

# The Container Store<sup>®</sup>

## Where Space Comes From<sup>SM</sup>

### Letter from our Chairwoman and Chief Executive Officer, Melissa Reiff

To our prospective shareholders,

I am proud and delighted to be writing you this letter, as we recently celebrated our 42<sup>nd</sup> anniversary of The Container Store.

The company was founded in 1978, and since then, our vision and purpose has been to become the leading retailer of storage and organization products and solutions. We offer our customers a collection of beautifully designed Custom Closets and complimentary creative, multifunctional storage and organization products and solutions that help them *accomplish their projects, maximize their space and make the most of their home*. Through a high service, differentiated shopping experience delivered by expert and knowledgeable salespeople, our vision is to be a beloved brand and the first choice for customized organization solutions and services.

#### What We Stand For

How to define The Container Store culture? It's a people first culture, one of kindness, mutual respect and collaboration. It's an environment where we set a positive example, motivate, inspire, and put cause before self; a workplace where we prioritize diversity, and want everyone to feel safe, secure and warm.

I'm very proud of our company culture, and how we treat each other and all stakeholders - always striving to "do the right thing." This sets the tone for each day in how we respond to each other, our customers, our vendors, our communities and our shareholders.

We believe in consistent transparency, and in clearly communicating not only what is necessary to all employees, but to try and always communicate much MORE than just what is necessary. As NOTHING makes a group of people - a team - feel more valued, empowered and confident, than knowing and understanding the FULL picture of the direction our business is heading, our strategic initiatives and priorities, and the importance of their contribution and accountability. It's important that we do this on a consistent basis - as things are ever changing, and we must adjust and adapt accordingly.

#### Our Foundation Principles

To achieve all of this, our business is structured around our fundamental values and business philosophies regarding our employees, customers, vendors, our communities, and our shareholders - we call them our Foundation Principles<sup>TM</sup>.

By understanding and supporting these principles and philosophical guidelines, we can behave as a unit, all working in the same direction toward the same goals. And retail is far too situational to attempt to achieve a concerted effort through inflexible rules and policies. We must be "Gumby" – flexible to always do "what is right" and courageous enough to go outside the "typical" ways to help our customers, shareholders, vendors and fellow co-workers.

We practice our seven Foundation Principles every day. They are always top of mind – not merely words written on a plaque. We live and breathe them - we are dedicated to them and feel passionately that they provide our foundation for success.

“1 Equals 3” is our hiring philosophy. One great person equals three good people in terms of business productivity. We strive to hire great people who understand and embrace this philosophy.

## 2 COMMUNICATION IS LEADERSHIP™

We believe that Communication IS Leadership—they are one and the same. The Container Store knows the importance of practicing every day - consistent, reliable, predictable, effective, thoughtful, compassionate and yes, even courteous communication.

## 3 FILL THE OTHER GUY'S BASKET TO THE BRIM. MAKING MONEY THEN BECOMES AN EASY PROPOSITION.™

This is our business philosophy. The Container Store has been successful in creatively crafting mutually beneficial relationships with our vendors.

## 4 THE BEST SELECTION, SERVICE, & PRICE™

It's hard for most retailers to offer the best selection and exceptional service. To add competitive pricing to that equation is generally unheard of, but we work hard to achieve all three simultaneously.

## 5 INTUITION DOES NOT COME TO AN UNPREPARED MIND. YOU NEED TO TRAIN BEFORE IT HAPPENS.™

This is our training philosophy and demonstrates how committed we are in providing our employees with the knowledge and expertise they need to provide the best possible service to our customers. In order to successfully anticipate the needs of our customers, we encourage our employees to use their intuition coupled with the enormous training they receive on our products and solutions.

## 6 MAN IN THE DESERT SELLING™

This is our selling philosophy and we use it to illustrate how we astonish our customers by exceeding their expectations. When a customer visits our store looking for shoe storage, for example, we equate that to a “Man in the Desert,” an experience where the customer is in desperate need of a complete solution (not just a drink of water).

## 7 AIR OF EXCITEMENT™

“Air of Excitement” is our employees’ smiling faces and genuine concern for our customer’s needs. It’s the bright, visual, innovative and conversation provoking products and solutions that we offer. It’s our clean, well-organized stores and web site. It’s the music we play in our stores that is pleasant and resonates with our customers.

### What's Next

We have specific plans for our continued success! We have clearly defined strategic initiatives and priorities to improve our productivity and profitability. Each of our initiatives is led by an executive sponsor, with an initiative lead and a working team. And we have identified four pillars – our strongest differentiators - that support our vision and purpose.

**Our Vision** to be a beloved brand and the first choice for customized organization solutions and services.

**Our Purpose** to help our customers accomplish projects, maximize their space, and make the most of their home.

**Pillar #1:** To Own Custom Closets - We are working to improve the customer's experience, with enhanced in-store and online merchandising, digital tool improvements, and product innovation.

**Pillar #2:** Deliver on "Accomplishing Projects" across all customer touchpoints.

1. For our existing customers and new customers, we are updating our marketing efforts to better communicate our brand purpose of Accomplishing Projects and Maximizing Space.
2. We are updating our visual merchandising to make it easier and clearer to our customers **exactly** how to accomplish their projects.

**Pillar #3:** Leverage digital and data insights to enable omni-channel growth.

We are developing digital content and tools to support our brand position online and in-store, driving more traffic to our website, and optimizing for conversion.

**Pillar #4:** To close the gap on value for the money.

We carry an unparalleled assortment of high-quality products and solutions with competitive pricing. We are working on our price and value perception gap with new strategic pricing, signage, promotions and targeted offers.

## The Journey Continues

Our journey to fully optimize and capitalize on our many differentiators continues. We are evolving, improving, and innovating. We are continuing to make necessary changes, especially in this COVID-19 environment, to ensure the health, safety and ongoing success of our company. Our employees, our people-first culture will always be at the center of what we do, allowing us to drive tangible results for all stakeholders.

I continue to look forward to the work we have ahead of us—whether it's in the stores that are yet to be built, or in the products of the future that will continue to help our customers accomplish their storage and organization projects. We'll continue to create boundless opportunities for our employees, and they will be enriched by working around other inspiring, fantastic colleagues. We will also continue to partner closely with our vendors - building our businesses together.

The future remains bright and optimistic for The Container Store and we hope you'll join us in discovering "Where Space Comes From" – The Container Store!

A handwritten signature in blue ink that reads "Melissa Reiff". The signature is fluid and cursive, with the first name being more prominent than the last.

Melissa Reiff

Chairwoman and Chief Executive Officer

*This communication is not an offer to sell securities.*