

JOANN

2022 ICR Conference

January 10-12, 2022

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Forward-Looking Statements

This presentation contains forward-looking statements that are subject to risks and uncertainties. All statements other than statements of historical fact or relating to present facts or current conditions included in this presentation are forward-looking statements. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “potential,” “predict,” “seek,” “vision,” or “should,” or the negative thereof, and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events but not all forward-looking statements contain these identifying words.

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Forward-looking statements include, but are not limited to, those we make regarding the following matters: the effects of potential changes to U.S. trade regulations and policies, including tariffs, on our business; developments involving our competitors and our industry; potential future impacts of the COVID-19 pandemic; our ability to timely identify or effectively respond to consumer trends, and the potential effects of that ability on our relationship with our customers, the demand for our products and our market share; our expectations regarding the seasonality of our business; our ability to manage the distinct risks facing our e-Commerce business and maintain a relevant omni-channel experience for our customers; our ability to maintain or negotiate favorable lease terms; our ability to anticipate and effectively respond to disruptions or inefficiencies in our distribution network, e-Commerce fulfillment function and transportation system; our ability to execute on our growth strategy to renovate and improve the performance of our existing locations; our ability to execute on our cost-saving initiatives; our ability to attract and retain a qualified management team and other team members while controlling our labor costs; the impact of our debt and lease obligations on our ability to raise additional capital to fund our operations and maintain flexibility in operating our business; our reliance on and relationships with third party service providers; our reliance on and relationships with foreign suppliers and their ability to supply us with adequate, timely, and cost-effective product supplies; our ability to maintain security and prevent unauthorized access to electronic and other confidential information; the impacts of potential disruptions to our information systems, including our websites and mobile applications; our ability to respond to risks associated with existing and future payment options; our ability to maintain and enhance a strong brand image; our ability to maintain adequate insurance coverage; our status as a “controlled company” and LGP’s control of us as a public company; and the impact of evolving governmental laws and regulations and the outcomes of legal proceedings.

Furthermore, the potential impact of the COVID-19 pandemic on our business operations and financial results and on the world economy as a whole may heighten the risks and uncertainties that affect our forward-looking statements described above. Additional factors or events that could cause our actual performance to differ from these forward-looking statements may emerge from time-to-time, and it is not possible for us to predict all of them. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, our actual financial condition, results of operations, future performance and business may vary in material respects from the performance projected in these forward-looking statements.

Any forward-looking statement made by us in this presentation speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

Industry Information

Market data and industry information used throughout this presentation is based on management’s knowledge of the industry and the good faith estimates of management. We also relied, to the extent available, upon management’s review of various sources, including publicly available information, industry reports and publications, surveys, our customers, distributors, suppliers, trade and business organizations and other contacts in the markets in which we operate. Management estimates are derived from publicly available information released by independent industry analysts and third-party sources, as well as data from our internal research, and are based on assumptions made by us upon reviewing such data and our knowledge of such industry and markets which we believe to be reasonable. All of the market data and industry information used in this presentation involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Although we believe that these sources are reliable, we cannot guarantee the accuracy or completeness of this information, and we have not independently verified this information. While we believe the estimated market position, market opportunity and market size information included in this presentation are generally reliable, such information, which is derived in part from management’s estimates and beliefs, is inherently uncertain and imprecise. Market share data is subject to change and may be limited by the availability of raw data, the voluntary nature of the data gathering process and other limitations inherent in any statistical survey of market share. In addition, customer preferences are subject to change. Accordingly, you are cautioned not to place undue reliance on such market share data. References herein to “market share” as it relates to estimates of market share, are to management’s determination of the market share of the Creative Products industry as a whole and the various categories therein in the United States, based upon internal research, which primarily consists of an annual survey of Creative Products consumers as of July 31, 2020. Projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described above. These and other factors could cause results to differ materially from those expressed in our estimates and beliefs and in the estimates prepared by independent parties.

Non-GAAP Financial Measures

We present Adjusted EBITDA, which is not a recognized financial measure under U.S. generally accepted accounting principles, because we believe it assists investors and analysts in comparing our operating performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. We define “Adjusted EBITDA” as net income (loss) plus income tax provision (benefit), interest expense, net, debt related (gain) loss and depreciation and amortization, as further adjusted to eliminate the impact of certain non-cash items and other items that we do not consider indicative of our ongoing operating performance, including costs related to strategic initiatives, COVID-19 costs, technology development expense, stock-based compensation expense, loss on disposal and impairment of fixed and operating lease assets, goodwill and trade name impairment, sponsor management fees, location pre-opening and closing costs excluding loss on disposal of fixed assets and other one-time costs. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in our presentation of Adjusted EBITDA. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. There can be no assurance that we will not modify the presentation of Adjusted EBITDA in the future, and any such modification may be material. In addition, Adjusted EBITDA may not be comparable to similarly titled measures used by other companies in our industry or across different industries.

JOANN at a Glance

Category Leader in Sewing

~33%

leading market share in Sewing and rapidly-growing share in Arts & Crafts category

852 ⁽²⁾

locations, 99%+ 4-wall cash flow positive

~95,000

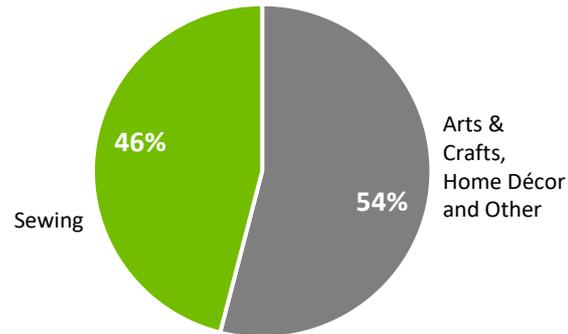
SKUs offered at an average location

57%

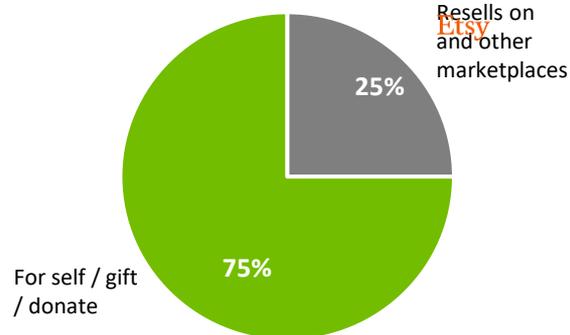
of our net sales relate to differentiated items that cannot be directly cross-shopped

Diversified and Differentiated Product Offering

Net Sales by Product Line ⁽¹⁾



% of Total Customer Base ⁽¹⁾



Market-leading Omni-Channel Capabilities

~14% ⁽²⁾

Omni-channel net sales penetration

73+ million

customers in marketing database

12.5+ million

mobile app downloads

~35%

of online sales picked up in-store including curbside

JOANN Participates in a Robust Creative Products Industry



Unique and Vibrant Market with Tailwinds

- Stable **\$40+ billion** industry⁽¹⁾ has grown over **4%** in the past five years
- Core consumers include individual maker-sellers, creative enthusiasts and charitable givers
- Affordability of Sewing / Arts & Crafts projects and devoted customers contribute to consistent demand
- New technologies and innovation, such as Cricut, provide consumers tools and content to make Creative Products more accessible across a broad range of skill levels
- Burgeoning platforms such as **Etsy** are complementary and drive growth, as JOANN is a major provider of supplies and project ideas
- Other digital and social media platforms (e.g., YouTube, Pinterest, Instagram) fuel inspiration, enable engaged communities and serve as a connection point for customers to share their interests and projects

Business Model Behaves Similarly to Home Improvement Products

- Visual and tactile / project-based nature
- Importance of skill-building and knowledgeable employees
- SKU-intensive assortments support component-based projects

e-Commerce is a Complement and a Growth Engine for JOANN

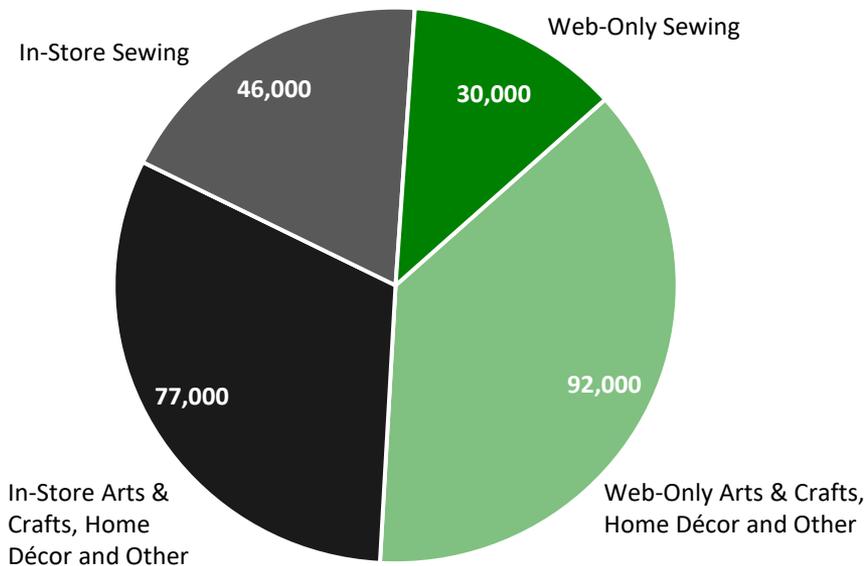
- Similar to stores, significant portion of SKUs are differentiated and non-branded / exclusives
- Large-scale online fulfillment requires the leverage from store support in order to be profitable
- Pure-play and mass retailers only have niche assortments due to challenges with proliferated SKUs

Depth and Breadth of JOANN Assortment a Significant Advantage

- Our merchandise fuels creativity and the making of one-of-a-kind handcrafted goods
- Breadth of assortment across various categories is a key competitive advantage given that our customers' interests and projects are often widely varied and not confined solely to one activity, similar to home improvement product business models
- ~25% of our customers are small business owners who sell their own merchandise on online marketplaces and choose to buy from us because of our broad, unique, and accessible assortment of products across all categories

In-Store and Online

245,000 SKUs (122,000 exclusively online)



Ahead of Our Competitors

Overall

77%

More Arts & Crafts and Sewing products offered on joann.com than nearest competitor

3x

The number of products available for bulk purchase than competition

Competitive assortments across key Arts & Crafts, Home Décor and Other Categories

Sewing

43%

More fabric SKUs than Fabric.com, owned by Amazon

5x

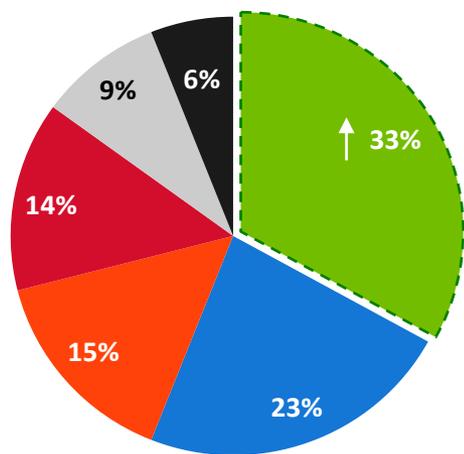
The assortment of any omni-channel retailer⁽¹⁾

JOANN is the Clear Leader in Fabric & Sewing and Gaining Share in Fragmented Arts & Crafts Category

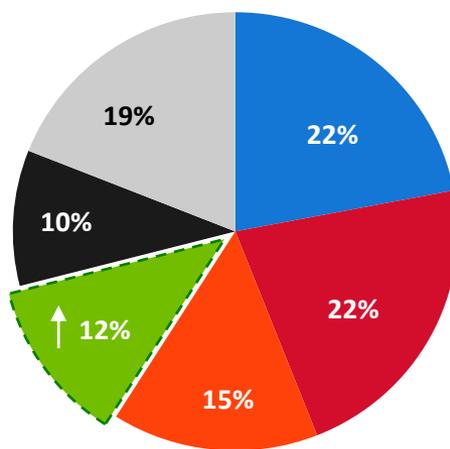
- Our broad and dedicated assortment, convenient omni-channel shopping experience, value-added service offering and knowledgeable in-store team members set us apart from competitors and position us for further share gain

Market Share

Fabric & Sewing



Arts & Crafts



↑ Indicates increasing share

JOANN

Michaels

Hobby Lobby

Walmart

Other (1)

Online Pure-Plays

Category Share



"I had recently gone to Walmart because it was close to home. I will now make the much longer trip to JOANN as I was so much more satisfied with the quality of the merchandise and the knowledge of the employees."

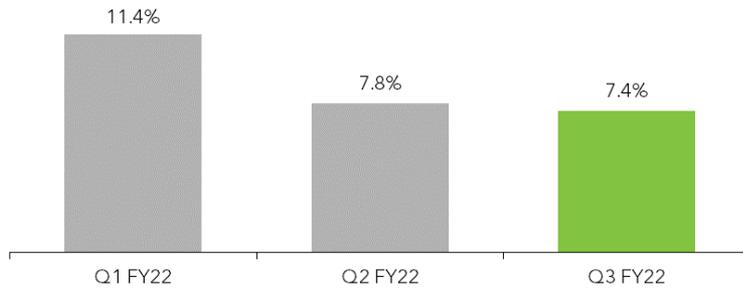
- JOANN Customer

"It is very helpful when the salesperson is an experienced sewist/quilter/crafter and can answer some basic questions from experience. That is a big reason I choose to drive by the big box stores to go to JOANN."

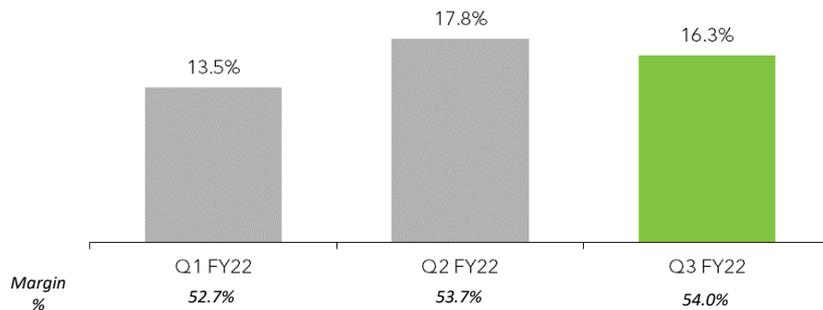
- JOANN Customer

FY22 Performance Update Through Third Quarter

Net Sales Growth (Two-Year)

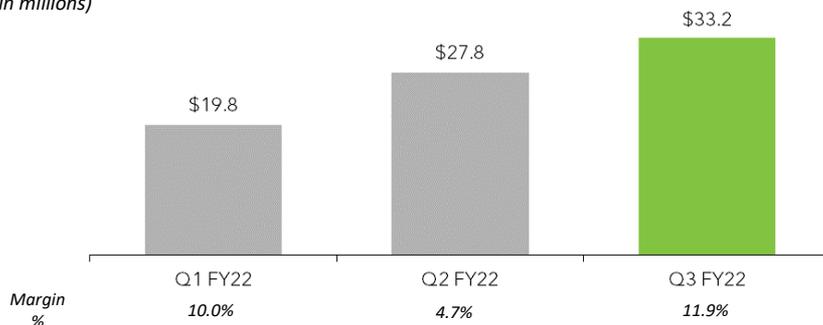


Adjusted Gross Profit Dollar Growth (Two-Year) and Margin⁽¹⁾



Adjusted EBITDA Growth (Two-Year) and Margin⁽¹⁾

(\$ in millions)



Key Highlights & Commentary

- Stable sales trajectory vs. pre-pandemic levels: Net sales growth of 8.8% on a two-year basis for the first three quarters of FY22
- Adjusted gross profit expanding more rapidly, growing by 15.8% on a two-year basis through the first three quarters of FY22 on record adjusted gross margin rate of 53.5%
- Adjusted EBITDA of \$153.6 million for the first three quarters of FY22, a 111% increase compared to the same period two years ago

Focused Strategies to Drive Growth and Create Value



Differentiated Store Experience brought to life through refreshed locations, assortments and customer engagement

Drive Ubiquity Through our Digital Touchpoints and Omni-Channel Offerings

Blue Ocean Initiatives that Tap New Markets and Incremental Avenues for Growth

Delivering Operational Excellence and Efficiencies

Unique & Inspiring Shopping Environment

- Engaging and exciting shopping experience that spurs inspiration and creativity
- Our physical footprint is an advantage
- Most customers regularly desire to interact with merchandise and explore what is new



EXCITING DESTINATIONS



ENGAGING MERCHANDISE PRESENTATION



HANDS-ON EXPERIENCES



TECH-ENABLED
CUSTOMER SERVICE



INTERACTIVE COMMUNITY AND
EDUCATION SPACES



UNIQUE SERVICE OFFERINGS

Successfully Developed And Launched a Range of Store Refresh Options

Three Core Areas



Experiential Design Elements



Content Improvements



Service Enhancements



Key Statistics

Investment

\$150K–\$3M

% of Locations Identified for Refresh

60%⁽¹⁾

Expected Average Net Sales Uplift

5%–25%

% of Locations Identified for Relocation

30%⁽¹⁾

Expected Average Net Sales Uplift

15%–75%

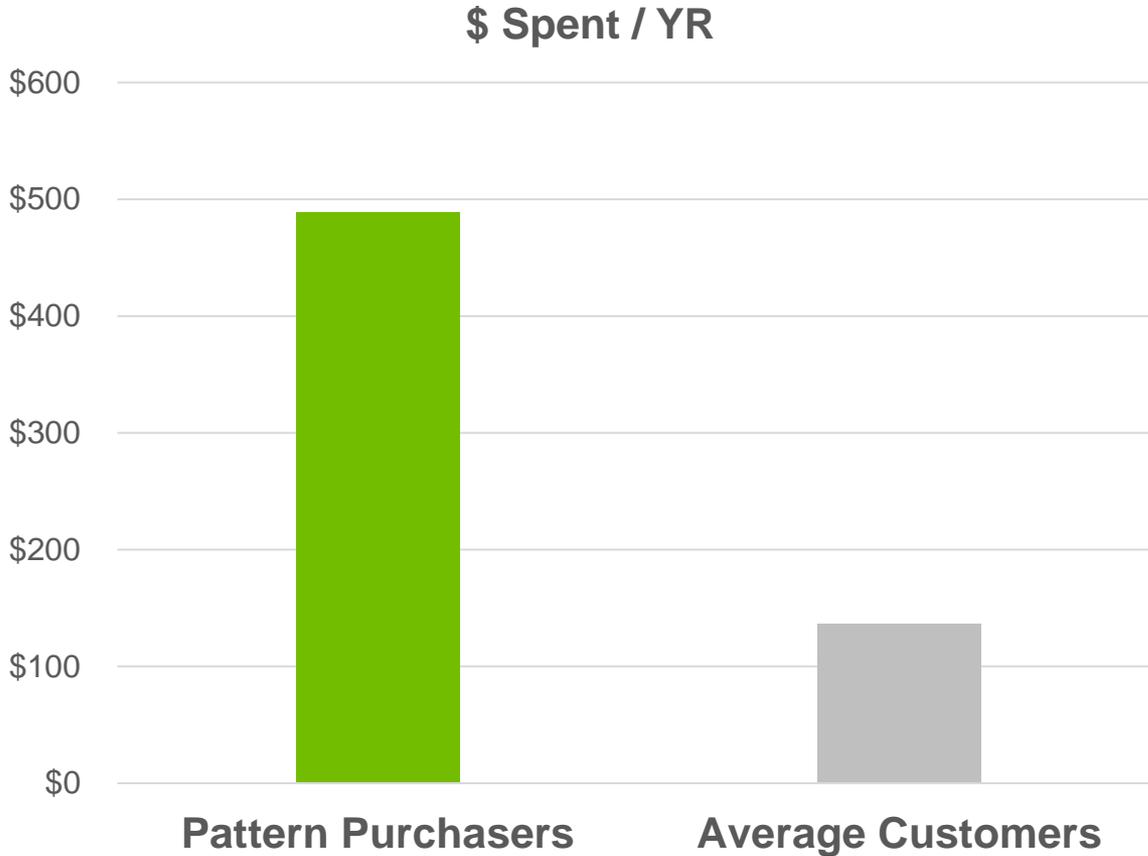
We will refresh over 50 stores in FY23, building to a pace of 70 stores annually by the end of the year, and remain confident in our ability to deliver a 4-year blended payback on total project costs



Transforming Patterns

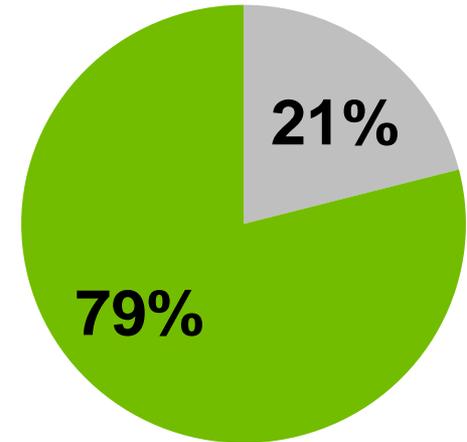
JOANN/SVP Worldwide Joint Venture

Customers that buy patterns spend almost 4x as much as the average JOANN customer does annually



Most pattern customers purchase other items in the same transaction

■ Patterns only ■ Patterns & Supplies



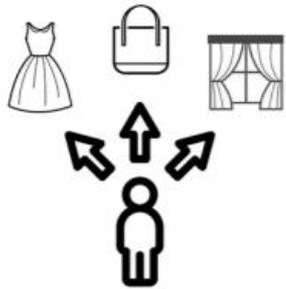
However, the patterning process creates the highest degree of friction of the avid sewer within the sewing journey

FUN / CREATIVE / ANTICIPATION / SHOPPING

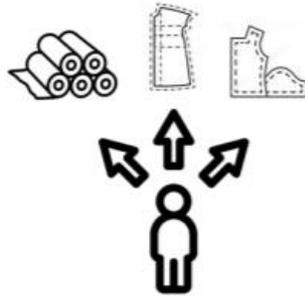
TEDIOUS / ANXIETY / RISK

PRIDE / FULFILMENT

Choose Project Type

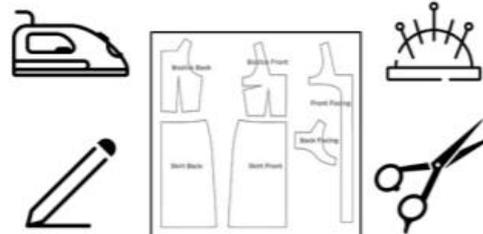


Select Fabric & Pattern



Create Fabric Pieces Using Patterns

fabric prep, layout pattern pieces, pin, trace, cut, etc.



Sew Pieces



“Seeing things in the store and pulling it all together.” – Kim

“The beginning is definitely it for me. Once I get that picture in my head I can’t stop!” - Ann

“This is the danger zone. If you do it wrong, you’re done! If you don’t lay the pattern out correctly and efficiently, you’ll never get a good final product.” – Ann

“I love seeing the finished product because I’m proud of it.” – Debbie D

Patterning is like taping off before painting – it is prep for the enjoyable part

We have created an innovative tech solution to patterning that customers love



“I like removing steps like outlining with chalk, pinning, and cutting out patterns. This prototype delivers well on this.” – Rhonda

“Far surpassed my expectations. Easy to see. Easy to cut without tracing. I would definitely purchase one!” – Rene

“This has the potential to totally replace the patterning industry and become the standard way to do anything with sewing.” – Pam

“It honestly delivered perfectly.” – Emma

“A promising product for the future.” – Zena

With a commercial launch in 2022, our partnership with Singer on will combine the best of the world's two premier sewing brands

JOANN

- Largest retail sewing customer database in the world
- Trusted sewing brand and leader in eCommerce, recently extending into international markets
- Strong IP/partnerships around Ditto
- Other basket and project related items for the ecosystem (fabric, notions, etc.)

SVP WORLDWIDE

SINGER® VIKING® PFAFF®

- Premier machine brand and authority
- Global presence, over 190 countries and 60,000 distribution points, manufacturing in Asia and Latin America
- Experienced dealer channel and premium selling capabilities
- Proven success in developing, launching, and supporting new sewing products
 - Wi-Fi/cloud connected machines since '15
 - 130 FTE engineering team
- mySewnet subscription experience

Sustainable Growth Model and Financial Priorities

Annual Growth Expectations

- After a reset of annual sales in Fiscal Year 2022, we expect our core strategies to deliver **2% - 4% top line growth annually**, with additional upside potential from Blue Ocean Initiatives
- Consistent margin expansion to drive **mid-to-high single-digit percentage growth in Adjusted EBITDA**
- Ability to consistently reduce interest costs to deliver **low-to-mid teens percentage growth in Adjusted EPS**
- One-time headwind to EBITDA and EPS growth in fiscal year 2023 from growth in pre-opening costs to ramp up the pace of our Store Refresh Initiative

Strong Balance Sheet & Free Cash Flow

- Improving operating margins and modest maintenance capital needs will enable solid free cash flow to apply toward the company's financial priorities
- All credit agreements renewed and extended within the past year, providing strong commercial terms and access to liquidity to support our growth

Priorities for Operating Cash Flow

- Fund company strategic initiatives
- Grow our quarterly dividend to shareholders, roughly in-line with growth in EPS
- Continue to reduce debt with **longer-term leverage target of 2.0x EBITDA**
- Modest share repurchases to offset dilutive impact of stock-based compensation

Appendix

Adjusted EBITDA Reconciliation

	Thirteen Weeks Ended			Thirty-Nine Weeks		
	October 30, 2021	October 31, 2020	November 2, 2019	October 30, 2021	October 31, 2020	November 2, 2019
	(Dollars in millions)					
Net income (loss)	\$ 22.8	\$ 47.7	\$ (8.4)	\$ 43.1	\$ 174.0	\$ (188.5)
Income tax provision (benefit)	7.0	3.0	(3.6)	12.3	17.6	(22.8)
Interest expense, net	11.8	14.0	26.1	39.8	55.0	77.6
Debt related (gain) loss (1)	—	(3.0)	—	3.0	(152.9)	—
Gain on sale leaseback (2)	—	—	—	(24.5)	—	—
Depreciation and amortization (3)	19.8	20.6	19.4	60.6	60.2	57.7
Strategic initiatives (4)	0.6	1.7	1.9	1.4	4.1	7.8
Excess import freight costs (5)	11.3	—	—	11.3	—	—
COVID-19 costs (6)	—	16.6	—	1.3	48.4	—
Technology development expense (7)	2.6	1.2	1.4	6.2	3.6	3.7
Stock-based compensation expense	0.8	0.3	0.3	2.1	1.1	0.9
(Gain) loss on disposal and impairment of fixed and operating lease assets	(0.1)	(0.2)	0.3	(0.1)	3.6	0.4
Goodwill and trade name impairment (8)	—	—	—	—	—	130.4
Sponsor management fee (9)	—	—	1.2	0.4	0.8	3.8
Other (10)	(4.0)	0.5	0.8	(3.3)	1.7	1.8
Adjusted EBITDA	<u>\$ 72.6</u>	<u>\$ 102.4</u>	<u>\$ 39.4</u>	<u>\$ 153.6</u>	<u>\$ 217.2</u>	<u>\$ 72.8</u>

Adjusted EBITDA Reconciliation (Footnotes)

- (1) "Debt related (gain) loss" represents losses and gains associated with debt repurchases below par and the write off of unamortized fees and original issue discount associated with debt refinancing.
- (2) "Gain on sale leaseback" represents the gain attributable to the sale leaseback of our distribution center in Opelika, Alabama.
- (3) "Depreciation and amortization" represents depreciation, amortization of intangible assets and amortization of content costs.
- (4) "Strategic initiatives" represents non-recurring costs, such as third-party consulting costs and one-time start-up costs, that are not part of our ongoing operations and are incurred to execute differentiated, project-based strategic initiatives, including costs (i) to design a new prototype and assortment optimization process for locations, (ii) related to our efforts to initially evaluate and implement opportunities to offset the significant costs incurred due to the new U.S. tariffs on merchandise produced in China, (iii) to start up a new technology product that would traditionally be incurred by our vendors, (iv) to evaluate our opportunity in new potential lines of business and (v) to analyze improved supply chain capabilities.
- (5) "Excess import freight costs" represents non-recurring excess freight costs due to a critical shortage of shipping containers for goods sourced from foreign suppliers as a result of supply-chain disruptions.
- (6) "COVID-19 costs" represents premium pay for location team members, cleaning and location capacity management labor, excess supply chain disruption costs, incremental seasonal clearance associated with location closures, donations for our mask making initiative and additional location cleaning supplies.
- (7) "Technology development expense" represents one-time IT project management and implementation expenses, such as temporary labor costs, third-party consulting fees and user fees incurred during the development period of a new software application, that are not part of our ongoing operations and are typically redundant during the initial implementation of software applications or other technology systems across different functional operations of our business before they are in productive use.
- (8) Based on our evaluation for impairment of the carrying amount of goodwill and trade name on our balance sheet. Impairment recorded was driven predominantly by the result of negative total comparable sales and declining margins, primarily resulting from the incremental U.S. tariffs on Chinese imports, along with a weaker than expected peak selling season.
- (9) "Sponsor management fee" represents management fees paid to our sponsor, Leonard Green & Partners (LGP) (or advisory affiliates thereof), in accordance with our management services agreement. The management fee was discontinued upon the completion of our initial public offering"-time severance, certain legal, executive leadership transition and business transition expenses as well as gains associated with the sale of legal claims.
- (10) "Other" represents one-time severance, certain legal, executive leadership transition and business transition expenses as well as gains associated with the sale of legal claims.

Adjusted Gross Profit Reconciliation

	Thirteen Weeks Ended			Thirty-Nine Weeks Ended		
	October 30, 2021	October 31, 2020	November 2, 2019	October 30, 2021	October 31, 2020	November 2, 2019
	(Dollars in millions)					
Net sales	\$ 611.0	\$ 714.1	\$ 569.1	\$ 1,682.3	\$ 1,921.5	\$ 1,545.6
Cost of sales	292.2	339.6	285.2	794.0	949.8	768.6
Gross profit	318.8	374.5	283.9	888.3	971.7	777.0
Excess import freight costs	11.3	—	—	11.3	—	—
COVID-19 costs	—	3.0	—	—	13.2	—
Adjusted gross profit	<u>\$ 330.1</u>	<u>\$ 377.5</u>	<u>\$ 283.9</u>	<u>\$ 899.6</u>	<u>\$ 984.9</u>	<u>\$ 777.0</u>
Adjusted gross margin	54.0%	52.9%	49.9%	53.5%	51.3%	50.3%