
**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

March 12, 2015
Date of Report (Date of Earliest Event Reported)

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))
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Item 2.02 Results of Operations and Financial Condition.

On March 18, 2015, Tilly's, Inc. (the "Company") issued an earnings press release for the fourth quarter ended January 31, 2015. 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 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(d) On March 12, 2015, the Company's Board of Directors (the "Board") appointed Jason Nazar to serve as a director. As a new member of the Board, Mr. Nazar will stand for election at the Company's 2015 annual meeting of stockholders to be held on June 10, 2015. Mr. Nazar will receive compensation consistent with the Company's previously disclosed compensation arrangements for non-employee directors.

Mr. Nazar was the Co-Founder of Docstoc, Inc., an online subscription service for small businesses, where he served as Chief Executive Officer from August 2006 until the company's acquisition by Intuit Inc. in December 2013. Prior to founding Docstoc, Mr. Nazar was a Partner with Venature, LLC, a venture consulting firm. Mr. Nazar currently is a director of Carelinx Inc., a private health care company.

There was no arrangement or understanding pursuant to which Mr. Nazar was selected as a director, and there are no related party transactions between the Company and Mr. Nazar.

(e) Also on March 12, 2015, the Compensation Committee of the Board approved an increase in the base salary of Debbie Anker-Morris, our Vice President and General Merchandising Manager, from \$330,000 to \$400,000, to be effective as of April 1, 2015 and retroactive to February 1, 2015. In connection therewith, Ms. Anker-Morris' title was changed to Chief Merchandise Officer.

Item 9.01 Financial Statements and Exhibits

The following exhibit is being furnished herewith.

(d) Exhibits.

99.1 Press Release of Tilly's, Inc., dated March 18, 2015

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.

Date: March 18, 2015

TILLY'S, INC.

By: /s/ Christopher M. Lal

Name: Christopher M. Lal

Title: Vice President, General Counsel and Secretary

TILLY'S

Tilly's, Inc. Announces Fourth Quarter Fiscal 2014 Results Introduces First Quarter Fiscal 2015 Outlook

- **Fourth Quarter Net Sales of \$152.8 million; Comp Store Sales Increased 2.9%**
- **Fourth Quarter EPS Increased 32% to \$0.25**
- **Appoints Jason Nazar as Director**

Irvine, CA – March 18, 2015 – Tilly's, Inc. (NYSE: TLYS) today announced financial results for the fourth quarter of fiscal 2014 ended January 31, 2015.

"I am very pleased with the continued progress we have made on our initiatives to increase sales and profitability, which delivered positive comparable stores sales and fourth quarter earnings above our upwardly revised expectations and up 32% year-over-year. We achieved healthy product margins and exited this period with inventory well positioned for the Spring season," commented Daniel Griesemer, President and Chief Executive Officer. "I am very proud of the hard work and disciplined execution of our team during the past year. The fundamentals of our business are strong and I believe we are prepared to take advantage of the opportunities we see to further improve our business performance in fiscal 2015 and the longer term."

For the fourth quarter ended January 31, 2015:

- Total net sales were \$152.8 million, an increase of 9.2% compared to \$139.9 million in the fourth quarter of 2013.
- Comparable store sales, which include e-commerce sales, increased 2.9% compared to the same 13-week period in 2013.
- Gross profit increased 13.2% to \$49.0 million compared to \$43.3 million in the fourth quarter of 2013. Gross margin was 32.1% compared to 30.9% in the fourth quarter of 2013. The increase was primarily due to a 40 basis point increase in product margins and lower buying, distribution and occupancy costs as a percentage of net sales due to positive comparable store sales.
- Operating income was \$11.2 million and included \$1.0 million in non-cash store asset impairment charges recorded in the fourth quarter. This compares to operating income of \$8.5 million in the fourth quarter of 2013, which included \$1.8 million in non-cash store asset impairment charges.
- Net income was \$7.1 million, or \$0.25 per diluted share, based on a weighted average diluted share count of 28.1 million shares and an effective tax rate of approximately 37%, reflecting a lower rate than expected primarily due to certain tax credits. This compares to net income in the fourth quarter of 2013 of \$5.4 million, or \$0.19 per diluted share, based on a weighted average diluted share count of 28.2 million shares and an effective tax rate of approximately 36% due to a one-time tax benefit related to return to provision adjustments.

For the fifty-two weeks ended January 31, 2015:

- Total net sales were \$518.3 million, an increase of 4.5% compared to \$495.8 million for the prior year.
- Comparable store sales, which include e-commerce sales, decreased 2.8% compared to the prior year.
- Gross profit increased 3.1% to \$155.5 million compared to \$150.8 million in the prior year. Gross margin was 30.0%, compared to 30.4% in the prior year. The decrease was primarily due to a 20 basis point increase in product margins, offset primarily by higher buying, distribution and occupancy costs as a percentage of net sales due to negative comparable store sales.
- Operating income was \$23.2 million compared to \$29.7 million in the prior year.
- Net income was \$14.1 million, or \$0.50 per diluted share, based on a weighted average diluted share count of 28.1 million shares. This compares to net income in the prior year of \$18.1 million, or \$0.65 per diluted share, based on a weighted average diluted share count of 28.1 million shares.

Balance Sheet and Liquidity

As of January 31, 2015, the Company had \$84.7 million of cash and marketable securities and no borrowings or debt outstanding on its revolving credit facility.

Company Appoints E-Commerce Executive to the Board

The Company also announced that Jason Nazar was appointed to the Company's Board of Directors on March 12, 2015. Mr. Nazar is the Co-Founder of Docstoc, Inc., an online subscription service for small businesses, where he served as Chief Executive Officer from August 2006 through Docstoc's sale to Intuit Inc. in December 2013. Prior to founding Docstoc, Mr. Nazar was a Partner with Venature, LLC, a venture consulting firm, and currently is a Director of Carelinx Inc., a private health care company.

"We are pleased to welcome Jason Nazar to the Tilly's Board of Directors," said Hezy Shaked, Executive Chairman. "Mr. Nazar's executive experience with e-commerce and online business strategy will be of immense value as we continue to focus on that important aspect of our business."

First Quarter 2015 Outlook

The Company expects first quarter comparable store sales to increase in the low single digits, and net income per diluted share to be in the range of \$0.03 to \$0.05. This assumes an anticipated effective tax rate of approximately 40% and a weighted average diluted share count of 28.2 million shares. First quarter 2014 net income per diluted share was \$0.02, 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, March 18, 2015, 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) 468-2440 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. 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 April 1, 2015, by dialing (877) 870-5176 (domestic) or (858) 384-5517 (international) and entering the conference identification number: 1076080. 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 March 18, 2015, operated 211 stores and through its website, 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, promotional strategy, 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 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.

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

	<u>January 31,</u> <u>2015</u>	<u>February 1,</u> <u>2014</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 49,789	\$ 25,412
Marketable securities	34,957	34,943
Receivables	4,682	8,545
Merchandise inventories	51,507	46,266
Prepaid expenses and other current assets	12,349	11,772
Total current assets	153,284	126,938
Property and equipment, net	101,335	100,936
Other assets	2,932	4,533
Total assets	<u>\$ 257,551</u>	<u>\$ 232,407</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 23,109	\$ 19,645
Deferred revenue	7,075	6,214
Accrued compensation and benefits	5,911	4,975
Accrued expenses	12,325	9,241
Current portion of deferred rent	6,070	5,395
Current portion of capital lease obligation/Related party	806	758
Total current liabilities	55,296	46,228
Long-term portion of deferred rent	41,875	42,756
Long-term portion of capital lease obligation/Related party	1,694	2,500
Total long-term liabilities	43,569	45,256
Total liabilities	98,865	91,484
Commitments and contingencies		
Stockholders' equity:		
Common stock (Class A), \$0.001 par value; January 31, 2015 - 100,000 shares authorized, 11,546 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; January 31, 2015- 35,000 shares authorized, 16,544 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; January 31, 2015 and February 1, 2014 - 10,000 shares authorized, no shares issued or outstanding	—	—
Additional paid-in capital	126,565	122,886
Retained earnings	32,072	17,997
Accumulated other comprehensive income	21	12
Total stockholders' equity	158,686	140,923
Total liabilities and stockholders' equity	<u>\$ 257,551</u>	<u>\$ 232,407</u>

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

	<u>Thirteen Weeks Ended</u>		<u>Fifty-Two Weeks Ended</u>	
	<u>January 31, 2015</u>	<u>February 1, 2014</u>	<u>January 31, 2015</u>	<u>February 1, 2014</u>
Net sales	\$ 152,817	\$ 139,896	\$ 518,294	\$ 495,837
Cost of goods sold (includes buying, distribution, and occupancy costs) (1)	103,815	96,611	362,762	345,015
Gross profit (1)	49,002	43,285	155,532	150,822
Selling, general and administrative expenses (1)	37,796	34,814	132,343	121,085
Operating income	11,206	8,471	23,189	29,737
Other (expense) income, net	4	(29)	(14)	(9)
Income before income taxes	11,210	8,442	23,175	29,728
Income tax expense	4,105	3,025	9,100	11,591
Net income	<u>\$ 7,105</u>	<u>\$ 5,417</u>	<u>\$ 14,075</u>	<u>\$ 18,137</u>
Basic earnings per share of Class A and Class B common stock	\$ 0.25	\$ 0.19	\$ 0.50	\$ 0.65
Diluted earnings per share of Class A and Class B common stock	\$ 0.25	\$ 0.19	\$ 0.50	\$ 0.65
Weighted average basic shares outstanding	28,031	27,983	28,013	27,822
Weighted average diluted shares outstanding	28,113	28,190	28,078	28,116

- (1) Gross profit in the fourth quarter and the full year fiscal 2013 includes a \$0.5 million and a \$1.5 million, respectively, reclassification of stock-based compensation and benefits 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)

	Fiscal Year Ended		
	January 31, 2015	February 1, 2014	February 2, 2013
Cash flows from operating activities			
Net income	\$ 14,075	\$ 18,137	\$ 23,893
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	21,237	19,367	16,679
Loss on disposal of assets	118	140	111
Impairment of assets	1,007	1,840	—
Gain on sales and maturities of marketable securities	(116)	(176)	28
Deferred income taxes	(1,156)	304	6,689
Stock-based compensation expense	3,499	3,106	9,570
Excess tax benefit from stock-based compensation	(22)	(157)	(95)
Changes in operating assets and liabilities:			
Receivables	3,863	(2,611)	21
Merchandise inventories	(5,241)	329	(9,927)
Prepaid expenses and other assets	2,051	(1,861)	(12,930)
Accounts payable	3,720	1,554	1,431
Accrued expenses	3,662	(1,796)	(1,470)
Accrued compensation and benefits	936	(1,119)	(1,442)
Deferred rent	(206)	5,976	8,584
Deferred revenue	861	761	588
Net cash provided by operating activities	<u>48,288</u>	<u>43,794</u>	<u>41,730</u>
Cash flows from investing activities			
Purchase of property and equipment	(23,636)	(42,701)	(33,298)
Proceeds from sale of property and equipment	41	79	17
Purchases of marketable securities	(59,884)	(44,908)	(75,377)
Maturities of marketable securities	60,000	50,000	35,510
Insurance proceeds from casualty loss	—	—	822
Net cash used in investing activities	<u>(23,479)</u>	<u>(37,530)</u>	<u>(72,326)</u>
Cash flows from financing activities			
Payment of capital lease obligation	(758)	(712)	(668)
Proceeds from exercise of stock options	304	2,389	890
Excess tax benefit from stock-based compensation	22	157	95
Net proceeds from initial public offering	—	—	106,789
Distributions	—	—	(84,287)
Net cash (used in) provided by financing activities	<u>(432)</u>	<u>1,834</u>	<u>22,819</u>
Change in cash and cash equivalents	24,377	8,098	(7,777)
Cash and cash equivalents, beginning of period	<u>25,412</u>	<u>17,314</u>	<u>25,091</u>
Cash and cash equivalents, end of period	<u>\$ 49,789</u>	<u>\$ 25,412</u>	<u>\$ 17,314</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>
2013 Q1	168	7	0	175	1,371
2013 Q2	175	7	0	182	1,423
2013 Q3	182	7	0	189	1,472
2013 Q4	189	7	1	195	1,513
2014 Q1	195	3	0	198	1,535
2014 Q2	198	6	1	203	1,563
2014 Q3	203	5	1	207	1,589
2014 Q4	207	5	0	212	1,622

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