

---

---

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

---

**FORM 8-K**

---

**CURRENT REPORT**  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

**Date of Report (Date of Earliest Event Reported) December 3, 2014**

---

**TILLY'S, INC.**

(Exact Name of Registrant as Specified in its Charter)

---

**Delaware**  
(State of Incorporation)

**1-35535**  
(Commission  
File Number)

**45-2164791**  
(IRS Employer  
Identification Number)

**10 Whatney**  
**Irvine, California 92618**  
(Address of Principal Executive Offices) (Zip Code)

**(949) 609-5599**  
(Registrant's Telephone Number, Including Area Code)

**N/A**  
(Former Name or Former Address, if Changed Since Last Report)

---

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- 
-

---

**Item 2.02 Results of Operations and Financial Condition.**

On December 3, 2014, Tilly's, Inc. (the "Company") issued an earnings press release for the third quarter ended November 1, 2014. The press release is furnished as Exhibit 99.1 and is incorporated herein by reference. Exhibit 99.1 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, regardless of any general incorporation language in such filing.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

The following exhibit is being furnished herewith:

Exhibit No.	Exhibit Title or Description
99.1	Press Release of Tilly's, Inc. dated December 3, 2014

---

**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 hereunto duly authorized.

TILLY'S, INC.

Date: December 3, 2014

By: /s/ Christopher M. Lal

Name: Christopher M. Lal

Title: Vice President, General Counsel and Secretary



**Tilly's, Inc. Announces Third Quarter Fiscal 2014 Results  
Introduces Fourth Quarter Fiscal 2014 Outlook**

- **Third Quarter Net Sales of \$131.3 million; Comp Store Sales Decreased 1.2%**
- **Third Quarter EPS of \$0.18**

**Irvine, CA – December 3, 2014** – Tilly's, Inc. (NYSE: TLYS) today announced financial results for the third quarter of fiscal 2014 ended November 1, 2014.

"We are pleased with the meaningful progress we are making on our initiatives to increase sales and profitability as our third quarter results exceeded expectations. While we recognize there is more work to be done, we are encouraged that our focus on product differentiation and innovation, and improved digital capabilities, in conjunction with a slightly better teen retail environment, are contributing to a general improvement in customer response. These efforts, as well as strong inventory management, resulted in increased product margins in the quarter," commented Daniel Griesemer, President and Chief Executive Officer. "Our product offering continued to resonate well with our customer through November, giving us confidence that we are well positioned for the remaining holiday selling season."

For the third quarter ended November 1, 2014:

- Total net sales were \$131.3 million compared to \$123.8 million in the third quarter of 2013.
- Comparable store sales, which include e-commerce sales, decreased 1.2% compared to the same 13-week period in 2013.
- Gross profit increased 7.1% to \$40.5 million compared to \$37.8 million in the third quarter of 2013. Gross margin was 30.9% compared to 30.6% in the third quarter of 2013, primarily due to a 30 basis point increase in product margins.
- Operating income was \$8.6 million compared to operating income of \$10.2 million in the third quarter of 2013.
- Net income was \$5.1 million, or \$0.18 per diluted share, based on a weighted average diluted share count of 28.0 million shares and an effective tax rate of 40.2%. This compares to net income in the third quarter of 2013 of \$6.1 million, or \$0.22 per diluted share, based on a weighted average diluted share count of 28.2 million shares and an effective tax rate of 40.1%.

For the thirty-nine weeks ended November 1, 2014:

- Total net sales were \$365.5 million compared to \$355.9 million for the first three quarters of the prior year.
- Comparable store sales, which include e-commerce sales, decreased 5.0% compared to the first three quarters of 2013.
- Gross profit decreased 0.9% to \$106.5 million compared to \$107.5 million in the first three quarters of 2013. Gross margin was 29.1%, compared to 30.2% in the prior year period. Product margins increased 20 basis points, offset by higher occupancy costs as a percentage of net sales due to the negative comparable store sales.

- 
- Operating income was \$12.0 million compared to \$21.3 million in the first three quarters of 2013.
  - Net income was \$7.0 million, or \$0.25 per diluted share, based on a weighted average diluted share count of 28.1 million shares. This compares to net income in the first three quarters of 2013 of \$12.7 million, or \$0.45 per diluted share, based on a weighted average diluted share count of 28.1 million shares.

#### **Balance Sheet and Liquidity**

As of November 1, 2014, the Company had \$61.3 million of cash and marketable securities and no borrowings or debt outstanding on its revolving credit facility.

#### **Fourth Quarter 2014 Outlook**

The Company expects fourth quarter comparable store sales to be flat to negative low single digits, and net income per diluted share to be in the range of \$0.15 to \$0.19. This assumes an anticipated effective tax rate of approximately 40% and a weighted average diluted share count of 28.1 million shares. Fourth quarter 2013 net income per diluted share was \$0.19, based on a weighted average diluted share count of 28.2 million shares.

#### **Conference Call Information**

A conference call to discuss the financial results is scheduled for today, December 3, 2014, at 4:30 p.m. ET (1:30 p.m. PT). Investors and analysts interested in participating in the call are invited to dial (888) 461-2024 at 4:25 p.m. ET (1:25 p.m. PT). The conference call will also be available to interested parties through a live webcast at [www.tillys.com](http://www.tillys.com). Please visit the website and select the "Investor Relations" link at least 15 minutes prior to the start of the call to register and download any necessary software.

A telephone replay of the call will be available until December 17, 2014, by dialing (877) 870-5176 (domestic) or (858) 384-5517 (international) and entering the conference identification number: 8128833. Please note participants must enter the conference identification number in order to access the replay.

#### **About Tilly's**

Tilly's is a fast-growing destination specialty retailer of West Coast inspired apparel, footwear and accessories with an extensive assortment of the most relevant and sought-after brands rooted in action sports, music, art and fashion. Tilly's is headquartered in Southern California and, as of December 3, 2014, operated 212 stores and through its website, [www.tillys.com](http://www.tillys.com).

#### **Forward Looking Statements**

Certain statements in this press release and oral statements made from time to time by our representatives are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In particular, statements regarding our future financial and operating results, including but not limited to future comparable store sales, future net income, future gross, operating or product margins, anticipated tax rate, and market share and our business and strategy, including but not limited to store expansion, expansion of brands and exclusive relationships, development and growth of our ecommerce platform and business, and any other statements about our future 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, our ability to respond to 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 ecommerce business, effectively manage our inventory and costs, effectively compete with other retailers, enhance awareness of our brand and brand image, general consumer spending patterns and levels, the effect of weather, and other factors that are detailed in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission ("SEC") on April 1, 2014, 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](http://www.sec.gov) and from our website at [www.tillys.com](http://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.

**Tilly's, Inc.**  
**Consolidated Balance Sheets**  
(In thousands, except per share data)  
(Unaudited)

	November 1, 2014	February 1, 2014
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 31,358	\$ 25,412
Marketable securities	29,969	34,943
Receivables	5,856	8,545
Merchandise inventories	62,196	46,266
Prepaid expenses and other current assets	12,656	11,772
Total current assets	142,035	126,938
Property and equipment, net	105,607	100,936
Other assets	5,011	4,533
Total assets	<u>\$ 252,653</u>	<u>\$ 232,407</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 27,948	\$ 19,645
Deferred revenue	4,725	6,214
Accrued compensation and benefits	3,837	4,975
Accrued expenses	14,118	9,241
Current portion of deferred rent	6,098	5,395
Current portion of capital lease obligation/Related party	794	758
Total current liabilities	57,520	46,228
Long-term portion of deferred rent	42,574	42,756
Long-term portion of capital lease obligation/Related party	1,900	2,500
Total long-term liabilities	44,474	45,256
Total liabilities	101,994	91,484
Commitments and contingencies		
Stockholders' equity:		
Common stock (Class A), \$0.001 par value; November 1, 2014 - 100,000 shares authorized, 11,499 shares issued and outstanding; February 1, 2014 - 100,000 shares authorized, 11,361 shares issued and outstanding	11	11
Common stock (Class B), \$0.001 par value; November 1, 2014 - 35,000 shares authorized, 16,574 shares issued and outstanding; February 1, 2014 - 35,000 shares authorized, 16,642 shares issued and outstanding	17	17
Preferred stock, \$0.001 par value; November 1, 2014 and February 1, 2014 - 10,000 shares authorized, no shares issued or outstanding	—	—
Additional paid-in capital	125,652	122,886
Retained earnings	24,967	17,997
Accumulated other comprehensive income	12	12
Total stockholders' equity	150,659	140,923
Total liabilities and stockholders' equity	<u>\$ 252,653</u>	<u>\$ 232,407</u>

**Tilly's, Inc.**  
**Consolidated Statements of Income**  
(In thousands, except per share data)  
(Unaudited)

	<b>Thirteen Weeks Ended</b>		<b>Thirty-Nine Weeks Ended</b>	
	<b>November 1, 2014</b>	<b>November 2, 2013</b>	<b>November 1, 2014</b>	<b>November 2, 2013</b>
Net sales	\$ 131,283	\$ 123,779	\$ 365,477	\$ 355,941
Cost of goods sold (includes buying, distribution, and occupancy costs) (1)	<u>90,735</u>	<u>85,936</u>	<u>258,947</u>	<u>248,403</u>
Gross profit (1)	40,548	37,843	106,530	107,538
Selling, general and administrative expenses (1)	<u>31,971</u>	<u>27,693</u>	<u>94,548</u>	<u>86,271</u>
Operating income	8,577	10,150	11,982	21,267
Other (expense) income, net	<u>(22)</u>	<u>116</u>	<u>(18)</u>	<u>20</u>
Income before income taxes	8,555	10,266	11,964	21,287
Income tax expense	<u>3,442</u>	<u>4,121</u>	<u>4,994</u>	<u>8,566</u>
Net income	<u>\$ 5,113</u>	<u>\$ 6,145</u>	<u>\$ 6,970</u>	<u>\$ 12,721</u>
Basic earnings per share of Class A and Class B common stock	\$ 0.18	\$ 0.22	\$ 0.25	\$ 0.46
Diluted earnings per share of Class A and Class B common stock	\$ 0.18	\$ 0.22	\$ 0.25	\$ 0.45
Weighted average basic shares outstanding	28,024	27,884	28,007	27,768
Weighted average diluted shares outstanding	28,046	28,166	28,082	28,091

- (1) Gross profit in the third quarter and the first nine months of fiscal 2013 includes a \$0.3 million and a \$1.0 million, respectively, reclassification of stock-based compensation expense from selling, general and administrative expenses to cost of goods sold to correct for an immaterial prior period error.



**Tilly's, Inc.**  
**Consolidated Statements of Cash Flows**  
(In thousands)  
(Unaudited)

	<b>Thirty-Nine Weeks Ended</b>	
	<b>November 1, 2014</b>	<b>November 2, 2013</b>
<b>Cash flows from operating activities</b>		
Net income	\$ 6,970	\$ 12,721
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	15,630	14,470
Loss on disposal of assets	79	133
Gain on sales and maturities of marketable securities	(86)	(161)
Deferred income taxes	598	351
Stock-based compensation expense	2,710	2,373
Excess tax benefit from stock-based compensation	—	(157)
Changes in operating assets and liabilities:		
Receivables	2,689	33
Merchandise inventories	(15,930)	(9,783)
Prepaid expenses and other assets	(2,085)	(2,410)
Accounts payable	8,155	8,144
Accrued expenses	4,436	443
Accrued compensation and benefits	(1,138)	(2,687)
Deferred rent	521	5,121
Deferred revenue	(1,489)	(1,335)
Net cash provided by operating activities	<u>21,060</u>	<u>27,256</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(19,806)	(36,015)
Proceeds from sale of property and equipment	14	21
Purchases of marketable securities	(34,939)	(29,935)
Maturities of marketable securities	40,000	40,000
Net cash used in investing activities	<u>(14,731)</u>	<u>(25,929)</u>
<b>Cash flows from financing activities</b>		
Payment of capital lease obligation	(564)	(530)
Proceeds from exercise of stock options	181	3,025
Tax withholding payments related to exercise of stock options	—	(636)
Excess tax benefit from stock-based compensation	—	157
Net cash (used in) provided by financing activities	<u>(383)</u>	<u>2,016</u>
Change in cash and cash equivalents	5,946	3,343
Cash and cash equivalents, beginning of period	<u>25,412</u>	<u>17,314</u>
Cash and cash equivalents, end of period	<u>\$ 31,358</u>	<u>\$ 20,657</u>

**Tilly's, Inc.**  
**Store Count and Square Footage**

	<u>Stores Open at Beg of Qtr</u>	<u>Stores Opened During Qtr</u>	<u>Stores Closed During Qtr</u>	<u>Stores Open at End of Qtr</u>	<u>Total Gross Square Footage End of Qtr (in thousands)</u>
<b>2013 Q1</b>	168	7	0	175	1,371
<b>2013 Q2</b>	175	7	0	182	1,423
<b>2013 Q3</b>	182	7	0	189	1,472
<b>2013 Q4</b>	189	7	1	195	1,513
<b>2014 Q1</b>	195	3	0	198	1,535
<b>2014 Q2</b>	198	6	1	203	1,563
<b>2014 Q3</b>	203	5	1	207	1,589

Investor Relations Contact:

ICR, Inc.  
Anne Rakunas/Joseph Teklits  
310-954-1113  
anne.rakunas@icrinc.com