

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) January 13, 2020

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

Delaware

1-35535

45-2164791

(State of Incorporation)

(Commission File Number)

(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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.001 par value per share	TLYS	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On January 13, 2020, Tilly's, Inc. (the "Company") announced certain financial results for the nine-week period ended January 4, 2020, and provided updates to its previous earnings outlook for the fourth quarter ending February 1, 2020 in connection with its participation in the ICR Conference to be held on January 13 and 14, 2020. The press release is furnished as Exhibit 99.1 hereto 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 (the "Securities Act") or the Exchange Act, regardless of any general incorporation language in such filings.

Item 7.01 Regulation FD Disclosure.

On January 13, 2020, the Company is presenting the materials furnished as Exhibit 99.2 hereto, and incorporated by reference herein, during the ICR Conference.

Exhibit 99.2 shall not be deemed "filed" for purposes of Section 18 of 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 or the Exchange Act, regardless of any general incorporation language in such filings.

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 January 13, 2020.](#)

99.2 [Investor Presentation of Tilly's, Inc., dated January 13, 2020.](#)

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: January 13, 2020

By: /s/ Michael L. Henry
Name: Michael L. Henry
Title: Chief Financial Officer



**Tilly's, Inc. Announces Holiday Period Comp Store Net Sales
Updates Fiscal 2019 Fourth Quarter Outlook**

Irvine, CA - January 13, 2020 - Tilly's, Inc. (NYSE: TLYS, the "Company") today announced comparable store net sales results for the nine-week period ended January 4, 2020 (the "holiday period"), and provided updates on its fiscal 2019 fourth quarter earnings outlook in advance of its attendance at the annual ICR Conference in Orlando, Florida on January 13-14, 2020.

"Following a strong Black Friday weekend and Cyber Monday, our business experienced an unexpected deceleration in net sales and store traffic during the second and third weeks of December, resulting in a disappointing 2019 holiday season overall," commented Ed Thomas, President and Chief Executive Officer.

- Total net sales of \$143.9 million increased by 1.1% for the holiday period compared to \$142.4 million for last year's comparable nine-week holiday period ended January 5, 2019.
- Comparable store net sales, including e-commerce, decreased by 2.0% for the holiday period compared to an increase of 5.8% for last year's holiday period.
 - Comparable store net sales in physical stores decreased by 2.7% for the holiday period compared to a decrease of 0.7% during last year's holiday period. Net sales in physical stores represented approximately 80.5% of total net sales for the holiday period, consistent with last year's holiday period.
 - E-commerce net sales increased by 1.0% for the holiday period compared to an increase of 42.8% during last year's holiday period. E-commerce net sales represented approximately 19.5% of total net sales for the holiday period, consistent with last year's holiday period.
- The Company's comparable store net sales results for the 2019 holiday period decreased in most of the Company's major geographic markets, with the exception of New England, the Upper Midwest, and Arizona. Comparable store net sales were weakest in the Southeast, Florida and Nevada. In terms of merchandising, comparable store net sales of Girls and Womens were positive but this was more than offset by declines in all other merchandising departments, particularly Footwear and Accessories.
- Based on its operating results during the holiday period and historical trends, the Company now expects its fiscal 2019 fourth quarter comparable store net sales to decrease by 2% to 3% and earnings per diluted share to be approximately \$0.18 to \$0.20. This outlook assumes an effective tax rate of approximately 31%, including certain discrete items relating to stock option expirations, and weighted average diluted shares of approximately 29.9 million based on the latest available information.

The Company's actual financial results for the fiscal 2019 fourth quarter and full fiscal year ending February 1, 2020, are subject to completion of the period, finalization of its normal quarter-end and year-end accounting procedures, and the audit of its fiscal 2019 financial statements. The Company currently expects to report its actual results for the fiscal 2019 fourth quarter and full fiscal year on or about March 12, 2020.

ICR Conference 2020

The Company will be presenting at the ICR Conference 2020 on Tuesday, January 14, 2020 at 11:30 a.m. Eastern Standard Time. The audio portion of the presentation will be webcast live over the internet and can be accessed under the Investor Relations section of the Company's website at www.tillys.com.

About Tillys

Tillys is a leading 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 currently operates 240 total stores, including one RSQ-branded pop-up store, across 33 states and 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 net sales, future operating income, future net income, future earnings per share, future gross, operating or product margins, anticipated tax rate, future impacts of legal settlements, future inventory levels, future capital expenditures, and market share and our business and strategy, including but not limited to expected store openings and closings, expansion of brands and exclusive relationships, development and growth of our e-commerce 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 e-commerce 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 most recent 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 most recent Form 10-K and any subsequent reports filed with the SEC.

Investor Relations Contact:

Michael L. Henry
Executive Vice President, Chief Financial Officer
949-609-5599 x.17000
irelations@tillys.com

TILLYS

ICR Investor Presentation

January 2020



Safe Harbor Statement

TILLY

This presentation, and responses to certain questions about this presentation, will contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, particularly with regard to future financial and operating expectations, business plans and key initiatives. All such statements are subject to risks and uncertainties that could cause actual results or events to differ materially from those indicated by such forward-looking statements. Please see "Risk Factors" in our Annual and Quarterly Reports on Forms 10-K and 10-Q filed with the Securities and Exchange Commission for a description of such risks and uncertainties. We urge you not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. 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 presentation should be read in conjunction with our financial statements and notes thereto contained in our most recent Form 10-K for the fiscal year ended February 2, 2019 and our Form 10-Qs for the fiscal quarters ended May 4, August 3, and November 2, 2019.



Tillys at a Glance

TILLYS

- **Leading specialty retailer** offering apparel, footwear and accessories for young adults, teens and children
- Unparalleled blend of **over 400 iconic global, emerging, and proprietary brands**
- **240 stores** in 33 states, both in-mall and off-mall, averaging ~7,500 SF
- **Approx. 15 new stores planned for fiscal 2020** following 14 new stores in fiscal 2019
- **Profitable e-commerce business** represents ~15% of YTD net sales thru Dec 2019 and is expected to continue to grow both in net sales and total sales penetration over time
- HQ in **Irvine, CA** and **founded in 1982**



Evolution of Tillys from IPO to Entering a New Phase of Growth



IPO and Expansion (2012 – 2015)

- Significant store expansion following IPO, mostly to new markets without clustering
- Lack of brand awareness and inconsistency of merchandising in new markets led to challenges for store productivity

**+84
Net Stores**

Stabilize, Invest for Growth (2016 – 2017)

- Paused store growth to address under-performance and brand awareness
- Invested in physical and technological infrastructure to support omni-channel and future growth

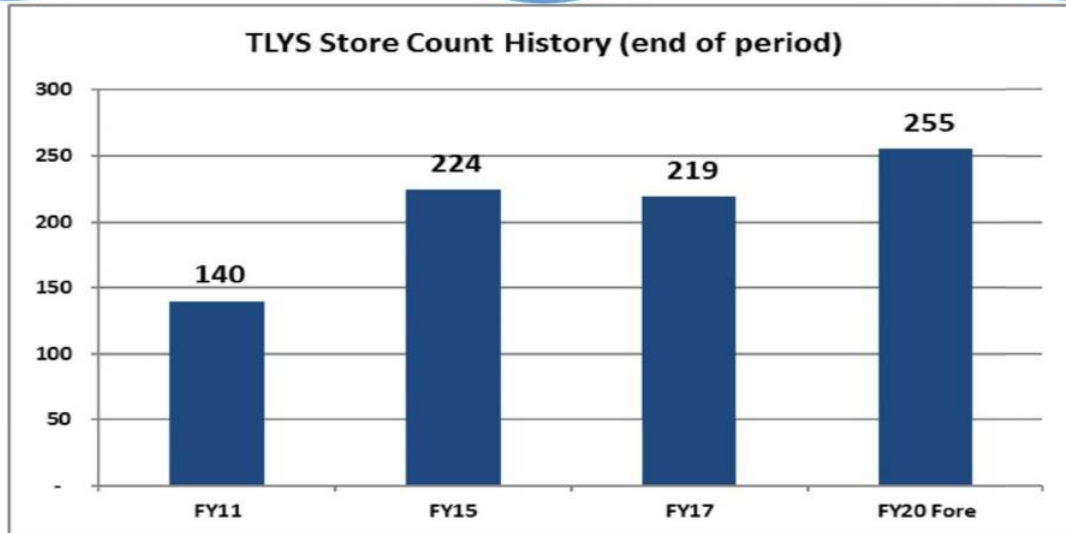
**-5
Net Stores**

Future of Tillys (2018 – 2020+)

- Disciplined approach to store growth, clustering in key markets
- Build brand awareness and enhance customer experience
- Limited incremental investment required

**+36
Net Stores**

TLYS Store Count History (end of period)

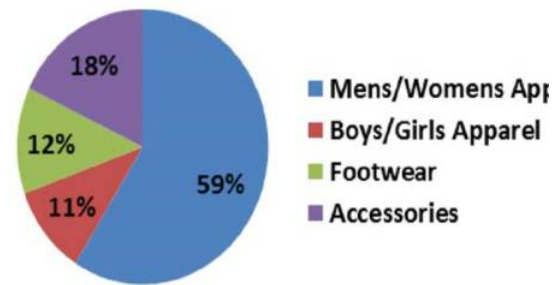


Destination Retailer with a Unique Store Experience and a Broad and Differentiated Assortment

TILLY'S

- Over 400 third-party lifestyle brands in a given year with a variety of styles, colors, sizes and price points
- ~25% of our net sales comes from our own brands, supplemented by exclusive offerings from third-party brands
- Top 3 third-party brands represent ~20% of total net sales combined with no other third-party brand above 3%.
- ~90% of our stores have been remodeled or refreshed in last 3 years, keeping them current and fresh looking

Diversified Category Mix (FY2019)



west of **MELROSE**



RSQ
JEANS



ONLY AT **TILLY'S**

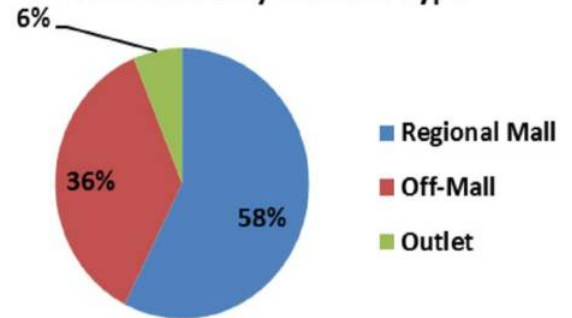


Flexible Real Estate Strategy Across Real Estate Venues and Geographies

TILLYS

- Stores located in malls, power centers, neighborhood and lifestyle centers, outlet centers and street-front locations
- Store locations in 86 markets in 33 states
- Began as an off-mall concept in 1982
- Strategy of clustering stores in promising markets to further enhance brand awareness

Store Count by Location Type

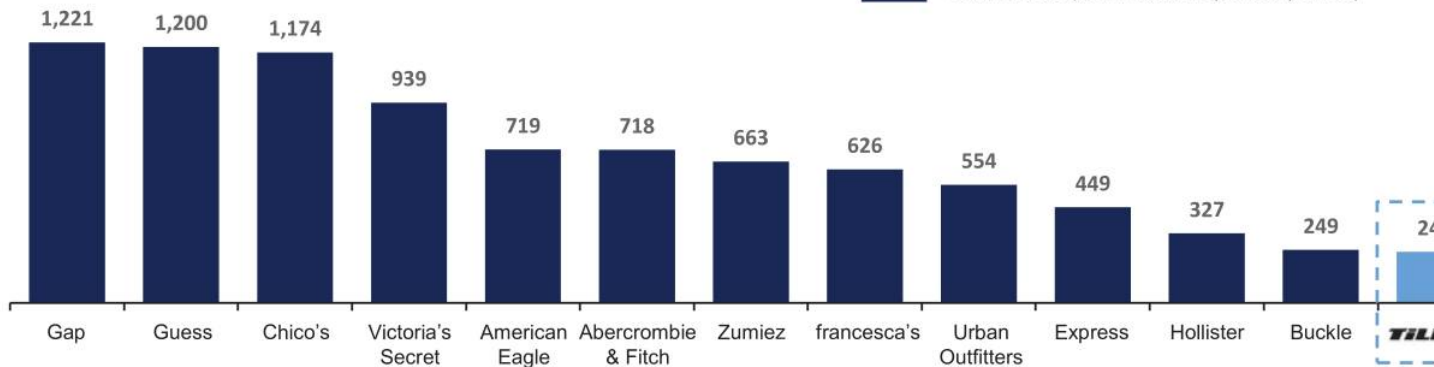


Opportunity for New Stores

- New stores typically payback within approximately 2 to 2.5 years on cash basis
- Natural lifecycle of a store creates comp and operating efficiency opportunities beyond year one
- Opened 14 new stores in FY19, anticipate approximately 15 new stores in FY20
- Continue disciplined approach to store growth, targeting existing markets with room for growth and new markets with high population density (i.e. Texas, Northeast and Chicago), clustering to build brand awareness



■ Total Stores (as of latest reported period) ⁽¹⁾



7 (1) Source: Company filings as of latest reported period. Represents domestic and international, company-operated, branded stores. The Company expressly disclaims responsibility for any of the information replicated from other companies' public filings.

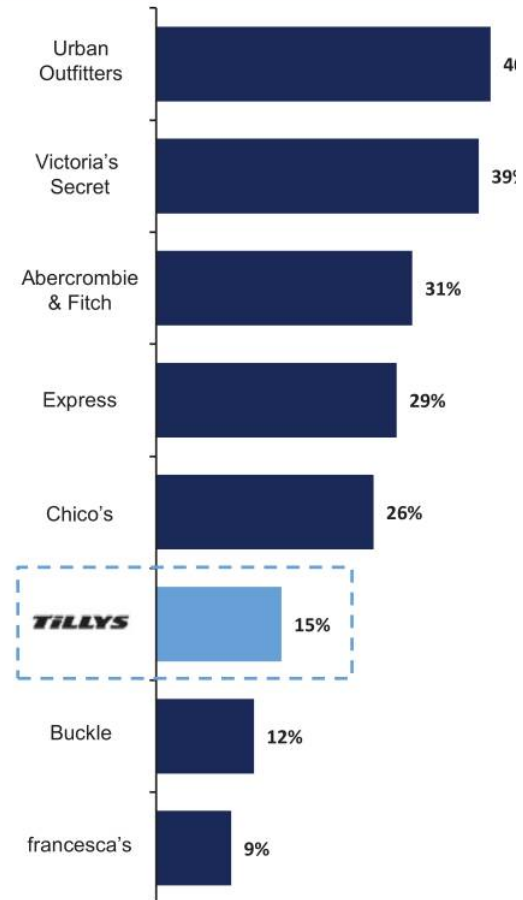
Continue to Grow E-com and Leverage Omni-Channel Capabilities



- Opportunity exists to continue to grow current ~\$100M e-com business from its current 15% of total net sales to beyond 20-25% of total net sales.
- Create seamless experience for customer to shop in-store or online, leveraging re-platformed website, upgraded mobile app and social media presence
- Enhance customer convenience:
 - Pick up in-store
 - Ship-from-store
 - Same-day delivery



E-commerce Revenue as Percentage of Total Revenue ⁽¹⁾



8

(1) Source: Company filings, earnings releases and transcripts. Represents e-commerce revenue as a percentage of total revenue as of FY 2018 or the latest available public filed information. The Company expressly disclaims responsibility for any of the information replicated from other companies' public filings.

Our Core Customers

TILLY

- Pre-teens, teens and young adults, both male and female
- Active, connected, creative and adventurous
- Passionate about an active lifestyle, including sports, music, art and fashion
- Highly engaged on social media channels



Constantly Evolving Merchandise Mix

TILLY

- Keep merchandise mix current with emerging brands and new merchandise from established brands
- Exclusive styles from popular brands that are limited or not offered at other retailers
- Analyze and adjust to performance trends within different markets
- Ship products to stores multiple times per week



New Chief Merchandising Officer Drives New Merchandising Priorities for FY2020

TILLYS

- Tricia Smith joined Tillys at the end of September 2019 following a 25-year career at Nordstrom leading their Womens, Young Contemporary, Designer and Specialized Apparel efforts. Her early reads on some of our future opportunities include:
 - **Increasing our inventory investment in denim**, particularly by **expanding the available size range**
 - Greater emphasis of our proprietary **RSQ brand**, which is our **2nd largest brand** in terms of net sales and our **strongest denim brand**, by expanding categories and introducing our first **RSQ concept store** in May 2020 at the Irvine Spectrum in CA. The RSQ concept store will provide an **elevated assortment** from a collection of brands, including RSQ.
 - **Additional growth from our Boys/Girls business**, which is a **key differentiator** for Tillys
 - **Expansion of the age reach of Tillys' Womens business**, including through the recently introduced proprietary brand collection, **West of Melrose**, along with other new Young Contemporary brands
 - **Improve emphasis of online assortment**, including online-only styles, categories and brands to drive further growth in Tillys' e-com business



Multi-pronged Marketing Approach to Drive Traffic and Customer Engagement

TILLY'S

Leverage proprietary customer database to further engage customers and drive traffic

Social Media

- Partner with social media stars and influencers to drive brand awareness
- Promote in-store events (prior to and post-event)
- Increase opportunities to reach our core customer



Events

- Partner and collaborate with vendors on exclusive, compelling in-store events (e.g. pizza parties, bean bag toss contests, augmented reality searches)
- Build credibility with target customers



Print

- Distribute catalogs and postcards to new and existing customers
- Distribute exclusive Kids catalog to existing customers with children
- Promote new brands and merchandise



Significant Investments Across Stores, E-commerce, Systems and Distribution / Fulfillment



Ability to capitalize on recent investments to drive traffic to our stores and website

Stores

- Remodeled or refreshed ~90% of our 240 stores within the last 3 years
- Limited store capex requirements going forward, other than for new stores



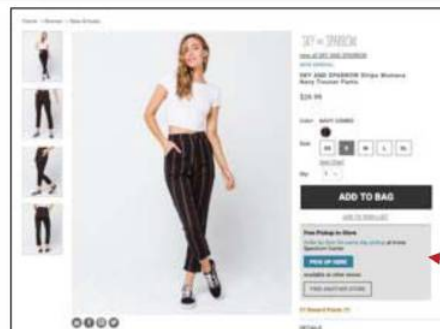
Systems

- Implemented new point-of-sale, order management, and website platform in late FY17
- Enhanced customer relationship management, e-commerce and omni-channel capabilities
- Updating mobile application



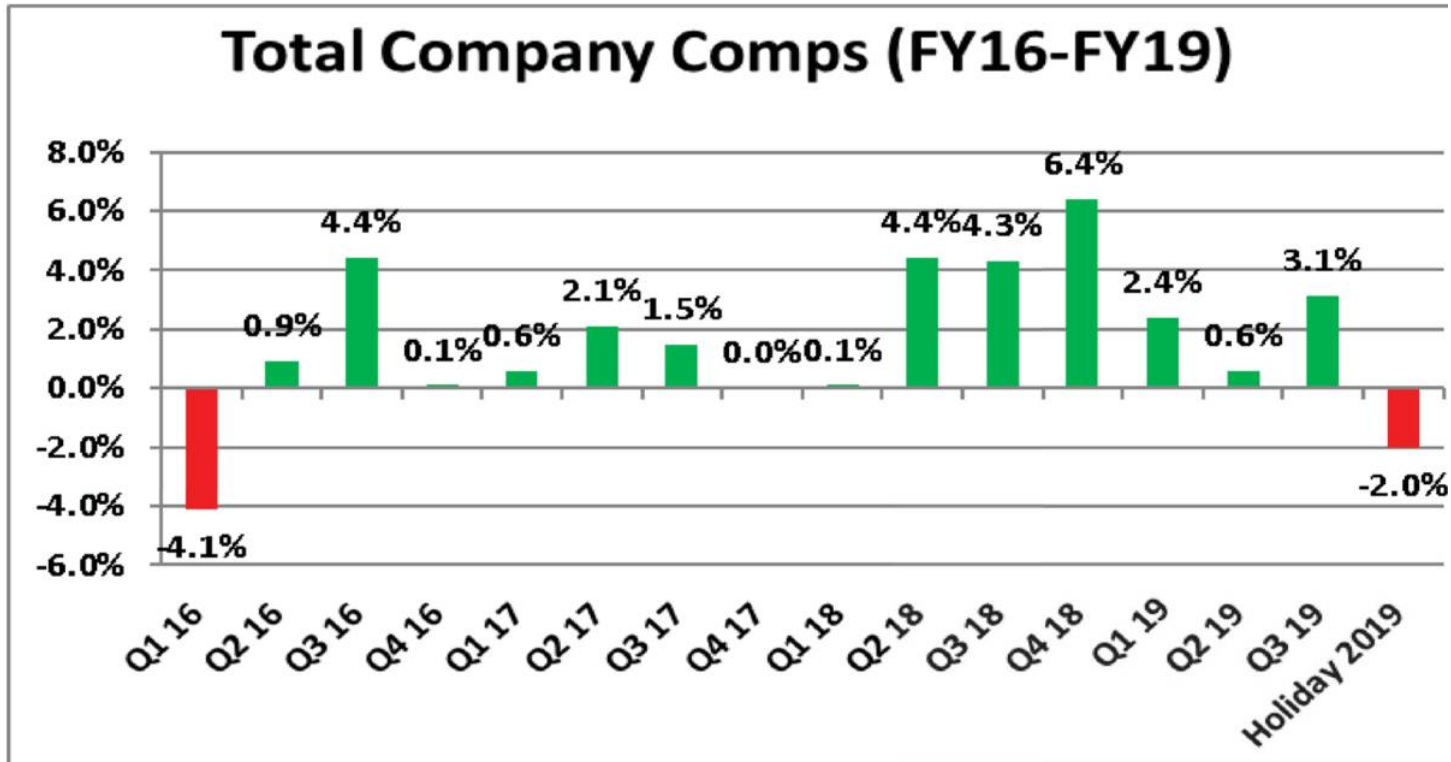
Distribution and Fulfillment

- Dedicated e-com fulfillment center
- Online orders can also be served from stores
- Along with broader assortment, we carry certain online-only styles



Driving Comparable Store Sales Growth

Entering Q4 of FY2019, the Company produced 14 consecutive quarters of flat to positive comparable store sales growth.



Increase Operating Margins

Continued opportunity to increase operating margins through scale efficiencies driven by comparable store sales growth combined with continuous process improvements

Leverage Fixed Costs through Top-Line Growth

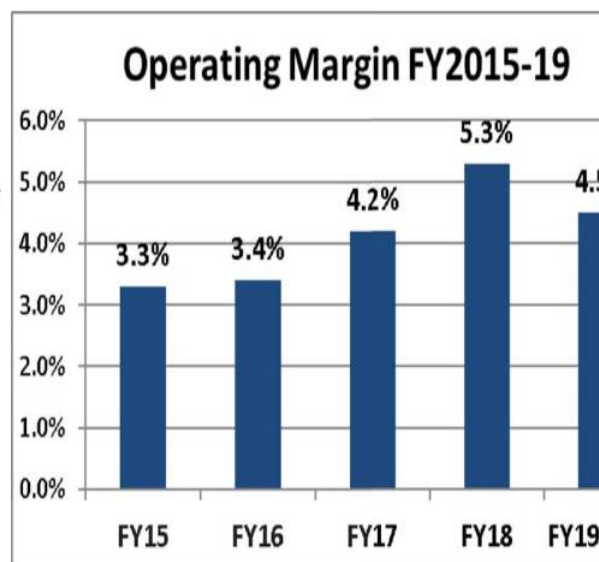
- ✓ Largely fixed occupancy costs
- ✓ Favorable buying costs due to scale
- ✓ Leverage our store management and corporate overhead costs

Capitalize on Previous Investments

- ✓ Dedicated e-commerce fulfillment center
- ✓ Upgraded e-commerce platform
- ✓ Upgraded point-of-sale, merchandise allocation and merchandise planning systems

Evaluate Real Estate Opportunities

- ✓ 46 lease decisions to make in FY2020
- ✓ Generally favorable leasing environment
- ✓ Possibility of closing stores with unacceptable profitability



(1) Operating margin represents operating income as a percentage of net sales for the corresponding period. FY19 Estimate is subject to completion of the period.

Why Invest in TLYS?

Driving Store Traffic and Comparable Store Sales Growth

Growing E-com and Leveraging Omni-Channel Capabilities

Opening New Stores

Driving Brand Awareness

Opportunity to Improve Operating Margins

