



Tilly's, Inc. Announces Additional Actions in Response to COVID-19 Pandemic

March 27, 2020

IRVINE, Calif.--(BUSINESS WIRE)--Mar. 27, 2020-- In an effort to further improve its financial position and liquidity in light of the uncertainty regarding the potential length and severity of the COVID-19 pandemic and its corresponding impact on its business, Tilly's Inc. (NYSE: TLYS) (the "Company") today announced that it has taken the following precautionary actions in response to the COVID-19 pandemic to date:

- Closed all 239 of the Company's stores across the United States effective March 18, 2020, as previously announced;
- Borrowed approximately \$23.7 million under its credit facility, the maximum amount available, at an interest rate of approximately 1.7% per annum;
- Furloughed all non-management store associates and a portion of its corporate office staff;
- Substantially closed its Irvine, California distribution center that serves its stores and furloughed a significant majority of the distribution management and staff working in that center (its e-commerce distribution center continues to operate at normal capacity on split shifts); and
- Identified additional expense reductions for fiscal 2020 ending January 30, 2021 that may be implemented as necessary.

In addition to the foregoing actions by the Company, in order to personally share in the burden facing the Tillys family, the Company's management team and Board of Directors have taken the following actions, until the Company's stores reopen, or conditions improve:

- Hezy Shaked, Executive Chairman and Chief Strategy Officer, has elected to forgo his salary;
- Ed Thomas, President and Chief Executive Officer, has elected to forgo his salary for the month of April 2020, and thereafter will join the Company's management team in taking a temporary pay cut;
- Each of the other members of the Company's corporate management team will take a significant temporary pay cut, effective immediately, based on a graduated scale according to annual salary; and
- The members of the Board of Directors have unanimously elected to forgo their respective cash retainer fees for service on the Board.

"We are certainly experiencing unprecedented times, and it breaks our hearts as a management team to have to furlough members of our outstanding family of highly engaged store associates, distribution staff, and corporate team members," commented Ed Thomas, President and Chief Executive Officer. "We look forward to the day when we can welcome our team back home with confidence that better days will be ahead."

With the health and safety of its employees, customers and communities in mind, all Tillys stores will remain closed to the public until further notice. The Company will continue to follow the guidance of local, state and federal governments, as well as health organizations, to determine when it can safely reopen its stores to the public. The Company's website at www.tillys.com and its mobile app remain available to customers at this time.

As of March 27, 2020, the Company's cash and investments on hand totaled approximately \$122.4 million, inclusive of the \$23.7 million borrowed under the Company's credit facility. While the Company anticipates that the foregoing responsive actions by the Company will remain in effect at least until the Company's stores are able to reopen to the public, the Company cannot predict with any certainty when its stores will be able to reopen to the public, or what additional measures may need to be taken as the COVID-19 pandemic continues to evolve. As a result of these actions, however, the Company believes its cash reserves are sufficient to meet its needs for the remainder of fiscal 2020, assuming e-commerce operations are able to continue, merchandise inventories are appropriately managed, store rents are deferred so long as stores remain closed, and other various actions are taken to help mitigate its expenses during these challenging times.

About Tillys

Tillys is a leading destination specialty retailer of casual apparel, footwear and accessories for young men, young women, boys and girls with an extensive assortment of iconic global, emerging and proprietary brands rooted in an active and outdoor lifestyle. Tillys is headquartered in Irvine, California and, as of March 27, 2020, operated 239 total stores across 33 states (all of which remain closed to the public as of that date), as well as its website, www.tillys.com.

Forward Looking Statements

Certain statements in this press release are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In particular, statements regarding the overall effect of the novel coronavirus (COVID-19) pandemic, including its impacts on us, our operations, or our future financial or operating results, the actions that we may take in the future in response to the COVID-19 pandemic, and the impacts thereof on us, our operations, or our future financial or operating results, the effects of the COVID-19 pandemic on future executive and board compensation, future expense reductions, our ability to open or reopen some or all of our stores and the timing thereof, the effects of the COVID-19 pandemic on the continued operations of our e-commerce business or our employees, our ability to meet our future cash needs, and any other statements about our future cash position, financial flexibility, expectations, plans, intentions, beliefs or prospects expressed by management are forward-looking statements. These forward-looking statements are based on management's current expectations and beliefs, but they involve a number of risks and uncertainties that could cause actual results or events to differ materially from those indicated by such forward-looking statements, including, but not limited to, the effects of the COVID-19 pandemic (or other weather, epidemics, pandemics, or other public health issues) on our business and operations, and our ability to respond thereto, our ability to respond changing customer preferences and trends, attract customer traffic at our stores and online, execute our growth and long-term strategies, expand into new markets, grow our e-commerce business, effectively manage our inventory and costs, effectively compete with other retailers, attract talented employees, realize anticipated, enhance awareness of our brand and brand image,

general consumer spending patterns and levels, the markets generally, our ability to satisfy our financial obligations, including under our credit facility and our leases, and other factors that are detailed in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission ("SEC"), including those detailed in the section titled "Risk Factors" and in our other filings with the SEC, which are available from the SEC's website at www.sec.gov and from our website at www.tillys.com under the heading "Investor Relations". Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. We do not undertake any obligation to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. This release should be read in conjunction with our financial statements and notes thereto contained in our Form 10-K.

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