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

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**FORM 8-K**

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

**Date of Report (Date of Earliest Event Reported) May 28, 2014**

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**TILLY'S, INC.**  
(Exact Name of Registrant as Specified in its Charter)

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**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)

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

On May 28, 2014, Tilly's, Inc. (the "Company") issued an earnings press release for the first quarter ended May 3, 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 May 28, 2014

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**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: May 28, 2014

By: /s/ Christopher M. Lal

Name: Christopher M. Lal

Title: Vice President, General Counsel and Secretary



**Tilly's, Inc. Announces First Quarter Fiscal 2014 Results and Introduces Second Quarter Fiscal 2014 Outlook**

- **First Quarter Net Sales of \$111.1 million; Comp Store Sales Decreased 6.8%**
  - **First Quarter EPS of \$0.02**

**Irvine, CA – May 28, 2014** – Tilly's, Inc. (NYSE: TLYS) today announced financial results for the first quarter of fiscal 2014 ended May 3, 2014.

"Earnings results were in line with our expectations and reflect the continuation of a tough retail environment and the planned reduction in our clearance merchandise, which put pressure on our comparable store sales. We delivered strong product margin improvement through careful inventory management and operating discipline, and our inventory is well positioned for the summer selling season. We also advanced our strategic initiatives including the opening of our new dedicated e-commerce fulfillment center," commented Daniel Griesemer, President and Chief Executive Officer. "We remain focused on maintaining the continued health and relevance of our brand, and are confident in our ability to capitalize on the long-term opportunities to grow our business."

For the first quarter ended May 3, 2014:

- Total net sales were \$111.1 million, an increase of 1.8% compared to \$109.1 million in the first quarter of 2013.
- Comparable store sales, which include e-commerce sales, decreased 6.8% compared to the same 13-week period in 2013. E-commerce sales were \$12.7 million, an increase of approximately 1.2% compared to the same thirteen-week period in 2013.
- Gross profit was \$31.3 million compared to \$31.8 million in the first quarter of 2013. Gross margin was 28.2% compared to 29.1% in the first quarter of 2013. Product margins increased approximately 60 basis points, offset primarily by deleverage in occupancy costs as a result of the negative comparable store sales.
- Operating income was \$1.1 million and compares to operating income of \$3.9 million in the first quarter of 2013.
- Net income was \$0.6 million, or \$0.02 per diluted share, based on a weighted average diluted share count of 28.2 million shares and an effective tax rate of approximately 45%, reflecting a discrete item related to stock option forfeitures. This compares to net income in the first quarter of 2013 of \$2.3 million, or \$0.08 per diluted share, based on a weighted average diluted share count of 28.0 million shares and an effective tax rate of 40%.

**Balance Sheet and Liquidity**

As of May 3, 2014, the Company had \$52.4 million of cash and marketable securities and no borrowings or debt outstanding on its revolving credit facility.

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## **Second Quarter 2014 Outlook**

We continue to experience weak traffic trends and a highly promotional environment in teen retail. If these trends continue, we would expect second quarter comparable store sales to decline in the high single digits, and net income per diluted share to be in the range of \$0.03 to \$0.07. This assumes an anticipated effective tax rate of 40% and a weighted average diluted share count of 28.2 million shares. Second quarter 2013 net income was \$4.3 million, or \$0.15 per diluted share, based on a weighted average diluted share count of 28.1 million shares.

## **Conference Call Information**

A conference call to discuss the financial results is scheduled for today, May 28, 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 (800) 239-9838 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 June 11, 2014, by dialing (877) 870-5176 (domestic) or (858) 384-5517 (international) and entering the conference identification number: 7837315. 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 May 28, 2014, operated 201 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, and anticipated tax rate 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 our 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

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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)

	<b>May 3, 2014</b>	<b>February 1, 2014</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 27,396	\$ 25,412
Marketable securities	24,971	34,943
Receivables	9,296	8,545
Merchandise inventories	52,850	46,266
Prepaid expenses and other current assets	<u>11,948</u>	<u>11,772</u>
Total current assets	126,461	126,938
Property and equipment, net	105,146	100,936
Other assets	4,715	4,533
Total assets	<u>\$ 236,322</u>	<u>\$ 232,407</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 21,766	\$ 19,645
Deferred revenue	5,202	6,214
Accrued compensation and benefits	3,458	4,975
Accrued expenses	11,648	9,241
Current portion of deferred rent	5,509	5,395
Current portion of capital lease obligation/Related party	<u>770</u>	<u>758</u>
Total current liabilities	48,353	46,228
Long-term portion of deferred rent	43,440	42,756
Long-term portion of capital lease obligation/Related party	<u>2,303</u>	<u>2,500</u>
Total long-term liabilities	45,743	45,256
Total liabilities	94,096	91,484
Commitments and contingencies		
Stockholders' equity:		
Common stock (Class A), \$0.001 par value; May 3, 2014—100,000 shares authorized, 11,429 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; May 3, 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; May 3, 2014 and February 1, 2014—10,000 shares authorized, no shares issued or outstanding	—	—
Additional paid-in capital	123,598	122,886
Retained earnings	18,588	17,997
Accumulated other comprehensive income	<u>12</u>	<u>12</u>
Total stockholders' equity	142,226	140,923
Total liabilities and stockholders' equity	<u>\$ 236,322</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>May 3, 2014</b>	<b>May 4, 2013</b>
Net sales	\$ 111,134	\$ 109,119
Cost of goods sold (includes buying, distribution, and occupancy costs) <sup>(1)</sup>	79,807	77,313
Gross profit <sup>(1)</sup>	31,327	31,806
Selling, general and administrative expenses <sup>(1)</sup>	30,250	27,889
Operating income	1,077	3,917
Other expense, net	—	49
Income before income taxes	1,077	3,868
Income tax expense	486	1,560
Net income	<u>\$ 591</u>	<u>\$ 2,308</u>
Basic earnings per share of Class A and Class B common stock	\$ 0.02	\$ 0.08
Diluted earnings per share of Class A and Class B common stock	\$ 0.02	\$ 0.08
Weighted average basic shares outstanding	27,983	27,692
Weighted average diluted shares outstanding	28,151	28,027

<sup>(1)</sup> Gross profit in the first quarter of fiscal 2013 includes a \$0.4 million 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>Thirteen Weeks Ended</b>	
	<b>May 3, 2014</b>	<b>May 4, 2013</b>
<b>Cash flows from operating activities</b>		
Net income	\$ 591	\$ 2,308
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,776	4,650
Loss (gain) on disposal of assets	29	(3)
Gain on sales and maturities of marketable securities	(37)	(44)
Deferred income taxes	34	347
Stock-based compensation expense	838	892
Changes in operating assets and liabilities:		
Receivables	(751)	(2,155)
Merchandise inventories	(6,584)	(3,070)
Prepaid expenses and other assets	(517)	(1,648)
Accounts payable	2,176	1,912
Accrued expenses	1,279	1,493
Accrued compensation and benefits	(1,517)	(2,728)
Deferred rent	798	1,882
Deferred revenue	(1,012)	(928)
Net cash provided by operating activities	<u>103</u>	<u>2,908</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(7,943)	(11,435)
Proceeds from sale of property and equipment	—	11
Purchases of marketable securities	(4,991)	—
Maturities of marketable securities	15,000	10,000
Net cash provided by (used in) investing activities	<u>2,066</u>	<u>(1,424)</u>
<b>Cash flows from financing activities</b>		
Payment of capital lease obligation	(185)	(174)
Net cash used in financing activities	<u>(185)</u>	<u>(174)</u>
Change in cash and cash equivalents	1,984	1,310
Cash and cash equivalents, beginning of period	25,412	17,314
Cash and cash equivalents, end of period	<u>\$27,396</u>	<u>\$ 18,624</u>

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**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

Investor Relations Contact:

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