



## **Tile Shop Holdings Provides Update Regarding Delisting and Deregistration**

November 11, 2019

MINNEAPOLIS , Nov. 11, 2019 (GLOBE NEWSWIRE) -- Tile Shop Holdings, Inc. (the "Company") is providing an update regarding its delisting from Nasdaq and proposed deregistration with the Securities and Exchange Commission.

On November 1, 2019, the Company filed a Form 25 with the SEC to delist its common stock from Nasdaq and deregister its common stock under Section 12(b) of the Securities Exchange Act of 1934. The Company has been informed by Nasdaq that the last trading day of the Company's common stock on the Nasdaq market is expected to be November 8, 2019. The Company expects that its common stock will be quoted on the Pink tier of the OTC Markets, subject to the continued commitment of market makers to making a market in the Company's stock.

The Company previously announced that it intended to file a Form 15 with the SEC on or about November 12, 2019, at which time the Company's obligations to file periodic reports under the Securities Exchange Act of 1934, including annual, quarterly and current reports on Form 10-K, Form 10-Q and Form 8-K, respectively, would be suspended, and all requirements associated with being an Exchange Act-registered company, including the requirement to file current and periodic reports, would terminate 90 days thereafter. Due to the litigation described below, the Company will not file the Form 15 as scheduled.

On November 5, 2019, a class action and derivative lawsuit was filed in the Court of Chancery of the State of Delaware against the Company and its directors by a plaintiff's law firm with K-Bar Holdings LLC listed as plaintiff. The complaint was filed again by the same law firm on November 7, 2019 with Wynnefield Capital, Inc. as the plaintiff. The complaint alleges breaches of fiduciary duty in connection with the Company's decision to delist from Nasdaq and deregister its common stock under the Securities Exchange Act of 1934 and directors' purchases of common stock. The complaint includes derivative claims and seeks injunctive relief to prevent the Company from deregistering its common stock, injunctive relief to prevent additional stock purchases, and unspecified damages. A temporary restraining order was entered on November 8, 2019 that prohibits the Company from filing a Form 15 to complete the proposed deregistration and additional stock purchases by directors. The Company expects that a full preliminary injunction hearing will be held within 30 days to determine if the prohibitions set forth in the TRO will be continued.

The Company believes that the complaint contains numerous false and misleading statements that create a narrative regarding the Company's delisting and proposed deregistration that is untrue. The Company believes that the complaint is without merit and intends to contest the litigation vigorously.

The delay in filing the Form 15 will require the Company to continue to file periodic reports with the SEC and comply with SEC regulations but will have no impact on the termination of trading of the Company's common stock on Nasdaq. If the TRO expires or is lifted, the Company will be required to reassess if it is eligible to file the Form 15 at that time.

The Company continues to believe that the delisting and proposed deregistration are in the best interests of the Company and its shareholders. The Company believes that it is unfortunate that the ability of the Company to achieve the expected cost savings from the deregistration has been impeded by the litigation.

The Company does not expect the litigation to have any impact on the day-to-day operation of the Company's business and its retail stores. The Company remains fully open for business.

### **About The Tile Shop**

The Tile Shop (Nasdaq:[TTS](#)) is a leading specialty retailer of natural stone and man-made tiles, setting and maintenance materials, and related accessories in the United States. The Company offers a wide selection of high-quality products, exclusive designs, knowledgeable staff and exceptional customer service in an extensive showroom environment. Each store is outfitted with full-room tiled displays which are enhanced by the complimentary Design Studio, a collaborative platform to create customized 3D design renderings to scale, allowing customers to bring their design ideas to life. The Tile Shop currently operates 142 stores in 31 states and the District of Columbia.

The Tile Shop is a proud member of the American Society of Interior Designers (ASID), National Association of Homebuilders (NAHB), National Kitchen and Bath Association (NKBA), and the National Tile Contractors Association (NTCA). Visit [www.tileshop.com](http://www.tileshop.com). Join The Tile Shop (#thetileshop) on Facebook, Instagram, Pinterest and Twitter.

### **Forward Looking Statements**

This press release includes "forward looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. Forward looking statements may be identified by the use of words such as "anticipate", "believe", "expect", "estimate", "plan", "outlook", and "project" and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These forward looking statements include any statements regarding the Company's strategic and operational plan, including the intention to delist from Nasdaq and deregister the Company's common stock, and expected financial performance. Forward looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward looking statements, including but not limited to unforeseen events that may affect the retail market or the performance of the Company's stores. The Company does not intend, and undertakes no duty, to update this information to reflect future events or circumstances. Investors are referred to the most recent reports filed with the SEC by the Company.

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