

Table of Contents

	<u>PAGE</u>
	<u>Part I - Financial Information</u>
Item 1.	<u>Financial Statements (unaudited)</u>
	<u>Condensed Consolidated Balance Sheets as of May 4, 2024 and February 3, 2024</u>
	<u>Condensed Consolidated Statements of Operations and Comprehensive Income for the three months ended May 4, 2024 and April 29, 2023</u>
	<u>Condensed Consolidated Statements of Stockholders' Deficit for the three months ended May 4, 2024 and April 29, 2023</u>
	<u>Condensed Consolidated Statements of Cash Flows for the three months ended May 4, 2024 and April 29, 2023</u>
	<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>
Item 4.	<u>Controls and Procedures</u>
	<u>Part II - Other Information</u>
Item 1.	<u>Legal Proceedings</u>
Item 1A.	<u>Risk Factors</u>
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>
Item 3.	<u>Defaults Upon Senior Securities</u>
Item 4.	<u>Mine Safety Disclosures</u>
Item 5.	<u>Other Information</u>
Item 6.	<u>Exhibits</u>
	<u>Signatures</u>

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q 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"), and 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 Quarterly Report on Form 10-Q 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 could cause actual results to differ materially from those that we expected, including:

- the adverse impact of rulemaking changes implemented by the Consumer Financial Protection Bureau on our income streams, profitability and results of operations;
- changes in consumer spending and general economic conditions;
- the negative impact on interest expense as a result of rising 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 and respond to new and changing product trends, customer preferences and other related factors;
- 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 adapt to consumer shopping preferences and 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;
- interruptions of the flow of our merchandise from international manufacturers causing disruptions in our supply chain;
- our sourcing a significant amount of our products from China;
- 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;
- 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;
- 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;
- 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 long-lived assets;
- our failure to maintain adequate internal control over financial reporting; and
- the threat of war, terrorism or other catastrophes that could negatively impact our business.

The outcome of the events described in any of our forward-looking statements are also subject to risks, uncertainties and other factors described in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on April 2, 2024 and in our other filings with the SEC and public communications. You should evaluate all forward-looking statements made in this Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q 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. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

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.

Part I - Financial Information

Item 1. Financial Statements (Unaudited)

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

	May 4, 2024	February 3, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 20,465	\$ 11,735
Restricted cash	399	399
Inventory	144,808	142,199
Prepaid expenses and other current assets	27,032	22,229
Prepaid income taxes	1,592	2,561
Total current assets	194,296	179,123
Property and equipment, net	98,455	103,516
Operating lease right-of-use assets	153,931	162,444
Deposits and other noncurrent assets	15,915	14,783
Deferred tax assets	8,681	8,681
Intangible asset	8,400	8,400
Total assets	\$ 479,678	\$ 476,947
Liabilities and stockholders' deficit		
Current liabilities:		
Accounts payable	\$ 58,850	\$ 46,183
Accrued and other current liabilities	108,764	107,750
Operating lease liabilities	36,050	42,760
Borrowings under credit facility	—	7,270
Current portion of term loan	16,144	16,144
Due to related parties	8,519	9,329
Income taxes payable	5,996	2,671
Total current liabilities	234,323	232,107
Noncurrent operating lease liabilities	147,730	155,825
Term loan	284,517	288,553
Deferred compensation	5,259	5,474
Other noncurrent liabilities	6,489	6,705
Total liabilities	678,318	688,664
Commitments and contingencies (Note 15)		
Stockholders' deficit		
Preferred shares: \$ 0.01 par value; 5,000,000 shares authorized; zero shares issued and outstanding at May 4, 2024 and February 3, 2024	—	—
Common shares: \$ 0.01 par value; 1,000,000,000 shares authorized; 104,345,896 shares issued and outstanding at May 4, 2024; 104,204,554 shares issued and outstanding at February 3, 2024	1,044	1,043
Additional paid-in capital	136,133	135,140
Accumulated deficit	(335,415)	(347,587)
Accumulated other comprehensive loss	(402)	(313)
Total stockholders' deficit	(198,640)	(211,717)
Total liabilities and stockholders' deficit	\$ 479,678	\$ 476,947

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

TORRID HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME
(UNAUDITED)
(In thousands, except per share data)

	Three Months Ended	
	May 4, 2024	April 29, 2023
Net sales	\$ 279,771	\$ 293,854
Cost of goods sold	164,350	183,212
Gross profit	115,421	110,642
Selling, general and administrative expenses	76,466	71,228
Marketing expenses	12,812	13,351
Income from operations	26,143	26,063
Interest expense	9,377	9,468
Other expense, net of other income	110	60
Income before provision for income taxes	16,656	16,535
Provision for income taxes	4,484	4,727
Net income	<u><u>\$ 12,172</u></u>	<u><u>\$ 11,808</u></u>
Comprehensive income:		
Net income	\$ 12,172	\$ 11,808
Other comprehensive loss:		
Foreign currency translation adjustment	(89)	(170)
Total other comprehensive loss	<u><u>(89)</u></u>	<u><u>(170)</u></u>
Comprehensive income	<u><u>\$ 12,083</u></u>	<u><u>\$ 11,638</u></u>
Net earnings per share:		
Basic	\$ 0.12	\$ 0.11
Diluted	\$ 0.12	\$ 0.11
Weighted average number of shares:		
Basic	104,268	103,800
Diluted	105,247	104,027

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

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

Three Months Ended May 4, 2024

	Three Months Ended May 4, 2024					Total Stockholders' Deficit
	Common Shares		Additional Paid-In Capital	Accumulated Deficit	Other Comprehensive Loss	
	Shares	Amount				
Balance at February 3, 2024	104,205	\$ 1,043	\$ 135,140	\$ (347,587)	\$ (313)	\$ (211,717)
Net income	—	—	—	12,172	—	12,172
Issuance of common shares and withholding tax payments related to vesting of restricted stock awards and restricted stock units	141	1	(297)	—	—	(296)
Share-based compensation	—	—	1,290	0	—	1,290
Other comprehensive loss	—	—	—	—	(89)	(89)
Balance at May 4, 2024	104,346	1,044	136,133	(335,415)	(402)	(198,640)

Three Months Ended April 29, 2023

	Three Months Ended April 29, 2023					Total Stockholders' Deficit
	Common Shares		Additional Paid-In Capital	Accumulated Deficit	Other Comprehensive Loss	
	Shares	Amount				
Balance at January 28, 2023	103,775	\$ 1,038	\$ 128,205	\$ (359,206)	\$ (261)	\$ (230,224)
Net income	—	—	—	11,808	—	11,808
Issuance of common shares and withholding tax payments related to vesting of restricted stock awards and restricted stock units	53	1	(124)	—	—	(123)
Share-based compensation	—	—	2,377	—	—	2,377
Other comprehensive loss	—	—	—	—	(170)	(170)
Balance at April 29, 2023	103,828	1,039	130,458	(347,398)	(431)	(216,332)

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

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

	Three Months Ended May 4, 2024	Three Months Ended April 29, 2023
OPERATING ACTIVITIES		
Net income	\$ 12,172	\$ 11,808
Adjustments to reconcile net income to net cash provided by operating activities:		
Write down of inventory	685	732
Operating right-of-use assets amortization	10,169	9,982
Depreciation and other amortization	9,639	9,617
Share-based compensation	1,658	2,488
Other	(590)	(742)
Changes in operating assets and liabilities:		
Inventory	(3,431)	4,402
Prepaid expenses and other current assets	(4,803)	(1,827)
Prepaid income taxes	969	231
Deposits and other noncurrent assets	(1,176)	(1,057)
Accounts payable	12,911	1,458
Accrued and other current liabilities	3,126	(16,667)
Operating lease liabilities	(15,840)	(10,052)
Other noncurrent liabilities	(165)	(170)
Deferred compensation	(215)	295
Due to related parties	(810)	(2,957)
Income taxes payable	3,325	3,682
Net cash provided by operating activities	<u>27,624</u>	<u>11,223</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	(7,008)	(5,660)
Net cash used in investing activities	<u>(7,008)</u>	<u>(5,660)</u>
FINANCING ACTIVITIES		
Proceeds from revolving credit facility	62,780	197,020
Principal payments on revolving credit facility	(70,050)	(193,450)
Principal payments on term loan	(4,375)	(4,375)
Proceeds from issuances under share-based compensation plans	86	129
Withholding tax payments related to vesting of restricted stock units and awards	(300)	(124)
Net cash used in financing activities	<u>(11,859)</u>	<u>(800)</u>
Effect of foreign currency exchange rate changes on cash, cash equivalents and restricted cash	(27)	(72)
Increase in cash, cash equivalents and restricted cash	8,730	4,691
Cash, cash equivalents and restricted cash at beginning of period	12,134	13,935
Cash, cash equivalents and restricted cash at end of period	<u>\$ 20,864</u>	<u>\$ 18,626</u>
SUPPLEMENTAL INFORMATION		
Cash paid during the period for interest related to the revolving credit facility and term loan	\$ 9,709	\$ 9,065
Cash paid during the period for income taxes	\$ 201	\$ 834
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Property and equipment purchases included in accounts payable and accrued liabilities	\$ 1,927	\$ 2,241

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

TORRID HOLDINGS INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

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 year 2024 is a 52-week year 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 2024" or similar references refer to the fiscal year ending February 1, 2025. References to the first quarter of fiscal years 2024 and 2023 and to the three-month periods ended May 4, 2024 and April 29, 2023, respectively, refer to the 13-week periods then ended.

Basis of Presentation and Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial information. Accordingly, the interim financial statements do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair statement of the results for the interim periods presented have been included. Operating results for the three-month periods ended May 4, 2024 and April 29, 2023 are not necessarily indicative of the results that may be expected for any future interim periods, the fiscal year ending February 1, 2025, or for any future fiscal year.

The condensed consolidated balance sheet information at February 3, 2024 has been derived from the audited consolidated financial statements at that date, but does not include all of the disclosures required by GAAP. The accompanying unaudited condensed consolidated financial statements and related footnotes should be read in conjunction with our audited consolidated financial statements and notes thereto in our Annual Report on Form 10-K for the fiscal year ended February 3, 2024. The unaudited condensed consolidated financial statements include Torrid and those of our wholly owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

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.

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, who we have determined to be our Chief Executive Officer, manages and evaluates performance and allocates resources. Net sales related to our operations in Canada and Puerto Rico during the three-month periods ended May 4, 2024 and April 29, 2023 were not material, and therefore are not reported separately from domestic net sales.

Store Pre-Opening Costs

Costs incurred in connection with the opening of new stores, store remodels or relocations are expensed as incurred in selling, general and administrative expenses in our condensed consolidated statements of operations and comprehensive income. We incurred \$ 0.4 million and \$ 0.3 million of pre-opening costs during the three-month periods ended May 4, 2024 and April 29, 2023, respectively.

Note 2. Accounting Standards

Recently Adopted Accounting Standards during the Three-Month Period Ended May 4, 2024

We did not adopt any new accounting standards during the three-month period ended May 4, 2024 .

Accounting Standards Not Yet Adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"). ASU 2023-07 will affect reportable segment disclosure requirements, primarily by requiring enhanced disclosures about significant segment expenses on an interim and annual basis. ASU 2023-07 will be effective for us on February 1, 2025, with the option to early adopt at any time prior to the effective date and will require adoption on a retrospective basis. We are currently evaluating the impact of the standard on our financial statements and disclosures.

In December 2023, the FASB issued 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. ASU 2023-09 will be effective for us on February 1, 2025, with the option to early adopt at any time prior to the effective date and will require adoption on either a prospective or retrospective basis. We are currently evaluating the impact of the standard on our financial statements and disclosures.

Note 3. 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 at least once during the year to determine actual inventory on hand and shrinkage. We accrue our estimated inventory shrinkage in our stores for the period between the last physical count and current balance sheet date.

Note 4. Prepaid Expenses and Other Current Assets

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

	May 4, 2024	February 3, 2024
Prepaid and other information technology expenses	16,128	10,975
PLCC Funds receivable	2,197	2,759
Prepaid advertising	793	389
Prepaid casualty insurance	1,231	2,489
Other	6,683	5,617
Prepaid expenses and other current assets	<u>\$ 27,032</u>	<u>\$ 22,229</u>

Note 5. Property and Equipment

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

	May 4, 2024	February 3, 2024
Property and equipment, at cost		
Leasehold improvements	\$ 190,521	\$ 187,114
Furniture, fixtures and equipment	121,329	122,746
Software and licenses	14,902	14,809
Construction-in-progress	3,869	3,241
	<u>330,621</u>	<u>327,910</u>
Less: Accumulated depreciation and amortization	(232,166)	(224,394)
Property and equipment, net	<u>\$ 98,455</u>	<u>\$ 103,516</u>

We recorded depreciation expense related to our property and equipment in the amounts of \$ 9.3 million and \$ 9.2 million during the three-month periods ended May 4, 2024 and April 29, 2023, respectively.

We group and evaluate long-lived assets for impairment at the individual store level, which is the lowest level at which individual cash flows can be identified. During the three-month periods ended May 4, 2024 and April 29, 2023, we did not recognize any impairment charges.

Note 6. 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, maintenance and data conversion costs are expensed. Subsequent implementation costs are deferred only to the extent that they constitute major enhancements. The short-term portion of deferred implementation costs are included in prepaid expenses and other current assets in the condensed consolidated balance sheets, while the long-term portion of deferred implementation 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 in the condensed consolidated statements of operations and comprehensive income.

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

	May 4, 2024	February 3, 2024
Internal use of third party hosted software, gross	\$ 31,779	\$ 28,516
Less: Accumulated amortization	(12,969)	(11,360)
Internal use of third party hosted software, net	<u>\$ 18,810</u>	<u>\$ 17,156</u>

During the three-month periods ended May 4, 2024 and April 29, 2023, we amortized approximately \$ 1.6 million and \$ 1.0 million, respectively, of implementation costs incurred in cloud computing arrangements that are service contracts.

Note 7. Accrued and Other Current Liabilities

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

	May 4, 2024	February 3, 2024
Accrued inventory-in-transit	\$ 18,330	\$ 23,227
Accrued payroll and related expenses	20,828	13,780
Accrued loyalty program	11,902	12,526
Gift cards	11,315	12,974
Accrued sales return allowance	8,003	6,018
Accrued freight	5,191	5,470
Accrued marketing	4,633	3,862
Accrued sales and use tax	4,104	3,354
Accrued self-insurance liabilities	3,010	3,313
Deferred revenue	2,442	1,949
Accrued purchases of property and equipment	769	3,121
Accrued lease costs	3,799	3,306
Term loan interest payable	2,836	3,548
Other	11,602	11,302
Accrued and other current liabilities	<u>\$ 108,764</u>	<u>\$ 107,750</u>

Note 8. Leases

Our lease costs reflected in the tables below include minimum base rents, common area maintenance charges and heating, ventilation and air conditioning 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 condensed consolidated statements of operations and comprehensive income.

Our lease costs during the three-month periods ended May 4, 2024 and April 29, 2023 consist of the following (in thousands):

	Three Months Ended	
	May 4, 2024	April 29, 2023
Operating (fixed) lease cost	\$ 13,144	\$ 13,651
Short-term lease cost	38	28
Variable lease cost	5,598	5,142
Total lease cost	<u>\$ 18,780</u>	<u>\$ 18,821</u>

Other supplementary information related to our leases is reflected in the table below (in thousands, except lease term and discount rate data):

	Three Months Ended	
	May 4, 2024	April 29, 2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 14,847	\$ 15,582
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 3,545	\$ 4,364
Decrease in right-of-use assets resulting from operating lease modifications or remeasurements	\$ 1,414	\$ 2,491
Weighted average remaining lease term - operating leases	6 years	6 years
Weighted average discount rate - operating leases	7 %	6 %

Note 9. 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.

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

	Three Months Ended	
	May 4, 2024	April 29, 2023
Apparel	\$ 252,630	\$ 258,913
Non-apparel	20,286	26,848
Other	6,855	8,093
Total net sales	\$ 279,771	\$ 293,854

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 received.

We have an agreement with a third party, which is amended from time to time, 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 receive royalties, profit-sharing and marketing and promotional funds from the third-party financing company based on usage of the PLCCs. These PLCC Funds are recorded as a component of net sales in the condensed consolidated statements of operations and comprehensive income.

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. During the three-month period ended May 4, 2024, we recognized revenue of approximately \$ 7.5 million and \$ 3.0 million related to our accrued loyalty program and gift cards, respectively, that existed at the beginning of fiscal year 2024. During the three-month period ended April 29, 2023, we recognized revenue of approximately \$ 6.8 million and \$ 3.2 million related to our accrued loyalty program and gift cards, respectively, that existed at the beginning of fiscal year 2023.

Note 10. 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. 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 condensed consolidated statements of operations and comprehensive income in the period the points are earned by the customer. As of the end of the first quarter of fiscal year 2024 and as of the end of fiscal year 2023, we had \$ 11.9 million and \$ 12.5 million, respectively, in deferred revenue related to our loyalty program included in accrued and other current liabilities in the condensed consolidated balance sheets. During the three-month periods ended May 4, 2024 and April 29, 2023, we recorded \$ 0.6 million and \$ 0.7 million, respectively, as a benefit to net sales. Actual results may differ from our estimates, resulting in changes to net sales.

Note 11. 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 the three-month periods ended May 4, 2024 and April 29, 2023, Hot Topic charged us \$ 0.5 million and \$ 0.6 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 the end of the first quarter of fiscal year 2024 and as of the end of fiscal year 2023, we owed \$ 0.2 million and \$ 0.2 million, respectively, to Hot Topic for these services which is included in due to related parties in our condensed 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 most recently, on May 30, 2024 ("Amended Reverse Services Agreement"). Under the Amended Reverse Services Agreement, Torrid provides Hot Topic with certain information technology services for a fixed fee. The May 30, 2024 amendment solely amends certain pricing information. The Amended Reverse Services Agreement will continue by its terms until terminated by us or Hot Topic.

During the three-month periods ended May 4, 2024 and April 29, 2023, we charged Hot Topic \$ 0.3 million and \$ 0.4 million, respectively, for these services. As of the end of the first quarter of fiscal year 2024 and as of the end of fiscal year 2023, Hot Topic owed us \$ 0.1 million and \$ 0.1 million, respectively, 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 the end of the first quarter of fiscal year 2024, the net amount we owed Hot Topic for these expenses was not material, and as of the end of fiscal year 2023, the net amount we owed Hot Topic for these expenses was \$ 0.4 million, which is included in due to related parties in our condensed consolidated balance sheets.

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 the end of the first quarter of fiscal year 2024 and as of the end of fiscal year 2023, there were no amounts due, and during the three-month periods ended May 4, 2024 and April 29, 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 the three-month periods ended May 4, 2024 and April 29, 2023, the amounts paid to Sycamore for these expenses were not material. As of the end of the first quarter of fiscal year 2024 and as of the end of fiscal year 2023, there was no amount due.

Other Related Party Transactions

MGF Sourcing US, LLC, an entity indirectly controlled by affiliates of Sycamore, is one of our suppliers. During the three-month periods ended May 4, 2024 and April 29, 2023, cost of goods sold included \$ 12.0 million and \$ 15.3 million, respectively, related to the sale of merchandise purchased from this supplier. As of the end of the first quarter of fiscal year 2024 and as of the end of fiscal year 2023, the net amounts we owed MGF Sourcing US, LLC for these purchases were \$ 8.3 million and \$ 8.9 million, respectively. This liability is included in due to related parties in our condensed consolidated balance sheets.

HU Merchandising, LLC, a subsidiary of Hot Topic, is one of our suppliers. During the three-month period ended May 4, 2024, cost of goods sold included \$ 0.2 million related to the sale of merchandise purchased from this supplier, and during the three-month period ended April 29, 2023, cost of goods sold related to the sale of merchandise purchased from this supplier was not material. As of the end of the first quarter of fiscal year 2024, the amount due to HU Merchandising, LLC was \$ 0.1 million, and as of the end of fiscal year 2023, the amount due to HU Merchandising, LLC was not material.

Note 12. Debt Financing Arrangements

Our debt financing arrangements consist of the following (in thousands):

	May 4, 2024	February 3, 2024
ABL Facility, as amended	\$ —	\$ 7,270
Term loan		
Amended Term Loan Credit Agreement	306,250	310,625
Less: current portion of unamortized original issue discount and debt financing costs	(1,356)	(1,356)
Less: noncurrent portion of unamortized original issue discount and debt financing costs	(4,233)	(4,572)
Total term loan outstanding, net of unamortized original issue discount and debt financing costs	300,661	304,697
Less: current portion of term loan, net of unamortized original issue discount and debt financing costs	(16,144)	(16,144)
Total term loan, net of current portion and unamortized original issue discount and debt financing costs	<u>\$ 284,517</u>	<u>\$ 288,553</u>

Fixed mandatory principal repayments due on the outstanding term loan are as follows as of the end of the first quarter of fiscal year 2024 (in thousands):

2024	13,125
2025	17,500
2026	17,500
2027	17,500
2028	<u>240,625</u>
	<u>\$ 306,250</u>

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. On May 24, 2023, we entered into an amendment to the Term Loan Credit Agreement (the "Amended Term Loan Credit Agreement"). The Amended Term Loan Credit Agreement replaced the London Interbank Offered Rate ("LIBOR") interest rate benchmark with the Secured Overnight Financing Rate ("SOFR") benchmark. All other material terms of the Term Loan Credit Agreement remained substantially the same after giving effect to the Amended Term Loan Credit Agreement. In March 2020 and January 2021, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848)—Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASU 2020-04") and 2021-01, *Reference Rate Reform (Topic 848): Scope* ("ASU 2021-01"), respectively. ASU 2020-04 and ASU 2021-01 include practical expedients which provide entities the option to account for qualifying amendments as if the modification was not substantial in accordance with Accounting Standards Codification ("ASC") 470, *Debt*. We elected this option, accordingly, the Amended Term Loan Credit Agreement did not have a material impact on our condensed consolidated financial statements.

The Term Loan Credit Agreement provides for term loans in an initial aggregate amount of \$ 350.0 million, which is recorded 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 elected interest rate on May 4, 2024 was approximately 11 %.

As of the end of the first quarter of fiscal year 2024, we were compliant with our debt covenants under the Amended Term Loan Credit Agreement.

As of May 4, 2024, the fair value of the Amended Term Loan Credit Agreement was approximately \$ 268.0 million. As of the end of fiscal year 2023, the fair value of the Amended Term Loan Credit Agreement was approximately \$ 259.4 million. The fair value of the Amended Term Loan Credit Agreement is determined using current applicable rates for similar instruments as of the balance sheet date, a Level 2 measurement (as defined in "Note 18—Fair Value Measurements").

As of the end of the first quarter of fiscal year 2024, total borrowings, net of OID and financing costs, of \$ 300.7 million remain outstanding under the Amended Term Loan Credit Agreement. During the three-month periods ended May 4, 2024 and April 29, 2023, we recognized \$ 8.7 million and \$ 8.6 million, respectively, of interest expense related to the Amended Term Loan Credit Agreement. During the three-month periods ended May 4, 2024 and April 29, 2023, we recognized \$ 0.3 million and \$ 0.3 million, respectively, of OID and financing costs related to the Amended Term Loan Credit Agreement. The OID and financing costs are amortized over the Amended Term Loan Credit Agreement's seven-year term and are reflected as a direct deduction of the face amount of the term loan in our condensed consolidated balance sheets. We recognize interest payments, together with amortization of the OID and financing costs, in interest expense in our condensed consolidated statements of operations and comprehensive income.

Senior Secured Asset-Based Revolving Credit Facility

In May 2015, we entered into a credit agreement for a senior secured asset-based revolving credit facility with Bank of America, N.A., which was subsequently amended in October 2017, June 2019, September 2019 and June 2021 ("ABL Facility"). Under the ABL Facility, as amended, 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 million plus the aggregate principal amount of any permanent principal reductions we may take (subject to customary conditions precedent). The principal amount of the outstanding loans are due and payable on June 14, 2026. On April 21, 2023, we entered into a fourth amendment to the ABL Facility (the "4th Amendment"). The 4th Amendment replaced the LIBOR interest rate benchmark with the SOFR benchmark. All other material terms of the ABL Facility, as amended, remained substantially the same after giving effect to the 4th Amendment. We elected to apply the practical expedients included in ASU 2020-04 and 2021-01, accordingly, the 4th Amendment did not have a material impact on our condensed consolidated financial statements.

As of the end of the first quarter of fiscal year 2024, the applicable interest rate for borrowings under the ABL Facility, as amended, was approximately 9 % per annum.

As of the end of the first quarter of fiscal year 2024, we were compliant with our debt covenants under the ABL Facility, as amended.

As of the end of the first quarter of fiscal year 2024, the maximum restricted payment utilizing the ABL Facility, as amended, that our subsidiaries could make from its net assets was \$ 108.4 million.

We consider the carrying amounts of the ABL Facility, as amended, to approximate fair value because of the variable interest rate of this facility, a Level 2 measurement (as defined in "Note 18—Fair Value Measurements").

Availability under the ABL Facility, as amended, as of the end of the first quarter of fiscal year 2024 was \$ 116.1 million, which reflects no borrowings. Availability under the ABL Facility, as amended, at the end of fiscal year 2023 was \$ 102.7 million, which reflects borrowings of \$ 7.3 million. Standby letters of credit issued and outstanding were \$ 11.4 million as of the end of the first quarter of fiscal year 2024 and \$ 11.4 million as of the end of fiscal year 2023. We amortize financing costs associated with the ABL Facility, as amended, over the five-year term of the ABL Facility, as amended, and reflect them in prepaid expenses and other current assets and deposits and other noncurrent assets in our condensed consolidated balance sheets. During the three-month periods ended May 4, 2024 and April 29, 2023, amortization of financing costs for the ABL Facility, as amended, was not material. During the three-month periods ended May 4, 2024 and April 29, 2023, interest payments were \$ 0.3 million and \$ 0.5 million, respectively. We recognize amortization of financing costs and interest payments for the revolving credit facility in interest expense in our condensed consolidated statements of operations and comprehensive income.

Note 13. Income Taxes

Effective Tax Rate

During the three-month periods ended May 4, 2024 and April 29, 2023, the provision for income taxes were \$ 4.5 million and \$ 4.7 million, respectively. The effective tax rates for the three-month periods ended May 4, 2024 and April 29, 2023 were 26.9 % and 28.6 %, respectively. The decrease in the effective tax rate for the three-month period ended May 4, 2024 as compared to the three-month period ended April 29, 2023 was primarily due to a decrease in the amount of non-deductible compensation for covered employees relative to income before provision for income taxes for the three-month period ended May 4, 2024.

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 the first quarter of fiscal year 2024, the total liability for income tax associated with unrecognized tax benefits, including interest and penalties, was \$ 2.5 million (\$ 2.1 million, net of federal benefit). As of the end of fiscal year 2023, the total liability for income tax associated with unrecognized tax benefits, including interest and penalties, was \$ 2.5 million (\$ 2.1 million, net of federal benefit). Our effective tax rate will be affected by any portion of this liability we may recognize.

We believe that it is reasonably possible that \$ 0.4 million (\$ 0.3 million net of federal benefit) of our liability for unrecognized tax benefits, of which the associated interest and penalties are not material, may be recognized in the next 12 months due to the expiration of statutes of limitations.

Note 14. Share-Based Compensation

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

	Three Months Ended	
	May 4, 2024	April 29, 2023
Restricted stock units	\$ 636	\$ 640
Restricted stock awards	36	945
Performance stock units	145	281
Stock options	395	435
Restricted cash units	368	111
Employee stock purchase plan	78	76
Share-based compensation before income taxes	1,658	2,488
Income tax detriment (benefit)	488	(308)
Net share-based compensation expense	\$ 2,146	\$ 2,180

RSUs

Restricted stock unit ("RSU") activity, including performance-based stock units ("PSUs"), consists of the following (in thousands, except per share amounts):

	Shares	Weighted average grant date fair value	
		per share	per share
Nonvested, February 3, 2024	1,953	\$ 4.14	
Granted	323	\$ 4.51	
Vested	(203)	\$ 3.71	
Forfeited	(45)	\$ 6.36	
Nonvested, May 4, 2024	<u>2,028</u>	<u>\$ 4.20</u>	

As of the end of the first quarter of fiscal year 2024, unrecognized compensation expense related to unvested RSUs, including PSUs, was \$ 5.9 million, which is expected to be recognized over a weighted average period of approximately 2.4 years.

Restricted Stock Awards

Restricted stock award activity consists of the following (in thousands, except per share amounts):

	Shares	Weighted average grant date fair value per share
Nonvested, February 3, 2024	5	\$ 27.00
Granted	—	—
Vested	(1)	\$ 27.00
Forfeited	—	—
Nonvested, May 4, 2024	4	\$ 27.00

As of the end of the first quarter of fiscal year 2024, unrecognized compensation expense related to unvested restricted stock awards was \$ 0.1 million, which is expected to be recognized over a weighted average period of approximately 0.6 years.

Stock Options

Stock option activity consists of the following (in thousands, except per share and contractual life amounts):

	Shares	Weighted average exercise price per share	Weighted average remaining contractual life (years)	Aggregate intrinsic value
Outstanding, February 3, 2024	2,352	\$ 4.98		
Granted	524	\$ 4.51		
Exercised	—			
Forfeited	(82)	\$ 6.24		
Outstanding, May 4, 2024	2,794	\$ 4.85	8.7	\$ 3,596
Exercisable, May 4, 2024	639	\$ 6.07	7.9	\$ 724

As of the end of the first quarter of fiscal year 2024, unrecognized compensation expense related to unvested stock options was \$ 5.0 million, which is expected to be recognized over a weighted average period of approximately 3.0 years.

RCUs

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 4 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. As of the end of the first quarter of fiscal year 2024, the liability associated with unvested RCUs was \$ 0.3 million, which is included in accrued and other current liabilities in the condensed consolidated balance sheet.

Note 15. Commitments and Contingencies

Litigation

In November 2022, a class action complaint was filed against us in the U.S. District Court for the Central District of California ("the Court"), captioned Sandra Waswick v. Torrid Holdings Inc., et al. An amended complaint was filed in May 2023. The amended complaint alleges that certain statements in our registration statement on Form S-1 related to our IPO and in subsequent SEC filings and earnings calls were allegedly false and misleading. On December 1, 2023, the Court granted defendants' motion to dismiss with leave to amend. Plaintiffs filed a further amended complaint on December 22, 2023, and defendants again moved to dismiss on January 26, 2024. Two shareholder derivative complaints were filed in September and October 2023 in the U.S. District Court for the District of Delaware against us (as a nominal defendant) and certain officers and directors, captioned Allegra Morgado v. Lisa Harper, et al. and Nicole Long v. Lisa Harper, et al. The derivative complaints similarly allege that certain statements were allegedly false and misleading and that the individual defendants breached their fiduciary duties. The derivative cases have been consolidated and stayed, pending further developments in the securities class

action. We believe that these allegations are without merit and intend to vigorously defend ourselves against these claims. 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 condensed 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 ("Board") 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 (our letters of credit are discussed in more detail in "Note 12—Debt Financing Arrangements"). 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 condensed 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 condensed consolidated financial statements.

Note 16. 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. As of May 4, 2024, we had approximately \$ 44.9 million remaining under the share repurchase program. For the three-month periods ended May 4, 2024 and April 29, 2023, we did not repurchase any shares.

We have elected to retire shares repurchased to date. Shares retired become part of the pool of authorized but unissued shares. We have elected to record the purchase price of the retired shares in excess of par value, including transaction costs, directly as an increase in accumulated deficit.

Note 17. Earnings Per Share

Basic earnings per share is computed by dividing net 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, inclusive of potentially dilutive common share equivalents outstanding for the period. During the three-month period ended May 4, 2024, there were approximately 1.0 million potentially dilutive common share equivalents outstanding that were included in the computation of diluted earnings per share. During the three-month period ended May 4, 2024, there were approximately 0.3 million restricted stock awards and RSUs, including PSUs, and approximately 2.2 million stock options outstanding, which were excluded from the computation of diluted earnings per share as those awards would have been anti-dilutive or were PSUs with performance conditions that had not yet been achieved. During the three-month period ended April 29, 2023, there were approximately 0.2 million potentially dilutive common share equivalents outstanding that were included in the computation of diluted earnings per share. During the three-month period ended April 29, 2023, there were approximately 1.0 million restricted stock awards and RSUs, including PSUs, and approximately 2.0 million stock options outstanding, which were excluded from the computation of diluted earnings per share as those awards would have been anti-dilutive or were PSUs with performance conditions that had not yet been achieved.

Note 18. Fair Value Measurements

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.

Financial assets and liabilities measured at fair value on a recurring basis as of the end of the first quarter of fiscal year 2024 consisted of the following (in thousands):

	May 4, 2024	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)	\$ 4,911	\$ 4,911	\$ —	\$ —
Total assets	\$ 4,911	\$ 4,911	\$ —	\$ —
Liabilities:				
Deferred compensation plan liability (noncurrent)	\$ 5,259	\$ —	\$ 5,259	\$ —
Total liabilities	\$ 5,259	\$ —	\$ 5,259	\$ —

Financial assets and liabilities measured at fair value on a recurring basis as of the end of fiscal year 2023 consisted of the following (in thousands):

	February 3, 2024	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)	\$ 33	\$ 33	\$ —	\$ —
Total assets	\$ 33	\$ 33	\$ —	\$ —
Liabilities:				
Deferred compensation plan liability (noncurrent)	\$ 5,474	\$ —	\$ 5,474	\$ —
Total liabilities	\$ 5,474	\$ —	\$ 5,474	\$ —

The fair value of our money market funds is based on quoted prices in active markets. 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.

Note 19. 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 provides 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, are 100 % vested from the outset. The Deferred Compensation Plan is designed to be exempt from most provisions of the Employee Retirement Security Act of 1974, as amended. All deferrals and associated earnings are our general unsecured obligations. We may at our discretion contribute certain amounts to eligible employees' accounts. To the extent participants were ineligible to receive contributions from participation in our 401(k) Plan (as defined in "Note 20—Employee Benefit Plan"), we contributed 50 % of the first 4 % of participants' eligible contributions into their Deferred Compensation Plan accounts. As of the end of the first quarter of fiscal year 2024 and as of the end of fiscal year 2023, we did not have any assets of the Deferred Compensation Plan and the associated liabilities were \$ 5.5 million and \$ 5.6 million, respectively, included in our condensed consolidated balance sheets. As of the end of the first quarter of fiscal year 2024, \$ 0.2 million of the \$ 5.5 million Deferred Compensation Plan liabilities were included in accrued and other current liabilities in our condensed consolidated balance sheets. As of the end of fiscal year 2023, \$ 0.1 million of the \$ 5.6 million Deferred Compensation Plan liabilities were included in accrued and other current liabilities in our condensed consolidated balance sheets.

Note 20. Employee Benefit Plan

On August 1, 2015, we adopted the Torrid 401(k) Plan ("401(k) Plan"). All employees who have been employed by us for at least 200 hours and are at least 21 years of age are eligible to participate. Employees may contribute up to 80 % of their eligible compensation to the 401(k) Plan, subject to a statutorily prescribed annual limit. We may at our discretion contribute certain amounts to eligible employees' accounts. We may contribute 50 % of the first 4 % of participants' eligible contributions into their 401(k) Plan accounts. During the three-month periods ended May 4, 2024 and April 29, 2023, we contributed \$ 0.2 million and \$ 0.2 million, respectively, to eligible employees' Torrid 401(k) Plan accounts.

Item 2. 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 condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q. 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 described below and in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K filed with the SEC on April 2, 2024 and in our other filings with the SEC and public communications.

Overview

Torrid is 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. Torrid is focused on fit and offers high quality products across a broad assortment that includes tops, bottoms, denim, dresses, intimates, activewear, footwear and accessories. Our proprietary product offering delivers a superior fit for the curvy woman that makes her love the way she looks and feels. Our style is unapologetically youthful and sexy. We believe our customer values the appeal and versatility of our curated product assortment that helps her look her best for any occasion, including weekend, casual, work and dressy, all at accessible price points. Through our product and brand experience we connect with customers in a way that other brands, many of which treat plus-size customers as an after-thought, have not.

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.

	May 4, 2024	April 29, 2023
Number of stores (as of end of period)	658	638
Three Months Ended		
(in thousands, except percentages)		
	May 4, 2024	April 29, 2023
Comparable sales ^(A)	(9)%	(14)%
Net income	\$ 12,172	\$ 11,808
Adjusted EBITDA ^(B)	\$ 38,227	\$ 38,260

(A) Comparable sales for the first quarter of fiscal year 2024 compares sales for the 13-week period ended May 4, 2024 with sales for the 13-week period ended May 6, 2023. Comparable sales for the first quarter of fiscal year 2023 compares sales for the 13-week period ended April 29, 2023 with sales for the 13-week period ended April 30, 2022.

(B) Please refer to "Results of Operations" for a reconciliation of net income to Adjusted EBITDA.

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 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. Comparable sales for the first quarter of fiscal year 2024 compares sales for the 13-week period ended May 4, 2024 with sales for the 13-week period ended May 6, 2023. Comparable sales for the first quarter of fiscal year 2023 compares sales for the 13-week period ended April 29, 2023 with sales for the 13-week period ended April 30, 2022. 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. In connection with opening new stores, we incur pre-opening costs, which primarily consist of payroll, travel, training, marketing, initial opening supplies, costs of transporting initial inventory and fixtures to store locations, and occupancy costs incurred from the time of possession of a store site to the opening of that store. These pre-opening costs are included in our selling, general and administrative expenses and are expensed as incurred.

Adjusted EBITDA. Adjusted EBITDA is a supplemental measure of our operating performance that is neither required by, nor presented in accordance with 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 expense (income), 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 (loss), income (loss) 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 expense (income);
- 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 Quarterly Report on Form 10-Q 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. New requirements for consumer disclosures regarding privacy practices, and new application tracking transparency framework that requires opt-in consent for certain types of tracking were implemented by third party providers in 2021, which 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 twelve months. Customers that shop across multiple channels purchase from us more frequently and spent approximately 3.5 times more per year than our single-channel customer during fiscal year 2023.

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.

Demographic Changes. The growth of our business is impacted, in part, by the size of the plus-size population. Slower or negative growth in this demographic, specific to certain geographic markets, income levels 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. Shifts in inventory 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 our operating expenses will grow as we continue to increase our spending on advertising and marketing and hire additional personnel primarily in marketing, product design and development, merchandising, technology, operations, customer service and general and administrative functions. We will also continue to selectively expand our store footprint and 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 merchandise 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 cyclical 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, 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 home of 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 amended, and our Amended Term Loan Credit Agreement.

Provision for Income Taxes. Our provision for 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

Three Months Ended May 4, 2024 Compared to Three Months Ended April 29, 2023

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

	Three Months Ended			
	May 4, 2024	% of Net Sales	April 29, 2023	% of Net Sales
Net sales	\$ 279,771	100.0 %	\$ 293,854	100.0 %
Cost of goods sold	164,350	58.7 %	183,212	62.3 %
Gross profit	115,421	41.3 %	110,642	37.7 %
Selling, general and administrative expenses	76,466	27.3 %	71,228	24.3 %
Marketing expenses	12,812	4.6 %	13,351	4.5 %
Income from operations	26,143	9.3 %	26,063	8.9 %
Interest expense	9,377	3.4 %	9,468	3.3 %
Other expense, net of other income	110	0.0 %	60	0.0 %
Income before provision for income taxes	16,656	6.0 %	16,535	5.6 %
Provision for income taxes	4,484	1.6 %	4,727	1.6 %
Net income	\$ 12,172	4.4 %	\$ 11,808	4.0 %

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

	Three Months Ended	
	May 4, 2024	April 29, 2023
Net income	\$ 12,172	\$ 11,808
Interest expense	9,377	9,468
Other expense, net of other income	110	60
Provision for income taxes	4,484	4,727
Depreciation and amortization ^(A)	9,259	9,238
Share-based compensation ^(B)	1,658	2,488
Non-cash deductions and charges ^(C)	(58)	43
Other expenses ^(D)	1,225	428
Adjusted EBITDA	\$ 38,227	\$ 38,260

(A) Depreciation and amortization excludes amortization of debt issuance costs and original issue discount that are reflected in interest expense.
 (B) During the three months ended May 4, 2024 and April 29, 2023, share-based compensation includes \$0.4 million and \$0.1 million, respectively, for awards that will be settled in cash as they are accounted for as share-based compensation in accordance with ASC 718, *Compensation—Stock Compensation*, similar to awards settled in shares.
 (C) Noncash deductions and charges includes non-cash losses on property and equipment disposals and the net impact of non-cash rent expense.
 (D) Other expenses include severance costs for certain key management positions and certain litigation fees, 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 decreased \$14.1 million, or 4.8%, to \$279.8 million for the three months ended May 4, 2024, from \$293.9 million for the three months ended April 29, 2023. This decrease was primarily driven by a decrease in sales transactions and a decrease in PLCC Funds, partially offset by improved pricing strategies. The total number of stores we operate increased by 20 stores, or 3.1%, to 658 stores as of May 4, 2024, from 638 stores as of April 29, 2023.

Gross Profit

Gross profit for the three months ended May 4, 2024 increased \$4.8 million, or 4.3%, to \$115.4 million, from \$110.6 million for the three months ended April 29, 2023. This increase was primarily due to improved merchandise margin and decreased merchandising payroll costs and distribution center expenses. Gross profit as a percentage of net sales increased 3.6% to 41.3% for the three months ended May 4, 2024 from 37.7% for the three months ended April 29, 2023. This increase was primarily driven by improved merchandise margin due to reduced product costs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the three months ended May 4, 2024 increased \$5.2 million, or 7.4%, to \$76.5 million, from \$71.2 million for the three months ended April 29, 2023. The increase was primarily due to a \$4.3 million increase in performance bonuses and a \$3.2 million increase in headquarters general and administrative expenses, partially offset by a \$2.3 million decrease in store and e-Commerce payroll costs. Selling, general and administrative expenses as a percentage of net sales increased 3.0% to 27.3% for the three months ended May 4, 2024 from 24.3% for the three months ended April 29, 2023. This increase was primarily driven by increased performance bonuses and headquarters general and administrative expenses.

Marketing Expenses

Marketing expenses for the three months ended May 4, 2024 decreased \$0.6 million, or 4.5%, to \$12.8 million, from \$13.4 million for the three months ended April 29, 2023. The decrease was primarily due to decreases in performance marketing, such as retargeting, email/SMS marketing, store marketing and marketing team payroll, partially offset by increases in social media and model search spend. Marketing expenses as a percentage of net sales increased 0.1% to 4.6% during the three months ended May 4, 2024 from 4.5% during the three months ended April 29, 2023. This increase was due to deleverage of our marketing expenses as a result of lower net sales.

Interest Expense

Interest expense was \$9.4 million for the three months ended May 4, 2024, compared to \$9.5 million for the three months ended April 29, 2023. The decrease was primarily due to a lower Amended Term Loan Credit Agreement balance due to principal payments and reduced borrowings under the ABL Facility, as amended.

Provision for Income Taxes

The provision for income taxes were \$4.5 million and \$4.7 million for the three months ended May 4, 2024 and April 29, 2023, respectively. Our effective tax rate was 26.9% for the three months ended May 4, 2024 and 28.6% for the three months ended April 29, 2023. The decrease in the effective tax rate for the three months ended May 4, 2024 as compared to the three months ended April 29, 2023 was primarily due to a decrease in the amount of non-deductible compensation for covered employees relative to income before provision for income taxes for the three months ended May 4, 2024.

Liquidity and Capital Resources

General

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 amended. Availability under the ABL Facility, as amended, as of the end of the first quarter of fiscal year 2024, was \$116.1 million, which reflects no borrowings. 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 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, as amended, 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, as amended, 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.

July 2023 Reduction in Workforce

In July 2023, we implemented a strategic reduction of approximately 5% of our workforce employed in our headquarters in City of Industry, California. Costs to implement the workforce reduction were comprised primarily of severance payments and continuing health care coverage over the severance period. In July 2023, we recognized \$1.5 million of expense related to the workforce reduction in selling, general and administrative expenses in our condensed consolidated statements of operations and comprehensive income. None of our employees are represented by a labor union or are party to a collective bargaining agreement.

Cash Flow Analysis

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

	Three Months Ended	
	May 4, 2024	April 29, 2023
Net cash provided by operating activities	\$ 27,624	\$ 11,223
Net cash used in investing activities	(7,008)	(5,660)
Net cash used in financing activities	(11,859)	(800)

Net Cash 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 provided by operating activities during the three months ended May 4, 2024 was \$27.6 million compared to \$11.2 million during the three months ended April 29, 2023. The increase in cash provided by operating activities during the three months ended May 4, 2024 was primarily as a result of increases in accounts payable and accrued expenses and other current liabilities, partially offset by an increase in inventory purchases and a decrease in operating lease liabilities.

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 flows used in investing activities during the three months ended May 4, 2024 was \$7.0 million, compared to \$5.7 million during the three months ended April 29, 2023. The increase in cash used in investing activities was primarily as a result of an increase in capital expenditures related to our West Jefferson, Ohio distribution center and increased capital expenditures related to the opening of new stores and store relocations during the three months ended May 4, 2024, compared to the three months ended April 29, 2023.

Net Cash Used In Financing Activities

Financing activities consist primarily of (i) borrowings and repayments related to our ABL Facility, as amended, (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 during the three months ended May 4, 2024 was \$11.9 million compared to \$0.8 million during the three months ended April 29, 2023. The increase in net cash used in financing activities is primarily due to an increase in net repayments related to the ABL Facility, as amended.

Debt Financing Arrangements

As of May 4, 2024, we had \$300.7 million of outstanding indebtedness, net of unamortized original issue discount and debt financing costs, consisting of term loans under the Amended Term Loan Credit Agreement. As of May 4, 2024, we had no borrowings under the ABL Facility, as amended. Please refer to "Note 12—Debt Financing Arrangements" for further discussion regarding our indebtedness.

Critical Accounting Policies and Significant Estimates

There have been no material changes to our critical accounting policies and estimates as discussed in our Annual Report on Form 10-K for the fiscal year ended February 3, 2024.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our market risk profile as of February 3, 2024 is disclosed in our Annual Report on Form 10-K and has not materially changed. Please refer to "Note 12—Debt Financing Arrangements" for further discussion regarding our indebtedness.

Item 4. 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 May 4, 2024, 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.

Changes in Internal Control Over Financial Reporting

There were no changes during the three months ended May 4, 2024 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

From time to time, we are subject to certain legal proceedings and claims in the ordinary course of business. We are not presently party to any 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 1A. Risk Factors

There have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended February 3, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

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 three months ended May 4, 2024, we did not repurchase any shares of our common stock. As of May 4, 2024, we had approximately \$44.9 million remaining under the share repurchase program.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits**EXHIBIT INDEX**

Exhibit Number	Description	Form	Filing Date	Incorporated by Reference Exhibit
3.1	Amended and Restated Certificate of Incorporation of Torrid Holdings Inc., dated July 6, 2021.	8-K	July 6, 2021	3.1
3.2	Amended and Restated Bylaws of Torrid Holdings Inc.	10-K	March 28, 2023	3.2
10.1*	Third Amendment to the Amended and Restated Services Agreement, dated May 3, 2024, between Torrid LLC and Hot Topic, Inc.			
10.2*	Fifth Amendment to the Services Agreement, dated May 30, 2024, between Torrid LLC and Hot Topic, Inc.			
10.3*	Consulting Agreement, dated June 17, 2024, between Torrid Administration, Inc. and Alpine Retail Group, LLC.			
10.4**	Employment Offer & Agreement between Torrid Administration, Inc. and Hyon Park, dated August 2, 2022.			
10.5**	Promotion Letter by and between Torrid Holdings Inc. and Hyon Park, dated June 6, 2024 .			
31.1*	Certification of the Principal 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.			
31.2*	Certification of the Principal 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.			
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.			
101*	Interactive Data Files (formatted in 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

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in City of Industry, California on June 12, 2024.

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)

THIRD AMENDMENT TO THE AMENDED AND RESTATED SERVICES AGREEMENT

This Third Amendment (“Third Amendment”), effective as of May 3, 2024 (“Effective Date”), is made by and between Hot Topic, Inc., a California corporation (“Hot Topic”), and Torrid LLC, a California limited liability company (“Torrid”). This Third Amendment is made pursuant to the Amended & Restated Services Agreement, dated March 21, 2019, as amended (the “Amended & Restated Services Agreement”), executed by and between Hot Topic and Torrid, as amended. Hot Topic and Torrid may referred to individually as a “Party” or collectively as the “Parties.”

RECITALS

WHEREAS, pursuant to the Amended & Restated Services Agreement, Hot Topic agreed to provide, among other things, certain real estate lease administration and construction services to Torrid;

WHEREAS, the Parties wish to amend the Amended & Restated Services Agreement to change the real estate lease administration and construction services provided by Hot Topic to Torrid, as well as the fee charged by Hot Topic in connection with such services, effective the Effective Date;

NOW THEREFORE, Hot Topic and Torrid agree that the Amended & Restated Services Agreement is hereby amended as follows:

1. Schedule 3 of the Amended & Restated Services Agreement, titled “Real Estate and Construction,” shall be deleted in its entirety and replaced with the Schedule 3 attached hereto as Exhibit A. The services, fees, and all other obligations liabilities related to the Schedule 3 attached hereto shall be effective as of the Effective Date, and shall not apply retroactively. For further avoidance of doubt, the Parties acknowledge and agree that the Schedule 3 attached hereto shall supersede and replace any and all previous versions of Schedule 3 agreed upon by the Parties.
2. This Third Amendment may be executed in counterparts, each of which shall be deemed an original, and said counterparts together shall constitute one and the same instrument binding the Parties hereto. This Third Amendment may be executed by providing an electronic signature under the terms of the UETA and/or E-SIGN Act. Each Party agrees that any electronic signatures of the Parties included in this Third Amendment are intended to authenticate this writing and to have the same force and effect as handwritten signatures. Electronic signature means any electronic sound, symbol, or process attached to or logically associated with a record and executed and adopted by a Party with the intent to sign such record.
3. Except as modified herein, all other covenants and provisions of the Amended & Restated Services Agreement shall remain unmodified and in full force and effect.

[signatures on following page]

By signing in the space provided below, the Parties hereto have accepted and agreed to all of the terms and conditions hereof.

TORRID LLC

By: 
295F3F6988F443B...

Name: Paula Dempsey

Title: CFO

May 3, 2024

HOT TOPIC, INC.

By: 
1312AC07E0BD44A...

Name: Ash Walia

Title: CFO

May 9, 2024

EXHIBIT A

SCHEDULE 3 REAL ESTATE AND CONSTRUCTION

Fees

The Fees for the Services on this Schedule 3 shall be as set forth below:

Service Type	Fees
1. Real Estate Lease Administration & Construction Services Fixed Fee	\$181,000 per month.

Services

Real Estate Lease Administration Services:

Hot Topic will provide Torrid with the following:

- 1) Lease negotiation and management services, including the negotiation and management of lease kick-outs, lease expirations and modifications (including rent reductions) and negotiation and management of leases for new stores, relocations and remodels, with Hot Topic using commercially reasonable efforts on behalf of Torrid in connection therewith; provided that (i) the lease negotiation services described above shall not include, nor shall Hot Topic or its agents be deemed to have offered at any time, legal advice or opinions with respect to any documents or agreements generated in connection with such negotiations, and Torrid, at Torrid's election and sole cost and expense, shall provide its own legal counsel and other advisors as to the suitability of such documents and agreements and the overall lease transaction; but relying on HT for appropriate lease language in line with industry practice (ii) all final decisions whether to accept or reject a deal shall be made by Torrid, and Hot Topic shall have no liability to Torrid in connection with the consummation of, or the failure to consummate, any lease transaction contemplated herein; and (iii) under no circumstances shall Hot Topic be required to execute or deliver any guaranty or other security with respect to the effectuation, renewal, extension or replacement of any such leases or to secure alternate leased space for Torrid.

- 2) Maintain existing leasing files, consisting of leases, correspondence and leasing plans for all existing Torrid locations.
- 3) Handle negotiations for store storage agreements, temporary store location agreements and processing Estoppels and SNDA's.
- 4) Lease abstraction services for changes related to details of executed lease modifications (new lease and remodel/relocation abstracts will be paid by Torrid).
- 5) Upon request by Torrid, Hot Topic will provide migration assistance for Torrid stores data in the lease administration, lease payables and/or information management systems applications. Such migration assistance will include consultation and access to appropriate electronic database information that will be extracted from the databases associated with the systems identified above; provided, that it will not include any integration support for the loading of such data into the systems of Torrid. Additionally, such migration assistance will include provision of readily-available contact information and communications facilitation with the related Torrid stores' outside software providers. The database extracts from the payables system will include, to the extent available, all current payment information and payment history for Torrid stores.
- 6) Maintain and provide originals of all Torrid leases.
- 7) Maintain and provide names and readily-available contact information of landlords that supply significant services to Torrid stores.
- 8) Provide available real estate strategy information and research data, if any, pertaining exclusively to Torrid stores real estate analysis and decision making used to determine new leases and/or renewals for years during the Term of the Agreement.
- 9) Manage lease system data, including reasonably prompt entry of lease data into Torrid's then-current lease management system.
- 10) Manage real estate store proforma model and other data points used to evaluate new store openings, as well as utilize applicable information provided by Torrid in its evaluation of new store openings.
- 11) Maintain communications with landlords on behalf of Torrid regarding lease issues.
- 12) Assistance, as necessary, in securing marketing related activities, including but not limited to complimentary in-mall marketing for grand openings and/or other events, signage locations, emails, and social influencer accommodations with selected landlords.
- 13) Review, analyze, and compose all kickout letters, co-tenancy letters, default notices to Landlord, and all ad-hoc letters needed by Torrid.
- 14) Correspond with Landlord on behalf of Torrid on rent related issues including YE adjustment disputes, default notices, and operational issues involving the store premises or operational covenants.
- 15) Negotiate all legal demands or lawsuits pertaining to the stores rents and operations.
- 16) Partner with Torrid risk management and General Counsel on any insurance issues, security issues, legal (non lease) issues and certificate of occupancies and licenses.

Construction, Facility Services, and Repairs and Maintenance for Stores & Headquarters (for both new stores and remodels of existing stores and fixture roll-outs):

Hot Topic will provide Torrid with the following services:

- 1) Purchasing (price negotiation), arranging for shipment, and installation of materials.
- 2) Design of space.
- 3) Production of architectural and mechanical drawings of store designs.
- 4) Administration of construction of Torrid's stores to drawing specifications provided to Hot Topic (such specifications to be generally consistent with designs of Torrid's stores constructed within the 12 months prior to the date of this Third Amendment).
- 5) Project management and accumulation of capital costs.
- 6) Maintenance of floor plans.
- 7) General (and reasonable) repairs and maintenance coordination; vendor selection; pricing negotiation and vendor management for Torrid's headquarters and stores.
- 8) Assistance, as reasonably necessary, to provide store design and construction services to Torrid, including the transfer to Torrid of:
 - a. Store design plans, including working drawings, elevations and spec sheets done on behalf of Torrid that are in the possession of Hot Topic or readily- available to Hot Topic from third parties for Torrid stores.
 - b. Hot Topic's list of contractors, architects, materials, suppliers, and other non-Hot Topic resources used in the design and construction of Torrid stores.
 - c. Detailed lists of contractor and vendor costs associated with Torrid stores.
- 9) Upon completion of each store construction project:
 - a. Torrid shall deliver to Hot Topic an executed Letter of Acceptance, with respect to such project, provided that Hot Topic has certified to Torrid that the tenant's work under the applicable lease has been substantially completed, i.e., complete except for minor punchlist items, in accordance with the plans and specifications for such project.
 - b. For all leases where there is a tenant allowance to be paid by the landlord, Hot Topic will provide all necessary documentation required under the lease (e.g., lien waivers, contractor affidavit, certificate of occupancy, architect certification, paid bills, etc.) to the landlord, and Hot Topic will provide copies of all such documentation to Torrid. With respect to leases signed by Torrid, Torrid agrees to review allowance documentation requirements with Hot Topic.

Obligations of Torrid

Within ninety (90) days of Torrid's fiscal year end, Torrid shall provide Hot Topic with a 12-month forecast (in a form agreed upon by the Parties), setting forth Torrid's good faith estimate of the number of stores to be opened and/or remodeled, leases to be negotiated and stores to be closed during such period in connection with the services described in this Schedule 3.

Termination of Agreement

At any time during the term, either Party may elect to terminate the Real Estate Lease Administration Services and/or Construction Services, as described above, upon ninety (90) days' prior written notice to the other Party. Hot Topic shall reimburse Torrid within thirty (30) days of such termination for any prepaid fee amounts.

FIFTH AMENDMENT TO THE SERVICES AGREEMENT

This Fifth Amendment to the Services Agreement (“Fifth Amendment”), effective as of May 5, 2024 (“Effective Date”), is made by and between Hot Topic, Inc., a California corporation (“Hot Topic”), and Torrid LLC, a California limited liability company (“Torrid”). Capitalized terms used herein shall have the respective definitions set forth in the Services Agreement (as defined below).

RECITALS

WHEREAS, the Parties entered into the Services Agreement, dated August 1, 2019; as amended by the First Amendment, effective July 31, 2022; as further amended by the Second Amendment, effective September 28, 2022, as further amended by the Third Amendment, effective December 1, 2022, as further amended by the Fourth Amendment, effective as of January 1, 2024 (collectively “Services Agreement”), whereby Torrid agreed to provide Hot Topic certain information technology services;

WHEREAS, the Parties wish to modify the information technology services Torrid provides Hot Topic under the Services Agreement;

NOW THEREFORE, Hot Topic and Torrid agree that the Services Agreement shall be amended as follows:

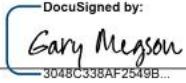
1. The Term of the Services Agreement is hereby extended up to and through October 25, 2025. The Parties may mutually agree in writing to further extensions.
2. As of the Effective Date of this Fifth Amendment, the pricing table in Schedule 1 of the Services Agreement shall be deleted in its entirety and the following shall be included in its place:

	Support	L1	L2	L3	L4	Vendor IT	Hourly	Monthly	Annual	Proposed Transition Date
							Internal	\$ 90	\$ 15,600	
							External	\$ 95	\$ 16,520	\$ 198,240
Merchandising, Sourcing, Allocation and Planning						0.5	0.5	\$ 16,060	Need Basis	
JDA allocation - Planning		TD	TD	TD	TD					2/1/2025
JDA ETL Process - Joint		TD	TD	TD	TD					2/1/2025
Finance and HR						1	0.5	\$ 24,320	Need Basis	
Lawson		TD	TD	TD	TD					Duration of Agreement
Ascend		TD	TD	TD	TD					Duration of Agreement
Infrastructure						0	0	\$ -	Need Basis	
Server / Database Network		TD	TD	TD	TD	HT	HT	HT	HT	2/1/2025 for JDA; Duration of Agreement for Lawson / Ascend 2/1/2025 for JDA; Duration of Agreement for Lawson / Ascend
Total								\$ 40,380		

3. Server and Database Infrastructure Services only include the support of the Lawson, Aspect and JDA business applications and will be provided by Torrid to Hot Topic at \$0 (zero) cost. Network Infrastructure Services only include the support of the Lawson, Aspect and JDA business applications and will be provided by Hot Topic to Torrid at \$0 (zero) cost. Server and Database Infrastructure Services are the operating environment and databases used to support the business applications that are defined in the table above. Network Infrastructure Services are the network bandwidth, communications and access to the business applications that are defined in the table above.
4. Except as otherwise hereby amended, the Services Agreement is hereby ratified and confirmed in all other respects.

By signing in the space provided below, the Parties hereto have accepted and agreed to all of the terms and conditions hereof.

HOT TOPIC, INC.

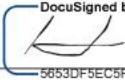
By: 
Gary Megson
3048C338AF2549B...

Gary Megson
Name: _____

Title: Chief Technology Officer

Date: 5/30/2024

TORRID LLC

By: 
Hyon Park
5653DF5EC5F541D...

Hyon Park
Name: _____

Title: CTO

Date: 5/30/2024

CONSULTING AGREEMENT

This Consulting Agreement ("**Agreement**") is effective as of June 17, 2024 ("**Effective Date**"), by and between Torrid Administration, Inc., a California Corporation (the "**Company**"), and Alpine Retail Group, LLC ("**Consultant**").

RECITALS

The Company wishes to utilize certain services which can be performed by Consultant, and Consultant can provide and desires to render such services to the Company, and the parties agree that it would be to their mutual advantage to execute this Agreement and thereby define the terms and conditions which shall control the rendering of services provided to the Company by Consultant.

In consideration of the promises and mutual covenants in this Agreement, the Company and Consultant agree as follows:

I. SERVICES TO BE PROVIDED BY CONSULTANT

Description of Consulting Services. Subject to the terms of this Agreement, the Company retains Consultant, and Consultant agrees with the Company, to serve as a consultant to the Company, subject to and in accordance with the authority and direction of the CEO of the Company for the purpose of providing such consulting services, including advice identifying opportunities and implementation of strategy and processes surrounding planning and forecasting, and consultation on other matters as specifically may be requested by the CEO for any period that this Agreement is in effect (the "**Consulting Services**").

A. Company's Reliance. The Company is entering into this Agreement in reliance on Consultant's special and unique abilities in rendering the Consulting Services and Consultant will use Consultant's best effort, skill, judgment, and ability in rendering the Consulting Services.

B. Representations by Consultant. Consultant represents to the Company that Consultant is under no contractual, legal or fiduciary obligation or burden that reasonably may be expected to interfere with Consultant's ability to perform the Consulting Services in accordance with the Agreement's terms, including without limitation any agreement or obligation to or with any other company, and that Consultant is not bound by the terms of any agreement with any previous employer or other party to refrain from using or disclosing any trade secret or confidential or proprietary information in the course of Consultant's engagement by the Company or to refrain from competing, directly or indirectly, with the business of any other party. Consultant agrees that Consultant will not use, distribute or provide to anyone at the Company any confidential or proprietary information belonging to any other company or entity, at any time during Consultant's performance under this Agreement. Consultant further represents that Consultant's performance of the Consulting Services will not breach any agreement to keep in confidence proprietary information, knowledge or data acquired by Consultant in confidence or in trust prior to this Agreement, and Consultant will not disclose to

the Company or induce the Company to use any confidential or proprietary information or material belonging to any other party.

C. Nature of Relationship Between Parties. Consultant will render the Consulting Services in this Agreement as an independent contractor. Except as otherwise specifically agreed to by the Company in writing, Consultant will have no authority or power to bind the Company with respect to third parties and Consultant shall not represent to third parties that Consultant is an officer of the Company or has authority or power to bind the Company. It is not the intention of the parties to this Agreement to create, by virtue of this Agreement, any employment relationship, trust, partnership, or joint venture between Consultant and the Company or any of its affiliates, except as specifically provided in this Agreement, to make them legal representatives or agents of each other or to create any fiduciary relationship or additional contractual relationship among them.

II. COMPENSATION FOR CONSULTING SERVICES

A. Compensation. As full compensation for the Consulting Services rendered pursuant to this Agreement, the Company shall pay Consultant the following fee (the "**Consulting Fee**"): Four Hundred and Fifty Dollars (\$450) per hour worked. The Consulting Fee shall be paid on a monthly basis on the thirtieth (30th) day of each month following the month in which services are performed. Consultant agrees to invoice the Company on a monthly basis as soon as practicable following the time in which services are performed. The number of hours to be worked in a particular month during the Term (as defined in Section V.A. below) shall be determined and mutually agreed upon by the CEO and Consultant from time to time.

B. Expense Reimbursement. Consultant shall present a statement for the expenses, including accompanying vouchers, receipts, or other supporting documentation, on a monthly basis. Such statement shall include reasonable documentation that the amount involved was expended and related to the Consulting Services provided under this Agreement. The Company will provide reimbursement for all reasonable expenses including airfare, lodging, meals, parking and ground transportation, with pre-approval of the CEO, within thirty (30) days from the receipt of each statement. Expense reimbursements to Consultant shall not include any compensation for overhead or profit.

C. Performance of Services. Consultant shall be available to perform Consulting Services for the Company during the Term, except as otherwise specifically provided herein or mutually agreed upon by the Company and Consultant.

D. Benefits. Consultant shall at all times be an independent contractor (and not an employee or agent of the Company); therefore, Consultant shall not be entitled to participate in any benefit plans or programs that the Company provides or may provide to its employees, including, but not limited to, pension, profit-sharing, medical, dental, workers' compensation, occupational injury, life insurance and vacation or sick benefits.

E. Workers' Compensation. Consultant shall not be an employee of the Company with respect to services performed under this Agreement for workers' compensation purposes and understands and acknowledges that the Company shall not obtain workers' compensation insurance covering the Consultant.

III. PAYMENT OF TAXES

A. Federal, State, and Local Taxes. Neither federal, state, or local income tax nor payroll tax of any kind shall be withheld or paid by the Company on behalf of Consultant. Consultant shall not be an employee of the Company with respect to services performed under the Agreement for federal, state, or local tax purposes.

B. Notices to Contractor About Tax Duties And Liabilities. Consultant understands that Consultant is responsible for paying, according to the applicable law, Consultant's income taxes. The parties agree that any tax consequences or liability arising from the Company's payments to Consultant shall be the sole responsibility of Consultant. Should any state or federal taxing authority determine that any of the payments under Section II constitute income subject to withholding under any federal or state law, then Consultant agrees to indemnify and hold the Company harmless for any and all tax liability, including, but not limited to, taxes, levies, assessments, fines, interest, costs, expenses, penalties, and attorneys' fees.

IV. WARRANTY, INDEMNIFICATION AND COVENANTS

A. Warranty. Consultant warrants that the Consulting Services shall be performed and completed in accordance with commercially reasonable industry standards, practices and principles for similar types of engagements utilizing the Consultant's best efforts, and in compliance with all applicable laws. Consultant agrees to indemnify and hold the Company harmless against any claim against the Company arising from, as a result of, in connection with, or relating to Consultant's dishonesty, willful misconduct, or gross negligence in performing this Agreement or for Consultant's breach of this Agreement. This indemnity obligation shall survive the termination of this Agreement. Consultant hereby grants, assigns and transfers to the Company all rights, title and interest in and to any work product produced by Consultant in connection with performing the Consulting Services.

B. Indemnification. Except as otherwise provided in this Agreement, the Company shall indemnify, defend and hold Consultant harmless from and against any claims, suits or proceedings arising from the Consulting Services provided by Consultant under this Agreement.

C. Consultant's Standard of Care. Subject to the other Agreement provisions, Consultant will provide Consultant's services under this Agreement with the same degree of care, skill, and prudence that would be customarily exercised in the Company's best interest. In addition, from time to time, Consultant will interface with various members of the Company's staff or be on the Company's premises. On all such occasions, Consultant shall act appropriately and professionally, including, without limitation, refraining from any offensive or harassing behavior whether based on an individual's gender, race, religion, national origin, age, sexual

orientation, disability, or other characteristic protected by federal, state or local law. Failure to comply with this expectation may result in immediate termination of this Agreement.

D. Confidentiality.

i. **Confidential Information.** The Company shall provide Consultant Confidential Information (defined below). Consultant acknowledges that during Consultant's engagement with the Company, the Company shall grant Consultant otherwise prohibited access to its trade secrets and other confidential information which is not known to the Company's competitors or within the Company's industry generally, which was developed by the Company over a long period of time and/or at its substantial expense, and which is of great competitive value to the Company. For purposes of this Agreement, "**Confidential Information**" includes, all trade secrets and confidential and proprietary information of the Company, including, but not limited to, the following: software, technical, and business information relating to the Company's inventions and products (including product construction and product specifications), research, development, production processes, manufacturing and engineering processes, finances, services, know-how, technical data, policies, strategies, designs, formulas, programming standards, developmental or experimental work, improvements, discoveries, plans for research or future products, database schemas or tables, infrastructure, development tools or techniques, training manuals, marketing and sales plans and strategies, business plans, budgets, financial information and data, customer and client information, prices and pricing strategies, costs, customer and client lists and profiles, employee, customer and client nonpublic personal information, supplier lists, business records, audit processes, management methods and information, reports, recommendations and conclusions, information regarding the names, contact information, skills and compensation of employees and contractors of the Company, and other business information disclosed or made available to Consultant by the Company, either directly or indirectly, in writing, orally, or by drawings or observation.

ii. **Non-Disclosure.**

a. In exchange for the Company's agreement to provide Consultant with Confidential Information and to protect the Company's legitimate business interests, Consultant shall hold all Confidential Information in strict confidence. Consultant shall not, during the Term of this Agreement or at any time thereafter, disclose to anyone, or publish, use for any purpose, exploit, or allow or assist another person to use, disclose or exploit, except for the benefit of the Company, without prior written authorization, any Confidential Information or part thereof, except as: (1) necessary for the performance of the Consulting Services; or (2) permitted by law. Consultant shall use all reasonable precautions to assure that all Confidential Information is properly protected and kept from unauthorized persons. Consultant acknowledges and agrees that all Confidential Information that will be provided to Consultant during the Term of this Agreement is and will continue to be the exclusive property of the Company. Consultant further agrees that it will obtain from any such third party to whom it discloses (as permitted above) any Confidential Information, a written undertaking (in form and substance satisfactory to the Company in its sole discretion) of the third party to keep the information confidential.

b. During the Term of this Agreement, the Company will receive from third parties their confidential and/or proprietary information, subject to a duty on the Company's part to maintain the confidentiality of and to use such information only for certain limited purposes. Consultant agrees to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person or organization or to use it except as necessary in the course of Consultant's engagement with the Company and in accordance with the Company's agreement with such third party.

E. Agreement to Return Company Property/Documents. Following the termination of the Agreement for any reason, Consultant agrees that: (i) Consultant will not take, copy, alter, destroy, or delete any files, documents or other materials whether or not embodying or recording any Confidential Information, including copies, without obtaining in advance the explicit written consent of an authorized Company representative; and (ii) Consultant will promptly return to the Company all Confidential Information, property, documents, files, records and tapes (written or electronically stored) that have been in its possession or control regarding the Company, and Consultant will not use or disclose such materials in any way or in any format, including written information in any form, information stored by electronic means, and any and all copies of these materials. Consultant further agrees to return to the Company immediately all Company property issued at any time during the Term of this Agreement, including, without limitation, keys, equipment, computer(s) and computer equipment, devices, data, lists, information, correspondence, notes, memos, reports, or other writings prepared by the Company or Consultant on behalf of the Company.

V. PERIOD OF AGREEMENT; TERMINATION

A. Period. This Agreement is effective from the Effective Date and shall automatically renew for subsequent one calendar month periods until terminated by either party in accordance with this Section V.A. (the "**Term**"). This Agreement governs all Consulting Services performed by Consultant for the Company during the Term of this Agreement. The Company may terminate this Agreement for any reason, at any time, upon fifteen (15) calendar days prior written notice to the Consultant, unless a shorter time period is otherwise mutually agreed to by the parties. The Consultant may terminate this Agreement for any reason, at any time, upon fifteen (15) calendar days prior written notice to the Company, unless otherwise a shorter time period is mutually agreed to by the parties. If this Agreement is terminated, and the parties fail to execute a new Agreement, all services will be discontinued as of the date of such termination; provided, however, the Company shall pay Consultant, upon presentation and approval of the appropriate invoice, the Consulting Fee for the hours worked during the month in which the early termination occurs.

B. Survival. The provisions set forth in Section IV shall survive termination or expiration of this Agreement. In addition, all provisions of this Agreement, which expressly continue to operate after the termination of this Agreement, shall survive the Agreement's termination or expiration.

VI. OTHER PROVISIONS

A. Notices. Any notice or other communication required, permitted or desired to be given under this Agreement shall be deemed delivered when personally delivered; the next business day, if delivered by overnight courier; the same day, if transmitted by facsimile or electronic mail on a business day before noon, PST; the next business day, if otherwise transmitted by facsimile; and the third business day after mailing, if mailed by prepaid certified mail, return receipt requested, based on the most recent contact information provided by the party.

B. Choice of Law and Waiver of Jury Trial. This Agreement has been executed and delivered in, and shall be interpreted, construed, and enforced under the laws of the State of North Carolina, without giving effect to its conflicts of law principles. Consultant knowingly and intentionally consents to jurisdiction in Mecklenburg County, North Carolina. With respect to any dispute between Consultant and the Company arising out of or in any way related to this Agreement, Consultant agrees to resolve such dispute(s) before a judge without a jury. **CONSULTANT HAS KNOWLEDGE OF THIS SECTION VI.B., AND CONTINUES TO WORK FOR THE COMPANY THEREAFTER, HEREBY WAIVING CONSULTANT'S RIGHT TO TRIAL BY JURY AND AGREES TO HAVE ANY DISPUTE(S) ARISING BETWEEN THE COMPANY AND CONSULTANT ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT RESOLVED BY A JUDGE OF A COMPETENT COURT IN MECKLENGURG COUNTY, NORTH CAROLINA, SITTING WITHOUT A JURY.**

C. Limitations on Assignment. By entering into this Agreement, the Company is relying on the unique services of Consultant; services from another company or contractor will not be an acceptable substitute. Except as provided in this Agreement, Consultant may not assign this Agreement or any of the rights or obligations set forth in this Agreement without the explicit written consent of the Company. Any attempted assignment by Consultant in violation of this paragraph shall be void and shall result in termination of this Agreement. Except as provided in this Agreement, nothing in this Agreement entitles any person other than the parties to the Agreement to any claim, cause of action, remedy, or right of any kind, including, without limitation, the right of continued employment.

D. Waiver. A party's waiver of any breach or violation of any Agreement provision shall not operate as, or be construed to be, a waiver of any subsequent breach of the same or other Agreement provision.

E. Severability. If any provision(s) of this Agreement is held to be invalid, illegal, or unenforceable for any reason whatsoever, (i) the validity, legality, and unenforceability of the remaining provisions of this Agreement (including, without limitation, all portions of any paragraphs of this Agreement containing any provision held to be invalid, illegal, or unenforceable, that are not themselves invalid, illegal, or unenforceable), will not in any way be affected or impaired thereby, and (ii) the provision(s) held to be invalid, illegal, or unenforceable will be limited or modified in its or their application to the minimum extent necessary to avoid

the invalidity, illegality or unenforceability, and, as so limited or modified, the provision(s) and the balance of this Agreement will be enforceable in accordance with their terms.

F. Headings. The headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.

G. Counterparts. This Agreement and amendments to it will be in writing and may be executed in counterparts. Each counterpart will be deemed an original, but both counterparts together will constitute one and the same instrument.

H. Entire Agreement, Amendment, Binding Effect. No oral statements or prior written material not specifically incorporated in this Agreement shall be of any force and effect, and no changes in or additions to this Agreement shall be recognized, unless incorporated in this Agreement by written amendment, such amendment to become effective on the date stipulated in it. Any amendment to this Agreement must be signed by all parties to this Agreement. Consultant acknowledges and represents that in executing this Agreement, Consultant did not rely on, has not relied on, and specifically disavows any reliance on any communications, promises, statements, inducements, or representation(s), oral or written, by the Company, except as expressly contained in this Agreement. The parties represent that they relied on their own judgment in entering into this Agreement. This Agreement will be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs, legal representatives, and permitted assigns (if any). For the avoidance of doubt, any payments for services performed prior to the Effective Date are pursuant to the prior employment relationship involving Consultant and Company.

I. Ambiguities. Any rule of construction to the effect that ambiguities shall be resolved against the drafting party shall not apply to the interpretation of this Agreement.

J. Voluntary Agreement. Consultant acknowledges that Consultant has had an opportunity to consult with an attorney or other counselor (at Consultant's own cost) concerning the meaning, import, and legal significance of this Agreement, and Consultant has read this Agreement, as signified by Consultant's signature hereto, and Consultant is voluntarily executing the same after, if sought, advice of counsel for the purposes and consideration herein expressed.

By their signatures below, the parties certify that they have read the above Agreement and agree to its terms:

TORRID ADMINISTRATION, INC. ALPINE RETAIL GROUP, LLC
Mark Mizicko, Principal

By: /s/ Lisa Harper By: /s/ Mark Mizicko

Printed Name: Lisa Harper Printed Name: Mark Mizicko

Title: CEO Title: Principal
Date: June 10, 2024 Date: June 10, 2024

TORRID

August 2, 2022

Hyon Park
via email

Re: Employment Offer & Agreement

Dear Hyon,

It gives me great pleasure to present our offer of employment as Chief Technology Officer of Torrid Administration, Inc. (along with its subsidiaries and affiliates, "Torrid"). This offer is contingent on the successful completion of your background check. Your start date will be determined by mutual agreement of you and Torrid and below are the details of our offer (the "Agreement"):

Compensation. During your employment with Torrid, you will be paid at a bi-weekly rate of \$23,076.93, which annualizes to a base salary of \$600,000.00. Your compensation is subject to modification during your employment in accordance with Torrid's practices and policy.

Bonus Plan. During your employment with Torrid, you will be eligible to participate in Torrid's Bonus Plan, as approved by the Board of Torrid Holdings, Inc. ("Parent"), beginning as of Torrid's fiscal year beginning February 2022. For fiscal 2022, your 2022 bonus will be paid at 100% achievement and pro-rated based on days worked in 2022. It will be paid with the normal annual bonus payout timing, typically in March or April 2023 and to receive payment, you have to be actively employed on the date that the bonus is distributed.

For fiscal 2023 and thereafter your bonus payout will be based upon Torrid achieving its profit performance goal, as well as the Board of Parent's assessment of your individual performance of your job-related duties to Torrid. Your target annual bonus opportunity will be seventy-five percent (75%) of your annualized base salary, which if earned for any particular fiscal year during your employment with Torrid, is expected to be paid in March or April of the following fiscal year. In order to receive any bonus payment, you have to be actively employed and in good standing on the date that bonuses are distributed. All incentive plans are subject to final approval and revision by the Compensation Committee of the Board of Directors.

Sign-On Bonus. You will be issued a one-time sign-on bonus in the gross amount of \$225,000.00, which will be paid on your first pay period with Torrid and subject to applicable taxes. Should you voluntarily resign or if your employment is terminated for Cause (as defined herein) by Torrid within twelve (12) months of your start date; you will be required to repay such bonus, which repayment amount will be reduced by 1/12 for each full month of employment.

Long-Term Incentive Package. We would like you to participate in the value you help create while you are in your role at Torrid. Subject to approval by the Board of Parent, in connection with your employment with Torrid, you will be granted a long-term incentive package commensurate with your role and title.

Stock Option Grant

Effective on or promptly after your first day of employment, you will be granted an equity award from Parent, with a grant date fair value of \$1,500,000.00 (the "Award"). The Award will be granted 50% in the form of restricted stock units and 50% in the form of stock options of Parent. The per share exercise price of the stock options will be equal to the closing price of Parent's common stock on the date the stock options are granted. Subject to your continued employment by Torrid, the Award will vest twenty-five percent (25%) on the first anniversary of your start date and then in equal annual installments until the fourth anniversary of your start date. The terms and conditions of the Award will be subject in all respects to Parent's 2021 Long-Term Incentive Plan and the formal agreement(s) applicable to the Award.

18501 E. San Jose Ave.
City of Industry, CA 91748

T: 626.839.4681
F: 626.839.4686

TORRID
torrid.com

KE 78670686



TORRID

H. Park Offer Letter
August 2, 2022
Page Two

Salary Review. You will be eligible for your first salary review and consideration for a merit increase on or about April 1, 2023. Any increase awarded will be pro-rated based upon your employment start date.

Flex Time. During your employment with Torrid, you will accrue Flex Time Off (FTO) which will allow you to take time off from work, without having to specify a reason. FTO will accrue each pay period. Your annual FTO accrual will be one hundred and sixty (160) hours per year and you can use FTO after completing thirty (30) days of employment. FTO usage is subject to Torrid's FTO policy.

Benefits. During your employment with Torrid, you will be eligible to enroll in Torrid's benefits program on the first day of regular full-time employment. Your benefits will become effective on the first day of the month following 30 days of service with Torrid. Torrid's benefits program includes the opportunity to participate in Group Health, Dental, Vision, Life and Short- and Long-Term Disability insurance plans as well as other programs that may be available in accordance with Torrid's employee benefit programs, as such plans may be amended, modified or replaced from time to time.

401(k) Plan. You will be eligible to participate in Torrid's 401(k) Plan, if 21 years of age, after completing two hundred (200) hours of service. Employer matching program is offered with the 401(k) plan.

Deferred Compensation Plan. You are eligible to enroll in Torrid's Deferred Compensation Plan between thirty-one (31) to sixty (60) days from your start date for the current plan year, or you can wait until the next open enrollment period which will be July every year. Information regarding Torrid's Deferred Compensation Plan will be provided under separate cover.

Cause. For purposes of this Agreement, "Cause" shall mean your (i) commission of a felony or other crime involving dishonesty towards Torrid or any of its subsidiaries or affiliates or material misuse of property or information of Torrid or its subsidiaries or affiliates, (ii) engaging in willful misconduct or fraud with respect to Torrid or any of its subsidiaries or affiliates or any of their customers or suppliers or an intentional act of dishonesty or disloyalty in the course of your employment, (iii) refusal to perform your material obligations under this Agreement (except in connection with your disability) as reasonably directed by the Board of Parent or Torrid's Chief Executive Officer, which failure is not cured within 12 days after written notice thereof to you, (iv) misappropriation of one of more of Torrid's or any of its Subsidiary's or affiliate's material assets or business opportunities, or (v) your breach of any policy or code of conduct or any restrictive covenants set forth in this Agreement or any other agreement between you, Torrid or one of Torrid's subsidiaries or affiliates which breach, if capable of being cured, is not cured within 10 days after written notice thereof has been delivered to you.

Returning Company Property. In the event of your termination of employment for any reason, or earlier upon the request of Torrid, you shall, prior to or on such termination date, deliver to Torrid (and will not maintain possession of or deliver to anyone else) any and all property, information, passwords, devices, records, data, data bases software, software documentation, laboratory notebooks, notes, reports, proposals, lists, customer lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any of the above aforementioned items belonging to Torrid, any of its subsidiaries or affiliates, and/or any of its or their respective successors or assigns (collectively, (the "Torrid Group").

Confidential and Proprietary Information. As a condition of continued employment you agree to continue to abide by the terms of the Proprietary Information and Inventions Agreement ("PIIA") you will sign upon commencement of your employment, and you recognize that your employment with Torrid will involve contact with information of substantial value to the Torrid Group, which is not generally known to the public, and which gives Torrid and the other members of the Torrid Group an advantage over its competitors who do not know or use it, including but not limited to, techniques, designs, drawings, processes, inventions know how, strategies, marketing, and/or advertising plans or arrangements, developments, equipment, prototypes,



TORRID

H. Park Offer Letter
August 2, 2022
Page Three

sales, supplier, service provider, vendor, distributor and customer information, and business and financial information relating to the business, products, services, practices and techniques of Torrid and the other members of the Torrid Group, (hereinafter referred to as "**Confidential and Proprietary Information**"). You will at all times regard and preserve as confidential such Confidential and Proprietary Information obtained by you from whatever source and will not, either during your employment with Torrid or thereafter, publish or disclose any part of such Confidential and Proprietary Information in any manner at any time, or use the same except on behalf of Torrid and the other members of the Torrid Group, without the prior written consent of Torrid. 18 U.S.C. § 1833(b) (the "Defend Trade Secrets Act") provides: "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that—(A) is made—(i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b). Accordingly, the parties to this Agreement have the right to disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. The parties also have the right to disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall be interpreted so as to impede you (or any other individual) from reporting possible violations of federal law or regulation to any governmental agency or entity, including, but not limited to, the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures under the whistleblower provisions of federal law or regulation. You do not need the prior authorization of Torrid to make any such reports or disclosures and you shall not be required to notify Torrid that such reports or disclosures have been made.

Representation Regarding Proprietary Information. In your work for Torrid, you will be required not to use or disclose any confidential information, including trade secrets, of any former employer or other person to whom you have an obligation of confidentiality. Rather, you will be expected to use only that information which is generally known and used by persons with training and experience comparable to your own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by Torrid. You further will be required to honor any other enforceable legal obligations you owe to any former employer or third party. During our discussions about your proposed job duties, you assured us that you would be able to perform those duties within the guidelines just described. You agree that you will not bring onto the Torrid premises any unpublished documents or property belonging to any former employer or other person to whom you have an obligation of confidentiality.

Conflict Of Interest.

(a) Loyalty. During your employment with Torrid, you shall devote your full time and energies to fulfill all responsibilities to Torrid in the capacity of Chief Technology Officer. In addition, you agree to comply with Torrid's Code of Business Conduct.

(b) Covenant Not to Compete. During your employment with Torrid, you shall not engage in competition with Torrid or any other member of the Torrid Group either directly or indirectly, in any manner or capacity, as adviser, principal, agent, affiliate, promoter, partner, officer, director, employee, stockholder, owner, co-owner, consultant, or member of any association or otherwise, in any phase of the business of developing, manufacturing and marketing of products or services that are in the same field of use or which otherwise compete with the products or services of Torrid or any other member of the Torrid Group, except with the prior written consent of the Board of Parent.

(c) Non-solicitation. During your employment with Torrid, and for two (2) years immediately after the termination of your employment for any reason, (such period consisting of your employment and the two (2) year period immediately thereafter, the "Restrictive Term"), you agree not to, either directly or indirectly,

TORRID

H. Park Offer Letter
August 2, 2022
Page Four

either for yourself or any other person or entity use any Trade Secrets as defined under the California Trade Secrets Act, Cal. Civ. Code §§ 3426-3246.11, and/or the Defend Trade Secrets Act, to solicit, induce and or influence, and/or attempt to induce and/or influence, any person who is engaged as a regular, temporary, introductory, full-time or part-time employee, agent, or independent contractor by the Torrid Group, including any employee from the Torrid Group, to leave the employment of the Torrid Group, for any reason, or to solicit, induce, or attempt to induce any customer, supplier, licensee, licensor, franchisee or other business relation of Torrid or any other member of the Torrid Group to cease doing business with Torrid or any other member of the Torrid Group.

Non-Disparagement. During your employment with Torrid and at all times following your termination of employment with Torrid for any reason, you agree not to directly or indirectly make or encourage any statement that criticizes, ridicules, disparages or is otherwise derogatory of the Torrid Group or its employees, officers, directors or equityholders. The foregoing shall not be violated by truthful statements in response to legal process, required governmental testimony or filings, or administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings).

Taxes and Withholding. All payments and benefits provided to you will be subject to all applicable taxes and withholdings as determined by Torrid. This Agreement and its payments and benefits are intended to comply with (or be exempt from) the requirements of Code Section 409A and will be interpreted in accordance with such intention. While it is intended that all payments and benefits provided under this Agreement to you will be exempt from or comply with Code Section 409A, Torrid makes no representation or covenant to ensure that the payments/benefits under this Agreement are exempt from or compliant with Code Section 409A. The Torrid Group will have no liability to you or any other person if any amounts paid or payable are subject to the additional tax and/or penalties and/or interest under Code Section 409A. For purposes of Code Section 409A, each payment made to you under this Agreement will be designated as a separate payment. To the extent any nonqualified deferred compensation payment to you could be paid in one or more of your taxable years depending upon you completing certain employment-related actions, then any such payments will commence or occur in the later taxable year to the extent required by Code Section 409A.

Governing Law. This Agreement will be governed by and construed according to the laws of the State of California. You hereby expressly consent to the personal jurisdiction of the state and federal courts located in Los Angeles, California for any lawsuit filed there against you by Torrid arising from or related to this Agreement.

In the event of any litigation arising out of or relating to this Agreement, its breach or enforcement, including an action for declaratory relief, the prevailing party in such action or proceeding shall be entitled to receive its damages, court costs, and all out-of-pocket expenses, including attorneys' fees. Such recovery shall include court costs, out-of-pocket expenses, and attorney's fees on appeal, if any.

Successors and Assigns. This Agreement will be binding upon your heirs, executors, administrators and other legal representatives and will be for the benefit of Torrid and the other members of the Torrid Group.

Severability. The finding by a court of competent jurisdiction of the unenforceability, invalidity or illegality of any provision of this Agreement shall not render any other provision of this Agreement unenforceable, invalid or illegal. Such court shall have the authority to modify or replace the invalid or unenforceable term or provision with a valid and enforceable term or provision, which most accurately represents the Parties' intention with respect to the invalid or unenforceable term or provision.

All plans, programs, and policies described above are subject to change at the discretion of Torrid, and all terms above are subject to the terms of the applicable Torrid policies. The information provided here contains a brief overview of relevant plans and is not intended to replace the legal documents that contain the complete provisions



TORRID

H. Park Offer Letter
August 2, 2022
Page Five

of each plan. Final interpretation of any plan is within the discretionary authority and responsibility of the plans' administrators.

Your employment with Torrid will be at-will and not for a specified period of time. It can be terminated by you or Torrid at any time, with or without cause, and with or without notice. Should you decide to terminate your employment with Torrid, you are requested to provide at least two weeks' advance notice. No promises, assurances, or other conduct, whether written or oral, can modify this Agreement unless set forth in writing and signed by you and the Chief Executive Officer of Torrid.

Please acknowledge acceptance of this offer of employment on the terms indicated by signing the enclosed copy of this letter and returning it to me by no later than **August 3, 2022**.

Hyon, I am thrilled that you have chosen to consider our offer, and should you decide to accept, I look forward to working with you. If you have any questions, or need additional information on the plans and programs, please feel free to call Kelly McGuire Diehl at (818) 314-1848.

Sincerely,

Lisa Harper
Chief Executive Officer

I confirm my acceptance of employment with Torrid subject to the terms and conditions set forth above.

Hyon Park

Date

8/3/22

TORRID

CONFIDENTIAL

Congratulations on your promotion!

Hyon Park
EE # 278546

Congratulations on your promotion to **Chief Operating Officer!** This will confirm the details of your pay change effective June 6, 2024.

<u>Annual Base Pay</u>	Amount \$	% Change
Current Annualized Salary:	\$618,000	
Pay Adjustment:	\$82,000	
New Annual Salary effective 6/6/24:	\$700,000	13.27%

<u>Annual Bonus Target</u>	Bonus %	Bonus \$
Current Target:	75%	\$463,500
Bonus Target effective 6/6/24:	80%	\$560,000

<u>Equity Award</u>	LTI \$	\$ Change
Current Equity Award:	\$350,000	
Add'l Equity Award in FY24:	\$150,000	
Total FY24 Equity Award:	\$500,000	\$150,000

<u>Annual Total Cash Comp</u>	Amount \$	% Change
Current TCC:	\$1,431,500	
TCC effective 6/6/24:	\$1,760,000	22.95%

Note the above annual illustrations assume 100% bonus payout. Actual bonus payment calculations include proration for time worked in different roles during FY2024.

Thank you for your amazing contributions and we look forward to your continued success!

**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 Quarterly Report on Form 10-Q 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: June 12, 2024 By: /s/ Lisa Harper

Lisa Harper
Chief Executive Officer
(Principal Executive Officer)

**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 Quarterly Report on Form 10-Q 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: June 12, 2024 By: /s/ Paula Dempsey

Paula Dempsey
Chief Financial Officer
(Principal Financial Officer)

**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 Quarterly Report of Torrid Holdings Inc. (the "Company") on Form 10-Q for the period ended May 4, 2024 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: June 12, 2024 By: /s/ Lisa Harper

Lisa Harper
Chief Executive Officer and Director
(Principal Executive Officer)

**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 Quarterly Report of Torrid Holdings Inc. (the "Company") on Form 10-Q for the period ended May 4, 2024 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: June 12, 2024 By: /s/ Paula Dempsey

Paula Dempsey
Chief Financial Officer
(Principal Financial Officer)