

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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended May 4, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-38026

J.Jill, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

4 Batterymarch Park,
Quincy, MA 02169
(Address of principal executive offices)

45-1459825
(I.R.S. Employer
Identification No.)

02169
(Zip Code)

Registrant's telephone number, including area code: (617) 376-4300

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	JILL	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐
Non-accelerated filer ☐

Accelerated filer ☒
Smaller reporting company ☒
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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒
Securities registered pursuant to Section 12(g) of the Act: None

As of June 11, 2019, the registrant had 44,097,797 shares of common stock, \$0.01 par value per share, outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

J.Jill, Inc. **CONSOLIDATED BALANCE SHEETS (UNAUDITED)** (in thousands, except share data)

	May 4, 2019	February 2, 2019
Assets		
Current assets:		
Cash	\$ 14,290	\$ 66,204
Accounts receivable	7,647	4,007
Inventories, net	85,369	77,349
Prepaid expenses and other current assets	28,102	27,734
Total current assets	135,408	175,294
Property and equipment, net	116,477	118,044
Intangible assets, net	133,361	136,177
Goodwill	197,026	197,026
Operating lease assets, net	221,262	—
Other assets	306	447
Total assets	\$ 803,840	\$ 626,988
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 55,102	\$ 55,012
Accrued expenses and other current liabilities	48,460	45,306
Current portion of long-term debt	2,799	2,799
Current portion of operating lease liabilities	32,677	—
Total current liabilities	139,038	103,117
Long-term debt, net of discount and current portion	237,120	237,464
Deferred income taxes	41,039	41,842
Operating lease liabilities, net of current portion	216,493	—
Other liabilities	2,150	30,770
Total liabilities	635,840	413,193
Commitments and contingencies (see Note 9)		
Shareholders' Equity		
Common stock, par value \$0.01 per share; 250,000,000 shares authorized; 44,097,797 and 43,672,418 shares issued and outstanding at May 4, 2019 and February 2, 2019, respectively	441	437
Additional paid-in capital	121,565	121,635
Accumulated earnings	45,994	91,723
Total shareholders' equity	168,000	213,795
Total liabilities and shareholders' equity	\$ 803,840	\$ 626,988

The accompanying notes are an integral part of these consolidated financial statements.

J.Jill, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS AND
COMPREHENSIVE INCOME (UNAUDITED)
(in thousands, except share and per share data)

	For the Thirteen Weeks Ended	
	May 4, 2019	May 5, 2018
Net sales	\$ 176,452	\$ 181,541
Costs of goods sold	60,196	61,200
Gross profit	116,256	120,341
Selling, general and administrative expenses	105,445	100,294
Operating income	10,811	20,047
Interest expense, net	5,007	4,817
Income before provision for income taxes	5,804	15,230
Provision for income taxes	1,438	3,972
Net income and total comprehensive income	\$ 4,366	\$ 11,258
Net income per common share attributable to common shareholders:		
Basic	\$ 0.10	\$ 0.27
Diluted	\$ 0.10	\$ 0.26
Weighted average number of common shares outstanding:		
Basic	43,327,519	42,216,331
Diluted	44,478,153	43,407,414

The accompanying notes are an integral part of these consolidated financial statements.

J.Jill, Inc.
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)
(in thousands, except common share data)

	Common Stock		Additional Paid-in Capital	Accumulated Earnings	Total Shareholders' Equity
	Shares	Amount			
Balance, February 2, 2019	43,672,418	437	121,635	91,723	213,795
Adoption of ASU 2016-02 ⁽¹⁾	—	—	—	59	59
Special cash dividend (\$1.15 per share)	—	—	—	(50,154)	(50,154)
Vesting of restricted stock units	734,474	7	(7)	—	—
Shares withheld for net-share settlement of equity-based compensation	(239,117)	(2)	(1,266)	—	(1,268)
Forfeiture of restricted stock awards	(69,978)	(1)	1	—	—
Equity-based compensation	—	—	1,202	—	1,202
Net income	—	—	—	4,366	4,366
Balance, May 4, 2019	<u>44,097,797</u>	<u>\$ 441</u>	<u>\$ 121,565</u>	<u>\$ 45,994</u>	<u>\$ 168,000</u>

(1) See Note 2 for additional detail regarding adoption of new accounting standards.

	Common Stock		Additional Paid-in Capital	Accumulated Earnings	Total Shareholders' Equity
	Shares	Amount			
Balance, February 3, 2018	43,752,790	437	117,393	61,486	179,316
Adoption of ASU 2014-09	—	—	—	(288)	(288)
Vesting of restricted stock units	6,410	1	—	—	1
Equity-based compensation	—	—	760	—	760
Net income	—	—	—	11,258	11,258
Balance, May 5, 2018	<u>43,759,200</u>	<u>\$ 438</u>	<u>\$ 118,153</u>	<u>\$ 72,456</u>	<u>\$ 191,047</u>

The accompanying notes are an integral part of these consolidated financial statements.

J.Jill, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	For the Thirteen Weeks Ended	
	May 4, 2019	May 5, 2018
Net income	\$ 4,366	\$ 11,258
Operating activities:		
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	9,452	9,357
Loss on disposal of fixed assets	6	12
Noncash amortization of deferred financing and debt discount costs	410	396
Equity-based compensation	1,202	760
Deferred rent liability	(44)	(46)
Deferred income taxes	(804)	(1,867)
Changes in operating assets and liabilities:		
Accounts receivable	(3,640)	(4,355)
Inventories	(8,020)	3,088
Prepaid expenses and other current assets	(4,028)	(1,465)
Accounts payable	370	(20,481)
Accrued expenses	4,315	8,271
Operating lease assets and liabilities	724	—
Other noncurrent assets and liabilities	(35)	607
Net cash provided by operating activities	4,274	5,535
Investing activities:		
Purchases of property and equipment	(4,068)	(2,150)
Net cash used in investing activities	(4,068)	(2,150)
Financing activities:		
Repayments on long-term debt	(700)	(700)
Payments of withholding tax on net-share settlement of equity-based compensation plans	(1,266)	—
Special dividend paid to shareholders	(50,154)	—
Net cash used in financing activities	(52,120)	(700)
Net change in cash	(51,914)	2,685
Cash:		
Beginning of Period	66,204	25,978
End of Period	\$ 14,290	\$ 28,663

The accompanying notes are an integral part of these consolidated financial statements.

J.Jill, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Description of Business

J.Jill, Inc., “J.Jill” or the “Company”, is a premier omnichannel retailer and nationally recognized women’s apparel brand committed to delighting customers with great wear-now product. The brand represents an easy, thoughtful and inspired style that reflects the confidence of remarkable women who live life with joy, passion and purpose. J.Jill offers a guiding customer experience through more than 280 stores nationwide and a robust E-commerce platform. J.Jill is headquartered outside Boston.

2. Summary of Significant Accounting Policies***Basis of Presentation***

Our interim consolidated financial statements are unaudited. All significant intercompany balances and transactions have been eliminated in consolidation. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) have been omitted, in accordance with the rules of the Securities and Exchange Commission (the “SEC”). In the opinion of management, these interim consolidated financial statements contain all normal and recurring adjustments necessary to state fairly the financial position and results of operations of the Company. The consolidated balance sheet as of February 2, 2019 is derived from the audited consolidated balance sheet as of that date. The unaudited results of operations for the thirteen weeks ended May 4, 2019 are not necessarily indicative of future results or results to be expected for the full year ending February 1, 2020. You should read these statements in conjunction with our audited consolidated financial statements and related notes in our Annual Report on Form 10-K for the year ended February 2, 2019.

Significant changes to our accounting policies as a result of adopting Accounting Standards Update (“ASU”) 2016-02 – *Leases (Topic 842)* are discussed below in “Significant Accounting Policies Update” and Note 10.

Recently Adopted Accounting Policies

In February 2016, the FASB issued ASU 2016-02 – *Leases (Topic 842)*, which supersedes FASB Accounting Standards Codification (“ASC”) Topic 840 – *Leases*. The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases. The standard was adopted using the modified retrospective approach as of February 3, 2019 with an immaterial cumulative adjustment to retained earnings. See “Significant Accounting Policies Update” and Note 10 for a discussion of our updated policies related to leases and disclosures related to the impact of this standard.

In July 2018, the FASB issued ASU 2018-09 – *Codification Improvements*, which facilitates amendments to a variety of topics to clarify, correct errors in, or make minor improvements to the accounting standards codification. The effective date of the standard is dependent on the facts and circumstances of each amendment. Some amendments do not require transition guidance and will be effective upon the issuance of this standard. The standard was adopted as of February 3, 2019, and it had no material impact on our consolidated financial statements and related disclosures.

In June 2018, the FASB issued ASU 2018-07 – *Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*, which expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. The Company adopted the standard as of February 3, 2019, and it had no impact on our consolidated financial statements and related disclosures.

Recently Issued Accounting Pronouncements

In November 2018, the FASB issued ASU 2018-18 – *Collaborative Arrangements* (Topic 808), which clarifies the interaction between Topic 808 and Topic 606, Revenue from Contracts with Customers. The provisions of ASU 2018-18 are effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. The Company will be required to adopt this standard in the first quarter of fiscal year 2020. This standard is not expected to have a material impact on our consolidated financial statements and related disclosures.

In September 2018, the FASB issued ASU 2018-15 – *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. The amendment is intended to address aspects of the guidance issued in the amendments in ASU 2015-05 – *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement*. ASU 2018-15 intends to improve an entities ability to evaluate the accounting for fees paid by a customer in a cloud computing arrangement t hat is a service contract. The provisions of ASU 2018-15 are effective for fiscal years beginning after December 15, 2019. The Company plans to adopt these standards using a p rospective approach and is evaluating the impact that adopting ASU 2018-15 will h ave on its co nsolidated financial statements and related disclosures.

Significant Accounting Policies Update

Adoption of ASC Topic 842: Leases

The Company adopted ASU 2016-02- *Leases* (Topic 842) and related amendments, as of February 3, 2019, using the modified retrospective approach. The modified retrospective approach provides a method for recording existing leases at adoption with a cumulative adjustment to retained earnings. The Company elected the package of practical expedients which permits the Company to not reassess (1) whether any expired or existing contracts are or contain leases, (2) the lease classification for any expired or existing leases, and (3) any initial direct costs for any expired or existing leases as of the effective date.

The Company applied a portfolio approach to effectively account for the operating lease liabilities and operating lease assets; the Company does not have financing leases. The Company excludes leases with an initial term of 12 months or less from the application of Topic 842. The Company did not elect the hindsight practical expedient; therefore, upon adoption, the Company used the remaining lease term of the current lease, option or extension.

Adoption of the new standard resulted in the recording of operating lease assets and operating lease liabilities of \$223.3 million and \$250.5 million, respectively, on the Company’s consolidated balance sheet as of February 3, 2019. The difference between the approximate value of the operating lease assets and liabilities is attributable to deferred rent, deferred rent incentives, leasehold interests and prepaid rent. There was no material impact on the Company’s consolidated statement of operations and comprehensive income or consolidated statements cash flows. The Company’s comparative periods continue to be presented and disclosed in accordance with legacy guidance in Topic 840.

Operating Leases

The Company determines if an arrangement is a lease at inception. Lease agreements will typically exist with lease and non-lease components, which are generally accounted for separately.

The Company recognizes operating lease liabilities equal to the present value of the lease payments and operating lease assets representing the right to use the underlying asset for the lease term. The lease expense for lease payments is recognized on a straight-line basis over the lease term.

As the Company’s leases do not provide an implicit rate, the Company will use an incremental borrowing rate based on the information available at lease commencement in determining the present value of lease payments. The operating lease assets include any lease payments made prior to lease commencement and are reduced by any lease incentives.

Under Topic 842, for any new leases entered into, the Company will assess if it is reasonably certain to exercise lease options to extend or terminate the lease for inclusion (or exclusion) in the lease term when the Company measures the lease liability. The depreciable life of any assets and leasehold improvements are limited by the expected lease term.

Certain of the Company’s retail operating leases include variable rental payments based on a percentage of retail sales over contractual levels. Variable rental payments are recognized in the consolidated statement of operations and comprehensive income in the period in which the obligation for those payments is incurred. If such variable operating leases arise that include incentives from landlords in the form of cash, the Company will record the full amount of the incentive when specific performance criteria are met as a deferred liability. The deferred liability is amortized into income as a reduction of rent expense over the term of the applicable lease, including options to extend if they are reasonably certain to be exercised. The Company recognized those liabilities to be amortized within a year as a current liability and those greater than a year as a long-term liability. For purposes of recognizing these incentives and rental expenses on a straight-line basis, the Company uses the date it obtains the legal right to use and control the lease asset to begin amortization, which is generally when the Company takes possession of the asset.

3. Revenue s

Disaggregation of Revenue

The Company sells its products directly to consumers and the Company earns royalties under its credit card agreement. The following table presents disaggregated revenues by source (in thousands):

	For the Thirteen Weeks Ended	
	May 4, 2019	May 5, 2018
Retail	\$ 102,594	\$ 108,031
Direct	73,858	73,510
Net revenues	<u>\$ 176,452</u>	<u>\$ 181,541</u>

Contract Liabilities

The Company recognizes a contract liability when it has received consideration from the customer and has a future obligation to the customer. Total contract liabilities consisted of the following (in thousands):

	May 4, 2019	February 2, 2019
Contract liabilities:		
Signing bonus	\$ 612	\$ 647
Unredeemed gift cards	5,798	7,081
Total contract liabilities (1)	<u>\$ 6,410</u>	<u>\$ 7,728</u>

(1) Included in accrued expenses and other current liabilities on the Company's consolidated balance sheet. The short term portion of the signing bonus is included in accrued expenses on the Company's consolidated balance sheet.

For the thirteen weeks ended May 4, 2019 and May 5, 2018, the Company recognized approximately \$3.4 million and \$3.3 million, respectively, of revenue related to gift card redemptions and breakage. Revenue recognized consists of gift cards that were part of the unredeemed gift card balance at the beginning of the period as well as gift cards that were issued during the period.

Performance Obligations

The Company has a remaining performance obligation of \$0.6 million for a signing bonus related to the private label credit card agreement. The Company will recognize revenue over the remaining life of the contract as follows (in thousands):

	Fiscal Year 2019	Fiscal Year 2020	Thereafter
Signing bonus	\$ 106	\$ 141	\$ 365

This disclosure does not include revenue related to performance obligations from unredeemed gift cards, as substantially all gift cards are redeemed in the first year of issuance.

4. Debt

The components of the Company's outstanding Term Loan were as follows (in thousands):

	May 4, 2019	February 2, 2019
Term Loan	\$ 244,678	\$ 245,378
Discount on debt and debt issuance costs	(4,759)	(5,115)
Less: Current portion	(2,799)	(2,799)
Net long-term debt	<u>\$ 237,120</u>	<u>\$ 237,464</u>

The Company was in compliance with all financial covenants as of May 4, 2019.

5. Income Taxes

The Company recorded income tax expense of \$1.4 million during the thirteen weeks ended May 4, 2019, and \$4.0 million during the thirteen weeks ended May 5, 2018. The effective tax rates were 24.8% in the thirteen weeks ended May 4, 2019, and 26.1% in the thirteen weeks ended May 5, 2018.

The effective tax rate for both the thirteen weeks ended May 4, 2019 and May 5, 2018 exceeds the federal statutory rate of 21.0% primarily due to §162(m) officer compensation limitation, stock compensation and state income taxes.

6. Earnings Per Share

The following table summarizes the computation of basic and diluted net income per share attributable to common shareholders (in thousands, except share and per share data):

	For the Thirteen Weeks Ended	
	May 4, 2019	May 5, 2018
<i>Numerator</i>		
Net income attributable to common shareholders:	\$ 4,366	\$ 11,258
<i>Denominator</i>		
Weighted average number of common shares outstanding, basic:	43,327,519	42,216,331
Dilutive effect of stock options and restricted shares:	1,150,634	1,191,083
Weighted average number of common shares outstanding, diluted:	44,478,153	43,407,414
Net income per common share attributable to common shareholders, basic:	\$ 0.10	\$ 0.27
Net income per common share attributable to common shareholders, diluted:	\$ 0.10	\$ 0.26

The weighted average common shares for the diluted earnings per share calculation exclude the impact of outstanding equity awards if the assumed proceeds per share of the award is in excess of the related fiscal period's average price of the Company's common stock. Such awards are excluded because they would have an antidilutive effect. There were 1,326,832 for the thirteen weeks ended May 4, 2019, and 1,122,820 for the thirteen weeks ended May 5, 2018, such awards excluded.

7. Equity-Based Compensation

Equity-based compensation expense was \$1.2 million for the thirteen weeks ended May 4, 2019, and \$0.8 million for the thirteen weeks ended May 5, 2018.

Special Dividend

On March 6, 2019, the Company's Board of Directors declared a special cash dividend (the "Special Dividend") of \$1.15 per share payable to shareholders of record as of March 19, 2019, of which \$50.2 million was paid on April 1, 2019 to shareholders.

In connection with the Special Dividend, pursuant to anti-dilution provisions in the 2017 Omnibus Equity Incentive Plan (the "2017 Plan"), the Company adjusted outstanding equity awards in order to prevent dilution of such awards. Accordingly, the Company adjusted the number of outstanding unvested restricted stock units ("RSUs") as of the payment date of the dividend with an additional number of RSUs ("Dividend Equivalent Units" or "DEUs") equal to the quotient obtained by dividing (x) the product of the number of unvested RSUs as of the record date by the amount of the dividend per share, by (y) the fair market value of share on the payment date of the Special Dividend. The DEUs will follow the same vesting pattern as the RSUs. For holders of outstanding options as of March 19, 2019, the option strike price on such options was reduced by the per share amount of the Special Dividend. Holders of unvested Restricted Stock Awards ("RSAs") received a forfeitable \$1.15 per share dividend on unvested RSAs as of March 19, 2019.

8. Related Party Transactions

For both the thirteen weeks ended May 4, 2019 and May 5, 2018, the Company incurred an immaterial amount of related party transactions.

9. Commitments and Contingencies

Legal Proceedings

The Company is subject to various legal proceedings that arise in the ordinary course of business. Although the outcome of such proceedings cannot be predicted with certainty, management does not believe that the Company is presently party to any legal proceedings the resolution of which management believes would have a material adverse effect on the Company's business, financial condition, operating results or cash flows. The Company establishes reserves for specific legal matters when the Company determines that the likelihood of an unfavorable outcome is probable and the loss is reasonably estimable.

10. Operating Leases

As of May 4, 2019, the Company leased certain retail stores, a distribution center, and office space. As of that same date, the Company did not have any financing leases and no operating leases contained any material residual value guarantees or material restrictive covenants. Certain of the Company's retail operating leases include variable rental payments based on a percentage of retail sales over contractual levels.

Some retail leases include one or more options to renew, with renewal terms that can extend the lease term from one to fifteen years. The Company's distribution center has renewal terms that can extend the lease term up to twenty years. The exercise of lease renewal options is at the Company's sole discretion. As of May 4, 2019, the Company did not include options to renew in the operating lease assets and liabilities.

As described in Note 2, the Company adopted Topic 842 as of February 3, 2019. Under this guidance the Company did not record any deferred lease liabilities as of May 4, 2019. The Company maintained a tenant incentive liability of \$1.3 million as of May 4, 2019, related to certain variable retail leases. Under legacy guidance, Topic 840, the Company recorded a deferred lease liability of \$11.9 million and maintained a tenant improvement incentive liability of \$19.1 million as of February 2, 2019.

The components of lease expense were as follows (in thousands):

Lease Cost	Classification	For the Thirteen Weeks Ended May 4, 2019
Operating lease cost	SG&A Expenses	\$ 11,552
Variable lease cost	SG&A Expenses	766
Total lease cost		\$ 12,318

For the thirteen weeks ended May 4, 2019, total common area maintenance expense was \$3.5 million. For the thirteen weeks ended May 5, 2018, total rental expense was \$11.9 million and common area maintenance expense was \$3.6 million, exclusive of contingent rental expense recorded of \$0.2 million.

The Company used an incremental borrowing rate on February 3, 2019, for operating leases that commenced prior to that date. The incremental borrowing rate is estimated based upon (1) the financial condition and credit rating of the Company and its peers, (2) the term of the lease, (3) the nature of the underlying asset, and (4) the relative economic environment.

For the thirteen weeks ended May 4, 2019, operating lease liabilities arising from obtaining operating lease assets was \$5.5 million.

For the thirteen weeks ended May 4, 2019, the total cash paid for amounts included in the measurement of operating lease liabilities was \$11.8 million.

Lease Term and Discount Rate	May 4, 2019
Weighted-average remaining lease term (in years)	
Operating leases	7.4
Weighted-average discount rate	
Operating leases	6.6%

Maturities of lease liabilities as of May 4, 2019 were as follows (in thousands) :

Fiscal Year	Operating Leases ⁽¹⁾
2019	\$ 37,232
2020	46,961
2021	44,484
2022	39,996
2023	36,989
Thereafter	114,091
Less: Imputed interest	70,583
Present value of lease liabilities	<u>\$ 249,170</u>

(1) Operating lease payments exclude \$6.4 million of legally binding minimum lease payments for leases signed but for which the Company has not taken possession.

Under Topic 840, future minimum rental payments required under all non-cancellable operating lease obligations as of February 2, 2019 were as follows (in thousands):

Fiscal Year	
2019	\$ 49,399
2020	46,512
2021	43,872
2022	39,369
2023	36,459
Thereafter	110,376
Total	<u>\$ 325,987</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our consolidated financial statements and related notes thereto included elsewhere in this Quarterly Report on Form 10-Q. The following discussion contains forward-looking statements that reflect our plans, estimates and assumptions. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause such differences are discussed in the sections of this Quarterly Report on Form 10-Q titled "Risk Factors" and "Special Note Regarding Forward-Looking Statements".

We operate on a 52- or 53-week fiscal year that ends on the Saturday that is closest to January 31. Each fiscal year generally is comprised of four 13-week fiscal quarters, although in the years with 53 weeks, the fourth quarter represents a 14-week period. The fiscal years ending February 1, 2020 ("Fiscal Year 2019") and fiscal year ended February 2, 2019 ("Fiscal Year 2018") are both comprised of 52 weeks.

Overview

J.Jill is a premier omnichannel retailer and nationally recognized women's apparel brand committed to delighting customers with great wear-now product. The brand represents an easy, thoughtful and inspired style that reflects the confidence of remarkable women who live life with joy, passion and purpose. J.Jill offers a guiding customer experience through more than 280 stores nationwide and a robust E-commerce platform. J.Jill is headquartered outside Boston.

Factors Affecting Our Operating Results

Various factors are expected to continue to affect our results of operations going forward, including the following:

Overall Economic Trends . Consumer purchases of clothing and other merchandise generally decline during recessionary periods and other periods when disposable income is adversely affected, and consequently our results of operations may be affected by general economic conditions. For example, reduced consumer confidence and lower availability and higher cost of consumer credit may reduce demand for our merchandise and may limit our ability to increase or sustain prices. The growth rate of the market could be affected by macroeconomic conditions in the United States.

Consumer Preferences and Fashion Trends . Our ability to maintain our appeal to existing customers and attract new customers depends on our ability to anticipate fashion trends. During periods in which we have successfully anticipated fashion trends, we have generally had more favorable results.

Competition . The retail industry is highly competitive and retailers compete based on a variety of factors, including design, quality, price and customer service. Levels of competition and the ability of our competitors to more accurately predict fashion trends and otherwise attract customers through competitive pricing or other factors may impact our results of operations.

Our Strategic Initiatives. The ongoing implementation of strategic initiatives will continue to have an impact on our results of operations. These initiatives include our E-commerce site, which was re-platformed in Fiscal Year 2017, and our recently launched initiative to upgrade and enhance our information systems. Although initiatives of this nature are designed to create growth in our business and continuing improvement in our operating results, the timing of expenditures related to these initiatives, as well as the achievement of returns on our investments, may affect our results of operation in future periods.

Pricing and Changes in Our Merchandise Mix . Our product offering changes from period to period, as do the prices at which goods are sold and the margins we are able to earn from the sales of those goods. The levels at which we are able to price our merchandise are influenced by a variety of factors, including the quality of our products, cost of production, prices at which our competitors are selling similar products and the willingness of our customers to pay for products.

Potential Changes in Tax Laws and/or Regulations . Changes in tax laws in any of the multiple jurisdictions in which we operate, or adverse outcomes from tax audits that we may be subject to in any of the jurisdictions in which we operate, could adversely affect our business, financial condition and operating results. Additionally, any potential changes with respect to tax and trade policies, tariffs and government regulations affecting trade between the U.S. and other countries could adversely affect our business, as we source the majority of our merchandise from manufacturers located outside of the U.S.

How We Assess the Performance of Our Business

In assessing the performance of our business, we consider a variety of financial and operating metrics, including GAAP and non-GAAP measures, including the following:

Net sales consists primarily of revenues, net of merchandise returns and discounts, generated from the sale of apparel and accessory merchandise through our retail channel and direct channel. Net sales also include shipping and handling fees collected from customers and royalty revenues and marketing reimbursements related to our private label credit card agreement. Revenue from our retail channel is recognized at the time of sale and revenue from our direct channel is recognized upon shipment of merchandise to the customer.

Net sales are impacted by the size of our active customer base, product assortment and availability, marketing and promotional activities and the spending habits of our customers. Net sales are also impacted by the migration of single-channel customers to omnichannel customers who, on average, spend nearly three times more than single-channel customers.

Total company comparable sales includes net sales from our full-price stores that have been open for more than 52 weeks and from our direct channel. This measure highlights the performance of existing stores open during the period, while excluding the impact of new store openings and closures. When a store in the total company comparable store base is temporarily closed for remodeling or other reasons, it is included in total company comparable sales only using the full weeks it was open. Certain of our competitors and other retailers may calculate total company comparable sales differently than we do. As a result, the reporting of our total company comparable sales may not be comparable to sales data made available by other companies.

Number of stores reflects all stores open at the end of a reporting period. In connection with opening new stores, we incur pre-opening costs. Pre-opening costs include expenses incurred prior to opening a new store and primarily consist of payroll, travel, training, marketing, initial opening supplies and costs of transporting initial inventory and fixtures to store locations, as well as occupancy costs incurred from the time of possession of a store site to the opening of that store. These pre-opening costs are included in selling, general and administrative expenses and are generally incurred and expensed within 30 days of opening a new store.

Gross profit is equal to our net sales less costs of goods sold. Gross profit as a percentage of our net sales is referred to as gross margin. **Costs of goods sold** includes the direct costs of sold merchandise, inventory shrinkage, and adjustments and reserves for excess, aged and obsolete inventory. We review our inventory levels on an ongoing basis to identify slow-moving merchandise and use product markdowns to liquidate these products. Changes in the assortment of our products may also impact our gross profit. The timing and level of markdowns are driven by customer acceptance of our merchandise. Certain of our competitors and other retailers may report costs of goods sold differently than we do. As a result, the reporting of our gross profit and gross margin may not be comparable to other companies.

The primary drivers of the costs of goods sold are raw materials, which fluctuate based on certain factors beyond our control, including labor conditions, transportation or freight costs, energy prices, currency fluctuations and commodity prices. We place orders with merchandise suppliers in United States dollars and, as a result, are not exposed to significant foreign currency exchange risk.

Selling, general and administrative expenses include all operating costs not included in costs of goods sold. These expenses include all payroll and related expenses, occupancy costs, information systems costs and other operating expenses related to our stores and to our operations at our headquarters, including utilities, depreciation and amortization. These expenses also include marketing expense, including catalog production and mailing costs, warehousing, distribution and shipping costs, customer service operations, consulting and software services, professional services and other administrative costs.

Our historical revenue growth has been accompanied by increased selling, general and administrative expenses. The most significant increases were in occupancy costs associated with retail store expansion, and in marketing and payroll investments.

Adjusted EBITDA and Adjusted EBITDA Margin. Adjusted EBITDA represents net income plus net interest expense, provision (benefit) for income taxes, depreciation and amortization, equity-based compensation expense, write-off of property and equipment, and other non-recurring expenses, primarily consisting of outside legal and professional fees associated with certain non-recurring transactions and events. We present Adjusted EBITDA on a consolidated basis because management uses it as a supplemental measure in assessing our operating performance, and we believe that it is helpful to investors, securities analysts and other interested parties as a measure of our comparative operating performance from period to period. We also use Adjusted EBITDA as one of the primary methods for planning and forecasting overall expected performance of our business and for evaluating on a quarterly and annual basis actual results against such expectations. Further, we recognize Adjusted EBITDA as a commonly used measure in determining business value and as such, use it internally to report results. Adjusted EBITDA margin represents, for any period, Adjusted EBITDA as a percentage of net sales.

While we believe that Adjusted EBITDA is useful in evaluating our business, Adjusted EBITDA is a non-GAAP financial measure that has limitations as an analytical tool. Adjusted EBITDA should not be considered an alternative to, or substitute for, net income (loss), which is calculated in accordance with GAAP. In addition, other companies, including companies in our industry, may calculate Adjusted EBITDA differently or not at all, which reduces the usefulness of Adjusted EBITDA as a tool for comparison. We recommend that you review the reconciliation and calculation of Adjusted EBITDA and Adjusted EBITDA margin to net income, the most directly comparable GAAP financial measure, below and not rely solely on Adjusted EBITDA or any single financial measure to evaluate our business.

Reconciliation of Net Income to Adjusted EBITDA and Calculation of Adjusted EBITDA Margin

The following table provides a reconciliation of net income to Adjusted EBITDA and the calculation of Adjusted EBITDA margin for the periods presented.

(in thousands)	For the Thirteen Weeks Ended	
	May 4, 2019	May 5, 2018
Statements of Operations Data:		
Net income	\$ 4,366	\$ 11,258
Interest expense, net	5,007	4,817
Provision for income taxes	1,438	3,972
Depreciation and amortization	9,452	9,357
Equity-based compensation expense (a)	1,202	760
Write-off of property and equipment (b)	6	12
Other non-recurring expenses (c)	—	1,346
Adjusted EBITDA	\$ 21,471	\$ 31,522
Net sales	\$ 176,452	\$ 181,541
Adjusted EBITDA margin	12.2%	17.4%

- (a) Represents expenses associated with equity incentive instruments granted to our management and board of directors. Incentive instruments are accounted for as equity-classified awards with the related compensation expense recognized based on fair value at the date of the grants.
- (b) Represents net gain or loss on the disposal of fixed assets.
- (c) Represents items management believes are not indicative of ongoing operating performance. For the thirteen weeks ended May 5, 2018, these expenses include costs related to a CEO transition.

Results of Operations

Thirteen weeks ended May 4, 2019 Compared to Thirteen weeks ended May 5, 2018

The following table summarizes our consolidated results of operations for the periods indicated:

(in thousands)	For the Thirteen Weeks Ended				Change from the Thirteen Weeks Ended May 5, 2018 to the Thirteen Weeks Ended May 4, 2019	
	May 4, 2019		May 5, 2018		\$ Change	% Change
	Dollars	% of Net Sales	Dollars	% of Net Sales		
Net sales	\$ 176,452	100.0%	\$ 181,541	100.0%	\$ (5,089)	(2.8)%
Costs of goods sold	60,196	34.1%	61,200	33.7%	(1,004)	(1.6)%
Gross profit	116,256	65.9%	120,341	66.3%	(4,085)	(3.4)%
Selling, general and administrative expenses	105,445	59.8%	100,294	55.2%	5,151	5.1%
Operating income	10,811	6.1%	20,047	11.0%	(9,236)	(46.1)%
Interest expense, net	5,007	2.8%	4,817	2.7%	190	3.9%
Income before provision for income taxes	5,804	3.3%	15,230	8.4%	(9,426)	(61.9)%
Provision for income taxes	1,438	0.8%	3,972	2.2%	(2,534)	(63.8)%
Net income	\$ 4,366	2.5%	\$ 11,258	6.2%	\$ (6,892)	(61.2)%

Net Sales

Net sales for the thirteen weeks ended May 4, 2019 decreased \$5.1 million, or 2.8%, to \$176.5 from \$181.5 million for the thirteen weeks ended May 5, 2018. At the end of those same periods, we operated 283 and 273 retail stores, respectively. The decrease in total net sales versus the prior year was driven by a reduced response to our new product offerings. Our net sales in future periods may continue to be adversely affected by reduced response to our product offerings.

Our retail channel contributed 58.1% of our net sales in the thirteen weeks ended May 4, 2019 and 59.5% in the thirteen weeks ended May 5, 2018. Our direct channel contributed 41.9% of our net sales in the thirteen weeks ended May 4, 2019 and 40.5% in the thirteen weeks ended May 5, 2018.

Gross Profit and Costs of Goods Sold

Gross profit for the thirteen weeks ended May 4, 2019 decreased \$4.1 million, or 3.4%, to \$116.3 from \$120.3 million for the thirteen weeks ended May 5, 2018. The gross margin for the thirteen weeks ended May 4, 2019 was 65.9% compared to 66.3% for the thirteen weeks ended May 5, 2018, reflecting a higher level of promotions in the quarter. We anticipate that we will continue to have higher levels of promotions in future periods impacted by higher levels of inventory at May 4, 2019, which will continue to adversely affect our gross profit and gross margin in future periods.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the thirteen weeks ended May 4, 2019 increased \$5.2 million, or 5.1%, to \$105.4 from \$100.3 million for the thirteen weeks ended May 5, 2018. The increase was driven by a \$3.2 million impact related to technology investments being made in the business. Additionally, there was increased spending of \$1.5 million for sales related expenses, mainly shipping and handling, \$1.0 million increase in marketing spend and \$0.4 million in stock based compensation. This was partially offset by a decrease of \$1.3 million of non-recurring expenses that occurred last year as a result of a CEO transition.

As a percentage of net sales, selling, general and administrative expenses were 59.8% for the thirteen weeks ended May 4, 2019 compared to 55.2% for the thirteen weeks ended May 5, 2018.

Interest Expense, Net

Interest expense, net, consists of interest expense on the Term Loan, partially offset by interest earned on cash. Interest expense for the thirteen weeks ended May 4, 2019 increased \$0.2 million, or 3.9%, to \$5.0 million from \$4.8 million for the thirteen weeks ended May 5, 2018. The increase was driven by higher interest rates.

Provision for Income Taxes

The provision for income taxes was \$1.4 million for the thirteen weeks ended May 4, 2019 compared to \$4.0 million for the thirteen weeks ended May 5, 2018. Our effective tax rates for the same periods were 24.8% and 26.1%, respectively.

Liquidity and Capital Resources

General

Our primary sources of liquidity and capital resources are cash generated from operating activities and availability under our ABL credit agreement, dated as of May 8, 2015, by and among Jill Holdings LLC, Jill Acquisition LLC, certain subsidiaries from time to time party thereto, the lenders party thereto and CIT Finance LLC as the administrative agent and collateral agent, as amended on May 27, 2016 by Amendment No. 1 thereto (the “ABL Facility”). Our primary requirements for liquidity and capital are working capital and general corporate needs, including merchandise inventories, marketing, including catalog production and distribution, payroll, store occupancy costs and capital expenditures associated with opening new stores, remodeling existing stores and upgrading information systems and the costs of operating as a public company. We believe that our current sources of liquidity and capital will be sufficient to finance our continued operations for at least the next 12 months. There can be no assurance, however, that our business will generate sufficient cash flows from operations or that future borrowings will be available under our ABL Facility or otherwise to enable us to service our indebtedness, or to make capital expenditures in the future. Our future operating performance and our ability to service or extend our indebtedness will be subject to future economic conditions and to financial, business, and other factors, many of which are beyond our control.

Capital expenditures were \$4.1 million for the thirteen weeks ended May 4, 2019 compared to \$2.2 million for the thirteen weeks ended May 5, 2018. The increase in capital expenditures in Fiscal Year 2019 was due primarily to an increase in spending on stores investments and technology projects.

Cash Flow Analysis

The following table shows our cash flows information for the periods presented:

(in thousands)	For the Thirteen Weeks Ended	
	May 4, 2019	May 5, 2018
Net cash provided by operating activities	\$ 4,274	\$ 5,535
Net cash used in investing activities	(4,068)	(2,150)
Net cash used in financing activities	(52,120)	(700)

Net Cash provided by Operating Activities

Net cash provided by operating activities during the thirteen weeks ended May 4, 2019 was \$4.3 million. Key elements of cash provided by operating activities were (i) net income of \$4.4 million, (ii) adjustments to reconcile net income to net cash provided by operating activities of \$10.2 million, primarily driven by standard depreciation and amortization, equity-based compensation and noncash amortization of deferred financing and debt discount costs, partially offset by deferred income taxes, and (iii) an increase in net operating assets and liabilities of \$10.3 million, primarily driven by higher inventory levels, prepaid expenses and other current assets as well as accounts receivable, partially offset by accrued expenses and operating lease assets and liabilities.

Net cash provided by operating activities during the thirteen weeks ended May 5, 2018 was \$5.5 million. Key elements of cash provided by operating activities were (i) net income of \$11.3 million, and (ii) adjustments to reconcile net income to net cash provided by operating activities of \$8.6 million, primarily driven by depreciation and amortization and equity based compensation, partially offset by deferred income taxes, and (iii) an increase in net operating assets and liabilities of \$14.3 million, primarily driven by cash uses in accounts payable, accounts receivable and prepaid expenses and other current assets, offset by cash provided by accrued expenses and lower inventories.

Net Cash used in Investing Activities

Net cash used in investing activities during the thirteen weeks ended May 4, 2019 was \$4.1 million, representing purchases of property and equipment related investments in stores and information systems.

Net cash used in investing activities during the thirteen weeks ended May 5, 2018 was \$2.2 million, representing purchases of property and equipment related investments in stores and information systems.

Net Cash used in Financing Activities

Net cash used in financing activities during the thirteen weeks ended May 4, 2019 was \$52.1 million, which was driven primarily from the special dividend paid to shareholders.

Net cash used in financing activities during the thirteen weeks ended May 5, 2018 was \$0.7 million, which was the scheduled repayment of our Term Loan.

Dividends

On April 1, 2019 the Company paid a special cash dividend of \$50.2 million to the shareholders of J.Jill, Inc.

The payment of cash dividends in the future, if any, will be at the discretion of our board of directors and will depend upon such factors as earnings levels, capital requirements, restrictions imposed by applicable law, our overall financial condition, restrictions in our debt agreements, including our Term Loan and ABL Facility, and any other factors deemed relevant by our board of directors. As a holding company, our ability to pay dividends depends on our receipt of cash dividends from our operating subsidiaries, which may further restrict our ability to pay dividends as a result of restrictions on their ability to pay dividends to us under our Term Loan, our ABL Facility and under future indebtedness that we or they may incur.

Credit Facilities

At May 4, 2019 and February 2, 2019 there were no loan amounts outstanding under the ABL Facility. At both May 4, 2019 and February 2, 2019 the Company had outstanding letters of credit in the amounts of \$1.8 million and had a maximum additional borrowing capacity of \$38.2 million.

Contractual Obligations

The Company's contractual obligations consist primarily of long-term debt obligations, interest payments, operating leases and purchase orders for merchandise inventory. These contractual obligations impact the Company's short-term and long-term liquidity and capital resource needs. During the thirteen weeks ended May 4, 2019, there were no material changes in the contractual obligations as of February 2, 2019.

Contingencies

We are subject to various legal proceedings that arise in the ordinary course of business. Although the outcome of such proceedings cannot be predicted with certainty, management does not believe that we are presently party to any legal proceedings the resolution of which management believes would have a material adverse effect on our business, financial condition, operating results or cash flows. We establish reserves for specific legal matters when we determine that the likelihood of an unfavorable outcome is probable and the loss is reasonably estimable.

Off - Balance Sheet Arrangements

We are not a party to any off - balance sheet arrangements.

Critical Accounting Policies and Significant Estimates

The most significant accounting estimates involve a high degree of judgment or complexity. Management believes the estimates and judgments most critical to the preparation of our consolidated financial statements and to the understanding of our reported financial results include those made in connection with revenue recognition, including accounting for gift card breakage and estimated merchandise returns; estimating the value of inventory; impairment assessments for goodwill and other indefinite-lived intangible assets, and long-lived assets; and estimating equity-based compensation expense. Management evaluates its policies and assumptions on an ongoing basis.

In the thirteen weeks ended May 4, 2019, the Company did not identify any events or circumstances that indicated the fair value of a reporting unit was less than its carrying value. Due to the recent decline in stock price, the Company plans to evaluate goodwill and intangible assets in the second fiscal quarter of Fiscal Year 2019.

Our significant accounting policies related to these accounts in the preparation of our consolidated financial statements are described under the heading "Management Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Significant Estimates" in our Annual Report on Form 10-K for the fiscal year ended February 2, 2019. As of the date of this filing, there were no significant changes to any of the critical accounting policies and estimates previously described in our Annual Report on Form 10-K, except for the effects of the adoption of ASC Topic 842 – *Leases*. Refer to Note 2 to our unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q, under header, "Significant Accounting Policies Update" for the effects and disclosures of adoption.

Recent Accounting Pronouncements

Refer to Note 2 to our unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q, for recently adopted accounting standards, including the dates of adoption and estimated effects on our results of operations, financial position or cash flows.

Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are generally identified by the use of forward-looking terminology, including the terms "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "will," "would" and, in each case, their negative or other various or comparable terminology. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including statements regarding our strategy, future operations, future financial position, future revenue, projected costs, prospects, plans, objectives of management and expected market growth are forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. All written and oral forward-looking statements made in connection with this

Quarterly Report on Form 10-Q that are attributable to us or persons acting on our behalf are expressly qualified in their entirety by the Risk Factors set forth in our Annual Report on Form 10-K for the year ended February 2, 2019 and other cautionary statements included therein and herein.

These forward-looking statements reflect our views with respect to future events as of the date of this Quarterly Report on Form 10-Q and are based on assumptions and subject to risks and uncertainties. Given these uncertainties, you should not place undue reliance on these forward-looking statements. These forward-looking statements represent our estimates and assumptions only as of the date of this Quarterly Report on Form 10-Q and, except as required by law, we undertake no obligation to update or review publicly any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this Quarterly Report on Form 10-Q. We anticipate that subsequent events and developments will cause our views to change. We qualify all of our forward-looking statements by these cautionary statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We are subject to interest rate risk in connection with borrowings under the Term Loan and ABL Facility, which bear interest at variable rates equal to LIBOR plus a margin as defined in the respective agreements described above. As of May 4, 2019, there was no outstanding balance under the ABL Facility, and \$1.8 million letters of credit outstanding. The undrawn borrowing availability under the ABL Facility was \$38.2 million and the amount outstanding under the Term Loan had decreased to \$244.7 million as a result of the scheduled repayments. We currently do not engage in any interest rate hedging activity. Based on the interest rate on the ABL Facility at May 4, 2019, and the schedule of outstanding borrowings under our Term Loan, a 10% change in our current interest rate would affect net income by \$1.4 million during Fiscal Year 2019.

Impact of Inflation

Our results of operations and financial condition are presented based on historical cost. While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates required, we believe the effects of inflation, if any, on our results of operations and financial condition have been immaterial. We cannot assure you our business will not be affected in the future by inflation.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Our management, under the supervision of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this Quarterly Report on Form-10-Q. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of the end of the period covered by this Quarterly Report on Form-10-Q, our disclosure controls and procedures were effective to provide such reasonable assurance.

Changes to Internal Control over Financial Reporting

There were no significant changes in our internal control over financial reporting, (as defined in Rules 13a-15(e) and 15d-15(e) under the Act) during the fiscal quarter ended May 4, 2019, except for the implementation of new internal controls to ensure the Company properly accounted for the adoption of ASC Topic 842 – *Leases* in its consolidated financial statements.

Limitations on the Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and our management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

We are subject to various legal proceedings that arise in the ordinary course of business. Although the outcome of such proceedings cannot be predicted with certainty, management does not believe that we are presently party to any legal proceedings the resolution of which management believes would have a material adverse effect on our business, financial condition, operating results or cash flows. We establish reserves for specific legal matters when we determine that the likelihood of an unfavorable outcome is probable and the loss is reasonably estimable .

Item 1A. Risk Factors

Factors that could cause our actual results to differ materially from those in this report are described under the heading “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended February 2, 2019 . Any of these factors could result in a significant or material adverse effect on our results of operations or financial condition. As of the date of this Quarterly Report on Form 10-Q, there have been no material changes to the risk factors previously disclosed in our Annual Report on Form 10-K. However, additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations and we may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The exhibits listed on the Exhibit Index are filed or furnished as part of this Quarterly Report on Form 10-Q.

Exhibit Index

Exhibit Number	Description
10.1	Offer Letter, dated as of April 12, 2019, by and between Mark Webb and J.Jill, Inc.
10.2	Restricted Stock Unit Award Agreement, dated as of May 1, 2019, by and between Mark Webb and J.Jill, Inc.
31.1	Certification of Principal Executive Officer required by Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer required by Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Furnished herewith.

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 thereunto duly authorized.

J.Jill, Inc.

Date: June 11, 2019

By: /s/ Linda Heasley
Linda Heasley
President, Chief Executive Officer and Director

Date: June 11, 2019

By: /s/ Mark Webb
Mark Webb
Executive Vice President and Chief Financial Officer



April 12, 2019

Mark Webb

Dear Mark:

It is my pleasure to offer you the position of Executive Vice President, Chief Financial Officer of J.Jill, Inc. (“J.Jill,” and collectively with its direct and indirect subsidiaries, whether existing on the Start Date (defined below) or thereafter acquired or formed, the “J.Jill Companies”), pursuant to the terms of this letter agreement (including any exhibits and annexes attached hereto, the “Offer Letter”).

The terms and conditions of your employment with J.Jill will be as follows and shall, subject to your satisfaction of the “Conditions to Employment” listed below, become effective as of the date on which you countersign this Offer Letter.

- **Start Date**: Your start date will be May 1, 2019 (the “Start Date”).
- **Reporting Relationships**: You will report to the Company’s President & CEO or such other person or persons as from time to time may be designated by J.Jill (any such person, a “Reporting Officer”).
- **Position and Duties; Place of Employment**: As Executive Vice President, Chief Financial Officer of J.Jill, you shall have such responsibilities, duties, and authorities as are commensurate with the position of Executive Vice President, Chief Financial Officer, or as are assigned to you by the Reporting Officer. You shall fulfill your duties and responsibilities in a diligent, trustworthy, and appropriate manner and in compliance with the policies and practices of the J.Jill Companies and applicable law. You shall devote your full business time and attention to the business and affairs of J.Jill and shall not be engaged in or employed by or provide services to any other business enterprise without the written approval of the Reporting Officer; provided, however, that you may manage your personal affairs, finances, and investments, and may participate in charitable and not-for-profit activities, all without the necessity of obtaining the Reporting Officer’s approval, so long as such activities do not create an actual or potential conflict of interest with, or interfere with the performance of, your duties hereunder or conflict with your covenants under the Restrictive Covenant Agreement attached hereto as Exhibit A (the “Restrictive Covenant Agreement”), in each case as determined in the sole judgment of the Reporting Officer. You shall principally carry out your duties and responsibilities in and from J.Jill’s offices in the Quincy, Massachusetts, area; provided, that you understand that your position may involve travel and you agree to undertake such travel as may be necessary or desirable in the performance of your duties and responsibilities hereunder.
- **Salary**: You will be paid a base salary equal to \$600,000 on an annualized basis (the “Base Salary”).
- **Bonus**: Beginning in fiscal year 2019 and for all subsequent fiscal years of employment with J. Jill, you shall be eligible to earn an annual bonus (the “Annual Bonus”). The Annual Bonus shall be determined by the Board of Directors of J.Jill (or the appropriate committee of the Board, as applicable, either such board or such committee, the “Board”) based upon the achievement of financial and other goals to be established by the Board. If all performance objectives are fully met, the target amount of the Annual Bonus shall be equal to seventy percent (70%) of your Base Salary (prorated for any partial year of employment) (the “Target Bonus”), but a higher Annual Bonus of up to a maximum of 200% of your Base Salary (prorated for any partial year of employment) shall be possible for exceptional performance; provided, that for fiscal year 2019, the Annual Bonus to be paid

shall be no less than the Target Bonus (as prorated for the partial year of employment), subject to the immediately following sentence. The Annual Bonus shall be paid in accordance with J.Jill's customary practices for payment of annual bonuses to senior executive employees within seventy-five (75) days after the later of (i) the close of the fiscal year for which the Annual Bonus was earned, and (ii) the completion of the applicable fiscal year financial audit, but in no event later than April 15 of the following calendar year; provided, however, that except as provided in this Offer Letter, you must be employed through the end of the applicable fiscal year to be entitled to receive the Annual Bonus.

- **Sign-On Bonus**: You shall be paid a one-time cash sign-on bonus of \$100,000 (the "Sign-On Bonus"), payable within ninety (90) days following the Start Date. If your employment with J.Jill is terminated by J.Jill for Cause or you resign without Good Reason (as such terms are defined in Annex A attached hereto), in either case, within one (1) year following the Start Date, you shall repay to J.Jill the Sign-On Bonus within ten (10) business days following such termination of employment.
- **Sign-On Equity Award**: Subject to your actually commencing employment on the Start Date, and in exchange for you agreeing to comply with the terms and conditions of the Restrictive Covenant Agreement, J.Jill shall grant to you a one-time sign-on equity award of restricted stock units representing a promise to deliver shares of common stock, par value \$0.01 per share ("Common Stock"), cash, other securities or other property (the "Sign-On Award"), which award of restricted stock units shall have an aggregate grant date fair market value of \$700,000 (valued by the Board in its sole discretion). The Sign-On Award shall be subject to the terms of an award agreement substantially in the form attached hereto as Exhibit B (the "Award Agreement").
- **Equity Awards**: During your employment with J.Jill you will, as determined by the Board in its sole discretion, be eligible to participate in, and may receive additional grants of stock options, restricted stock units or other forms of equity compensation subject to the terms of, any of J.Jill's equity compensation plans and related documents.
- **Other Benefits; Perquisites**: Effective the first of the month following 30 days of employment, you will be eligible to participate in medical, dental and other benefit plans of the J.Jill Companies, to the extent provided by the terms of such plans.
- **Vacation**: You will be entitled to not less than four (4) weeks of paid vacation during each calendar year (pro-rated for any partial calendar year of employment) in accordance with the Company's policies and practices for executives of the Company.
- **Termination without Cause or Resignation for Good Reason**: If your employment with J.Jill is terminated by J.Jill without Cause or by you for Good Reason (as such terms are defined in Annex A attached hereto), then, in connection with the cessation of or separation from employment with J.Jill, if you (i) execute a general release of claims in favor of the J.Jill Companies and their respective affiliates and representatives, in a form to be provided by J.Jill upon such termination, that, by its terms, becomes irrevocable no later than the sixtieth (60th) day after the termination of your employment with J.Jill, and (ii) agree to comply with the terms and conditions of the Restrictive Covenant Agreement, you shall be entitled to the following benefits ("Severance Benefits"): (i) all compensation earned and all benefits and reimbursements due through the effective date of termination (including, for the sake of clarity, any unpaid Annual Bonus earned but not yet paid for the fiscal year preceding the fiscal year in which your employment with J.Jill was terminated); and (ii) payment of an amount equal to 1.0x your then-current Base Salary, payable in substantial equal bi-weekly installments on regularly scheduled payroll dates for the twelve (12) month period that begins on the first regular payroll date that is sixty (60) days after your termination of employment; provided, that, such first payment shall be a lump sum payment equal to the amount of all payments due from the date of such termination through the date of such first payment but for the release condition described above. During the 12-month period immediately after the effective date of your termination of employment, or, if earlier, until coverage is obtained by you from another employer (which coverage you shall promptly disclose to J.Jill), to the extent permitted by applicable law and subject to the same conditions to receiving cash severance described above, you shall also receive a continuation of the medical and dental coverage to which you are otherwise entitled to pursuant to the terms of this Offer Letter immediately prior to such termination (including dependent coverage), at the same premium cost to you as determined immediately prior to

such termination; provided, that, any right you have to COBRA under the group health plan of J.Jill in which you participated during your employment with J.Jill will run concurrently with the continuation of coverage provided herein; provided, further, that any J.Jill-paid premiums shall be reported as taxable income to you. Your rights under any employee benefit plan or program of the J.Jill Companies shall be governed by the terms of such plan or program; provided, however, that you acknowledge and agree that you shall have no rights under any J.Jill severance plan or policy. For the avoidance of doubt, if the release fails to become irrevocable within sixty (60) days following your termination of employment you shall forfeit any right to any compensation and severance under this paragraph.

- **Other Terminations of Employment** : If your employment with J.Jill is terminated either (i) due to a termination by J.Jill for Cause, (ii) due to your death or Disability, or (iii) due to your resignation without Good Reason, then, in either case, you shall be entitled to receive your Base Salary and all benefits and reimbursements due through the effective date of such termination of employment (including, for the sake of clarity, solely in the case of terminations described in the immediately preceding clause (ii) and (iii), any unpaid Annual Bonus earned but not yet paid for the fiscal year preceding the fiscal year in which your employment with J.Jill was terminated). Such Base Salary shall be paid in accordance with J.Jill's standard payroll procedures. No other compensation or benefits will be due or payable to you after such termination, except as provided by this paragraph or as otherwise required under the terms of J.Jill's employee benefit plans and programs or applicable law.
- **Right to Offset** : Following any termination of your employment under this Offer Letter for any reason, J.Jill's obligation to make any payments hereunder shall be subject to offset for any outstanding amounts that you owe to any J.Jill Company.
- **Cooperation** : During your employment and at any time thereafter, you agree to cooperate (a) with J.Jill and its affiliates in any legal proceeding involving any matter that arose during your employment and prior consultancy with J.Jill and (b) with all governmental authorities on matters pertaining to any investigation, litigation or administrative proceeding involving J.Jill and its affiliates.
- **Representations** : By accepting this offer, you represent that you are not under any obligation or covenant to any former employer or any person, firm or corporation, that does or in the future would prevent, limit or impair in any way the performance by you of your duties as an employee of J. Jill. You have also provided to J.Jill a true copy of any non-competition and/or non-solicitation obligation or agreement to which you may be subject. You also represent that the information (written or oral) provided to J.Jill by you or your representatives in connection with obtaining employment or in connection with your former employments, work history, circumstances of leaving your former employments and educational background is true and complete. You also unconditionally agree not to use in connection with your employment with J.Jill any confidential or proprietary information which you have acquired in connection with any former employment or reveal or disclose to J.Jill or any of employees, agents, representatives or vendors of any J.Jill Company, any confidential or proprietary information that you have acquired in connection with any former employment. You represent that you are accepting J.Jill's offer in good faith, and that you understand that J.Jill will rely on your acceptance. The terms of the offer are considered confidential and should not be shared with any other company, including your current employer.
- **Governing Law; Forum** : This offer letter shall in all respects be governed by and construed in accordance with the laws of the State of Delaware, not including the choice-of-law rules thereof. You and J.Jill consent to the exclusive and sole jurisdiction and venue of the state and federal courts located in Delaware for the litigation of disputes not subject to arbitration and waive any claims of improper venue, lack of personal jurisdiction, or lack of subject matter jurisdiction as to any such disputes. Notwithstanding the foregoing, any action by any J.Jill Company to enforce rights pursuant to the Restrictive Covenant Agreement may be brought in the county where you reside.
- **Arbitration** : Except for an action by any J.Jill Company to enforce rights described in the Restrictive Covenant Agreement, any disputes or controversies arising under or related to this offer letter or your employment with J.Jill will be settled by binding arbitration in Boston, Massachusetts, through the use of and in accordance with the applicable rules of the American Arbitration Association relating to arbitration of commercial disputes and pursuant to the Federal Arbitration Act, except that discovery, including document production, depositions and

interrogatories shall be permitted. One neutral arbitrator shall hear the dispute. The determination and findings of such arbitrator will be binding on all parties and may be enforced, if necessary, in any court of competent jurisdiction. The arbitrator shall be mutually acceptable to the parties and need not be selected from the AAA's roster of arbitrators if the parties can agree otherwise. If the parties are unable to agree on an arbitrator, then the arbitrator shall be selected pursuant to the AAA's rules. Except as prohibited by applicable law, the prevailing party in any such arbitration, or in any action to enforce this arbitration clause or any arbitration award hereunder, shall be awarded, and the nonprevailing party shall pay (or, to the extent incurred, reimburse), the prevailing party's attorneys' fees and related expenses and the nonprevailing party shall pay (or, to the extent incurred, reimburse the prevailing party) for all arbitration filing and administration fees as well as all fees and expenses of the arbitrator. You waive the right to any personal monetary recovery or other personal relief should the Equal Employment Opportunity Commission ("EEOC"), the National Labor Relations Board ("NLRB") or any state or local government agency with similar responsibilities pursue any class or individual charges in part or entirely on your behalf, but nothing in this Offer Letter shall prohibit you from filing a charge with, or from participating in an investigation or proceeding of, any such agency.

- **Withholdings**: All payments provided for herein shall be reduced by any amounts required to be withheld from time to time under applicable federal, state or local income or employment tax law or similar statutes or other provisions of law then in effect.
- **Section 409A**: This Offer Letter shall be interpreted in accordance with Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**"), and any Treasury Regulations or other Department of Treasury guidance issued thereunder ("**Section 409A**"). If required by Section 409A, no payment or benefit constituting nonqualified deferred compensation that would otherwise be payable or commence upon the termination of employment shall be paid or shall commence unless and until you have had a "separation from service" within the meaning of Section 409A as determined in accordance with Section 1.409A-1(h) of the Treasury Regulations. For purposes of Section 409A, each of the payments that may be made hereunder is designated as a separate payment. If you are deemed on the date of termination to be a "specified employee" within the meaning of the term under Section 409A, then with regard to any payment or the provision of any benefit under any agreement that is considered nonqualified deferred compensation under Section 409A payable on account of a "separation from service," such payment or benefit shall be made or provided on the first business day following the earlier of (A) the expiration of the six (6)-month period measured from the date of such "separation from service," and (B) the date of your death (the "**Delay Period**"). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this paragraph (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to you in a lump sum (without interest) on the first business day following the Delay Period, and any remaining payments and benefits due under this Offer Letter shall be paid or provided in accordance with the normal payment dates specified for them herein. You agree to negotiate with J.Jill in good faith to make amendments to this Offer Letter as you and J.Jill mutually agree, reasonably and in good faith, are necessary or desirable to avoid the possible imposition of taxes or penalties under Section 409A, while preserving any affected benefit or payment to the extent reasonably practicable without materially increasing the cost to J.Jill. Notwithstanding the foregoing, you shall be solely responsible and liable for the satisfaction of all taxes, interest and penalties that may be imposed on you or for your account in connection with any payment or benefit under this Offer Letter (including any taxes, interest and penalties under Section 409A), and J.Jill shall have no obligation to indemnify or otherwise hold you (or any beneficiary successor or assign) harmless from any or all such taxes, interest or penalties.
- **Section 280G**: If a change in control of any J.Jill Company occurs and any payment or benefit made under this Offer Letter or any other agreements providing you rights to compensation or equity would constitute a "parachute payment" within the meaning of Section 280G of the Code, each payment or benefit will be reduced as a result of such change in control, to the extent necessary to avoid the imposition of any excise tax under Section 4999 of the Code.
- **Acknowledgements**: You expressly agree and acknowledge that:
 - a. Each of the Sign-On Award and the Severance Benefits, alone and independent of the other, is fair and adequate consideration for your agreement to comply with the terms and conditions of the Restrictive Covenant Agreement;

- b. You have the right to consult with counsel prior to signing this Agreement and have either availed yourself of that right or knowingly, willfully and freely decided not to do so;
- c. This Agreement is the first formal offer of employment that you have received from J.Jill and has been provided at least 10 business days before your proposed Start Date;
- d. You have seven business days from the date you signed this Offer Letter to rescind it and your obligations hereunder; and
- e. Nothing in this Agreement shall bind you to the extent that enforcement thereof would conflict with the mandates set forth in M.G.L. c. 149, § 24L.

- **Entire Agreement**: This Offer Letter supersedes all prior and contemporaneous oral or written, express or implied understandings or agreements regarding your employment with J.Jill, and contains the entire agreement between you and J.Jill regarding your employment with J.Jill. The terms set forth in this letter may not be modified, except in writing signed by an authorized representative of J.Jill, which expressly states the intention of J.Jill to modify the terms of this Offer Letter.
- **Assignment; Binding Effect**: You understand that you have been selected for employment by J.Jill on the basis of your personal qualifications, experience, and skills. You agree, therefore, that you cannot assign all or any portion of your performance under this Offer Letter. J.Jill may assign this Offer Letter to the purchaser of substantially all of the assets of J.Jill, or to any subsidiary or parent company of J.Jill. Subject to the preceding two sentences, this Offer Letter shall be binding upon, inure to the benefit of, and be enforceable by the parties and their respective heirs, legal representatives, successors, and assigns. You acknowledge and agree that each J.Jill Company is a third-party beneficiary of this Offer Letter, including, without limitation, this paragraph and the Restrictive Covenant Agreement.
- **Conditions to Employment**: This offer is contingent upon: (1) your execution of this Offer Letter; (2) the successful completion of a background check; (3) you actually commencing employment on the Start Date; and (4) you providing to J.Jill documentary evidence of your identity and eligibility for employment in the United States within (3) business days from your date of hire.

[Signature Page Follows]

Mark , we welcome you to J. Jill. If you are in agreement and plan to accept this offer, then please sign below and scan and email to gloria.guerrera@jjill.com .

Sincerely,

/s/ Gloria Guerrero

Gloria Guerrero
Senior Vice President, Human Resources

ACCEPTANCE:

I have read this letter and agree with the terms and conditions of my employment as set forth above.

Dated: April 12, 2019

Signature: /s/ Mark Webb
NAME

[Signature Page to **Mark Webb** Offer Letter]

Annex A:

Certain Definitions

1. “Cause” shall mean: (i) your breach of any material provision of the Offer Letter; (ii) your failure to follow a lawful directive of the Reporting Officer; (iii) your negligence in the performance or nonperformance of any of your duties or responsibilities; (iv) your dishonesty, fraud, or willful misconduct with respect to the business or affairs of any J.Jill Company; (v) your conviction of, or plea of no contest to, any misdemeanor involving theft, fraud, dishonesty, or act of moral turpitude or to any felony; or (vi) your use of alcohol or drugs in a manner that materially interferes with the performance of your duties for J.Jill; provided, that in the event of a breach, a failure, or negligence described in clauses (i), (ii), or (iii), and in the first instance of a use of alcohol or drugs having the consequences described in clause (vi), in any such case, that can be cured by you, J.Jill shall provide you with notice of the facts and circumstances which constitute such breach, failure, or negligence or use and shall provide you a ten (10) day period in which to cure such breach, failure, negligence or use and J.Jill shall not terminate your employment for Cause if you cure such breach, failure, negligence or use within such ten (10) day period.
2. “Good Reason” shall mean: (i) a reduction in your level below the level of Executive Vice President ; (ii) a material reduction in your Base Salary; or (iii) the relocation of your principal work location outside of the Quincy, Massachusetts, area without your consent; provided, however, that Good Reason shall not exist unless (A) you give the Reporting Officer a written statement of the basis for your belief that Good Reason exists, (B) such written statement is provided not later than sixty (60) days after the initial existence of the condition that you believe forms the basis for resignation for Good Reason, (C) you give J.Jill at least thirty (30) days after receipt of such written statement to cure the basis for such belief (the “Cure Period”), and (D) J.Jill does not cure the basis for such belief within the Cure Period.

“Disability” shall mean: (i) your inability to perform the essential duties and responsibilities of your position (even with reasonable accommodation taken into account) by reason of your mental or physical disability, illness, or impairment that has already lasted for a period of ninety (90) or more days during any twelve (12) month period, or (ii) your inability to perform the essential duties and responsibilities of your position (even with reasonable accommodation taken into account) by reason of your mental or physical disability, illness, or impairment that can be expected to result in death or that can be expected to last for a period of ninety (90) or more days during any twelve (12) month period, as determined by a physician selected by J.Jill and reasonably agreeable to you.

Ex hibit A:

Restrictive Covenant Agreement

You acknowledge and agree that, during your employment with J.Jill, you will: (i) have the primary duty of managing J.Jill or a customarily recognized department of subdivision thereof; (ii) customarily and regularly direct the work of two or more employees; and (iii) have the authority to hire or fire other employees or have particular weight given to your suggestions and recommendations as to the hiring, firing, advancement, promotion, or any other change of status of other employees. You further acknowledge and agree that by reason of time, training, money, trust, invested in you by J.Jill and your exposure to the public and to customers, vendors, or other business relationships of the J.Jill Companies, you will gain (A) a high level of notoriety, fame, reputation, or public persona as J.Jill's representative or spokesperson, or (B) a high level of influence or credibility with the customers, vendors, or other business relationships of the J.Jill Companies. You further acknowledge and agree that you will be intimately involved in the planning for or direction of the business of the J.Jill Companies or a defined unit of the business of the J.Jill Companies, and that you have or will obtain selective or specialized skills, knowledge, abilities, or customer contacts or information by reason of working J.Jill.

1. Restrictive Covenants.

(a) During your employment with J.Jill and for a period of twelve (12) months thereafter, you shall not, either directly or indirectly, for yourself or on behalf of or in conjunction with any other person, company, partnership, corporation, business, group, or other entity (each, a "Person"), engage as an officer, director, owner, partner, member, joint venturer, or, in a managerial capacity (whether as an employee, independent contractor, agent, representative, or consultant), in any business engaged in the Business of the J.Jill Companies within the Territory (as such terms are defined below).

(b) During your employment with J.Jill and for a period of twelve (12) months thereafter (the "Non-Solicitation Period"), you shall not, either directly or indirectly, for yourself or on behalf of or in conjunction with any other Person:

(i) solicit or attempt to solicit, recruit or attempt to recruit, any employee, agent, or contract worker of the J.Jill Companies with whom you had material business contact during the course of your employment with J.Jill to end such employee's, agent's, or contract worker's relationship with any J.Jill Company;

(ii) solicit or transact business with any customer, client or vendor of any of any J.Jill Company; or

(iii) seek to induce or otherwise cause any customer, client, supplier, vendor, licensee, licensor or any other Person with whom any J.Jill Company then has, or during the 12 months prior to such time, had a business relationship, whether by contract or otherwise to discontinue or alter such business relationship in a manner that is adverse to any J.Jill Company.

(c) In addition, in furtherance of J.Jill's reasonable efforts to safeguard Confidential Information (defined below), you agree that, during your employment with J.Jill and during the Non-Solicitation Period, you shall not serve as a council member or participate in any similar capacity for Gerson Lehrman Group, Inc., Coleman Research, GuidePoint Global, or any other firm the primary purpose of which is to connect its clients with executives or industry specialists (whether through in-person meetings, telephone conversations, on-line forums or other mediums) as a means for its clients to conduct primary research on a particular company, industry or business sector.

(d) For purposes of this Restrictive Covenant Agreement:

(i) The “ Territory ” shall be defined as the United States of America and any other territory where employees of the J.Jill Companies are working at the time of termination of employment with J.Jill, which you acknowledge and agree is the territory in which you are providing services to the J.Jill Companies pursuant to the Offer Letter.

(ii) The “ Business of the J.Jill Companies ” shall be defined as a women’s retail, catalog, phone and/or internet apparel business (regardless of its form of organization, and including a division of a general retailer, such as a department store, if the division is engaged in a specialty women’s apparel retail or specialty women’s apparel catalog business, including, for purposes of illustration, but not limited to, Ascena Retail Group, Inc. and its subsidiaries, Chico’s FAS, Inc. and its subsidiaries, Coldwater Creek Direct, Eddie Bauer LLC, Eileen Fisher Inc. and its subsidiaries, Nordstrom Inc., J. Crew and its subsidiaries, L.L. Bean, Inc., Lands End, The Talbots, Inc. and The Gap Inc.).

(e) The covenants in this Restrictive Covenant Agreement are severable and separate, and the unenforceability of any specific covenant shall not affect the provisions of any other covenant. If any provision of this Restrictive Covenant Agreement relating to the time period, scope, or geographic area of the restrictive covenants shall be declared by a court of competent jurisdiction or arbitrator to exceed the maximum time period, scope, or geographic area, as applicable, that such court or arbitrator deems reasonable and enforceable, then this Restrictive Covenant Agreement shall automatically be considered to have been amended and revised to reflect such determination.

(f) All of the covenants in this Restrictive Covenant shall be construed as an agreement independent of any other provisions of this Restrictive Covenant Agreement or of the Offer Letter to which it is attached, and the existence of any claim or cause of action that you may have against any J.Jill Company, whether predicated on this Restrictive Covenant Agreement or otherwise, shall not constitute a defense to the enforcement by any J.Jill Company of such covenants.

(g) You have carefully read and considered the provisions of this Restrictive Covenant Agreement and, having done so, agree that the restrictive covenants in this Restrictive Covenant Agreement impose a fair and reasonable restraint on you and are reasonably required to protect the confidential information, trade secrets and/or goodwill of the J.Jill Companies and their respective officers, directors, employees, and equityholders.

2. Trade Secrets and Confidential Information.

(a) For purposes of this Section 2, “ Confidential Information ” means all non-public or proprietary data or information (other than Trade Secrets) concerning the business and operations of the J.Jill Companies, including, but not limited to, any non-public information (regardless of whether in writing or retained as personal knowledge) pertaining to research and development; product costs, designs and processes; equityholder information; pricing, cost, or profit factors; quality programs; annual budget and long-range business plans; marketing plans and methods; contracts and bids; business ideas and methods, store concepts, inventions, innovations, developments, graphic designs, website designs, patterns, specifications, procedures, databases and personnel. “ Trade Secret ” means trade secret as defined by applicable state law. In the absence of such a definition, Trade Secret means information including, but not limited to, any technical or nontechnical data, formula, pattern, compilation, program, device, method, technique, drawing, process, financial data, financial plan, product plan, list of actual or potential customers or suppliers or other information similar to any of the foregoing, which (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can derive economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

(b) You acknowledge that in the course of your employment with J.Jill, you received or will receive and has had or will have access to Confidential Information and Trade Secrets of the J.Jill Companies, and that unauthorized or improper use or disclosure by you of such Confidential Information or Trade Secrets will cause serious and irreparable harm to the J.Jill Companies. Accordingly, you are willing to enter into the covenants contained in this Restrictive Covenant Agreement in order to provide the J.Jill Companies with what you consider to be reasonable protection for its interests.

(c) You hereby agree to hold in confidence all Confidential Information of the J.Jill Companies that came into your knowledge during your employment by J.Jill and will not disclose, publish or make use of such Confidential Information without the prior written consent of J.Jill for as long as the information remains Confidential Information.

(d) You hereby agrees to hold in confidence all Trade Secrets of the J.Jill Companies that came into your knowledge during your employment by J.Jill and not to disclose, publish, or make use of at any time after the date hereof such Trade Secrets without the prior written consent of J.Jill for as long as the information remains a Trade Secret.

(e) Notwithstanding the foregoing, the provisions of this Section 2 will not apply to (i) information required to be disclosed by judicial or governmental proceedings, (ii) Confidential Information or Trade Secrets that otherwise becomes generally known in the industry or to the public through no act of you or any person or entity acting by or on your behalf, or (iii) information that you can demonstrate to have had rightfully in your possession prior to the Start Date.

(f) Notwithstanding anything to the contrary herein, nothing in this Restrictive Covenant Agreement will (i) prohibit you from making reports of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of federal law or regulation, or (ii) require modification or prior approval by J.Jill or any other J.Jill Company of any reporting described in the preceding clause (i).

(g) Notwithstanding anything to the contrary contained herein, pursuant to the Defend Trade Secrets Act of 2016, you shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a Trade Secret that: (i) is made (A) in confidence to a Federal, state, or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. You also understand that if you file a lawsuit for retaliation by J.Jill for reporting a suspected violation of law, you may disclose the Trade Secret to your attorney and use the Trade Secret information in the court proceeding, if you (i) file any document containing the Trade Secret under seal, and (ii) do not disclose the trade secret, except pursuant to court order.

3. **Nondisparagement**. During the Term and thereafter, you shall not, directly or indirectly, take any action, or encourage others to take any action, to disparage or criticize any J.Jill Company, any affiliate of any J.Jill Company or their respective employees, officers, directors, products, services, customers or owners.

4. **Return of Company Property**. All records, designs, patents, business plans, financial statements, manuals, memoranda, customer lists, computer data, customer information, and other property or information delivered to or compiled by you by or on behalf of the J.Jill Companies, their representatives, vendors or customers shall be and remain the property of the J.Jill Companies, and be subject at all times to its discretion and control. Upon the request of J.Jill and, in any event, upon the termination of your employment with J.Jill, you shall promptly deliver all such materials to J.Jill, and shall permanently delete any electronic copies thereof that you might have

5. Work Product and Inventions .

(a) *Works* . You acknowledges that your work on and contributions to documents, programs, methodologies, protocols, and other expressions in any tangible medium (including, without limitation, all business ideas and methods, store concepts, inventions, innovations, developments, graphic designs (such as catalog designs, in-store signage and posters), web site designs, patterns, specifications, procedures or processes, market research, databases, works of authorship, products, and other works of creative authorship) which have been or will be prepared by you, or to which you have contributed or will contribute, in connection with your services to any J.Jill Company (collectively, “Works”), are and will be within the scope of your employment and part of your duties and responsibilities. Your work on and contributions to the Works will be rendered and made by you for, at the instigation of, and under the overall direction of any J.Jill Company, and are and at all times shall be regarded, together with the Works, as “work made for hire” as that term is used in the United States Copyright Laws. However, to the extent that any court or agency should conclude that the Works (or any of them) do not constitute or qualify as a “work made for hire,” you hereby assign, grant, and deliver exclusively and throughout the world to J.Jill all rights, titles, and interests in and to any such Works, and all copies and versions, including all copyrights and renewals. You agree to cooperate with J.Jill and to execute and deliver to J.Jill and its successors and assigns, any assignments and documents that J.Jill requests for the purpose of establishing, evidencing, and enforcing or defending its complete, exclusive, perpetual, and worldwide ownership of all rights, titles, and interests of every kind and nature, including all copyrights, in and to the Works, and you constitute and appoint J.Jill as your agent to execute and deliver any assignments or documents that you fail or refuse to execute and deliver, this power and agency being coupled with an interest and being irrevocable. Without limiting the preceding provisions of this Section 5(a), you agree that J.Jill may edit and otherwise modify, and use, publish and otherwise exploit, the Works in all media and in such manner as J.Jill, in its sole discretion, may determine.

(b) *Inventions and Ideas* . You shall disclose promptly to J.Jill (which shall receive it in confidence), and only to J.Jill, any of your inventions or ideas in any way connected with your services or related to the Business of the J.Jill Companies, any J.Jill Company’s research or development, or demonstrably anticipated research or development (developed alone or with others), conceived or made during the Term or within three (3) months thereafter and hereby assign to J.Jill any such invention or idea. You agree to cooperate with J.Jill and sign all papers deemed necessary by J.Jill to enable it to obtain, maintain, protect and defend patents covering such inventions and ideas and to confirm J.Jill’s exclusive ownership of all rights in such inventions, ideas and patents, and irrevocably appoint J.Jill as your agent to execute and deliver any assignments or documents that you fail or refuse to execute and deliver promptly, this power and agency being coupled with an interest and being irrevocable. This constitutes J.Jill’s written notification that this assignment does not apply to an invention for which no equipment, supplies, facility or trade secret information of any J.Jill Company was used and which was developed entirely on your own time, unless: (i) the invention relates (A) directly to the Business of the J.Jill Companies, or (B) to actual or demonstrably anticipated research or development of any J.Jill Company; or (ii) the invention results from any work performed by you for any J.Jill Company.

6. **Equitable Remedy** . Because of the difficulty of measuring economic losses to any J.Jill Company as a result of a breach of the covenants set forth in this Restrictive Covenant Agreement, and because of the immediate and irreparable damage that would be caused to the J.Jill Companies for which monetary damages would not be a sufficient remedy, it is hereby agreed that in addition to all other remedies that may be available to the J.Jill Companies, at law or in equity, each J.Jill Company shall be entitled to specific performance and any injunctive or other equitable relief as a remedy for any breach or threatened breach by you of any provision in this Restrictive Covenant Agreement. Each J.Jill Company may seek temporary and/or permanent injunctive relief for an alleged violation of this Restrictive Covenant Agreement without the necessity of first arbitrating the matter pursuant to the “Arbitration” paragraph in the Offer Letter and without the necessity of posting a bond.

7. **Jointly Drafted** . You and your counsel and J.Jill and its counsel, as applicable, have participated jointly in the negotiation and drafting of the Offer Letter (which, for the avoidance of doubt, includes the Restrictive Covenant Agreement). In the event that an ambiguity or question of intent or interpretation arises, this Offer Letter shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of the Offer Letter.

Exhibit B:

Form of Award Agreement

[See attached.]

J.JILL, INC.
2017 OMNIBUS EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT (this “Agreement”), is entered into as of May 1, 2019 (the “Date of Grant”), by and between J.Jill, Inc., a Delaware corporation (the “Company”), and Mark Webb (the “Participant”).

WHEREAS, pursuant to the terms of that certain offer letter, dated as of April 12, 2019, by and between the Company and the Participant, as amended, restated or otherwise modified from time to time in accordance with its terms (the “Offer Letter,” which term, as used herein, shall include any subsequent offer letter or employment or services agreement between the Participant and the Company or any of its Affiliates that replaces or supersedes such offer letter), the Company agreed to grant the restricted stock units (the “RSUs”) provided for herein to the Participant on the terms and subject to the conditions set forth herein;

WHEREAS, the Committee has determined that it is in the best interests of the Company and its stockholders to grant the RSUs;

WHEREAS, the RSUs are being granted for purposes of (i) inducing the Participant to become, and to retain him as, Executive Vice President, Chief Financial Officer of the Company and (ii) aligning the Participant’s interests with those of the Company’s shareholders;

WHEREAS, in furtherance of the foregoing, the grant of the RSUs provided for herein is intended to constitute an “employment inducement award” in accordance with Rule 303A.08 of the New York Stock Exchange Listed Company Manual and is offered as a material inducement to the Participant in connection with the Company’s hiring of the Participant as its Executive Vice President, Chief Financial Officer; and

WHEREAS, capitalized terms used in this Agreement and not otherwise defined herein have the meanings ascribed to such terms in the J.Jill, Inc. 2017 Omnibus Equity Incentive Plan, as amended, restated or otherwise modified from time to time in accordance with its terms (the “Plan”).

NOW, THEREFORE, for and in consideration of the premises and the covenants of the parties contained in this Agreement, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto, for themselves, their successors and assigns, hereby agree as follows:

1. Grant of Restricted Stock Units.

(a) Grant. In accordance with the employment inducement award exception to the shareholder-approval requirements of the NYSE set forth in Rule 303A.08 of the New York Stock Exchange Listed Company Manual, the Company hereby grants to the Participant a total of **128,677** RSUs, on the terms and subject to the conditions set forth in this Agreement and, subject to Section 1(b) below, as otherwise provided in the Plan. The RSUs shall vest in accordance with Section 2. The RSUs shall be credited to a separate book-entry account maintained for the Participant on the books of the Company. The Participant acknowledges that the grant of RSUs hereunder satisfies in full the Company’s obligation to grant him the “Sign-On Award,” as defined and described in the 7th bullet of the Offer Letter.

(b) Incorporation by Reference. It is understood that the RSUs granted hereunder are not being granted pursuant to the Plan; provided, however, that, unless inconsistent with the express terms of this Agreement, this Agreement shall be construed and administered in a manner consistent with the provisions of the Plan as if granted pursuant thereto, the terms of which are incorporated herein by reference (including, without limitation, any interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan, which shall be deemed to apply to the RSUs granted hereunder without any further action of the Committee, unless expressly provided otherwise by the Committee). The Committee shall have final authority to interpret and construe the Plan's terms as they are incorporated herein by reference and deemed to apply to the RSUs granted hereunder, and this Agreement, and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Participant and the Participant's beneficiary in respect of any questions arising under the Plan or this Agreement. The Participant acknowledges that the Participant has received a copy of the Plan and has had an opportunity to review the Plan and agrees to be bound by all the terms and provisions of the Plan. For the avoidance of doubt, neither the RSUs granted hereunder nor any shares of Common Stock issued upon settlement of such RSUs shall reduce the number of shares of Common Stock available for issuance pursuant to Awards granted under the Plan.

2. Vesting; Settlement.

(a) Except as may otherwise be provided herein, subject to the Participant's continued employment with, or engagement to provide services to, the Company or any of its Affiliates, the RSUs shall vest in equal installments on each of the first four (4) anniversaries of the Date of Grant (each such date, a "Vesting Date"). Upon vesting, the RSUs shall no longer be subject to the transfer restrictions pursuant to Section 15(b) of the Plan or cancellation pursuant to Section 4 hereof.

(b) If, within 12 months following a Change in Control, the Participant's employment with or engagement to provide services to the Company or an Affiliate is terminated by the Company other than for Cause (and other than due to death or Disability) or by the Participant for Good Reason (as such terms are defined in the Offer Letter), then the RSUs shall be 100% vested as of the date of such termination of employment or services (which date shall be treated as Vesting Date hereunder).

(c) Each RSU shall be settled within 10 days following the Vesting Date in shares of Common Stock.

3. Dividend Equivalents. In the event of any issuance of a cash dividend on the shares of Common Stock (a "Dividend"), the Participant shall be credited, as of the payment date for such Dividend, with an additional number of RSUs (each, an "Additional RSU") equal to the quotient obtained by dividing (x) the product of (i) the number of RSUs granted pursuant to this Agreement and outstanding as of the record date for such Dividend multiplied by (ii) the amount of the Dividend per share, by (y) the Fair Market Value per share on the payment date for such Dividend, such quotient to be rounded to the nearest hundredth. Once credited, each Additional RSU shall be treated as an RSU granted hereunder and shall be subject to all terms and conditions set forth in this Agreement.

4. Termination of Employment or Services.

Except as set forth herein, if the Participant's employment with, or engagement to provide services to, the Company or any of its Affiliates terminates for any reason, all unvested RSUs shall be canceled immediately and the Participant shall not be entitled to receive any payments with respect thereto.

5. Rights as a Stockholder. The Participant shall not be deemed for any purpose to be the owner of any shares of Common Stock underlying the RSUs unless, until and to the extent that (i) the Company shall have issued and delivered to the Participant the shares of Common Stock underlying the RSUs and (ii) the Participant's name shall have been entered as a stockholder of record with respect to such shares of Common Stock on the books of the Company. The Company shall cause the actions described in clauses (i) and (ii) of the preceding sentence to occur promptly following settlement as contemplated by this Agreement, subject to compliance with applicable laws.

6. Compliance with Legal Requirements.

(a) Generally. The granting and settlement of the RSUs, and any other obligations of the Company under this Agreement, shall be subject to all applicable U.S. federal, state and local laws, rules and regulations, all applicable non-U.S. laws, rules and regulations and to such approvals by any regulatory or governmental agency as may be required. The Participant agrees to take all steps that the Committee or the Company determines are reasonably necessary to comply with all applicable provisions of U.S. federal and state securities law and non-U.S. securities law in exercising the Participant's rights under this Agreement.

(b) Tax Withholding. The vesting and settlement of the RSUs shall be subject to the Participant satisfying any applicable U.S. federal, state and local tax withholding obligations and non-U.S. tax withholding obligations. The Participant shall be required to pay to the Company, and the Company shall have the right and is hereby authorized to withhold any cash, shares of Common Stock, other securities or other property or from any compensation or other amounts owing to the Participant, the amount (in cash, Common Stock, other securities or other property) of any required withholding taxes in respect of the RSUs, settlement of the RSUs or any payment or transfer of the RSUs, and to take any such other action as the Committee or the Company deem necessary to satisfy all obligations for the payment of such withholding taxes. In its sole discretion, the Company may permit the Participant to satisfy, in whole or in part, the tax obligations by withholding shares of Common Stock that would otherwise be deliverable to the Participant upon settlement of the RSUs with a Fair Market Value equal to such withholding liability.

7. Clawback. Notwithstanding anything to the contrary contained herein, the Committee may cancel the RSU award if the Participant, without the consent of the Company, has engaged in or engages in activity that is in conflict with or adverse to the interest of the Company or any Affiliate while employed by, or otherwise providing services to the Company or any Affiliate, including fraud or conduct contributing to any financial restatements or irregularities, or violates any of the covenants referenced in Section 8 below or any other non-competition, non-solicitation, non-disparagement or non-disclosure covenant or agreement with the Company or any Affiliate (after giving effect to any applicable cure period set forth therein), as determined by the Committee. In such event, the Participant will forfeit any compensation, gain or other value realized thereafter on the vesting or settlement of the RSUs, the sale or other transfer of the RSUs, or the sale of shares of Common Stock acquired in respect of the RSUs, and must promptly repay such amounts to the Company. If the Participant receives any amount in excess of what the Participant should have received under the terms of the RSUs for any reason (including without limitation by reason of a financial restatement, mistake in calculations or other administrative error), all as determined by the Committee, then the Participant shall be required to promptly repay any such excess amount to the Company. To the extent required by applicable law and/or the rules and regulations of the NYSE or any other securities exchange or inter-dealer quotation system on which the Common Stock is listed or quoted, or if so required pursuant to a written policy adopted by the Company, the RSUs shall be subject (including on a retroactive basis) to clawback, forfeiture or similar requirements (and such requirements shall be deemed incorporated by reference into this Agreement).

8. Restrictive Covenants.

(a) Without limiting any other non-competition, non-solicitation, non-disparagement or non-disclosure or other similar agreement to which the Participant may be a party, the Restrictive Covenant Agreement (as defined in the Offer Letter) (including any similar covenants in any successor offer letter or employment agreement) is incorporated herein by reference and shall apply *mutatis mutandis* to this Agreement, and the Participant acknowledges and agrees that the grant of the RSUs is good and valuable consideration for continued compliance with the covenants set forth therein.

(b) In the event that the Participant violates any of the restrictive covenants referred to in this Section 8, in addition to any other remedy that may be available at law or in equity, the RSUs shall be automatically forfeited effective as of the date on which such violation first occurs. The foregoing rights and remedies are in addition to any other rights and remedies that may be available to the Company and shall not prevent (and the Participant shall not assert that they shall prevent) the Company from bringing one or more actions in any applicable jurisdiction to recover damages as a result of the Participant's breach of such restrictive covenants.

9. Miscellaneous.

(a) Transferability. The RSUs may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered (a "Transfer") by the Participant other than by will or by the laws of descent and distribution, pursuant to a qualified domestic relations order or as otherwise permitted under Section 15(b) of the Plan. Any attempted Transfer of the RSUs contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon the RSUs, shall be null and void and without effect.

(b) Waiver. Any right of the Company contained in this Agreement may be waived in writing by the Committee. No waiver of any right hereunder by any party shall operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.

(c) Section 409A. The RSUs are intended to be exempt from, or compliant with, Section 409A of the Code. Notwithstanding the foregoing or any provision of the Plan or this Agreement, if any provision of the Plan or this Agreement contravenes Section 409A of the Code or could cause the Participant to incur any tax, interest or penalties under Section 409A of the Code, the Committee may, in its sole discretion and without the Participant's consent, modify such provision to (i) comply with, or avoid being subject to, Section 409A of the Code, or to avoid the incurrence of taxes, interest and penalties under Section 409A of the Code, and/or (ii) maintain, to the maximum extent practicable, the original intent and economic benefit to the Participant of the applicable provision without materially increasing the cost to the Company or contravening the provisions of Section 409A of the Code. This Section 9(c) does not create an obligation on the part of the Company to modify the Plan or this Agreement and does not guarantee that the RSUs will not be subject to interest and penalties under Section 409A.

(d) General Assets. All amounts credited in respect of the RSUs to the book-entry account under this Agreement shall continue for all purposes to be part of the general assets of the Company. The Participant's interest in such account shall make the Participant only a general, unsecured creditor of the Company.

(e) Notices. Any notices provided for in this Agreement or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax, pdf/email or overnight courier, or by postage-paid first-class mail. Notices sent by mail shall be deemed received three business days after mailing but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated by the Company's records, or if to the Company, to the attention of the General Counsel and to the Head of Human Resources at the Company's principal executive office.

(f) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(g) No Rights to Employment or Service. Nothing contained in this Agreement shall be construed as giving the Participant any right to be retained, in any position, as a consultant or employee of the Company or any of its Affiliates or shall interfere with or restrict in any way the rights of the Company or any of its Affiliates, which are hereby expressly reserved, to remove, terminate or discharge the Participant at any time for any reason whatsoever.

(h) Fractional Shares. In lieu of issuing a fraction of a share of Common Stock resulting from adjustment of the RSUs pursuant to Section 12 of the Plan or otherwise, the Company shall be entitled to pay to the Participant an amount in cash equal to the Fair Market Value of such fractional share.

(i) Beneficiary. The Participant may file with the Committee a written designation of a beneficiary on such form as may be prescribed by the Committee and may, from time to time, amend or revoke such designation.

(j) Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns, and of the Participant and the beneficiaries, executors, administrators, heirs and successors of the Participant.

(k) Entire Agreement. This Agreement (including those paragraphs of the Offer Letter and the Plan that are incorporated herein by reference) contains the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersedes all prior communications, representations and negotiations in respect thereto, other than any other non-competition, non-solicitation, non-disparagement or non-disclosure or other similar agreement to which the Participant may be a party, the covenants of which shall continue to apply to the Participant in addition to the covenants referenced in Section 8 of this Agreement, in accordance with the terms of such agreement. No change, modification or waiver of any provision of this Agreement shall be valid unless the same be in writing and signed by the parties hereto, except for any changes permitted without consent under Section 12 or 14 of the Plan.

(l) Governing Law and Venue. This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to principles of conflicts of laws thereof, or principles of conflicts of laws of any other jurisdiction that could cause the application of the laws of any jurisdiction other than the State of Delaware.

(i) Dispute Resolution; Consent to Jurisdiction. All disputes between or among any Persons arising out of or in any way connected with this Agreement or the RSUs shall be solely and finally settled by the Committee, acting in good faith, the determination of which shall be final. Any matters not covered by the preceding sentence shall be solely and finally settled in accordance with the terms of the Plan as incorporated into this Agreement, and the Participant and the Company consent to the personal jurisdiction of the United States federal and state courts sitting in Wilmington, Delaware, as the exclusive jurisdiction with respect to matters arising out of or related to the enforcement of the Committee's determinations and resolution of matters, if any, related to this Agreement not required to be resolved by the Committee. Each such Person hereby irrevocably consents to the service of process of any of the aforementioned courts in any such suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the last known address of such Person, such service to become effective ten (10) days after such mailing.

(ii) Waiver of Jury Trial. Each party hereto hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Agreement or the transactions contemplated (whether based on contract, tort or any other theory). Each party hereto (A) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (B) acknowledges that it and the other parties hereto have been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this section.

(m) Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

(n) Counterparts. This Agreement may be executed in one or more counterparts (including via facsimile and electronic image scan (pdf)), each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

(o) Electronic Signature and Delivery. This Agreement may be accepted by return signature or by electronic confirmation. By accepting this Agreement, the Participant consents to the electronic delivery of prospectuses, annual reports and other information required to be delivered by U.S. Securities and Exchange Commission rules (which consent may be revoked in writing by the Participant at any time upon three business days' notice to the Company, in which case subsequent prospectuses, annual reports and other information will be delivered in hard copy to the Participant).

(p) Electronic Participation. The Company may, in its sole discretion, decide to deliver any documents related to this Agreement by electronic means. The Participant hereby consents to receive such documents by electronic delivery, including through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

[Remainder of page intentionally blank]

IN WITNESS WHEREOF, this Restricted Stock Unit Award Agreement has been executed by the Company and the Participant as of the day first written above.

J.JILL, INC.

By:	<u>/s/ Gloria Guerrero</u>
Name:	Gloria Guerrero
Title:	SVP of Human Resources
	<u>/s/ Mark Webb</u>
	Mark Webb

[Signature Page to Mark Webb RSU Award Agreement]

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS AMENDED, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Linda Heasley, certify that:

1. I have reviewed this Quarterly Report of J.Jill, Inc. (the "Company") on Form 10-Q for the period ended May 4, 2019;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Securities Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 11, 2019

By: /s/ Linda Heasley
Linda Heasley
President, Chief Executive Officer and Director

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS AMENDED, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark Webb, certify that:

1. I have reviewed this Quarterly Report of J.Jill, Inc. (the "Company") on Form 10-Q for the period ended May 4, 2019;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Securities Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 11, 2019

By: /s/ Mark Webb
Mark Webb
 Executive Vice President and Chief Financial Officer

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Linda Heasley
Linda Heasley
President, Chief Executive Officer and Director

By: /s/ Mark Webb
Mark Webb
Executive Vice President and Chief Financial Officer