(1) The expected volatility was estimated based on the historical volatility of a select peer group of similar publicly traded companies for a term that is consistent with the expected term of the PSUs.
(2) The risk-free interest rate was based on the U.S. Treasury constant maturity interest rate whose term is consistent with the expected term of the PSUs.
(3) The expected term of the PSUs represents the time period from the grant date and the full vesting date.

RSAs

RSAs are awarded to certain employees, non-employee directors and consultants, subject to the employee's continued employment or service as a director or consultant. RSAs vest over periods ranging from two to four years, subject to the employee's continued employment or service as an employee, non-employee director or consultant, as applicable, on each vesting date.

There were no unvested RSAs at the beginning of fiscal year 2025 and no RSAs granted, vested or forfeited during fiscal year 2025 nor RSAs granted during fiscal years 2024 and 2023. The total fair value of RSAs which vested during fiscal year 2024 was not material. The total fair value of RSAs which vested during fiscal year 2023 was $0.3 million.

Stock Options

Stock options generally vest in equal installments each year over four years and generally expire 10 years from the grant date. Our policy for issuing shares upon stock option exercise is to issue new shares of common stock.

Stock option activity under the 2021 LTIP during fiscal year 2025 consisted of the following (in thousands, except per share and contractual life amounts):

	Shares	Weighted average exercise price per share	Weighted average contractual life	Aggregate intrinsic value
Outstanding at the beginning of the fiscal year	2,708	$ 4.95		
Granted	812	$ 5.60		
Exercised	(7)	$ 2.78		
Expired / forfeited	(252)	$ 5.42		
Outstanding at the end of the fiscal year	3,260	$ 5.08	7.6 years	$ —
Vested and expected to vest at the end of the fiscal year	3,260	$ 5.08	7.6 years	$ —
Exercisable at the end of the fiscal year	1,318	$ 5.46	6.7 years	$ —

The total intrinsic value of stock options exercised during fiscal year 2025 was not material and during fiscal year 2024, the total intrinsic value was $0.4 million. There was no intrinsic value on stock options exercised during fiscal year 2023. The weighted average grant date fair value of stock options granted during fiscal years 2025, 2024 and 2023 was $3.08, $2.77 and $1.91 per option, respectively, and was estimated with the following weighted average assumptions:

	Fiscal Year Ended		
	January 31, 2026	February 1, 2025	February 3, 2024
Dividend yield	0.0 %	0.0 %	0.0 %
Expected volatility	52.0 %	59.1 %	60.4 %
Risk-free interest rate	4.2 %	4.4 %	3.7 %
Expected term	6.3 years	6.3 years	6.3 years

As of the end of fiscal year 2025, unrecognized compensation expense related to unvested stock options was $3.9 million, which is expected to be recognized over a weighted average period of approximately 2.2 years.

RCUs

RCUs are awarded to certain employees, non-employee directors and consultants and represent the right to receive a cash payment at the end of a vesting period, subject to the employee's continued employment or service as a director or consultant. In general, RCUs vest in equal installments each year over four years. During fiscal years 2025, 2024 and 2023, we made cash payments totaling $2.5 million, $1.3 million and $1.2 million, respectively, associated with vested RCUs. As of the end of fiscal year 2025, the liability for unvested RCUs was $0.6 million, which is included in accrued and other current liabilities in the consolidated balance sheet.

Note 18. (Loss) Earnings Per Share

The following table provides the computation of basic and diluted net (loss) earnings per share (in thousands, except per share amounts):

	Fiscal Year Ended		
	January 31, 2026	February 1, 2025	February 3, 2024
Net (loss) income—basic and diluted	$ (7,034)	$ 16,318	$ 11,619
Weighted-average number of shares—basic	101,442	104,564	103,990
Weighted-average number of shares—basic	101,442	104,564	103,990
Effect of dilutive performance stock units and restricted stock units	—	888	410
Effect of dilutive options	—	232	—
Weighted-average number of shares—diluted	101,442	105,684	104,400
Net (loss) earnings per share:			
Basic	$ (0.07)	$ 0.16	$ 0.11
Diluted	$ (0.07)	$ 0.15	$ 0.11

The following table presents potentially dilutive securities excluded from the computation of diluted (loss) earnings per share for the periods presented because their effect would have been anti-dilutive (in thousands):

	Fiscal Year Ended		
	January 31, 2026	February 1, 2025	February 3, 2024
Restricted stock awards, restricted stock units and performance stock units	510	99	614
Stock options	3,228	1,551	2,310
Total	3,738	1,650	2,924

Note 19. Fair Value Measurements

Financial assets and liabilities measured at fair value on a recurring basis consisted of the following (in thousands):

	January 31, 2026	Quoted Prices in Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Money market funds (cash equivalent)	$ 124	$ 124	$ —	$ —
Total assets	$ 124	$ 124	$ —	$ —
Liabilities:				
Unvested RCU liability (current)	$ 631	$ 631	$ —	$ —
Deferred compensation plan liability (current)	153	—	153	—
Deferred compensation plan liability (noncurrent)	4,039	—	4,039	—
Total liabilities	$ 4,823	$ 631	$ 4,192	$ —

	February 1, 2025	Quoted Prices in Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Money market funds (cash equivalent)	$ 31,727	$ 31,727	$ —	$ —
Total assets	$ 31,727	$ 31,727	$ —	$ —
Liabilities:				
Unvested RCU liability (current)	$ 2,874	$ 2,874	$ —	$ —
Deferred compensation plan liability (current)	1,767	—	1,767	—
Deferred compensation plan liability (noncurrent)	3,913	—	3,913	—
Total liabilities	$ 8,554	$ 2,874	$ 5,680	$ —

The deferred compensation plan liability represents the amount that would be earned by participants if the funds were invested in securities traded in active markets. The fair value of the deferred compensation plan liability is determined based on quoted prices of similar assets that are traded in observable markets, or represents the cash withheld by participants prior to any investment activity.

The book value of cash, certain of our other current assets, accounts payable, and certain of our accrued expenses and other current liabilities approximate fair value because of the short maturity and high liquidity of these instruments.

As of January 31, 2026 and February 1, 2025, the fair value of the Amended Term Loan Credit Agreement was approximately $117.1 million and $274.1 million, respectively. The fair value of the Amended Term Loan Credit Agreement is determined using current applicable rates for similar instruments as of each balance sheet date, a Level 2 measurement.

The book value of the ABL Facility approximates fair value because of the variable interest rate of this facility, a Level 2 measurement.

Note 20. Segment Reporting

We have determined that we have one reportable segment, which includes the operation of our e-Commerce platform and stores. The single segment was identified based on how the Chief Operating Decision Maker ("CODM"), who we have determined to be our Chief Executive Officer, manages and evaluates performance and allocates resources based on consolidated net (loss) income. As the CODM is not provided any asset information, we do not disclose the measure of segment assets. Net sales related to our operations in Canada and Puerto Rico during fiscal years 2025, 2024 and 2023 are not reported separately from domestic net sales and long-lived assets in Canada and Puerto Rico are not reported separately from domestic long-lived assets as of the end of fiscal years 2025 and 2024 as they were not material.

The following table presents information regularly provided to the CODM about our reportable segment (in thousands):

	Fiscal Year Ended		
	January 31, 2026	**February 1, 2025**	**February 3, 2024**
Net sales	$ 1,000,092	$ 1,103,737	$ 1,151,945
Less:			
Cost of goods sold (A)	618,755	655,529	711,685
Selling, general and administrative expenses (B)	260,729	285,204	279,358
Depreciation and amortization (C)	34,618	35,721	36,484
Share-based compensation	5,208	7,634	8,042
Marketing expenses	57,378	54,231	55,499
Interest expense	31,844	35,633	39,203
(Benefit from) provision for income taxes	(2,526)	5,285	6,416
Interest income, net of other (income) expense	(882)	(28)	(90)
Other expenses (D)	2,002	8,210	3,729
Net (loss) income	$ (7,034)	$ 16,318	$ 11,619

(A) Cost of goods sold as provided to the CODM excludes depreciation and amortization and share-based compensation, which are presented separately.
(B) Selling, general and administrative expenses as provided to the CODM exclude depreciation and amortization, share-based compensation and other expenses, which are presented separately.
(C) Depreciation and amortization excludes amortization of debt issuance costs and original issue discount that are reflected in interest expense.
(D) Other expenses include severance costs for certain key management positions, certain transaction and litigation fees (including certain settlement costs), and the reimbursement of certain management expenses, primarily for travel, incurred by Sycamore on our behalf, which are not considered to be part of our core business.

Note 21. Subsequent Events

On February 20, 2026, the U.S. Supreme Court issued a ruling striking down certain incremental tariffs previously imposed under the International Emergency Economic Powers Act ("IEEPA"). Following the Supreme Court's decision, the U.S. President issued an executive order stating that these incremental tariffs were no longer in effect and ended the collection of the incremental tariffs. However, the administration invoked other laws to collect tariffs and announced new tariffs on imports from all countries, in addition to any existing non-IEEPA tariffs. We are currently monitoring and evaluating these developments and assessing their impact on our business, financial condition, and results of operations, including our ability to recover the incremental tariffs we have paid.

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

Not applicable.

Item 9A. Controls and Procedures.

Management's Evaluation of Disclosure Controls and Procedures

We, under the supervision of and with the participation of our management, including our Chief Executive Officer (our principal executive officer) and Chief Financial Officer (our principal financial officer), have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of January 31, 2026, to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

Management carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our internal control over financial reporting as of January 31, 2026 based on the framework in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon this evaluation, our management concluded that our internal control over financial reporting was effective as of January 31, 2026.

The effectiveness of our internal control over financial reporting as of January 31, 2026 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the fiscal quarter ended January 31, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

(a) None.

(b) *Insider Trading Arrangements and Policies.*

During the fiscal quarter ended January 31, 2026, none of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act or any "non-Rule 10b5-1 trading arrangement" as defined in Item 408(c) of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this item is incorporated herein by reference to the section entitled "Board of Directors and Corporate Governance" in the 2026 Proxy Statement.

We have adopted a code of ethics, our Code of Business Conduct and Ethics, which applies to all directors, officers and employees including our principal executive officer, principal financial officer and persons performing similar functions. Our Code of Business Conduct and Ethics is available on our website, www.torrid.com, under "Investors, Governance, Governance Documents, Code of Business Conduct." Any amendments and waivers to our Code of Business Conduct and Ethics will also be available on the website.

Item 11. Executive Compensation.

The information required by this item is incorporated herein by reference to the section entitled "Executive and Director Compensation" in the 2026 Proxy Statement.

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

Securities Authorized for Issuance Under Equity Compensation Plans (as of January 31, 2026)

Plan category:	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants, and Rights (3)	Number of Securities Available for Future Issuance Under Equity Compensation Plans (excludes securities reflected in first column) (4)
Equity compensation plans approved by security holders (1)	4,350,975	$ 5.08	15,281,523 (2)

(1) These plans consist of our 2021 LTIP and ESPP.
(2) This number includes 2,966,061 shares available for future issuance under the ESPP.
(3) The weighted average exercise price does not include restricted stock units granted under the 2021 LTIP.
(4) The number of shares of common stock reserved for issuance under the 2021 LTIP will increase on January 1 of each calendar year during the term of the LTIP, beginning on January 1, 2022, by a number equal to the lesser of (a) 2% of the aggregate number of shares of common stock outstanding on the final day of the immediately preceding calendar year and (b) such smaller number of shares as is determined by our Board.

The remaining information required by this item is incorporated herein by reference to the section entitled "Security Ownership of Certain Beneficial Owners and Management" in the 2026 Proxy Statement.

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

The information required by this item is incorporated herein by reference to the section entitled "Certain Relationships and Related Party Transactions" in the 2026 Proxy Statement.

Item 14. Principal Accountant Fees and Services.

The information required by this item is incorporated herein by reference to the section entitled "Ratification of Appointment of Independent Registered Public Accounting Firm" in the 2026 Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a)(1) Financial Statements

See "Index to Consolidated Financial Statements" in Part II, Item 8 of this Form 10-K.

(a)(2) Financial Statement Schedules

All financial statement schedules have been omitted, since the required information is not applicable, or because the information required is included in the consolidated financial statements and accompanying notes.

(a)(3) Exhibits

The following is a list of exhibits filed as part of this Form 10-K.

		Incorporated by Reference		
Exhibit Number	Description	Form	Filing Date	Exhibit
3.1	Amended and Restated Certificate of Incorporation of Torrid Holdings Inc.	8-K	7/6/2021	3.1
3.2	Amended and Restated Bylaws of Torrid Holdings Inc.	10-K	3/28/2023	3.2
4.1	Description of Registrant's securities registered pursuant to Section 12 of the Securities Exchange Act of 1934.	10-K	4/1/2025	4.1
10.1	Term Loan Credit Agreement, dated June 14, 2019, among Torrid Inc., Torrid LLC, Cortland Capital Market Services LLC, as administrative agent and collateral agent, KKR Credit Advisors (US) LLC, as structuring advisor, KKR Capital Markets LLC, as sole lead arranger and bookrunner and the lenders party thereto.	S-1	6/7/2021	10.1
10.2	Amendment No. 1 to the Term Loan Credit Agreement, dated September 17, 2020, among Torrid Intermediate LLC (f/k/a Torrid Inc.), Torrid LLC, Cortland Capital Market Services LLC, as administrative agent, and the lenders party thereto.	S-1	6/7/2021	10.2
10.3	Amended and Restated Services Agreement, dated March 21, 2019, between Torrid LLC and Hot Topic Inc.	S-1	6/7/2021	10.6
10.4	Amendment to Amended and Restated Services Agreement, dated August 1, 2019, between Torrid LLC and Hot Topic Inc.	S-1	6/7/2021	10.7
10.5	Services Agreement, dated August 1, 2019, between Torrid LLC and Hot Topic Inc.	S-1	6/7/2021	10.8
10.6	Stockholders Agreement, dated July 6, 2021, by and among Torrid Holdings Inc. and Sycamore Partners Torrid, L.L.C.	8-K	7/6/2021	10.2
10.7	Registration Rights Agreement, dated July 6, 2021, among Torrid Holdings Inc. and the sponsor investors, other investors and executives named therein.	8-K	7/6/2021	10.1
10.8+*	Torrid Holdings Inc. Long-Term Incentive Plan.			
10.9+	Form of Restricted Stock Agreement.	S-1/A	6/23/2021	10.18
10.10+	Form of Restricted Stock Unit Agreement.	S-1/A	6/23/2021	10.19
10.11+	Form of Nonqualified Stock Option Agreement.	S-1/A	6/23/2021	10.20
10.12+	Employee Stock Purchase Plan.	S-1/A	6/23/2021	10.21
10.13+	Form of Director and Officer Indemnification Agreement.	S-1/A	6/23/2021	10.22
10.14+	Employment Agreement by and between Lisa M. Harper and Torrid Holdings Inc., dated as of May 3, 2022.	8-K	5/4/2022	10.2
10.15	First Amendment to the Services Agreement between Torrid LLC and Hot Topic Inc., dated July 31, 2022.	10-Q	9/7/2022	10.5
10.16+	Form of Performance Stock Unit Agreement.	10-Q	9/7/2022	10.6

Exhibit Number	Description	Incorporated by Reference		
		Form	Filing Date	Exhibit
10.17	Second Amendment to the Services Agreement between Torrid LLC and Hot Topic Inc., dated September 30, 2022.	10-Q	12/8/2022	10.2
10.18	Third Amendment to the Services Agreement between Torrid LLC and Hot Topic Inc., dated December 1, 2022.	10-Q	12/8/2022	10.3
10.19	Fourth Amendment to Amended and Restated Credit Agreement, dated April 21, 2023, among Torrid LLC, Torrid Intermediate LLC (f/k/a Torrid Inc.), Bank of America, N.A., as administrative agent and collateral agent, and the lenders party thereto.	10-Q	6/7/2023	10.1
10.20	First Amendment to the Credit Agreement, dated May 24, 2023, among Torrid LLC, Torrid Intermediate LLC (f/k/a Torrid Inc.), Bank of America, N.A., as administrative agent, and the lenders party thereto.	10-Q	6/7/2023	10.2
10.21	Second Amendment to the Amended and Restated Services Agreement, dated August 1, 2023, between Torrid LLC and Hot Topic Inc.	10-Q	12/7/2023	10.1
10.22+	Promotion Letter by and between Torrid Holdings Inc. and Paula Dempsey, dated December 4, 2023.	10-K	4/2/2024	10.29
10.23	Fourth Amendment to the Services Agreement between Torrid LLC and Hot Topic Inc., dated December 11, 2023.	10-K	4/2/2024	10.30
10.24+	Amendment No. 1 to Employment Agreement by and among Torrid LLC, Torrid Holdings Inc. and Elizabeth Munoz, dated as of May 2. 2022.	8-K	5/4/2022	10.1
10.25+	Amendment No. 2 to the Employment Agreement by and among Torrid Holdings Inc., Torrid LLC and Elizabeth Munoz-Guzman, dated August 31. 2023.	8-K	9/1/2023	10.1
10.26	Third Amendment to the Amended and Restated Services Agreement, dated May 3, 2024, between Torrid LLC and Hot Topic, Inc.	10-Q	6/12/2024	10.1
10.27	Fifth Amendment to the Services Agreement, dated May 30, 2024, between Torrid LLC and Hot Topic, Inc.	10-Q	6/12/2024	10.2
10.28+	Employment Offer & Agreement between Torrid Administration, Inc. and Hyon Park, dated August 2, 2022.	10-Q	6/12/2024	10.4
10.29+	Promotion Letter by and between Torrid Holdings Inc. and Hyon Park, dated June 6, 2024.	10-Q	6/12/2024	10.5
10.30+	Separation Agreement and Release by and among Torrid Holdings Inc., Torrid Administration, Inc., Torrid LLC and Elizabeth Munoz Guzman, dated October 4, 2024.	10-Q	12/11/2024	10.1
10.31+	Executive Severance Plan and Summary Plan Description, effective as of March 29, 2025.	10-K	4/1/2025	10.40
10.32	Stock Repurchase Agreement, dated June 23, 2025, by and between Torrid Holdings Inc. and Sycamore Partners Torrid, L.L.C.	8-K	6/24/2025	10.1
10.33	Fifth Amendment to Amended and Restated Credit Agreement, dated August 1, 2025, among Torrid LLC, Bank of America, N.A., as administrative agent and collateral agent, and the lenders party thereto.	8-K	8/4/2025	10.1
19	Insider Trading Policy.	10-K	4/1/2025	19
21.1	List of subsidiaries of Torrid Holdings Inc.	10-K	4/1/2025	21.1
23*	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm.			
31.1*	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			
31.2*	Certification of Principal Financial Officer pursuant to Rules 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			

Exhibit Number	Description	Incorporated by Reference		
		Form	Filing Date	Exhibit
32.1**	Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			
32.2**	Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			
97	Compensation Recovery Policy.	10-K	4/2/2024	97
101*	Interactive Data Files (formatted as Inline XBRL)			
104*	Cover Page Interactive Data Files (Embedded within the Inline XBRL document and included in Exhibit 101)			

\+ Indicates a management contract or compensatory plan or arrangement.
* Filed herewith
** Furnished herewith

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 31, 2026.

Torrid Holdings Inc.

By:	/s/ LISA HARPER
Name:	Lisa Harper
Title:	Chief Executive Officer and Director (Principal Executive Officer)
By:	/s/ PAULA DEMPSEY
Name:	Paula Dempsey
Title:	Chief Financial Officer (Principal Financial Officer)
By:	/s/ CHINWE ABAELU
Name:	Chinwe Abaelu
Title:	SVP, Chief Accounting Officer (Principal Accounting Officer)

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

Signature	**Title**	**Date**
/s/ LISA HARPER Lisa Harper	Chief Executive Officer and Director (Principal Executive Officer)	March 31, 2026
/s/ PAULA DEMPSEY Paula Dempsey	Chief Financial Officer (Principal Financial Officer)	March 31, 2026
/s/ CHINWE ABAELU Chinwe Abaelu	SVP, Chief Accounting Officer (Principal Accounting Officer)	March 31, 2026
/s/ STEFAN L. KALUZNY Stefan L. Kaluzny	Chairman of the Board and Director	March 31, 2026
/s/ DARY KOPELIOFF Dary Kopelioff	Director	March 31, 2026
/s/ THEO KILLION Theo Killion	Director	March 31, 2026
/s/ VALERIA RICO NIKOLOV Valeria Rico Nikolov	Director	March 31, 2026
/s/ MICHAEL SHAFFER Michael Shaffer	Director	March 31, 2026

TORRID HOLDINGS INC.

2021 LONG-TERM INCENTIVE PLAN

ARTICLE I
PURPOSE

The purpose of this Torrid Holdings Inc. 2021 Long-Term Incentive Plan is to promote the success of the Company's business for the benefit of its stockholders by enabling the Company to offer Eligible Individuals cash and stock-based incentives in order to attract, retain and reward such individuals and strengthen the mutuality of interests between such individuals and the Company's stockholders. The Plan is effective as of the date set forth in Article XV.

ARTICLE II
DEFINITIONS

For purposes of the Plan, the following terms shall have the following meanings:

2.1 **"Affiliate"** means a corporation or other entity controlled by, controlling, or under control with the Company. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as applied to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of management and policies of such person, whether through the ownership of voting or other securities, by contract or otherwise.

2.2 **"Applicable Law"** means the requirements relating to the administration of equity-based awards and the related shares under U.S. state corporate law, U.S. federal and state securities laws, the rules of any stock exchange or quotation system on which the shares are listed or quoted and any other applicable laws, including tax laws, of any U.S. or non-U.S. jurisdictions where Awards are, or will be, granted under the Plan.

2.3 **"Award"** means any award under the Plan of any Stock Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Units, Performance Award, Other Stock-Based Award or Cash Award. All Awards shall be granted by, confirmed by, and subject to the terms of a written or electronic agreement executed by the Company and the Participant.

2.4 **"Award Agreement"** means the written or electronic agreement, contract, certificate, or other instrument or document evidencing the terms and conditions of an individual Award. Each Award Agreement shall be subject to the terms and conditions of the Plan.

2.5 **"Board"** means the Board of Directors of the Company.

2.6 **"Cash Award"** means an Award granted pursuant to Section 10.3 of the Plan and payable in cash at such time or times and subject to such terms and conditions as determined by the Committee in its sole discretion.

2.7 **"<u>Cause</u>"** means, unless otherwise determined by the Committee in the applicable Award Agreement, with respect to a Participant's Termination of Service, the following: (a) in the case where there is no employment agreement, offer letter, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant at the time of the grant of the Award (or where there is such agreement in effect but it does not define "cause" (or words of like import)), the Participant's (i) commission of, or plea of guilty or no contest to, a felony or a crime involving moral turpitude or the commission of any other act involving willful malfeasance or material fiduciary breach with respect to the Company or an Affiliate; (ii) reporting to work under the influence of alcohol or illegal drugs or in the possession of illegal drugs; (iii) substantial and repeated failure to perform duties as reasonably directed by the person to whom the Participant reports; (iv) conduct that brings or is reasonably likely to bring the Company or an Affiliate negative publicity or into public disgrace, embarrassment, or disrepute; (v) gross negligence or willful misconduct with respect to the Company or an Affiliate; (vi) material violation of the Company's written policies or codes of conduct, including written policies related to discrimination, harassment, performance of illegal or unethical activities, or ethical misconduct; or (vii) any breach of any non-competition, non-solicitation, no-hire or confidentiality covenant between the Participant and the Company or an Affiliate; or (b) in the case where there is an employment agreement, offer letter, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant at the time of the grant of the Award that defines "cause" (or words of like import), "cause" as defined under such agreement.

2.8 **"<u>Change in Control</u>"** means and includes each of the following, unless otherwise determined by the Committee in the applicable Award Agreement or other written agreement with a Participant approved by the Committee:

(a) any "person," as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than the Company, any trustee or other fiduciary holding securities under any employee benefit plan of the Company, or any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Shares), becoming the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities, excluding for purposes herein, acquisitions pursuant to a Business Combination (as defined below) that does not constitute a Change in Control as defined herein;

(b) a merger, reorganization, or consolidation of the Company or in which equity securities of the Company are issued (each, a "Business Combination"), other than a merger, reorganization or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its Parent) more than 50% of the combined voting power of the voting securities of the Company or such surviving entity (or, as applicable, the Parent of the Company or such surviving entity) outstanding immediately after such merger or consolidation; *provided, however*, that a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person (other than those covered by the exceptions in Section 2.8(a)) acquires more than 50% of the combined voting power of the Company's then outstanding securities shall not constitute a Change in Control; or a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; *provided, however*, that a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person (other than those covered by the exceptions in Section 2.8(a)) acquires more than 50% of the combined voting power of the Company's then outstanding securities shall not constitute a Change in Control;

(c) during the period of two (2) consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in (a) or (b)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two (2) year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(d) a complete liquidation or dissolution of the Company or the consummation of a sale or disposition by the Company of all or substantially all of the Company's assets other than the sale or disposition of all or substantially all of the assets of the Company to a person or persons who beneficially own, directly or indirectly, 50% or more of the combined voting power of the outstanding voting securities of the Company at the time of the sale.

For purposes of this Section 2.8, acquisitions of securities of the Company by Sycamore Partners Management, L.P., any of its respective affiliates, or any investment vehicle or fund controlled by or managed by, or otherwise affiliated with Sycamore Partners Management, L.P. shall not constitute a Change in Control. Notwithstanding the foregoing, with respect to any Award that is characterized as "nonqualified deferred compensation" within the meaning of Section 409A of the Code, an event shall not be considered to be a Change in Control under the Plan for purposes of payment of such Award unless such event is also a "change in ownership," a "change in effective control" or a "change in the ownership of a substantial portion of the assets" of the Company within the meaning of Section 409A of the Code.

2.9 "Change in Control Price" means the highest price per Share paid in any transaction related to a Change in Control.

2.10 "Code" means the U.S. Internal Revenue Code of 1986, as amended from time to time. Any reference to any section of the Code shall also be a reference to any successor provision and any guidance and treasury regulation promulgated thereunder.

2.11 **"Committee"** means any committee of the Board duly authorized by the Board to administer the Plan; *provided*, *however*, that unless otherwise determined by the Board, the Committee shall consist solely of two or more Qualified Members. If no committee is duly authorized by the Board to administer the Plan, the term "Committee" shall be deemed to refer to the Board for all purposes under the Plan. The Board will retain the right to exercise the authority of the Committee to the extent consistent with Applicable Law.

2.12 **"Common Stock"** means the common stock, $0.01 par value per share, of the Company.

2.13 **"Company"** means Torrid Holdings Inc., a Delaware corporation, and its successors by operation of law.

2.14 **"Consultant"** means any natural person who is an advisor or consultant to the Company or its Affiliates.

2.15 **"Disability"** means, unless otherwise determined by the Committee in the applicable Award Agreement, with respect to a Participant's Termination of Service, that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment, *provided, however*, for purposes of an Incentive Stock Option, the term Disability shall have the meaning ascribed to it under Section 22(e)(3) of the Code. The determination of whether an individual has a Disability shall be determined by the Committee, and the Committee may rely on any determination that a Participant is disabled for purposes of benefits under any long-term disability plan in which a Participant participates that is maintained by the Company or any Affiliate.

2.16 "**Dividend Equivalents**" means a right granted to a Participant under the Plan to receive the equivalent value (in cash or Shares) of dividends paid on Shares.

2.17 **"Effective Date"** means the effective date of the Plan as defined in Article XV.

2.18 **"Eligible Employees"** means each employee of the Company or any of its Affiliates. An employee on a leave of absence may be an Eligible Employee.

2.19 **"Eligible Individual"** means an Eligible Employee, Non-Employee Director or Consultant who is designated by the Committee in its discretion as eligible to receive Awards subject to the conditions set forth herein.

2.20 **"Exchange Act"** means the Securities Exchange Act of 1934, as amended from time to time. Reference to a specific section of the Exchange Act or regulation thereunder shall include such section or regulation, any valid regulation or interpretation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

2.21 "<u>Fair Market Value</u>" means, for purposes of the Plan, unless otherwise required by any applicable provision of the Code or any regulations issued thereunder, as of any date and except as provided below, the last sales price reported for the Common Stock on the applicable date: (a) as reported on the principal national securities exchange in the United States on which it is then traded or (b) if the Common Stock is not traded, listed or otherwise reported or quoted, the Committee shall determine in good faith the Fair Market Value in whatever manner it considers appropriate taking into account the requirements of Section 409A of the Code. For purposes of the grant of any Award, the applicable date shall be the trading day immediately prior to the date on which the Award is granted. For purposes of the exercise of any Award, the applicable date shall be the date a notice of exercise is received by the Committee or, if not a date on which the applicable market is open, the next day that it is open. Notwithstanding the foregoing, with respect to any Award granted on the pricing date of the Company's initial public offering, the Fair Market Value shall mean the initial public offering price of a Share as set forth in the Company's final prospectus relating to its initial public offering filed with the Securities and Exchange Commission.

2.22 "<u>Family Member</u>" means "family member" as defined in Section A.1.(a)(5) of the general instructions of Form S-8.

2.23 "<u>Incentive Stock Option</u>" means any Stock Option awarded to an Eligible Employee of the Company, its Subsidiaries and its Parents (if any) under the Plan and that is intended to be, and designated as, an "Incentive Stock Option" within the meaning of Section 422 of the Code.

2.24 "<u>Non-Employee Director</u>" means a director or a member of the Board of the Company who is not an employee of the Company.

2.25 "<u>Non-Qualified Stock Option</u>" means any Stock Option awarded under the Plan that is not an Incentive Stock Option.

2.26 "<u>Other Stock-Based Award</u>" means an Award under Article X of the Plan that is valued in whole or in part by reference to, or is payable in or otherwise based on, Shares.

2.27 "<u>Parent</u>" means any parent corporation of the Company within the meaning of Section 424(e) of the Code.

2.28 "<u>Participant</u>" means an Eligible Individual to whom an Award has been granted pursuant to the Plan.

2.29 "<u>Performance Award</u>" means an Award granted to a Participant pursuant to Article IX hereof contingent upon achieving certain Performance Goals.

2.30 "<u>Performance Goals</u>" means goals established by the Committee as contingencies for Awards to vest and/or become exercisable or distributable.

2.31 "<u>Performance Period</u>" means the designated period during which the Performance Goals must be satisfied with respect to the Award to which the Performance Goals relate.

2.32 "<u>Plan</u>" means this Torrid Holdings Inc. 2021 Long-Term Incentive Plan, as amended from time to time.

2.33 **"Qualified Member"** means a member of the Board who is (a) a "non-employee director" within the meaning of Rule 16b-3(b)(3), and (b) "independent" under the listing standards or rules of the securities exchange upon which the Common Stock is traded, but only to the extent such independence is required in order to take the action at issue pursuant to such standards or rules.

2.34 **"Reference Stock Option"** has the meaning set forth in Section 7.1.

2.35 **"Restricted Stock"** means an Award of Shares under the Plan that is subject to restrictions under Article VIII.

2.36 "**Restricted Stock Units**" means an unfunded, unsecured right to receive, on the applicable settlement date, one Share or an amount in cash or other consideration determined by the Committee to be of equal value as of such settlement date, subject to certain vesting conditions and other restrictions.

2.37 **"Restriction Period"** has the meaning set forth in Section 8.3(a) with respect to Restricted Stock.

2.38 **"Rule 16b-3"** means Rule 16b-3 under Section 16(b) of the Exchange Act as then in effect or any successor provision.

2.39 **"Section 409A of the Code"** means the nonqualified deferred compensation rules under Section 409A of the Code and any applicable treasury regulations and other official guidance thereunder.

2.40 **"Securities Act"** means the Securities Act of 1933, as amended and all rules and regulations promulgated thereunder. Reference to a specific section of the Securities Act or regulation thereunder shall include such section or regulation, any valid regulation or interpretation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

2.41 "**Shares"** means shares of Common Stock.

2.42 **"Stock Appreciation Right"** shall mean the right pursuant to an Award granted under Article VII.

2.43 **"Stock Option"** or **"Option"** means any option to purchase Shares granted to Eligible Individuals granted pursuant to Article VI.

2.44 **"Subsidiary"** means any subsidiary corporation of the Company within the meaning of Section 424(f) of the Code.

2.45 **"Ten Percent Stockholder"** means a person owning stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company, its Subsidiaries or its Parent.

2.46 "Termination of Service" means the termination of the applicable Participant's employment with, or performance of services for, the Company and its Affiliates. Unless otherwise determined by the Committee, (a) if a Participant's employment or services with the Company and its Affiliates terminates but such Participant continues to provide services to the Company and its Affiliates in a non-employee capacity, such change in status shall not be deemed a Termination of Service with the Company and its Affiliates and (b) a Participant employed by, or performing services for, a Subsidiary or an Affiliate that ceases to be an Affiliate shall also be deemed to have incurred a Termination of Service provided the Participant does not immediately thereafter become an employee of the Company or another Affiliate. Notwithstanding the foregoing provisions of this definition, with respect to any Award that constitutes a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code, a Participant shall not be considered to have experienced a "Termination of Service" unless the Participant has experienced a "separation from service" within the meaning of Section 409A of the Code.

ARTICLE III
ADMINISTRATION

3.1 Authority of the Committee. The Plan shall be administered by the Committee. Subject to the terms of the Plan and Applicable Law, the Committee shall have full authority to grant Awards to Eligible Individuals under the Plan. In particular, the Committee shall have the authority to:

(a) determine whether and to what extent Awards, or any combination thereof, are to be granted hereunder to one or more Eligible Individuals;

(b) determine the number of Shares to be covered by each Award granted hereunder;

(c) determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder (including, but not limited to, the exercise or purchase price (if any), any restriction or limitation, any vesting schedule or acceleration thereof, or any forfeiture restrictions or waiver thereof, regarding any Award and the Shares relating thereto, based on such factors, if any, as the Committee shall determine, in its sole discretion);

(d) determine the amount of cash to be covered by each Award granted hereunder;

(e) determine whether, to what extent, and under what circumstances grants of Options and other Awards under the Plan are to operate on a tandem basis and/or in conjunction with or apart from other awards made by the Company outside of the Plan;

(f) determine whether and under what circumstances an Award may be settled in cash, Shares, other property, or a combination of the foregoing;

(g) determine whether, to what extent and under what circumstances cash, Shares or other property and other amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the Participant;

(h) modify, waive, amend, or adjust the terms and conditions of any Award, at any time or from time to time, including but not limited to Performance Goals;

(i) determine whether a Stock Option is an Incentive Stock Option or Non-Qualified Stock Option;

(j) determine whether to require a Participant, as a condition of the granting of any Award, to not sell or otherwise dispose of Shares acquired pursuant to the exercise or vesting of an Award for a period of time as determined by the Committee, in its sole discretion, following the date of the acquisition of such Award or Shares; and

(k) modify, extend or renew an Award, subject to Article XII and Section 6.4(l).

3.2 **Guidelines**. Subject to Article XII hereof, the Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan and perform all acts, including the delegation of its responsibilities (to the extent permitted by Applicable Law and applicable stock exchange rules), as it shall, from time to time, deem advisable; to construe and interpret the terms and provisions of the Plan and any Award issued under the Plan (and any agreements or sub-plans relating thereto); and to otherwise supervise the administration of the Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any agreement relating thereto in the manner and to the extent it shall deem necessary to effectuate the purpose and intent of the Plan. The Committee may adopt special rules, sub-plans, guidelines and provisions for persons who are residing in or employed in, or subject to, the taxes of any domestic or foreign jurisdictions to satisfy or accommodate applicable foreign laws or to qualify for preferred tax treatment of such domestic or foreign jurisdictions.

3.3 **Decisions Final**. Any decision, interpretation or other action made or taken in good faith by or at the direction of the Company, the Board or the Committee (or any of its members) arising out of or in connection with the Plan shall be within the absolute discretion of all and each of them, as the case may be, and shall be final, binding and conclusive on the Company and all employees and Participants and their respective heirs, executors, administrators, successors and assigns.

3.4 **Procedures**. If the Committee is appointed, the Board shall designate one of the members of the Committee as chairman and the Committee shall hold meetings, subject to the by-laws of the Company, at such times and places as it shall deem advisable, including, without limitation, by telephone conference or by written consent to the extent permitted by Applicable Law. A majority of the Committee members shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members. Any decision or determination reduced to writing and signed by all of the Committee members in accordance with the by-laws of the Company, shall be fully effective as if it had been made by a vote at a meeting duly called and held. The Committee shall keep minutes of its meetings and shall make such rules and regulations for the conduct of its business as it shall deem advisable.

3.5 **Designation of Consultants/Liability; Delegation of Authority**.

(a) The Committee may designate employees of the Company and professional advisors to assist the Committee in the administration of the Plan and (to the extent permitted by Applicable Law) may grant authority to officers of the Company to grant Awards and/or execute agreements or other documents on behalf of the Committee.

(b) The Committee may employ such legal counsel, consultants and agents as it may deem desirable for the administration of the Plan and may rely upon any opinion received from any such counsel or consultant and any computation received from any such consultant or agent. Expenses incurred by the Committee or the Board in the engagement of any such counsel, consultant or agent shall be paid by the Company. The Committee, its members and any person designated pursuant to sub-section (a) above shall not be liable for any action or determination made in good faith with respect to the Plan. To the maximum extent permitted by Applicable Law, no officer of the Company or member or former member of the Committee or of the Board shall be liable for any action or determination made in good faith with respect to the Plan or any Award granted under it.

(c) The Committee may delegate any or all of its powers and duties under the Plan to a subcommittee of directors or to any officer of the Company, including the power to perform administrative functions and grant Awards; *provided* that such delegation does not (i) violate Applicable Law, or (ii) result in the loss of an exemption under Rule 16b-3(d)(1) for Awards granted to Participants subject to Section 16 of the Exchange Act in respect of the Company. Upon any such delegation, all references in the Plan to the "Committee," shall be deemed to include any subcommittee or officer of the Company to whom such powers have been delegated by the Committee. Any such delegation shall not limit the right of such subcommittee members or such an officer to receive Awards. The Committee may also appoint agents who are not executive officers of the Company or members of the Board to assist in administering the Plan, *provided*, *however*, that such individuals may not be delegated the authority to grant or modify any Awards that will, or may, be settled in Shares.

3.6 **Indemnification**. To the maximum extent permitted by Applicable Law and to the extent not covered by insurance directly insuring such person, each officer or employee of the Company or any of its Affiliates and member or former member of the Committee or the Board shall be indemnified and held harmless by the Company against any cost or expense (including reasonable fees of counsel acceptable to the Committee) or liability (including any sum paid in settlement of a claim with the approval of the Committee), and advanced amounts necessary to pay the foregoing at the earliest time and to the fullest extent permitted, arising out of any act or omission to act in connection with the administration of the Plan, except to the extent arising out of such officer's, employee's, member's or former member's own fraud or bad faith. Such indemnification shall be in addition to any right of indemnification the employees, officers, directors or members or former officers, directors or members may have under Applicable Law or under the by-laws of the Company or any of its Affiliates. Notwithstanding anything else herein, this indemnification will not apply to the actions or determinations made by an individual with regard to Awards granted to such individual under the Plan.

ARTICLE IV
SHARE LIMITATION

4.1 **Shares**. The aggregate number of Shares that may be issued or used for reference purposes or with respect to which Awards may be granted under the Plan shall not exceed 8,550,000 Shares (subject to any increase or decrease pursuant to this Article IV), which may be either authorized and unissued Shares or Shares held in or acquired for the treasury of the Company or both. The number of Shares that may be issued or used for reference purposes or with respect to which Awards may be granted under the Plan shall be subject to an annual increase on January 1 of each calendar year during the term of the Plan, equal to the lesser of (a) two percent (2%) of the aggregate number of Shares outstanding on the final day of the immediately preceding calendar year and (b) such smaller number of Shares as is determined by the Board. The aggregate number of Shares that may be issued or used with respect to any Incentive Stock Option shall not exceed 8,550,000 Shares (subject to any increase or decrease pursuant to Section 4.3). The maximum number of Shares subject to Awards granted during a single fiscal year to any Non-Employee Director, shall not exceed a total value of $500,000 (calculating the value of any Awards based on the grant date fair value for financial reporting purposes). Any Award under the Plan settled in cash shall not be counted against the foregoing maximum share limitations. Notwithstanding anything to the contrary contained herein, Shares subject to an Award under the Plan shall again be made available for issuance or delivery under the Plan if such Shares are (a) Shares tendered in payment of an Option, (b) Shares delivered or withheld by the Company to satisfy any tax withholding obligation, (c) Shares covered by a stock-settled Stock Appreciation Right or other Awards that were not issued upon the settlement of the Award or (d) Shares subject to an Award that expires or is canceled, forfeited, or terminated without issuance of the full number of Shares to which the Award related.

4.2 **Substitute Awards**. In connection with an entity's merger or consolidation with the Company or the Company's acquisition of an entity's property or stock, the Committee may grant Awards in substitution for any options or other stock or stock-based awards granted before such merger or consolidation by such entity or its Affiliate ("Substitute Awards"). Substitute Awards may be granted on such terms as the Committee deems appropriate, notwithstanding limitations on Awards in the Plan. Substitute Awards will not count against the overall share limit (nor shall Shares subject to a Substitute Award be added to the Shares available for Awards under the Plan as provided above), except that Shares acquired by exercise of substitute Incentive Stock Options will count against the maximum number of Shares that may be issued pursuant to the exercise of Incentive Stock Options under the Plan. Additionally, in the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grants pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under the Plan (and Shares subject to such Awards shall not be added to the Shares available for Awards under the Plan as provided above); provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Eligible Employees or Non-Employee Directors prior to such acquisition or combination.

4.3 Adjustments.

(a) The existence of the Plan and the Awards granted hereunder shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any merger or consolidation of the Company or any Affiliate, (iii) any issuance of bonds, debentures, or preferred or prior preference stock ahead of or affecting the Shares, (iv) the dissolution or liquidation of the Company or any Affiliate, (v) any sale or transfer of all or part of the assets or business of the Company or any Affiliate or (vi) any other corporate act or proceeding.

(b) Subject to the provisions of Section 11.1:

(i) If the Company at any time subdivides (by any split, recapitalization or otherwise) the outstanding Shares into a greater number of Shares, or combines (by reverse split, combination or otherwise) its outstanding Shares into a lesser number of Shares, then the respective exercise prices for outstanding Awards that provide for a Participant-elected exercise and the number of Shares covered by outstanding Awards shall be appropriately adjusted by the Committee to prevent dilution or enlargement of the rights granted to, or available for, Participants under the Plan.

(ii) Excepting transactions covered by Section 4.3(b)(i), if the Company effects any merger, consolidation, statutory exchange, spin-off, reorganization, sale or transfer of all or substantially all the Company's assets or business, or other corporate transaction or event in such a manner that the Company's outstanding Shares are converted into the right to receive (or the holders of Common Stock are entitled to receive in exchange therefor), either immediately or upon liquidation of the Company, securities or other property of the Company or other entity, then, subject to the provisions of Section 11.1, (A) the aggregate number or kind of securities that thereafter may be issued under the Plan, (B) the number or kind of securities or other property (including cash) to be issued pursuant to Awards granted under the Plan (including as a result of the assumption of the Plan and the obligations hereunder by a successor entity, as applicable), or (C) the exercise or purchase price thereof, shall be appropriately adjusted by the Committee to prevent dilution or enlargement of the rights granted to, or available for, Participants under the Plan.

(iii) If there shall occur any change in the capital structure of the Company other than those covered by Section 4.3(b)(i) or 4.3(b)(ii), any conversion, any adjustment, or any issuance of any class of securities convertible or exercisable into, or exercisable for, any class of equity securities of the Company, then the Committee shall adjust any Award and make such other adjustments to the Plan to prevent dilution or enlargement of the rights granted to, or available for, Participants under the Plan.

(iv) The Committee may adjust the Performance Goals applicable to any Awards to reflect any unusual or non-recurring events and other extraordinary items, impact of charges for restructurings, discontinued operations, and the cumulative effects of accounting or tax changes, each as defined by generally accepted accounting principles or as identified in the Company's financial statements, notes to the financial statements, management's discussion and analysis, or other Company public filing.

(v) Any such adjustment determined by the Committee pursuant to this Section 4.3(b) shall be final, binding and conclusive on the Company and all Participants and their respective heirs, executors, administrators, successors and permitted assigns. Any adjustment to, or assumption or substitution of, an Award under this Section 4.3(b) shall be intended to comply with the requirements of Section 409A of the Code and Treasury Regulation §1.424-1 (and any amendments thereto), to the extent applicable. Except as expressly provided in this Section 4.3 or in the applicable Award Agreement, a Participant shall have no additional rights under the Plan by reason of any transaction or event described in this Section 4.3.

ARTICLE V
ELIGIBILITY

5.1 **General Eligibility**. All current and prospective Eligible Individuals are eligible to be granted Awards. Eligibility for the grant of Awards and actual participation in the Plan shall be determined by the Committee in its sole discretion.

5.2 **Incentive Stock Options**. Notwithstanding the foregoing, only Eligible Employees who are employees of the Company, its Subsidiaries or its Parent (if any) are eligible to be granted Incentive Stock Options under the Plan. Eligibility for the grant of an Incentive Stock Option and actual participation in the Plan shall be determined by the Committee in its sole discretion.

5.3 **General Requirement**. The vesting and exercise of Awards granted to a prospective Eligible Individual are conditioned upon such individual actually becoming an Eligible Employee, Consultant or Non-Employee Director, as applicable.

ARTICLE VI
STOCK OPTIONS

6.1 **Options**. Stock Options may be granted alone or in addition to other Awards granted under the Plan. Each Stock Option granted under the Plan shall be of one of two types: (a) an Incentive Stock Option or (b) a Non-Qualified Stock Option.

6.2 **Grants**. The Committee shall have the authority to grant to any Eligible Employee one or more Incentive Stock Options, Non-Qualified Stock Options, or both types of Stock Options; provided, however, that Incentive Stock Options may only be granted to an Eligible Employee who is an employee of the Company, its Subsidiaries or its Parents (if any). The Committee shall have the authority to grant any Consultant or Non-Employee Director one or more Non-Qualified Stock Options. To the extent that any Stock Option does not qualify as an Incentive Stock Option (whether because of its provisions or the time or manner of its exercise or otherwise), such Stock Option or the portion thereof which does not so qualify shall constitute a separate Non-Qualified Stock Option.

6.3 **Terms of Options**. Options granted under the Plan shall be evidenced by an Award Agreement and subject to the following terms and conditions and shall be in such form and contain such additional terms and conditions not inconsistent with the terms of the Plan, as the Committee shall deem desirable:

(a) Exercise Price. The exercise price per Share subject to a Stock Option shall be determined by the Committee at the time of grant, *provided* that the per share exercise price of a Stock Option shall not be less than 100% (or, in the case of an Incentive Stock Option granted to a Ten Percent Stockholder, 110%) of the Fair Market Value at the time of grant.

(b) Stock Option Term. The term of each Stock Option shall be fixed by the Committee, *provided* that no Stock Option shall be exercisable more than ten (10) years (or, in the case of an Incentive Stock Option granted to a Ten Percent Stockholder, five (5) years) after the date the Option is granted.

(c) Exercisability. Unless otherwise provided by the Committee in accordance with the provisions of this Section 6.3, Stock Options granted under the Plan shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at the time of grant. The Committee may, but shall not be required to, provide for an acceleration of vesting and exercisability in the terms of any Award Agreement upon the occurrence of a specified event.

(d) Method of Exercise. Subject to whatever installment exercise and waiting period provisions apply under Section 6.3(c), to the extent vested, Stock Options may be exercised in whole or in part at any time during the Option term, by giving written notice of exercise (which may be electronic) to the Company specifying the number of Shares to be purchased. Such notice shall be accompanied by payment in full of the exercise price (which shall equal the product of such number of Shares to be purchased multiplied by the applicable exercise price). The exercise price for the Stock Options may be paid upon such terms and conditions as shall be established by the Committee and set forth in the applicable Award Agreement. Without limiting the foregoing, the Committee may establish payment terms for the exercise of Stock Options pursuant to which the Company may withhold a number of Shares that otherwise would be issued to the Participant in connection with the exercise of the Stock Option having a Fair Market Value on the date of exercise equal to the exercise price, or that permit the Participant to deliver cash or Shares with a Fair Market Value equal to the exercise price on the date of payment, or through a simultaneous sale through a broker of Shares acquired on exercise, all as permitted by Applicable Law. No Shares shall be issued until payment therefor, as provided herein, has been made or provided for.

(e) Non-Transferability of Options. No Stock Option shall be transferable by the Participant other than by will or by the laws of descent and distribution, and all Stock Options shall be exercisable, during the Participant's lifetime, only by the Participant. Notwithstanding the foregoing, the Committee may determine, in its sole discretion, at the time of grant or thereafter that a Non-Qualified Stock Option that is otherwise not transferable pursuant to this Section 6.3(e) is transferable to a Family Member in whole or in part and in such circumstances, and under such conditions, as specified by the Committee. A Non-Qualified Stock Option that is transferred to a Family Member pursuant to the preceding sentence (i) may not be subsequently transferred other than by will or by the laws of descent and distribution and (ii) remains subject to the terms of the Plan and the applicable Award Agreement. Any Shares acquired upon the exercise of a Non-Qualified Stock Option by a permissible transferee of a Non-Qualified Stock Option or a permissible transferee pursuant to a transfer after the exercise of the Non-Qualified Stock Option shall be subject to the terms of the Plan and the applicable Award Agreement.

(f) Termination by Death or Disability. Unless otherwise provided in the applicable Award Agreement, or otherwise determined by the Committee at the time of grant, or if no rights of the Participant are reduced, thereafter, if a Participant's Termination of Service is by reason of death or Disability, all Stock Options that are held by such Participant that are vested and exercisable at the time of the Participant's Termination of Service may be exercised by the Participant (or in the case of the Participant's death, by the legal representative of the Participant's estate) at any time within a period of one (1) year from the date of such Termination of Service, but in no event beyond the expiration of the stated term of such Stock Options; *provided, however*, that, in the event of a Participant's Termination of Service by reason of Disability, if the Participant dies within such exercise period, all unexercised Stock Options held by such Participant shall thereafter be exercisable, to the extent to which they were exercisable at the time of death, for a period of one (1) year from the date of such death, but in no event beyond the expiration of the stated term of such Stock Options.

(g) Involuntary Termination Without Cause. Unless otherwise provided in the applicable Award Agreement or otherwise determined by the Committee at the time of grant, or if no rights of the Participant are reduced, thereafter, if a Participant's Termination of Service is by involuntary termination by the Company without Cause, all Stock Options that are held by such Participant that are vested and exercisable at the time of the Participant's Termination of Service may be exercised by the Participant at any time within a period of ninety (90) days from the date of such Termination of Service, but in no event beyond the expiration of the stated term of such Stock Options.

(h) Voluntary Resignation. Unless otherwise provided in the applicable Award Agreement or otherwise determined by the Committee at the time of grant, or if no rights of the Participant are reduced, thereafter, if a Participant's Termination of Service is voluntary (other than a voluntary termination described in Section 6.3(i) hereof), all Stock Options that are held by such Participant that are vested and exercisable at the time of the Participant's Termination of Service may be exercised by the Participant at any time within a period of ninety (90) days from the date of such Termination of Service, but in no event beyond the expiration of the stated term of such Stock Options.

(i) Termination for Cause. Unless otherwise provided in the applicable Award Agreement or determined by the Committee at the time of grant, or if no rights of the Participant are reduced, thereafter, if a Participant's Termination of Service (x) is for Cause or (y) is a voluntary Termination of Service (as provided in Section 6.3(h)) after the occurrence of an event that would be grounds for a Termination of Service for Cause, all Stock Options, whether vested or not vested, that are held by such Participant shall thereupon immediately terminate and expire as of the date of such Termination of Service.

(j) Unvested Stock Options. Unless otherwise provided in the applicable Award Agreement or determined by the Committee at the time of grant, or if no rights of the Participant are reduced, thereafter, Stock Options that are not vested as of the date of a Participant's Termination of Service for any reason shall terminate and expire as of the date of such Termination of Service.

(k) Incentive Stock Option Limitations. To the extent that the aggregate Fair Market Value (determined as of the time of grant) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by an Eligible Employee during any calendar year under the Plan and/or any other stock option plan of the Company, any Subsidiary or any Parent exceeds $100,000, such Options shall be treated as Non-Qualified Stock Options. In addition, if an Eligible Employee does not remain employed by the Company, any Subsidiary or any Parent at all times from the time an Incentive Stock Option is granted until three (3) months prior to the date of exercise thereof (or such other period as required by Applicable Law), such Stock Option shall be treated as a Non-Qualified Stock Option. Should any provision of the Plan not be necessary in order for the Stock Options to qualify as Incentive Stock Options, or should any additional provisions be required, the Committee may amend the Plan accordingly, without the necessity of obtaining the approval of the stockholders of the Company.

(l) Modification, Extension and Renewal of Stock Options. The Committee may (i) modify, extend or renew outstanding Stock Options granted under the Plan (provided that the rights of a Participant are not reduced without such Participant's consent and *provided*, *further* that such action does not subject the Stock Options to Section 409A of the Code without the consent of the Participant), and (ii) accept the surrender of outstanding Stock Options (to the extent not theretofore exercised) and authorize the granting of new Stock Options in substitution therefor (to the extent not theretofore exercised). Notwithstanding the foregoing, an outstanding Option may not be modified to reduce the exercise price thereof nor may a new Option at a lower price be substituted for a surrendered Option (other than adjustments or substitutions in accordance with Article IV), unless such action is approved by the stockholders of the Company.

(m) Other Terms and Conditions. The Committee may include a provision in an Award Agreement providing for the automatic exercise of a Non-Qualified Stock Option on a cashless basis on the last day of the term of such Option if the Participant has failed to exercise the Non-Qualified Stock Option as of such date, with respect to which the Fair Market Value of the Shares underlying the Non-Qualified Stock Option exceeds the exercise price of such Non-Qualified Stock Option on the date of expiration of such Option, subject to Section 14.4. Stock Options may contain such other provisions, which shall not be inconsistent with any of the terms of the Plan, as the Committee shall deem appropriate.

ARTICLE VII
STOCK APPRECIATION RIGHTS

7.1 Stock Appreciation Rights. Stock Appreciation Rights may be granted alone ("Free Standing Stock Appreciation Right") or in conjunction with all or part of any Stock Option (a "Reference Stock Option") granted under the Plan ("Tandem Stock Appreciation Rights"). In the case of a Non-Qualified Stock Option, such rights may be granted either at or after the time of the grant of such Reference Stock Option. In the case of an Incentive Stock Option, such rights may be granted only at the time of the grant of such Reference Stock Option.

7.2 Terms of Stock Appreciation Rights. Stock Appreciation Rights granted under the Plan shall be evidenced by an Award Agreement and subject to the following terms and conditions and shall be in such form and contain such additional terms not inconsistent with the terms of the Plan, as the Committee shall deem desirable:

(a) Exercise Price. The exercise price per Share subject to a Stock Appreciation Right shall be determined by the Committee at the time of grant, *provided* that the per Share exercise price of a Stock Appreciation Right shall not be less than 100% of the Fair Market Value of the Shares at the time of grant, and *provided*, *further*, that the per Share exercise price of a Tandem Stock Appreciation Right shall not be less than the per Share exercise price of the Reference Stock Option.

(b) Term. The term of each Free Standing Stock Appreciation Right shall be fixed by the Committee, but shall not be greater than ten (10) years after the date the right is granted. A Tandem Stock Appreciation Right or applicable portion thereof granted with respect to a Reference Stock Option shall terminate and no longer be exercisable upon the termination or exercise of the Reference Stock Option, except that, unless otherwise determined by the Committee, in its sole discretion, at the time of grant, a Tandem Stock Appreciation Right granted with respect to less than the full number of Shares covered by the Reference Stock Option shall not be reduced until, and then only to the extent that the exercise or termination of the Reference Stock Option causes, the number of Shares covered by the Tandem Stock Appreciation Right to exceed the number of Shares remaining available and unexercised under the Reference Stock Option.

(c) Exercisability. Unless otherwise provided by the Committee, Free Standing Stock Appreciation Rights granted under the Plan shall be exercised at such time or times and subject to such terms and conditions as shall be determined by the Committee at the time of grant. The Committee may, but shall not be required to, provide for an acceleration of vesting and exercisability in terms of any Award Agreement upon the occurrence of a specified event. A Tandem Stock Appreciation Right shall be exercisable only at such time or times and to the extent that the Reference Stock Options to which they relate shall be exercisable in accordance with the provisions of Article VI, and shall be subject to the provisions of Section 6.3(c).

(d) Method of Exercise. Subject to whatever installment and waiting period provisions applied under Section 6.3(c), to the extent vested, a Free Standing Stock Appreciation Right may be exercised in whole or in part at any time in accordance with the applicable Award Agreement, by given written notice of exercise (which may be electronic) to the Company specifying the number of Stock Appreciation Rights being exercised. A Tandem Stock Appreciation Right may be exercised by the Participant by surrendering the applicable portion of the Reference Stock Option. Upon such exercise and surrender, the Participant shall be entitled to receive an amount determined in the manner prescribed in this Section 7.2. Stock Options which have been so surrendered, in whole or in part, shall no longer be exercisable to the extent that the related Tandem Stock Appreciation Rights have been exercised.

(e) Payment. Upon the exercise of a Free Standing Stock Appreciation Right a Participant shall be entitled to receive, for each right exercised, up to, but no more than, an amount in cash and/or Shares (as chosen by the Committee in its sole discretion) equal in value to the excess of the Fair Market Value of one (1) Share on the date that the right is exercised over the Fair Market Value of one (1) Share on the date that the right was awarded to the Participant. Upon the exercise of a Tandem Stock Appreciation Right, a Participant shall be entitled to receive up to, but no more than, an amount in cash and/or Shares (as chosen by the Committee in its sole discretion) equal in value to the excess of the Fair Market Value of one (1) Share over the Stock Option exercise price per Share specified in the Reference Stock Option Award Agreement multiplied by the number of Shares in respect of which the Tandem Stock Appreciation Right shall have been exercised, with the Committee having the right to determine the form of payment.

(f) Deemed Exercise of Reference Stock Option. Upon the exercise of a Tandem Stock Appreciation Right, the Reference Stock Option or part thereof to which such Stock Appreciation Right is related shall be deemed to have been exercised for the purpose of the limitation set forth in Article IV of the Plan on the number of Shares to be issued under the Plan.

(g) Termination. Unless otherwise determined by the Committee at grant or, if no rights of the Participant are reduced, thereafter, subject to the provisions of the applicable Award Agreement and the Plan, upon a Participant's Termination of Service for any reason, Free Standing Stock Appreciation Rights may remain exercisable following a Participant's Termination of Service on the same basis as Stock Options would be exercisable following a Participant's Termination of Service in accordance with the provisions of Sections 6.3(f) through 6.3(j).

(h) Non-Transferability. No Free Standing Stock Appreciation Rights shall not be transferable by the Participant other than by will or by the laws of descent and distribution, and all such rights shall be exercisable, during the Participant's lifetime, only by the Participant. Tandem Stock Appreciation Rights shall be transferable only when and to the extent that the underlying Stock Option would be transferable under Section 6.3(e) of the Plan.

(i) Modification, Extension, and Renewal of Stock Appreciation Rights. The Committee may (i) modify, extend or renew outstanding Stock Appreciation Rights granted under the Plan (*provided* that the rights of a Participant are not reduced without such Participant's consent and *provided*, *further*, that such action does not subject the Stock Appreciation Rights to Section 409A of the Code without the consent of the Participant), and (ii) accept the surrender of outstanding Stock Appreciation Rights (to the extent not theretofore exercised) and authorize the granting of new Stock Appreciation Rights in substitution therefor (to the extent not theretofore exercised). Notwithstanding the foregoing, an outstanding Stock Appreciation Right may not be modified to reduce the exercise price thereof nor may a new Stock Appreciation Right at a lower price be substituted for a surrendered Stock Appreciation Right (other than adjustments or substitutions in accordance with Article IV), unless such action is approved by the stockholders of the Company.

(j) Other Terms and Conditions. The Committee may include a provision in an Award Agreement providing for the automatic exercise of a Stock Appreciation Right on a cashless basis on the last day of the term of such Stock Appreciation Right if the Participant has failed to exercise the Stock Appreciation Right as of such date, with respect to which the Fair Market Value of the Shares underlying the Stock Appreciation Right exceeds the exercise price of such Stock Appreciation Right on the date of expiration of such Stock Appreciation Right, subject to Section 14.4. Stock Appreciation Rights may contain such other provisions, which shall not be inconsistent with any of the terms of the Plan, as the Committee shall deem appropriate.

ARTICLE VIII
RESTRICTED STOCK; RESTRICTED STOCK UNITS

8.1 Awards of Restricted Stock and Restricted Stock Units. Shares of Restricted Stock and Restricted Stock Units may be granted alone or in addition to other Awards granted under the Plan. The Committee shall determine the Eligible Individuals to whom, and the time or times at which, grants of Restricted Stock and/or Restricted Stock Units shall be made, the number of shares of Restricted Stock or Restricted Stock Units to be awarded, the price (if any) to be paid by the Participant (subject to Section 8.2), the time or times within which such Awards may be subject to forfeiture, the vesting schedule and rights to acceleration thereof, and all other terms and conditions of the Awards. The Committee shall determine and set forth in the Award Agreement the terms and conditions for each Restricted Stock and Restricted Stock Unit Award, subject to the conditions and limitations contained in the Plan, including any vesting or forfeiture conditions during the applicable restriction period. The Committee may condition the grant or vesting of Restricted Stock and Restricted Stock Units upon the attainment of specified performance targets (including the Performance Goals) or such other factor as the Committee may determine in its sole discretion.

8.2 <u>Awards and Certificates</u>. Restricted Stock and Restricted Stock Units granted under the Plan shall be evidenced by an Award Agreement and subject to the following terms and conditions and shall be in such form and contain such additional terms and conditions not inconsistent with the terms of the Plan, as the Committee shall deem desirable:

(a) Restricted Stock:

(i) Purchase Price. The purchase price of Restricted Stock shall be fixed by the Committee. The purchase price for shares of Restricted Stock may be zero to the extent permitted by Applicable Law, and, to the extent not so permitted, such purchase price may not be less than par value.

(ii) Legend. Each Participant receiving Restricted Stock shall be issued a stock certificate in respect of such shares of Restricted Stock, unless the Committee elects to use another system, such as book entries by the transfer agent, as evidencing ownership of shares of Restricted Stock. Such certificate shall be registered in the name of such Participant, and shall, in addition to such legends required by Applicable Law, bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock.

(iii) Custody. If stock certificates are issued in respect of shares of Restricted Stock, the Committee may require that any stock certificates evidencing such shares be held in custody by the Company until the restrictions thereon shall have lapsed, and that, as a condition of any grant of Restricted Stock, the Participant shall have delivered a duly signed stock power or other instruments of assignment (including a power of attorney), each endorsed in blank with a guarantee of signature if deemed necessary or appropriate by the Company, which would permit transfer to the Company of all or a portion of the shares subject to the Restricted Stock Award in the event that such Award is forfeited in whole or part.

(iv) Rights as a Stockholder. Except as provided in Section 8.3(a) and this Section 8.2(a) or as otherwise determined by the Committee in an Award Agreement, the Participant shall have, with respect to the shares of Restricted Stock, all of the rights of a holder of Shares, including, without limitation, the right to receive dividends, the right to vote such Shares and, subject to and conditioned upon the full vesting of shares of Restricted Stock, the right to tender such shares; *provided* that, the Award Agreement shall specify on what terms and conditions the applicable Participant shall be entitled to dividends payable on the Shares.

(v) Lapse of Restrictions. If and when the Restriction Period expires without a prior forfeiture of the Restricted Stock, the certificates for such Shares shall be delivered to the Participant. All legends shall be removed from said certificates at the time of delivery to the Participant, except as otherwise required by Applicable Law or other limitations imposed by the Committee.

(b) Restricted Stock Units:

(i) Settlement. The Committee may provide that settlement of Restricted Stock Units will occur upon or as soon as reasonably practical after the Restricted Stock Units vest or will instead be deferred, on a mandatory basis or at the Participant's election, in a manner intended to comply with Section 409A of the Code.

(ii) Right as a Stockholder. A Participant will have no rights of a stockholder with respect to Shares subject to any Restricted Stock Unit unless and until Shares are delivered in settlement of the Restricted Stock Units.

(iii) Dividend Equivalents. If the Committee so provides, a grant of Restricted Stock Units may provide a Participant with the right to receive Dividend Equivalents. Dividend Equivalents may be paid currently or credited to an account for the Participant, settled in cash or Shares and subject to the same restrictions on transferability and forfeitability as the Restricted Stock Units with respect to which the Dividend Equivalents are granted and subject to other terms and conditions as set forth in the Award Agreement.

8.3 Restrictions and Conditions.

(a) Restriction Period.

(i) The Participant shall not be permitted to transfer shares of Restricted Stock awarded under the Plan or vest in Restricted Stock Units during the period or periods set by the Committee (the "Restriction Period") commencing on the date of such Award, as set forth in the applicable Award Agreement and such agreement shall set forth a vesting schedule and any event that would accelerate vesting of the Restricted Stock and/or Restricted Stock Units. Within these limits, based on service, attainment of Performance Goals pursuant to Section 8.3(a)(ii) and/or such other factors or criteria as the Committee may determine in its sole discretion, the Committee may condition the grant or provide for the lapse of such restrictions in installments in whole or in part, or may accelerate the vesting of all or any part of any Restricted Stock Award or Restricted Stock Unit and/or waive the deferral limitations for all or any part of any Award.

(ii) If the grant of shares of Restricted Stock or Restricted Stock Units or the lapse of restrictions or vesting schedule is based on the attainment of Performance Goals, the Committee shall establish the objective Performance Goals and the applicable vesting percentage applicable to each Participant or class of Participants in the applicable Award Agreement prior to the beginning of the applicable fiscal year or at such later date as otherwise determined by the Committee and while the outcome of the Performance Goals are substantially uncertain. Such Performance Goals may incorporate provisions for disregarding (or adjusting for) changes in accounting methods, corporate transactions (including, without limitation, dispositions and acquisitions), and other similar types of events or circumstances.

(b) Termination. Unless otherwise provided in the applicable Award Agreement or determined by the Committee at grant or, if no rights of the Participant are reduced, thereafter, upon a Participant's Termination of Service for any reason during the relevant Restriction Period, all Restricted Stock or Restricted Stock Units still subject to restriction will be forfeited in accordance with the terms and conditions established by the Committee at grant or thereafter.

ARTICLE IX
PERFORMANCE AWARDS

9.1 **Performance Awards**. The Committee may grant a Performance Award to a Participant payable upon the attainment of specific Performance Goals either alone or in addition to other Awards granted under the Plan. The Performance Goals to be achieved during the Performance Period and the length of the Performance Period shall be determined by the Committee upon the grant of each Performance Award. The conditions for grant or vesting and the other provisions of Performance Awards (including, without limitation, any applicable Performance Goals) need not be the same with respect to each Participant. Performance Awards may be paid in cash, Shares, other property or any combination thereof, in the sole discretion of the Committee as set forth in the applicable Award Agreement.

ARTICLE X
OTHER STOCK-BASED AND CASH AWARDS

10.1 **Other Stock-Based Awards**. The Committee is authorized to grant to Eligible Individuals Other Stock-Based Awards that are payable in, valued in whole or in part by reference to, or otherwise based on or related to Shares, including but not limited to, Shares awarded purely as a bonus and not subject to restrictions or conditions, Shares in payment of the amounts due under an incentive or performance plan sponsored or maintained by the Company, stock equivalent units, and Awards valued by reference to book value of Shares. Other Stock-Based Awards may be granted either alone or in addition to or in tandem with other Awards granted under the Plan.

Subject to the provisions of the Plan, the Committee shall have authority to determine the Eligible Individuals, to whom, and the time or times at which, such Awards shall be made, the number of Shares to be awarded pursuant to such Awards, and all other conditions of the Awards. The Committee may also provide for the grant of Shares under such Awards upon the completion of a specified Performance Period. The Committee may condition the grant or vesting of Other Stock-Based Awards upon the attainment of specified Performance Goals as the Committee may determine, in its sole discretion.

10.2 **Terms and Conditions**. Other Stock-Based Awards made pursuant to this Article X shall be evidenced by an Award Agreement and subject to the following terms and conditions and shall be in such form and contain such additional terms and conditions not inconsistent with the terms of the Plan, as the Committee shall deem desirable:

(a) Non-Transferability. Subject to the applicable provisions of the Award Agreement and the Plan, Shares subject to Awards made under this Article X may not be transferred prior to the date on which the Shares are issued, or, if later, the date on which any applicable restriction, performance or deferral period lapses.

(b) Dividends. Unless otherwise determined by the Committee at the time of the grant of an Award, subject to the provisions of the Award Agreement and the Plan, the recipient of an Award under this Article X shall not be entitled to receive, currently or on a deferred basis, dividends or Dividend Equivalents in respect of the number of Shares covered by the Award.

(c) Vesting. Any Award under this Article X and any Shares covered by any such Award shall vest or be forfeited to the extent so provided in the Award Agreement, as determined by the Committee, in its sole discretion.

(d) Price. Shares under this Article X may be issued for no cash consideration. Shares purchased pursuant to a purchase right awarded under this Article X shall be priced, as determined by the Committee in its sole discretion.

10.3 Cash Awards. The Committee may from time to time grant Cash Awards to Eligible Individuals in such amounts, on such terms and conditions, and for such consideration, including no consideration or such minimum consideration as may be required by Applicable Law, as it shall determine in its sole discretion. Cash Awards may be granted subject to the satisfaction of vesting conditions or may be awarded purely as a bonus and not subject to restrictions or conditions, and if subject to vesting conditions, the Committee may accelerate the vesting of such Awards at any time in its sole discretion. The grant of a Cash Award shall not require a segregation of any of the Company's assets for satisfaction of the Company's payment obligation thereunder.

ARTICLE XI
CHANGE IN CONTROL PROVISIONS

11.1 Benefits. In the event of a Change in Control, and except as otherwise provided by the Committee in an Award Agreement, a Participant's unvested Awards shall not vest automatically and a Participant's Awards shall be treated in accordance with one or more of the following methods as determined by the Committee:

(a) Awards, whether or not then vested, shall be continued, be assumed, or have new rights substituted therefor, as determined by the Committee in a manner consistent with the requirements of Section 409A of the Code, and restrictions to which shares of Restricted Stock or any other Award granted prior to the Change in Control are subject shall not lapse upon a Change in Control and the Restricted Stock or other Award shall, where appropriate in the sole discretion of the Committee, receive the same distribution as other Shares on such terms as determined by the Committee; *provided* that the Committee may decide to award additional Restricted Stock or other Awards in lieu of any cash distribution. Notwithstanding anything to the contrary herein, for purposes of Incentive Stock Options, any assumed or substituted Stock Option shall comply with the requirements of Treasury Regulation Section 1.424-1 (and any amendment thereto).

(b) The Committee, in its sole discretion, may provide for the purchase of any Awards by the Company for an amount of cash equal to the excess (if any) of the Change in Control Price of the Shares covered by such Awards, over the aggregate exercise price of such Awards; *provided, however*, that if the exercise price of an Option or Stock Appreciation Right exceeds the Change in Control Price, such Award may be cancelled for no consideration.

(c) The Committee may, in its sole discretion, terminate all outstanding and unexercised Stock Options, Stock Appreciation Rights, or any Other Stock-Based Award that provides for a Participant-elected exercise, effective as of the date of the Change in Control, by delivering notice of termination to each Participant at least twenty (20) days prior to the date of consummation of the Change in Control, in which case during the period from the date on which such notice of termination is delivered to the consummation of the Change in Control, each such Participant shall have the right to exercise in full all of such Participant's Awards that are then outstanding (without regard to any limitations on exercisability otherwise contained in the Award Agreements), but any such exercise shall be contingent on the occurrence of the Change in Control, and, *provided* that, if the Change in Control does not take place within a specified period after giving such notice for any reason whatsoever, the notice and exercise pursuant thereto shall be null and void.

(d) Notwithstanding any other provision herein to the contrary, the Committee may, in its sole discretion, provide for accelerated vesting or lapse of restrictions, of an Award at any time.

ARTICLE XII
TERMINATION OR AMENDMENT OF PLAN

Notwithstanding any other provision of the Plan, the Board or the Committee may at any time, and from time to time, amend, in whole or in part, any or all of the provisions of the Plan (including any amendment deemed necessary to ensure that the Company may comply with any Applicable Law), or suspend or terminate it entirely, retroactively or otherwise; provided, however, that, unless otherwise required by Applicable Law or specifically provided herein, the rights of a Participant with respect to Awards granted prior to such amendment, suspension or termination, may not be impaired without the consent of such Participant and, provided further, that without the approval of the holders of the Shares entitled to vote in accordance with Applicable Law, no amendment may be made that would (i) increase the aggregate number of Shares that may be issued under the Plan (except by operation of Article IV); (ii) change the classification of individuals eligible to receive Awards under the Plan; (iii) reduce the exercise price of any Stock Option or Stock Appreciation Right; (iv) grant a new Stock Option, Stock Appreciation Right or other Award in substitution for, or upon the cancellation of, any previously granted Stock Option or Stock Appreciation Right that has the effect of reducing the exercise price thereof; (v) exchange any Stock Option or Stock Appreciation Right for Common Stock, cash or other consideration when the exercise price per Share under such Stock Option or Stock Appreciation Right exceeds the Fair Market Value of a Share; or (vi) take any other action that would be considered a "repricing" of a Stock Option or Stock Appreciation Right under the applicable listing standards of the national exchange on which the Common Stock is listed (if any). Notwithstanding anything herein to the contrary, the Board or the Committee may amend the Plan or any Award Agreement at any time without a Participant's consent to comply with Applicable Law, including Section 409A of the Code. The Committee may amend the terms of any Award theretofore granted, prospectively or retroactively, but, subject to Article IV or as otherwise specifically provided herein, no such amendment or other action by the Committee shall impair the rights of any holder without the holder's consent.

ARTICLE XIII
UNFUNDED STATUS OF PLAN

The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payment as to which a Participant has a fixed and vested interest but which is not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any right that is greater than those of a general unsecured creditor of the Company.

ARTICLE XIV
GENERAL PROVISIONS

14.1 **Legend**. The Committee may require each person receiving Shares pursuant to a Stock Option or other Award under the Plan to represent to and agree with the Company in writing that the Participant is acquiring the Shares without a view to distribution thereof. In addition to any legend required by the Plan, the certificates for such Shares may include any legend that the Committee deems appropriate to reflect any restrictions on transfer. All certificates for Shares delivered under the Plan shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Common Stock is then listed or any national securities exchange system upon whose system the Common Stock is then quoted, and any Applicable Law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions. If the Shares are held in book-entry form, then the book-entry will indicate any restrictions on such Shares.

14.2 **Other Plans**. Nothing contained in the Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required, and such arrangements may be either generally applicable or applicable only in specific cases.

14.3 **No Right to Employment/Directorship/Consultancy**. Neither the Plan nor the grant of any Award hereunder shall give any Participant or other employee, Consultant or Non-Employee Director any right with respect to continuance of employment, consultancy or directorship by the Company or any Affiliate, nor shall there be a limitation in any way on the right of the Company or any Affiliate by which an employee is employed or a Consultant or Non-Employee Director is retained to terminate such employment, consultancy or directorship at any time.

14.4 **Withholding of Taxes**. A Participant shall be required to pay to the Company or one of its Affiliates, as applicable, or make arrangements satisfactory to the Company regarding the payment of, any income tax, social insurance contribution or other applicable taxes that are required to be withheld in respect of an Award. The Committee may (but is not obligated to), in its sole discretion, permit or require a Participant to satisfy, all or any portion of the applicable taxes that are required to be withheld with respect to an Award by (a) the delivery of Shares (which are not subject to any pledge or other security interest) that have been both held by the Participant and vested for at least six (6) months (or such other period as established from time to time by the Committee in order to avoid adverse accounting treatment under applicable accounting standards) having an aggregate Fair Market Value equal to such withholding liability (or portion thereof); (b) having the Company withhold from the Shares otherwise issuable or deliverable to, or that would otherwise be retained by, the Participant upon the grant, exercise, vesting or settlement of the Award, as applicable, a number of Shares with an aggregate Fair Market Value equal to the amount of such withholding liability; or (c) by any other means specified in the applicable Award Agreement or otherwise determined by the Committee.

14.5 **Fractional Shares**. No fractional Shares shall be issued or delivered pursuant to the Plan. The Committee shall determine whether cash, additional Awards or other securities or property shall be used or paid in lieu of fractional Shares or whether any fractional shares should be rounded, forfeited or otherwise eliminated.

14.6 No Assignment of Benefits. No Award or other benefit payable under the Plan shall, except as otherwise specifically provided by law or permitted by the Committee, be transferable in any manner, and any attempt to transfer any such benefit shall be void, and any such benefit shall not in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such benefit, nor shall it be subject to attachment or legal process for or against such person.

14.7 Clawback Provisions. All Awards (including any proceeds, gains or other economic benefit the Participant actually or constructively receives upon receipt or exercise of any Award or the receipt or resale of any Shares underlying the Award) will be subject to any Company clawback policy, including any clawback policy adopted to comply with Applicable Laws (including the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder) as set forth in such clawback policy or the Award Agreement.

14.8 Listing and Other Conditions.

(a) Unless otherwise determined by the Committee, as long as the Common Stock is listed on a national securities exchange or system sponsored by a national securities association, the issuance of Shares pursuant to an Award shall be conditioned upon such Shares being listed on such exchange or system. The Company shall have no obligation to issue such shares unless and until such Shares are so listed, and the right to exercise any Option or other Award with respect to such Shares shall be suspended until such listing has been effected.

(b) If at any time counsel to the Company shall be of the opinion that any sale or delivery of Shares pursuant to an Award is or may in the circumstances be unlawful or result in the imposition of excise taxes on the Company under Applicable Law, the Company shall have no obligation to make such sale or delivery, or to make any application or to effect or to maintain any qualification or registration under the Securities Act or otherwise, with respect to Shares or Awards, and the right to exercise any Option or other Award shall be suspended until, in the opinion of said counsel, such sale or delivery shall be lawful or will not result in the imposition of excise taxes on the Company.

(c) Upon termination of any period of suspension under this Section 14.8, any Award affected by such suspension which shall not then have expired or terminated shall be reinstated as to all Shares available before such suspension and as to Shares which would otherwise have become available during the period of such suspension, but no such suspension shall extend the term of any Award.

(d) A Participant shall be required to supply the Company with certificates, representations and information that the Company requests and otherwise cooperate with the Company in obtaining any listing, registration, qualification, exemption, consent or approval the Company deems necessary or appropriate.

14.9 Governing Law. The Plan and actions taken in connection herewith shall be governed and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws.

14.10 Construction. Wherever any words are used in the Plan in the masculine gender they shall be construed as though they were also used in the feminine gender in all cases where they would so apply, and wherever words are used herein in the singular form they shall be construed as though they were also used in the plural form in all cases where they would so apply.

14.11 Other Benefits. No Award granted or paid out under the Plan shall be deemed compensation for purposes of computing benefits under any retirement plan of the Company or its Affiliates or affect any benefit or compensation under any other plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation.

14.12 Costs. The Company shall bear all expenses associated with administering the Plan, including expenses of issuing Shares pursuant to Awards hereunder.

14.13 No Right to Same Benefits. The provisions of Awards need not be the same with respect to each Participant, and such Awards to individual Participants need not be the same in subsequent years.

14.14 Death/Disability. The Committee may in its discretion require the transferee of a Participant to supply it with written notice of the Participant's death or Disability and to supply it with a copy of the will (in the case of the Participant's death) or such other evidence as the Committee deems necessary to establish the validity of the transfer of an Award. The Committee may also require the agreement of the transferee to be bound by all of the terms and conditions of the Plan.

14.15 Section 16(b) of the Exchange Act. It is the intent of the Company that the Plan satisfy, and be interpreted in a manner that satisfies, the applicable requirements of Rule 16b-3 as promulgated under Section 16 of the Exchange Act so that Participants will be entitled to the benefit of Rule 16b-3, or any other rule promulgated under Section 16 of the Exchange Act, and will not be subject to short-swing liability under Section 16 of the Exchange Act. Accordingly, if the operation of any provision of the Plan would conflict with the intent expressed in this Section 14.15, such provision to the extent possible shall be interpreted and/or deemed amended so as to avoid such conflict.

14.16 Deferral of Awards. The Committee may establish one or more programs under the Plan to permit selected Participants the opportunity to elect to defer receipt of consideration upon exercise of an Award, satisfaction of performance criteria, or other event that absent the election would entitle the Participant to payment or receipt of Shares or other consideration under an Award. The Committee may establish the election procedures, the timing of such elections, the mechanisms for payments of, and accrual of interest or other earnings, if any, on amounts, Shares or other consideration so deferred, and such other terms, conditions, rules and procedures that the Committee deems advisable for the administration of any such deferral program.

14.17 Section 409A of the Code. The Plan and Awards are intended to comply with or be exempt from the applicable requirements of Section 409A of the Code and shall be limited, construed and interpreted in accordance with such intent. To the extent that any Award is subject to Section 409A of the Code, it shall be paid in a manner that will comply with Section 409A of the Code, including proposed, temporary or final regulations or any other guidance issued by the Secretary of the Treasury and the Internal Revenue Service with respect thereto. Notwithstanding anything herein to the contrary, any provision in the Plan that is inconsistent with Section 409A of the Code shall be deemed to be amended to comply with or be exempt from Section 409A of the Code and to the extent such provision cannot be amended to comply therewith or be exempt therefrom, such provision shall be null and void. The Company shall have no liability to a Participant, or any other party, if an Award that is intended to be exempt from, or compliant with, Section 409A of the Code is not so exempt or compliant or for any action taken by the Committee or the Company and, in the event that any amount or benefit under the Plan becomes subject to penalties under Section 409A of the Code, responsibility for payment of such penalties shall rest solely with the affected Participants and not with the Company. Notwithstanding any contrary provision in the Plan or Award Agreement, any payment(s) of "nonqualified deferred compensation" (within the meaning of Section 409A of the Code) that are otherwise required to be made under the Plan to a "specified employee" (as defined under Section 409A of the Code) as a result of such employee's separation from service (other than a payment that is not subject to Section 409A of the Code) shall be delayed for the first six (6) months following such separation from service (or, if earlier, until the date of death of the specified employee) and shall instead be paid (in a manner set forth in the Award Agreement) upon expiration of such delay period.

14.18 Successor and Assigns. The Plan shall be binding on all successors and permitted assigns of a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate.

14.19 Severability of Provisions. If any provision of the Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and the Plan shall be construed and enforced as if such provisions had not been included.

14.20 Headings and Captions. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

ARTICLE XV
EFFECTIVE DATE OF PLAN

The Plan shall become effective on June 22, 2021, which is the date of its adoption by the Board, subject to the approval of the Plan by the stockholders of the Company in accordance with the requirements of the laws of the State of Delaware.

ARTICLE XVI
TERM OF PLAN

No Award shall be granted pursuant to the Plan on or after the tenth (10th) anniversary of the earlier of the date that the Plan is adopted or the date of stockholder approval, but Awards granted prior to such tenth (10th) anniversary may extend beyond that date.

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-277148) and Form S-8 (No. 333-257738) of Torrid Holdings Inc. of our report dated March 31, 2026 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Los Angeles, California
March 31, 2026

EXHIBIT 31.1

CERTIFICATION BY CHIEF EXECUTIVE OFFICER PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Lisa Harper, certify that:

1. I have reviewed this Annual Report on Form 10-K of Torrid Holdings 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

Date:	March 31, 2026	By:	/s/ LISA HARPER
			Lisa Harper
			Chief Executive Officer and Director
			(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION BY CHIEF FINANCIAL OFFICER PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Paula Dempsey, certify that:

1. I have reviewed this Annual Report on Form 10-K of Torrid Holdings 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

Date:	March 31, 2026	By:	/s/ PAULA DEMPSEY
			Paula Dempsey
			Chief Financial Officer
			(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION BY CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Annual Report of Torrid Holdings Inc. (the “Company”) on Form 10-K for the year ended January 31, 2026 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Lisa Harper, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	March 31, 2026	By:	/s/ LISA HARPER
			Lisa Harper
			Chief Executive Officer and Director
			(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION BY CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Annual Report of Torrid Holdings Inc. (the "Company") on Form 10-K for the year ended January 31, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paula Dempsey, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	March 31, 2026	By:	/s/ PAULA DEMPSEY
			Paula Dempsey
			Chief Financial Officer
			(Principal Financial Officer)