Claire Spofford

Good morning, I am pleased to be here for my first J.Jill earnings call. I know that I am joining at an interesting time in the retail industry as we continue to face an uncertain macro environment with some lingering questions around when customers will feel more comfortable going out and shopping in stores.

That said, I truly believe in the great opportunity we have here at J.Jill. It is what brought me back to the brand after previously serving as the Chief Marketing Officer almost 10 years ago. So, while I am less than one month into my new role here, I am well versed in what makes J.Jill such a special brand and understand the incredible assets we have to leverage including our brand equity, our strong Omni-channel business model, and our incredibly loyal customer base. As we move forward, we will build on the work the team initiated in 2020 and continue to improve and strengthen our operating model driving efficiency and effectiveness, while also providing our customers with exciting new product and the experience she deserves wherever and whenever she chooses to shop with us.

As Mark will review, the team has taken decisive action over the past year to position us to enter 2021 with enhanced financial stability, a more nimble cost structure, and cleaner inventory balances. While there is still much work to be done to continue to drive efficiencies within our operating model, I am excited to work with our team to realize the potential of the J.Jill brand and business.

I will now turn the call over to Mark to review our financial results. Mark?

Mark Webb

Thank you, Claire. I look forward to our partnership as we position J.Jill for long-term profitable growth.

Fiscal year 2020 was a challenging year, and I would like to start today by expressing gratitude to the entire J.Jill team – all of our employees in stores, the distribution center, and head offices - for the resiliency and tenacity they demonstrated during a time of such great uncertainty. Not only were we focused on navigating the challenging COVID environment, we also took actions to enhance the financial stability of the business, operate more efficiently and position J.Jill for future growth.

- In 2020, We strengthened the balance sheet by:
    - Extending the maturity on almost 98% of term loan debt by two years to 2024;
    - By amending debt covenants with lenders; implementing a minimum liquidity covenant and obtaining a leverage covenant holiday through Q4 2021, amongst other changes;
    - And Issuing a new subordinated term loan
- We took initial steps to improve the operating model, which we will continue to refine, by:
    - Focusing the product assortment and streamlining the number of product flows; and
    - Adjusting the marketing mix and spend to maximize returns
- And, finally, to best position ourselves for fiscal 2021, we took decisive actions including:
    - A comprehensive review of the store fleet in light of the unclear timeline to recovery of store traffic due to the COVID pandemic, and made the decision to close 20 stores; and
    - We executed on our commitment to aggressively manage inventories in fiscal 2020 to provide a clean start to 2021

Looking at the Fourth Quarter:
We continued to see signs of progress. Topline sales of $120 million dollars improved sequentially compared to the third quarter, and, each month within the quarter improved sequentially as well.

While store traffic continued to trend meaningfully below prior year in the fourth quarter, with enclosed mall stores trailing lifestyle centers, customers that did cross the threshold converted better and responded well to full price product.

Direct sales were 65% of total, driven in part by lower store sales, but also by positive customer response to new Full Price collections online.

Gross margin of 57.0% includes 590 basis points related to aggressive action taken in the quarter to liquidate liable markdown product through third parties. Excluding the impact of these liquidations, gross margin was 62.9%, up compared to last year driven by the strength in full price selling.

We continue to focus on operating the business more efficiently. SG&A expenses were down $15 million compared to last year, driven by reductions in store-related selling costs and lower marketing spend.

Turning to the balance sheet, we ended the year with inventories down 20% compared to last year. Total liquidity, as defined in our covenant terms, measured as ending cash balance plus check float and ABL

availability was $37.3 million as of the end of the fourth quarter, down compared to third quarter due to the normal cadence of cash usage, this time of year.

Regarding Tax, the CARES Act passed in March of 2020 permits tax losses to be carried back to recover taxes paid in prior years. We are currently preparing the required filings to obtain refunds by carrying back our current year tax loss and expect to receive a tax refund in excess of $25MM. Consistent with our debt agreements, we expect to apply at least $25MM of this refund to pay down the priming term loan by August 30, 2021.

Looking at fiscal 2021, we continue to focus on strengthening the foundation of the business. With visibility still low given the ongoing pandemic, we are not providing guidance at this time. We do however, expect revenues to continue to recover in the first half as we anniversary temporary store closures related to the covid-19 shutdowns in 2020.

We continue to focus on driving gross margin improvement supported by reduced inventory levels and better full price selling.

Capital investment will increase to approximately $10 million driven by a return to normalized capital maintenance levels and select investments in customer experience enhancing initiatives.

And, though we believe the store channel is a very important channel for J.Jill, we will continue to evaluate store performance post pandemic and expect to close about 20 stores in 2021.

In summary, fiscal 2020 was a challenging year, and while macro uncertainty still exists, we believe the actions we have taken set us up well for continued improvement in 2021 and profitable future growth.

With that, I will now turn the call back over to Claire.

Claire Spofford

Thank you Mark and thank you all for joining us this morning. I also want to thank our teams for all of their hard work throughout this year and for their dedication to J.Jill. We are all focused on driving continued improvement and we look forward to updating you on our progress on our next earnings call.