The Container Store®

Q4 and Full Year FY22 Earnings

NYSE: TCS

MAY 16, 2023

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this presentation that do not relate to matters of historical fact should be considered forward-looking statements, including statements regarding our future opportunities and expectations for our business; our goals, strategies, priorities and initiatives; new products; expected capabilities; expected partnerships; market opportunities; our anticipated financial performance, including long-term targets; and expected store openings. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar expressions.

These statements are neither promises nor guarantees, and 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. Such risks include, but not limited to, the following: the COVID-19 pandemic and the associated impact on our business, results of operations and financial condition; our ability to continue to lease space on favorable terms; costs and risks relating to new store openings; quarterly and seasonal fluctuations in our operating results; cost increases that are beyond our control; our inability to protect our brand; our failure or inability to protect our intellectual property rights; overall decline in the health of the economy, consumer spending, and the housing market; our inability to source and market new products to meet consumer preferences; failure to successfully anticipate consumer preferences and demand; competition from other stores and internet-based competition; vendors may sell similar or identical products to our competitors; our and our vendors' vulnerability to natural disasters and other unexpected events; disruptions at our Elfa manufacturing facilities; deterioration or change in vendor relationships or events that adversely affect our vendors or their ability to obtain financing for their operations, including COVID-19; our payment terms for goods and services, and our negotiation of alternative terms for lease payments and other business contracts, each as a result of COVID-19; product recalls and/or product liability, as well as changes in product safety and other consumer protection laws; risks relating to operating two distribution centers; our dependence on foreign imports for our merchandise; our reliance upon independent third party transportation providers; our inability to effectively manage our online sales; effects of a security breach or cyber-attack of our website or information technology systems, including relating to our use of third-party web service providers; damage to, or interruptions in, our information systems as a result of external factors, working from home arrangements, staffing shortages and difficulties in updating our existing software or developing or implementing new software; our indebtedness may restrict our current and future operations, and we may not be able to refinance our debt on favorable terms, or at all; fluctuations in currency exchange rates; our inability to maintain sufficient levels of cash flow to meet growth expectations; our fixed lease obligations; disruptions in the global financial markets leading to difficulty in borrowing sufficient amounts of capital to finance the carrying costs of inventory to pay for capital expenditures and operating costs; changes to global markets and inability to predict future interest expenses; our reliance on key executive management; our inability to find, train and retain key personnel; labor relations difficulties; increases in health care costs and labor costs; violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery and anti-kickback laws; impairment charges and effects of changes in estimates or projections used to assess the fair value of our assets; effects of tax reform and other tax fluctuations; significant fluctuations in the price of our common stock; substantial future sales of our common stock, or the perception that such sales may occur, which could depress the price of our common stock; risks related to being a public company; our performance meeting guidance provided to the public; anti-takeover provisions in our governing documents, which could delay or prevent a change in control; and our failure to establish and maintain effective internal controls. These and other important factors discussed under the caption "Risk Factors" in our Annual Report on Form 10-K filed with the Securities and Exchange Commission, (the "SEC") on June 2, 2022, as updated from time to time in our other reports filed with the SEC could cause actual results to differ materially from those indicated by the forward-looking statements made in this presentation.

Any such forward-looking statements represent management's estimates as of the date of this presentation. Because forward-looking statements are inherently subject to risks and uncertainties, you should not rely on these forward-looking statements as predictions of future events. While we may elect to update such forward-looking statements at some point in the future, we disclaim any obligation to do so, even if subsequent events cause our views to change. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this presentation.

The Container Store exists to transform lives through the power of organization.

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Q4 & Full Year Fiscal 2022

Financial Results

Q4 Fiscal 2022 Results

$259.7M	($3.85)	$0.18
Consolidated Net Sales	Loss Per Diluted Share	Adjusted Earnings Per Diluted Share*
15.0% decrease vs. FY21	$4.31 decrease vs. FY21	$0.28 decrease vs. FY21

58.9%	(69.8%)	$29.2M
Gross Margin	Operating Margin**	Adjusted EBITDA*
190 bps decrease vs. FY21	81.9% decrease vs. FY21	$17.2M decrease vs. FY21

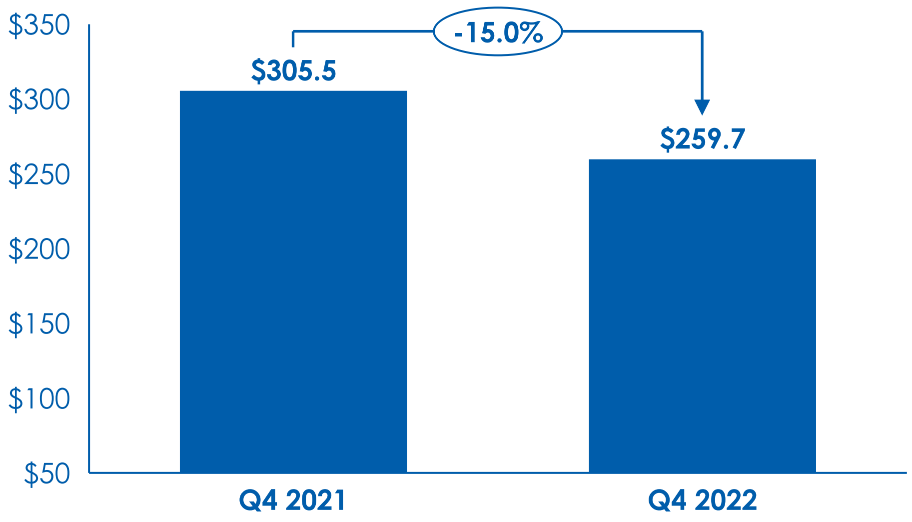
* Non-GAAP measure; Refer to Adjusted EPS reconciliation on slide 21 and Adjusted EBITDA reconciliation on slide 22.
**Inclusive of $197.7 million non-cash goodwill impairment charge

Q4 Fiscal 2022 Results

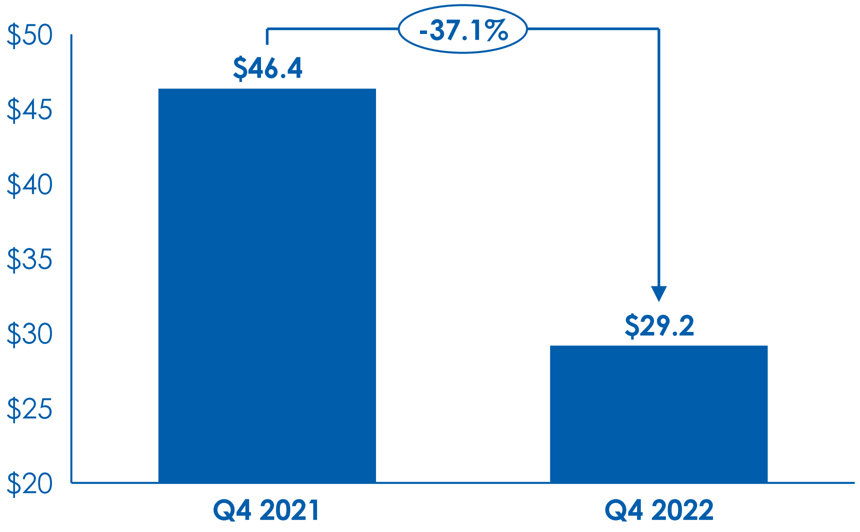
Q4 consolidated net sales of $259.7M within expectations. Comparable store sales^ decreased 13.1%, with Custom Spaces down 11.4% vs Q4 FY 2021, contributing a decrease of 440 basis points, and general merchandise down 14.2% vs Q4 FY 2021, negatively impacting comparable store sales^ by 870 basis points.

Consolidated Net Sales

- Negative FX impact of 50 bps
- Negative impact of 430 bps from not anniversarying the 2.22.22 event that was in Q4 FY 2021 and the discontinuation of the Closet Works wholesale business



Adjusted EBITDA*

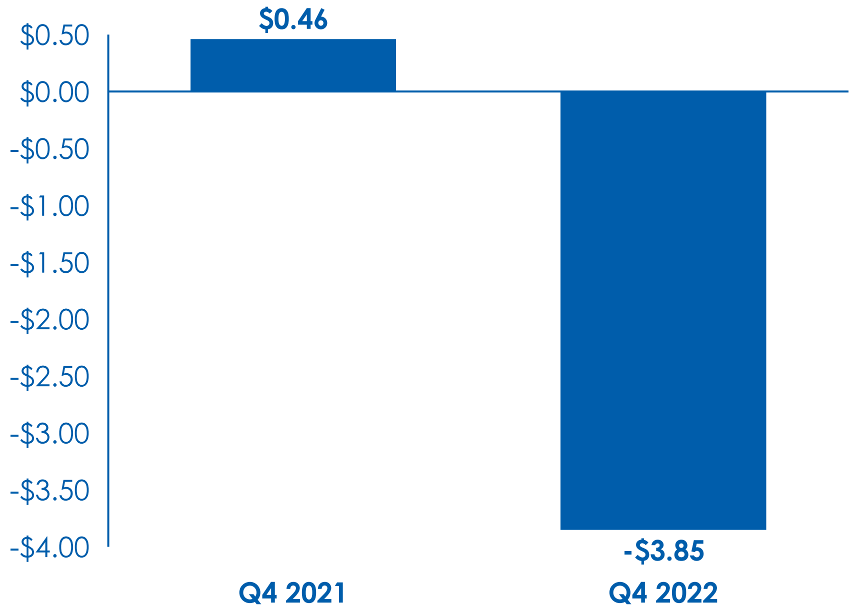


^ Comparable store sales includes all net sales from our TCS segment, except for sales from stores open less than sixteen months, stores that have been closed permanently, stores that have been closed temporarily for more than seven days and Closet Works sales to third parties.
* Non-GAAP measure; Refer to Adjusted EBITDA reconciliation on slide 22.

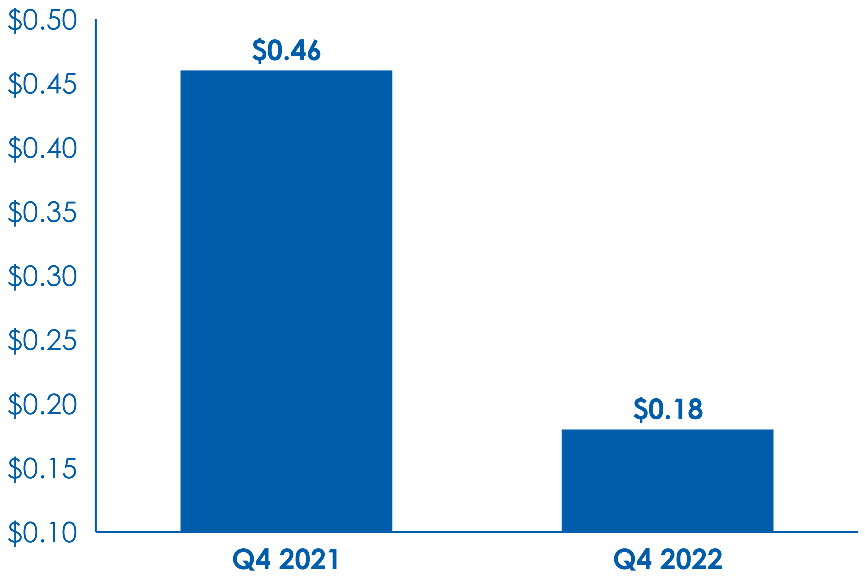
Q4 Fiscal 2022 Results (continued)

Excluding the impact of goodwill impairment, Q4 earnings per diluted share near the top range of expectations. Year-over-year decrease primarily driven by lower sales combined with the deleverage of fixed compensation and benefits, occupancy costs and other costs. GAAP earnings per diluted share is inclusive of a $197.7 million non-cash goodwill impairment charge recorded in Q4 FY 2022.

GAAP Diluted EPS



Adjusted Diluted EPS*



* Non-GAAP measure; Refer to Adjusted EPS reconciliation on slide 21.

Fiscal 2022 Results

$1.05B
Consolidated Net Sales

4.3% decrease vs. FY21

($3.21)
Loss Per Diluted Share

$4.83 decrease vs. FY21

$0.75
Adjusted Earnings Per Diluted Share*

$0.90 decrease vs. FY21

57.4%
Gross Margin

80 bps decrease vs. FY21

(12.2%)
Operating Margin**

23.6% decrease vs. FY21

$115.4M
Adjusted EBITDA*

$43.6M decrease vs. FY21

* Non-GAAP measure; Refer to Adjusted EPS reconciliation on slide 23 and Adjusted EBITDA reconciliation on slide 24.
**Inclusive of $197.7 million non-cash goodwill impairment charge

Balance Sheet & Cash Flow Highlights

$7.0M Cash & Equivalents	**($4.9M)** FY22 Free Cash Flow*	**1.4x** Leverage Ratio**
$107.0M Total Liquidity	**$167.9M** Total Debt	**$64.2M** FY22 Capital Expenditures

* Non-GAAP measure; Free cash flow represents cash provided by operating activities of $59.3M less capital expenditures of $64.2M.

** Please see slide 27 for leverage ratio calculation.

Strategic Priorities Update

Strategic Priority 1: Deepening Our Relationship With Customers

Fiscal 2022 Accomplishments

- **Added nearly 900,000 new members to our loyalty program**, Organized Insider
- Began refining our assortment to better drive future profitability and make room for new products that complement our core storage and organization solutions
- **Launched new categories** including home fragrances and natural or sustainable cleaners
- Launched our new private label **Everything Organizer Collection** featuring **patent-pending designs**
- **Named to Forbes Customer Experience All-Stars list**

Future Focus

- **Focus on categories with growth potential** including college, dining and entertaining, and home textiles
- Expand our partnership with Dormify, inclusive of pop-up shops and dropship
- Introduce nearly **1,000 new SKUs** from **innovative brands** such as Cadence, and Canopy
- Embark on a new campaign to demonstrate to customers how our curated, innovative and solution-oriented products can help transform their lives

Strategic Priority 2: Expanding Our Reach

Fiscal 2022 Accomplishments

- **Introduced new branding, Custom Spaces,** to naturally align with key areas of the home including closets, living and garage spaces
- **Brought to market our newest premium wood-based line, Preston**, and added a minimum of two displays to all stores
- An average of 95 in-home design specialists who **generated $75 million in total sales**
- Opened three new small-format stores

Future Focus

- **Bring better awareness to our new Custom Spaces branding** and provide a whole-home solution
- **Increase in-home designers** and focus training on selling premium spaces
- Introduce **new Preston options** including premium lighting, mirrored glass, slim shaker door and drawer profiles and on-trend green and blue colors
- **Pilot virtual reality (VR) technology** so customers can visualize and interact with their space
- Open **six new small-format stores** in key markets

Strategic Priority 3: Strengthening Our Capabilities

Fiscal 2022 Accomplishments

- Enhanced our BOPIS experience
- **Rolled out express check out** to all stores, which accounted for 20% of store transactions in FY22
- Over **450,000 first-time downloads of our mobile app and a 4.8-star rating** in the Apple App store
- Improved functionality and design of our website including over **40% faster page speeds and a redesign of our navigation**

Future Focus

- Expand content and storytelling by adding more video to the site
- Introduce a **new way to shop new arrivals**
- **Consolidate orders** so customers are receiving fewer boxes
- Provide **new ways to make appointments with our in-home designers** throughout the site
- **Streamline mobile app checkout**

Q1 & Full Year Fiscal 2023

Financial Outlook

Q1 Fiscal 2023

$200 - $210 million Consolidated Net Sales	**(23%) - (19%)** Comparable Store Sales^ Decline
($0.19) - ($0.13) Loss per Diluted Share	**($0.16) - ($0.10)** Adjusted Loss per Diluted Share*
30% Effective tax rate	**50 million** Assumed dilutive shares

^ Comparable store sales includes all net sales from our TCS segment, except for sales from stores open less than sixteen months, stores that have been closed permanently, stores that have been closed temporarily for more than seven days and Closet Works sales to third parties.

* Non-GAAP measure; Refer to Adjusted EPS reconciliation on slide 25.

Fiscal 2023

$885 - $900 million Consolidated Net Sales	**Mid to high teens** Comparable Store Sales^ Decline
$0.07 - $0.17 Earnings per Diluted Share	**$0.21 - $0.31** Adjusted Earnings per Diluted Share*
60% - 75% Effective tax rate**	**50 million** Assumed dilutive shares
$45 - $50 million Capital Expenditures	**6** Planned Store Openings

^ Comparable store sales includes all net sales from our TCS segment, except for sales from stores open less than sixteen months, stores that have been closed permanently, stores that have been closed temporarily for more than seven days and Closet Works sales to third parties.
* Non-GAAP measure; Refer to Adjusted EPS reconciliation on slide 26.
** Effective tax rate for fiscal year ending March 30, 2024 assumes approximately $5.6 million of discrete tax expense expected to be recorded in the third quarter of fiscal 2023 related to the expiration of certain stock options granted in connection with our initial public offering in 2013.

Appendix


Dish Towels
TOMATOES
GREEN CURRY
Grains
Sauce
PROTEIN COOKIE
Quick Meals
Pasta

Historical Custom Spaces/General Merchandise Mix

Consolidated

Custom Spaces includes metal-based and wood-based custom space products and in-home installation services. Starting in Q122, the closet lifestyle department products sold by the TCS segment are now included in General Merchandise ("Gen Merch") versus prior inclusion in Custom Spaces.

New Custom Spaces Definition

Mix Consolidated	FY20 Q4*	FY21 Q1	FY21 Q2	FY21 Q3	FY21 Q4	FY22 Q1	FY22 Q2	FY22 Q3	FY22 Q4
Custom Spaces	40.3%	35.4%	36.7%	35.3%	43.6%	39.3%	38.8%	35.9%	42.5%
Gen Merch	59.7%	64.6%	63.3%	64.7%	56.4%	60.7%	61.2%	64.1%	57.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total $Ms	$ 315	$ 245	$ 276	$ 267	$ 306	$ 263	$ 273	$ 252	$ 260

New Custom Spaces Definition

Mix Consolidated	FY20* Full Year	FY21 Full Year	FY22 Full Year
Custom Spaces	35.3%	38.0%	39.2%
Gen Merch	64.7%	62.0%	60.8%
Total	100.0%	100.0%	100.0%
Total $Ms	$ 990	$ 1,094	$ 1,047

Former Custom Spaces Definition

Mix Consolidated	FY20 Q4*	FY21 Q1	FY21 Q2	FY21 Q3	FY21 Q4	FY22 Q1	FY22 Q2	FY22 Q3	FY22 Q4
Custom Spaces	53.0%	51.5%	50.7%	48.1%	55.8%	53.5%	52.4%	48.5%	54.7%
Gen Merch	47.0%	48.5%	49.3%	51.9%	44.2%	46.5%	47.6%	51.5%	45.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total $Ms	$ 315	$ 245	$ 276	$ 267	$ 306	$ 263	$ 273	$ 252	$ 260

Former Custom Spaces Definition

Mix Consolidated	FY20* Full Year	FY21 Full Year	FY22 Full Year
Custom Spaces	49.8%	51.7%	52.3%
Gen Merch	50.2%	48.3%	47.7%
Total	100.0%	100.0%	100.0%
Total $Ms	$ 990	$ 1,094	$ 1,047

* Includes 53rd week.

Historical Custom Spaces/General Merchandise Mix

TCS Retail ONLY *(excluding Closet Works Sales)*

Custom Spaces includes metal-based and wood-based custom space products and in-home installation services. Starting in Q122, the closet lifestyle department products sold by the TCS segment are now included in General Merchandise ("Gen Merch") versus prior inclusion in Custom Spaces.

New Custom Spaces Definition

Mix TCS Only	FY20 Q4*	FY21 Q1	FY21 Q2	FY21 Q3	FY21 Q4	FY22 Q1	FY22 Q2	FY22 Q3	FY22 Q4
Custom Spaces	36.1%	30.7%	32.7%	30.4%	38.4%	33.7%	35.3%	32.4%	39.2%
Gen Merch	63.9%	69.3%	67.3%	69.6%	61.6%	66.3%	64.7%	67.6%	60.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total $Ms	$ 294	$ 229	$ 259	$ 249	$ 280	$ 240	$ 258	$ 239	$ 245

Excludes Closet Works

New Custom Spaces Definition

Mix TCS Only	FY20* Full Year	FY21 Full Year	FY22 Full Year
Custom Spaces	30.6%	33.3%	35.2%
Gen Merch	69.4%	66.7%	64.8%
Total	100.0%	100.0%	100.0%
Total $Ms	$ 923	$ 1,017	$ 983

Former Custom Spaces Definition

Mix TCS Only	FY20 Q4*	FY21 Q1	FY21 Q2	FY21 Q3	FY21 Q4	FY22 Q1	FY22 Q2	FY22 Q3	FY22 Q4
Custom Spaces	49.7%	48.0%	47.6%	44.2%	51.7%	49.1%	49.6%	45.6%	52.1%
Gen Merch	50.3%	52.0%	52.4%	55.8%	48.3%	50.9%	50.4%	54.4%	47.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total $Ms	$ 294	$ 229	$ 259	$ 249	$ 280	$ 240	$ 258	$ 239	$ 245

Excludes Closet Works

Former Custom Spaces Definition

Mix TCS Only	FY20* Full Year	FY21 Full Year	FY22 Full Year
Custom Spaces	46.2%	48.0%	49.1%
Gen Merch	53.8%	52.0%	50.9%
Total	100.0%	100.0%	100.0%
Total $Ms	$ 923	$ 1,017	$ 983

* Includes 53rd week.

Q4 Adjusted EPS Reconciliation

Below is a reconciliation of the non-GAAP financial measures of adjusted net income and adjusted net income per common share – diluted to the GAAP financial measures of net (loss) income and net (loss) income per common share - diluted:

	Q4 FY22	Q4 FY21
Numerator:		
Net (loss) income	(189,250)	23,158
Impairment charges (a)	197,712	-
Elfa severence charges (b)	383	-
Acquisition-related costs (c)	-	53
COVID-19 costs (d)	-	11
Other costs (e)	-	17
Taxes (f)	(12)	(8)
Adjusted net income	$ 8,833	$ 23,231
Denominator:		
Weighted average common shares outstanding – basic	49,175,873	49,629,758
Weighted average common shares outstanding – diluted	49,451,192	50,286,381
Net (loss) income per common share – diluted	$ (3.85)	$ 0.46
Adjusted net income per common share – diluted	$ 0.18	$ 0.46

a) Impairment of goodwill incurred in the fourth quarter of fiscal 2022, which we do not consider in our evaluation of ongoing performance.

b) Elfa severance charges recorded as selling, general and administrative expenses in the fourth quarter of fiscal 2022, which we do not consider in our evaluation of ongoing performance.

c) Includes acquisition and legal costs incurred in fiscal 2022 and fiscal 2021 associated with the acquisition of Closet Works, all of which were recorded as selling, general and administrative expenses, which we do not consider in our evaluation of ongoing performance.

d) Includes incremental costs attributable to the COVID-19 pandemic, which primarily consist of sanitization costs in the first quarter of fiscal 2021, all of which were recorded as selling, general and administrative expenses, which we do not consider in our evaluation of ongoing performance.

e) Includes other charges unrelated to COVID-19, which we do not consider in our evaluation of ongoing performance.

f) Tax impact of adjustments to net income that are considered to be unusual or infrequent tax items, all of which we do not consider in our evaluation of ongoing performance.

Q4 Adjusted EBITDA Reconciliation

Below is a reconciliation of the non-GAAP financial measures of EBITDA and Adjusted EBITDA to the GAAP financial measure of net (loss) income:

	Q4 FY22	Q4 FY21
Net (loss) income	$ (189,250)	$ 23,158
Depreciation and amortization	10,398	8,877
Interest expense, net	4,776	3,176
Income tax provision	3,233	10,631
EBITDA	(170,843)	45,842
Pre-opening costs (a)	957	8
Non-cash lease expense (b)	144	(693)
Impairment charges (c)	197,712	-
Stock-based compensation (d)	820	1,104
Foreign Exchange (gains) losses (e)	(9)	20
Elfa severance charges (f)	383	-
Acquisition-related costs (g)	-	53
COVID-19 costs (h)	-	11
Other costs (i)	-	17
Adjusted EBITDA	**$ 29,164**	**$ 46,362**

a) Non-capital expenditures associated with opening new stores and relocating stores, including marketing expenses, travel and relocation costs, and training costs. We adjust for these costs to facilitate comparisons of our performance from period to period.

b) Reflects the extent to which our annual GAAP operating lease expense has been above or below our cash operating lease payments. The amount varies depending on the average age of our lease portfolio (weighted for size), as our GAAP operating lease expense on younger leases typically exceeds our cash operating lease payments, while our GAAP operating lease expense on older leases is typically less than our cash operating lease payments.

c) Impairment of goodwill incurred in the fourth quarter of fiscal 2022, which we do not consider in our evaluation of ongoing performance.

d) Non-cash charges related to stock-based compensation programs, which vary from period to period depending on volume and vesting timing of awards. We adjust for these charges to facilitate comparisons from period to period.

e) Realized foreign exchange transactional gains/losses our management does not consider in our evaluation of our ongoing operations.

f) Elfa severance charges recorded as selling, general and administrative expenses in the fourth quarter of fiscal 2022, which we do not consider in our evaluation of ongoing performance.

g) Includes acquisition and legal costs incurred in fiscal 2022 and fiscal 2021 associated with the acquisition of Closet Works, all of which were recorded as selling, general and administrative expenses, which we do not consider in our evaluation of ongoing performance.

h) Includes incremental costs attributable to the COVID-19 pandemic which were recorded as selling, general and administrative expenses, which we do not consider in our evaluation of ongoing performance.

i) Includes other charges unrelated to COVID-19, which we do not consider in our evaluation of ongoing performance.

Full Year Adjusted EPS Reconciliation

Below is a reconciliation of the non-GAAP financial measures of adjusted net income and adjusted net income per common share – diluted to the GAAP financial measures of net (loss) income and net (loss) income per common share - diluted:

	FY22	FY21
Numerator:		
Net (loss) income	$ (158,856)	$ 81,718
Impairment charges (a)	197,712	-
Management transition costs (b)	-	473
Elfa sev erance charges (c)	383	-
Acquisition-related costs (d)	63	745
COVID-19 costs (e)	-	203
Other costs (f)	-	17
Legal settlement (g)	(2,600)	-
Taxes (h)	533	(302)
Adjusted net income	$ 37,235	$ 82,854
Denominator:		
Weighted-av erage common shares outstanding – basic	49,539,875	49,477,612
Weighted-av erage common shares outstanding – diluted	49,863,008	50,294,118
Net (loss) income per common share – diluted	$ (3.21)	$ 1.62
Adjusted net income per common share – diluted	$ 0.75	$ 1.65

a) Impairment of goodwill incurred in the fourth quarter of fiscal 2022, which we do not consider in our evaluation of ongoing performance.

b) Costs related to the transition of key executives including signing bonus, severance, and relocation costs recorded as selling, general and administrative expenses, which we do not consider in our evaluation of ongoing performance.

c) Elfa severance charges recorded in selling, general and administrative expenses in the fourth quarter of fiscal 2022, which we do not consider in our evaluation of ongoing performance.

d) Includes costs incurred in fiscal 2022 and fiscal 2021 associated with the acquisition of Closet Works on December 30, 2021, all of which are recorded as selling, general and administrative expenses, which we do not consider in our evaluation of ongoing performance.

e) Includes incremental costs attributable to the COVID-19 pandemic, which primarily consist of sanitization costs in the first quarter of fiscal 2021, all of which are recorded as selling, general and administrative expenses, which we do not consider in our evaluation of ongoing performance.

f) Includes other charges unrelated to COVID-19, which we do not consider in our evaluation of ongoing performance.

g) The Company received a legal settlement, net of legal fees, in the second quarter of fiscal 2022. The amount was recorded as selling, general and administrative expenses, which we do not consider in our evaluation of ongoing performance.

h) Tax impact of adjustments to net income that are considered to be unusual or infrequent tax items, which we do not consider in our evaluation of ongoing performance.

Full Year Adjusted EBITDA Reconciliation

Below is a reconciliation of the non-GAAP financial measures of EBITDA and Adjusted EBITDA to the GAAP financial measure of net (loss) income:

	FY22	FY21
Net (loss) income	$ (158,856)	$ 81,718
Depreciation and amortization	38,905	34,289
Interest expense, net	16,171	12,760
Income tax provision	15,090	30,976
EBITDA	$ (88,690)	$ 159,743
Pre-opening costs (a)	2,006	694
Non-cash lease expense (b)	547	(7,115)
Impairment charges (c)	197,712	-
Stock-based compensation (d)	3,382	4,263
Management transition costs (e)	-	473
Foreign exchange losses(gains) (f)	23	(14)
Elfa severance charges (g)	383	-
Acquisition-related costs (h)	63	745
COVID-19 costs (i)	-	203
Other costs(j)	-	17
Adjusted EBITDA	**$ 115,426**	**$ 159,009**

a) Non-capital expenditures associated with opening new stores and relocating stores, including marketing expenses, travel and relocation costs, and training costs. We adjust for these costs to facilitate comparisons of our performance from period to period.

b) Reflects the extent to which our annual GAAP operating lease expense has been above or below our cash operating lease payments. The amount varies depending on the average age of our lease portfolio (weighted for size), as our GAAP operating lease expense on younger leases typically exceeds our cash operating lease payments, while our GAAP operating lease expense on older leases is typically less than our cash operating lease payments.

c) Impairment of goodwill incurred in the fourth quarter of fiscal 2022, which we do not consider in our evaluation of ongoing performance.

d) Non-cash charges related to stock-based compensation programs, which vary from period to period depending on volume and vesting timing of awards. We adjust for these charges to facilitate comparisons from period to period.

e) Costs related to the transition of key executives including severance and signing bonus recorded as selling, general and administrative expenses, which we do not consider in our evaluation of ongoing performance.

f) Realized foreign exchange transactional gains/losses our management does not consider in our evaluation of our ongoing operations.

g) Elfa severance charges recorded as selling, general and administrative expenses in the fourth quarter of fiscal 2022, which we do not consider in our evaluation of ongoing performance.

h) Includes acquisition and legal costs incurred in fiscal 2022 and fiscal 2021 associated with the acquisition of Closet Works, all of which were recorded as selling, general and administrative expenses, which we do not consider in our evaluation of ongoing performance.

i) Includes incremental costs attributable to the COVID-19 pandemic, which primarily consist of sanitization costs in the first quarter of fiscal 2021, all of which were recorded as selling, general and administrative expenses, which we do not consider in our evaluation of ongoing performance.

j) Includes other charges unrelated to COVID-19, which we do not consider in our evaluation of ongoing performance.

Q1 Fiscal 2023 Adjusted EPS Reconciliation

Below is a reconciliation of the non-GAAP financial measures of adjusted net loss and adjusted net loss per common share – diluted to the GAAP financial measures of net loss and net loss per common share - diluted:

	Q1 Fiscal 2023 Outlook	
	Low	High
Numerator:		
Net loss	$ (9,300)	$ (6,400)
Severance charges (a)	2,000	2,000
Taxes (b)	(600)	(600)
Adjusted net loss	$ (7,900)	$ (5,000)
Denominator:		
Weighted-average common shares outstanding – diluted	50,000,000	50,000,000
Net loss per common share – diluted	$ (0.19)	$ (0.13)
Adjusted net loss per common share – diluted	$ (0.16)	$ (0.10)

a) TCS segment severance charges associated with the elimination of certain full-time positions recorded in other expenses in the first quarter of fiscal 2023, which we do not consider in our evaluation of ongoing performance.

b) Tax impact of adjustments to net income that are considered to be unusual or infrequent tax items, all of which we do not consider in our evaluation of ongoing performance.

Full Year Fiscal 2023 Adjusted EPS Reconciliation

Below is a reconciliation of the non-GAAP financial measures of adjusted net income and adjusted net income per common share – diluted to the GAAP financial measures of net income and net income per common share - diluted:

	Fiscal 2023 Outlook	
	Low	High
Numerator:		
Net income	$ 3,500	$ 8,500
Severance charges (a)	2,000	2,000
Taxes (b)	5,000	5,000
Adjusted net income	$ 10,500	$ 15,500
Denominator:		
Weighted-average common shares outstanding – diluted	50,000,000	50,000,000
Net income per common share – diluted	$ 0.07	$ 0.17
Adjusted net income per common share – diluted	$ 0.21	$ 0.31

a) TCS segment severance charges associated with the elimination of certain full-time positions recorded in other expenses in the first quarter of fiscal 2023, which we do not consider in our evaluation of ongoing performance.

b) Tax impact of adjustments to net income that are considered to be unusual or infrequent tax items, as well as approximately $5.6 million of discrete tax expense expected to be recorded in the third quarter of fiscal 2023 related to the expiration of certain stock options granted in connection with our initial public offering in 2013, all of which we do not consider in our evaluation of ongoing performance.

Annual Consolidated Net Debt / Leverage Ratio

		FY22
Cash	$	6,958
Swedish Debt (a)		2,423
Revolver - U.S. (b)		5,000
Term Loan - U.S. (c)		160,312
Capital Leases & Other		136
Total Debt		167,871
Net Total Debt		160,913
Adjusted EBITDA	$	115,426
Net Total Debt / Adjusted EBITDA		1.4x

a) Includes a term loan and revolver. Interest expense is STIBOR + 170 bps for the term and Nordea's base rate + 140 bps for the revolver. Amended in April 2023 to extend the maturity date to March 31, 2025.

b) Amended in Oct. 2015 to, among other items, increase aggregate principal amount from $75 million to $100 million, decrease the interest rate from a range of LIBOR + 125 bps to 175 bps to LIBOR +125 bps, and extend maturity date to Oct. 2020 (or Jan. 2019 subject to the status of the Term loan). Amended in August 2017 to extend maturity date to August 2022 (or May 2021 subject to the status of the Term loan). Amended in November 2020 to extend the maturity date to November 2025 (or October 2025 subject to the status of the Term Loan).

c) $362.25 million term loan issued on April 8, 2012. Interest expense was LIBOR + 425 bps, subject to a LIBOR floor of 125 bps. Maturity date was April 6, 2019. Repricing transaction on 11/27/13. Interest expense was LIBOR + 325 bps, subject to a LIBOR floor of 100 bps. Maturity date was April 6, 2019. Amended in August 2017 to, among other items, decrease aggregate principal amount from $362.25 million to $300 million, increase the interest rate from LIBOR + 325 bps to LIBOR +700 bps, and extend maturity date to August 2021. Amended in September 2018 to, among other items, extend the maturity date to September 2023 and decrease the applicable interest rate margin to 5.00% for LIBOR loans and 4.00% for base rate loans. Amended in November 2020 to, among other items, extend the Term Loan maturity date to January 31, 2026, and pay down approximately $47.2M of outstanding loans, which reduced the aggregate principal amount to $200.0M. The applicable interest rate margin for LIBOR loans was 4.75% and 3.75% for base rate loans.