

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended October 28, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number: 001-40204

JOANN Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

46-1095540
(I.R.S. Employer
Identification No.)

5555 Darrow Road, Hudson, Ohio
(Address of principal executive offices)

44236
(Zip Code)

Registrant's telephone number, including area code: (330) 656-2600

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.01 per share	JOAN	The Nasdaq Global Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of November 30, 2023, the registrant had 41,911,651 shares of common stock, par value \$0.01 per share, outstanding.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). You can generally identify forward-looking statements by our use of forward-looking terminology such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "potential," "predict," "seek," "vision," "should," or the negative thereof or other variations thereon or comparable terminology. Forward-looking statements include those we make regarding the following matters:

- the impact of inflationary pressures and general economic conditions, including the impacts of public health epidemics or pandemics, on our ability to control costs and on our customers' level of discretionary income to spend on sewing, arts and crafts and select home décor products ("Creative Products");
- our ability to anticipate and effectively respond to disruptions or inefficiencies in our distribution network, e-commerce fulfillment function and transportation system, including availability and cost of import and domestic freight;
- the effects of potential changes to U.S. trade regulations and policies, including tariffs, on our business;
- developments involving our competitors and our industry;
- our ability to maintain adequate liquidity, manage our indebtedness, comply with our lease obligations or access additional capital, as any inability to do so could limit our financial flexibility and cash flows necessary to fund working capital, planned capital expenditures and other general corporate purposes or ongoing needs of our business;
- our ability to access the capital markets and credit markets to obtain additional financing and maintain sufficient liquidity and working capital, while addressing payment obligations under our indebtedness, including upcoming debt maturities, and complying with covenants under our indebtedness;
- our ability to amend, refinance, restructure or repurchase our outstanding indebtedness and/or raise additional equity financing;
- our ability to obtain and maintain access to trade credit and favorable payment terms with our suppliers, and the impact of that trade credit on our liquidity;
- our ability to sell or monetize assets or securitize receivables;
- our ability to regain and maintain compliance with the continued listing requirements of The Nasdaq Global Market, our ability to transfer and maintain the listing of our common stock on The Nasdaq Capital Market, or our ability to otherwise maintain the listing of our common stock on Nasdaq;
- 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 for our store locations;
- our ability to execute on our strategy to renovate and improve the performance of our existing store locations;
- our ability to achieve and maintain targeted annual cost reductions;
- our ability to attract and retain a qualified management team and other team members while controlling our labor costs;
- 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 products for resale;
- our ability, and our third-party service providers' 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 control of us as a public company by affiliates of Leonard Green & Partners, L.P. ("LGP");
- the impact of evolving governmental laws and regulations and the outcomes of legal proceedings; and
- the amount and timing of repurchases of our common stock, if any.

The preceding list is not intended to be an exhaustive list of all of our forward-looking statements. We have based these forward-looking statements on our current expectations, assumptions, estimates and projections. While we believe these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond our control. Given these risks and uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements included elsewhere in this Quarterly Report on Form 10-Q are not guarantees of future performance, and our actual results of operations, financial condition and liquidity and the development of the industry in which we operate may differ materially from the forward-looking statements included elsewhere in this Quarterly Report on Form 10-Q. In addition, even if our results of operations, financial condition and liquidity and events in the industry in which we operate are consistent with the forward-looking

statements included elsewhere in this Quarterly Report on Form 10-Q, they may not be predictive of results or developments in future periods. Any forward-looking statement that we make in this Quarterly Report on Form 10-Q speaks only as of the date of such statement. Except as required by law, we do not undertake any obligation to update or revise, or to publicly announce any update or revision to, any of the forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this Quarterly Report on Form 10-Q.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

JOANN Inc.
Consolidated Balance Sheets

	(Unaudited)		January 28, 2023
	October 28, 2023	October 29, 2022	
	(In millions)		
Assets			
Current assets:			
Cash and cash equivalents	\$ 28.3	\$ 27.5	\$ 20.2
Inventories	679.6	747.0	584.1
Prepaid expenses and other current assets	82.4	79.6	38.6
Total current assets	<u>790.3</u>	<u>854.1</u>	<u>642.9</u>
Property, equipment and leasehold improvements, net	238.7	295.8	287.8
Operating lease assets	760.2	802.6	778.4
Goodwill, net	162.0	162.0	162.0
Intangible assets, net	263.9	369.3	272.1
Other assets	42.6	40.9	37.6
Total assets	<u>\$ 2,257.7</u>	<u>\$ 2,524.7</u>	<u>\$ 2,180.8</u>
Liabilities and Shareholders' Equity (Deficit)			
Current liabilities:			
Accounts payable	\$ 262.7	\$ 270.3	\$ 197.5
Accrued expenses	109.2	123.4	119.2
Current portion of operating lease liabilities	175.0	162.4	177.5
Current portion of long-term debt	6.8	6.8	6.8
Total current liabilities	<u>553.7</u>	<u>562.9</u>	<u>501.0</u>
Long-term debt, net	1,148.2	1,062.4	976.0
Long-term operating lease liabilities	692.0	735.5	707.3
Long-term deferred income taxes	20.8	89.3	16.9
Other long-term liabilities	26.0	31.3	28.7
Shareholders' equity (deficit):			
Common stock, stated value \$0.01 per share; 200.0 million authorized; issued 44.1 million shares at October 28, 2023, October 29, 2022 and January 28, 2023	0.4	0.4	0.4
Additional paid-in capital	207.3	208.4	208.0
Retained (deficit)	(388.3)	(148.1)	(239.2)
Accumulated other comprehensive income	16.6	11.4	8.3
Treasury stock at cost; 2.2 million shares at October 28, 2023, 3.3 million shares at October 29, 2022 and 3.0 million shares at January 28, 2023	(19.0)	(28.8)	(26.6)
Total shareholders' equity (deficit)	<u>(183.0)</u>	<u>43.3</u>	<u>(49.1)</u>
Total liabilities and shareholders' equity (deficit)	<u>\$ 2,257.7</u>	<u>\$ 2,524.7</u>	<u>\$ 2,180.8</u>

See notes to unaudited consolidated financial statements.

JOANN Inc.
Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
	(In millions except per share data)			
Net sales	\$ 539.8	\$ 562.8	\$ 1,471.7	\$ 1,524.1
Cost of sales	257.7	281.8	708.6	787.5
Selling, general and administrative expenses	273.4	269.0	806.2	786.6
Depreciation and amortization	22.4	19.9	61.6	59.9
Intangible asset impairment	1.7	—	1.7	—
Operating (loss)	(15.4)	(7.9)	(106.4)	(109.9)
Interest expense, net	28.4	18.1	80.5	42.5
Investment remeasurement	—	(2.0)	—	(1.0)
Gain on sale leaseback	(12.1)	—	(12.1)	—
(Loss) before income taxes	(31.7)	(24.0)	(174.8)	(151.4)
Income tax (benefit)	(10.9)	(6.5)	(30.2)	(41.9)
Loss from equity method investments	0.8	—	4.5	—
Net (loss)	<u>\$ (21.6)</u>	<u>\$ (17.5)</u>	<u>\$ (149.1)</u>	<u>\$ (109.5)</u>
Other comprehensive income (loss):				
Foreign currency translation	(0.1)	(0.1)	—	(0.1)
Cash flow hedges	1.6	13.9	11.3	13.0
Income tax (provision) on cash flow hedges	(0.4)	(3.5)	(2.9)	(3.3)
Other comprehensive income	1.1	10.3	8.4	9.6
Comprehensive (loss)	<u>\$ (20.5)</u>	<u>\$ (7.2)</u>	<u>\$ (140.7)</u>	<u>\$ (99.9)</u>
(Loss) per common share:				
Basic	\$ (0.51)	\$ (0.43)	\$ (3.57)	\$ (2.69)
Diluted	\$ (0.51)	\$ (0.43)	\$ (3.57)	\$ (2.69)
Weighted-average common shares outstanding:				
Basic	42.2	40.8	41.8	40.7
Diluted	42.2	40.8	41.8	40.7

See notes to unaudited consolidated financial statements.

JOANN Inc.
Consolidated Statements of Cash Flows
(Unaudited)

	Thirty-Nine Weeks Ended	
	October 28, 2023	October 29, 2022
	(In millions)	
Net cash provided by (used for) operating activities:		
Net (loss)	\$ (149.1)	\$ (109.5)
Adjustments to reconcile net (loss) to net cash (used for) operating activities:		
Non-cash operating lease expense	129.9	127.0
Depreciation and amortization	61.6	59.9
Deferred income taxes	1.1	(1.7)
Stock-based compensation expense	6.6	6.1
Amortization of deferred financing costs and original issue discount	2.6	1.5
Investment remeasurement	—	(1.0)
Gain on sale leaseback	(12.1)	—
Loss on disposal and impairment of fixed assets	8.6	0.3
Intangible asset impairment	1.7	—
Loss on equity method investment	4.5	—
Changes in operating assets and liabilities:		
(Increase) in inventories	(95.5)	(88.4)
(Increase) in prepaid expenses and other current assets	(34.7)	(39.3)
Increase in accounts payable	65.2	16.5
(Decrease) in accrued expenses	(4.2)	(16.4)
(Decrease) in operating lease liabilities	(129.5)	(120.6)
(Decrease) in other long-term liabilities	(2.9)	(13.1)
Other, net	(4.7)	5.1
Net cash (used for) operating activities	(150.9)	(173.6)
Net cash provided by (used for) investing activities:		
Capital expenditures	(36.1)	(80.4)
Proceeds from sale leaseback	33.2	—
Other investing activities	(1.6)	(4.3)
Net cash (used for) investing activities	(4.5)	(84.7)
Net cash provided by (used for) financing activities:		
Term loan payments	(5.1)	(5.1)
FILO proceeds	97.0	—
Borrowings on revolving credit facility	555.6	544.1
Payments on revolving credit facility	(473.1)	(256.1)
Principal payments on finance lease obligations	(6.1)	(7.1)
Proceeds from employee stock purchase plan and exercise of stock options	0.5	1.1
Payments of taxes related to the net issuance of team member stock awards	(0.1)	(0.1)
Dividends paid	—	(13.4)
Financing fees paid	(5.2)	—
Net cash provided by financing activities	163.5	263.4
Effect of exchange rate changes on cash	—	(0.1)
Net increase in cash and cash equivalents	8.1	5.0
Cash and cash equivalents at beginning of period	20.2	22.5
Cash and cash equivalents at end of period	\$ 28.3	\$ 27.5
Cash paid (received) during the period for:		
Interest	\$ 77.5	\$ 39.6
Income taxes, net of (refunds)	(2.3)	(6.6)

See notes to unaudited consolidated financial statements.

JOANN Inc.
Consolidated Statements of Shareholders' Equity (Deficit)
(Unaudited)

	Net Common Shares	Treasury Shares	Common Stock Par Value	Additional Paid-In Capital	Treasury Stock	Retained (Deficit)	Accumulated Other Comprehensive Income	Total Shareholders' (Deficit)
(In millions)								
Balance, January 28, 2023	41.1	3.0	\$ 0.4	\$ 208.0	\$ (26.6)	\$ (239.2)	\$ 8.3	\$ (49.1)
Net (loss)	—	—	—	—	—	(54.2)	—	(54.2)
Other comprehensive income	—	—	—	—	—	—	0.8	0.8
Stock-based compensation	—	—	—	5.3	—	—	—	5.3
Exercise of stock options	—	—	—	(0.4)	0.4	—	—	—
Vesting of restricted stock units	0.1	(0.1)	—	(0.9)	0.8	—	—	(0.1)
Balance, April 29, 2023	41.2	2.9	\$ 0.4	\$ 212.0	\$ (25.4)	\$ (293.4)	\$ 9.1	\$ (97.3)
Net (loss)	—	—	—	—	—	(73.3)	—	(73.3)
Other comprehensive income	—	—	—	—	—	—	6.4	6.4
Stock-based compensation	—	—	—	1.5	—	—	—	1.5
Vesting of restricted stock units	0.1	(0.1)	—	(0.9)	0.9	—	—	—
Employee stock purchase plan purchases	0.6	(0.6)	—	(5.0)	5.5	—	—	0.5
Balance, July 29, 2023	41.9	2.2	\$ 0.4	\$ 207.6	\$ (19.0)	\$ (366.7)	\$ 15.5	\$ (162.2)
Net (loss)	—	—	—	—	—	(21.6)	—	(21.6)
Other comprehensive income	—	—	—	—	—	—	1.1	1.1
Stock-based compensation	—	—	—	(0.2)	—	—	—	(0.2)
Vesting of restricted stock units	—	—	—	(0.1)	—	—	—	(0.1)
Balance, October 28, 2023	41.9	2.2	\$ 0.4	\$ 207.3	\$ (19.0)	\$ (388.3)	\$ 16.6	\$ (183.0)

	Net Common Shares	Treasury Shares	Common Stock Par Value	Additional Paid-In Capital	Treasury Stock	Retained (Deficit)	Accumulated Other Comprehensive Income	Total Shareholders' Equity
(In millions)								
Balance, January 29, 2022	40.6	3.5	\$ 0.4	\$ 203.3	\$ (30.8)	\$ (24.9)	\$ 1.8	\$ 149.8
Net (loss)	—	—	—	—	—	(35.1)	—	(35.1)
Other comprehensive income	—	—	—	—	—	—	3.5	3.5
Dividends – \$0.11 per share	—	—	—	—	—	(4.5)	—	(4.5)
Stock-based compensation	—	—	—	1.0	—	—	—	1.0
Exercise of stock options	—	—	—	0.1	0.3	—	—	0.4
Vesting of restricted stock units	0.1	(0.1)	—	(0.7)	0.6	—	—	(0.1)
Balance, April 30, 2022	40.7	3.4	\$ 0.4	\$ 203.7	\$ (29.9)	\$ (64.5)	\$ 5.3	\$ 115.0
Net (loss)	—	—	—	—	—	(56.9)	—	(56.9)
Other comprehensive (loss)	—	—	—	—	—	—	(4.2)	(4.2)
Dividends – \$0.10 per share	—	—	—	—	—	(4.6)	—	(4.6)
Stock-based compensation	—	—	—	1.2	—	—	—	1.2
Vesting of restricted stock units	—	—	—	(0.2)	0.2	—	—	—
Employee stock purchase plan purchases	0.1	(0.1)	—	(0.2)	0.9	—	—	0.7
Balance, July 30, 2022	40.8	3.3	\$ 0.4	\$ 204.5	\$ (28.8)	\$ (126.0)	\$ 1.1	\$ 51.2
Net (loss)	—	—	—	—	—	(17.5)	—	(17.5)
Other comprehensive income	—	—	—	—	—	—	10.3	10.3
Dividends – \$0.11 per share	—	—	—	—	—	(4.6)	—	(4.6)
Stock-based compensation	—	—	—	3.9	—	—	—	3.9
Balance, October 29, 2022	40.8	3.3	\$ 0.4	\$ 208.4	\$ (28.8)	\$ (148.1)	\$ 11.4	\$ 43.3

See notes to unaudited consolidated financial statements.

JOANN Inc.
Notes to Consolidated Financial Statements
(Unaudited)

Note 1—Significant Accounting Policies

Nature of Operations

JOANN (as defined below) is the nation's category leader in sewing and fabrics (collectively, "Sewing"), with one of the largest assortments of arts and crafts products. As a well-established and trusted brand for 80 years, the Company believes it has a deep understanding of its customers, what inspires their creativity and what fuels their incredibly diverse projects. In order to best serve its customers, JOANN has transformed itself into a fully-integrated, digitally-connected omni-channel retailer that provides Creative Products to its customers whenever and however they want. As of October 28, 2023, the Company operated 829 store locations in 49 states.

Basis of Presentation

The accompanying Consolidated Financial Statements and these notes are unaudited and have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial information. The Consolidated Financial Statements reflect all normal, recurring adjustments which management believes are necessary to present fairly the Company's financial condition, results of operations and cash flows for all periods presented. The Consolidated Financial Statements, however, do not include all information necessary for a complete presentation of financial condition, results of operations and cash flows in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The accompanying Consolidated Financial Statements and these notes should be read in conjunction with the Company's Annual Report on Form 10-K for the fiscal year ended January 28, 2023.

Consolidation

The Consolidated Financial Statements include the accounts of JOANN Inc. (the "Holding Company"), Needle Holdings LLC ("Needle Holdings") and Jo-Ann Stores, LLC and its wholly-owned subsidiaries (collectively, "JOANN"). All of the entities referenced in the prior sentence hereinafter will be referred to collectively as the "Company" and are all controlled by affiliates of LGP. All intercompany accounts and transactions have been eliminated upon consolidation.

The Holding Company has no operating activities and is limited to the issuance of shares of common stock and stock-based awards, the repurchase of common shares, the issuance and repurchase of debt, the receipt and payment of dividends or distributions and the payment of interest expense. The authorized, issued and outstanding common shares and treasury shares shown on the Consolidated Balance Sheets are of the Holding Company. Likewise, Needle Holdings has no operating activities and is limited to the issuance of initial shares of common stock and stock-based awards and the payment of dividends or distributions.

Fiscal Periods

The Company's fiscal year ends on the Saturday closest to January 31 and refers to the year in which the period ends (e.g., fiscal 2023 refers to the fiscal year ending January 28, 2023). Fiscal years consist of 52 weeks, unless noted otherwise. Fiscal 2024 consists of 53 weeks and ends February 3, 2024. The fiscal quarters ended October 28, 2023 and October 29, 2022 were both comprised of 13 weeks.

Seasonality

Typical of most retail companies, the Company's business is seasonal, with the majority of revenues and operating profits generated in the second half of the fiscal year. Accordingly, earnings or losses for a particular interim period are not necessarily indicative of full-year results.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Since actual results may differ from those estimates, the Company revises its estimates and assumptions as new information becomes available.

Recently Issued Accounting Guidance

There are no recently issued accounting pronouncements that the Company has not yet adopted which would have a material impact on the Consolidated Financial Statements.

Related Party Transactions

During the thirteen and thirty-nine weeks ended October 29, 2022, the Company paid dividends of \$3.1 million and \$9.2 million, respectively, to LGP as part of the Company's quarterly dividend payments. The Company did not pay any dividends during the first thirty-nine weeks of fiscal 2024.

Note 2—Financing

Long-term debt consisted of the following:

	October 28, 2023	October 29, 2022	January 28, 2023
		(In millions)	
ABL Facility	\$ 406.5	\$ 409.0	\$ 324.0
Term Loan due 2028	661.5	668.3	666.6
FILO Loan	100.0	—	—
Total debt	1,168.0	1,077.3	990.6
Less unamortized discount and debt costs	(13.0)	(8.1)	(7.8)
Total debt, net	1,155.0	1,069.2	982.8
Less current portion of debt	(6.8)	(6.8)	(6.8)
Long-term debt, net	<u>\$ 1,148.2</u>	<u>\$ 1,062.4</u>	<u>\$ 976.0</u>

ABL Facility

On October 21, 2016, the Company entered into a senior secured asset based revolving credit facility (as amended from time to time, the "ABL Facility"), which originally provided for senior secured financing of up to \$400.0 million, subject to a borrowing base, maturing on October 20, 2021. On November 25, 2020, the Company entered into an agreement to amend various terms of the ABL Facility, which provided for senior secured financing of up to \$500.0 million, subject to a borrowing base, maturing on November 25, 2025.

On December 22, 2021, the Company entered into an agreement to amend various terms of the ABL Facility, which provides for senior secured financing of up to \$500.0 million, subject to a borrowing base, maturing on December 22, 2026. No changes were made to the borrowing base formula. The ABL Facility is secured by a first priority security interest in JOANN's inventory, accounts receivable and related assets with a second priority interest in all other assets, excluding real estate. It also continues to be guaranteed by existing and future wholly-owned subsidiaries of JOANN, subject to certain exceptions.

As further described under FILO Loans below, on March 10, 2023, the Company entered into a third amendment to the ABL Facility (the "Third Amendment"). As amended by the Third Amendment, the ABL Facility base rate loans bear an additional margin of 1.00% when average historical excess capacity is less than 33.33% of the maximum credit, 0.75% when average historical excess capacity is greater than 33.33% but less than 66.67% of the maximum credit, and 0.50% when average historical excess capacity is greater than or equal to 66.67% of the maximum credit. Prior to March 10, 2023, under the ABL Facility, the base rate loans bore an additional margin of 0.50% when average historical excess capacity is less than 40.00% of the maximum credit and 0.25% when average historical excess capacity is greater than or equal to 40.00% of the maximum credit.

The Third Amendment also replaced the London Interbank Offered Rate ("LIBOR") as the interest rate benchmark under the credit agreement with the forward-looking term rate based on the Term Secured Overnight Financing Rate ("SOFR") as administered by the Federal Reserve Bank of New York. SOFR loans, previously Eurodollar rate loans, bear an additional margin of 2.00% when average historical excess capacity is less than 33.33% of the maximum credit, 1.75% when average historical excess capacity is greater than 33.33% but less than 66.67% of the maximum credit, and 1.50% when average historical excess capacity is greater than or equal to 66.67% of the maximum credit. Eurodollar rate loans bore an additional margin of 1.50% when average historical excess capacity is less than 40.00% of the maximum credit and 1.25% when average historical excess capacity is greater than or equal to 40.00% of the maximum credit. Unused commitment fees on the ABL Facility are calculated based on a rate of 0.20% per annum. The Company has the option to request an increase in the size of the ABL Facility up to \$150.0 million (for a total facility of \$650.0 million) in increments

of not less than \$20.0 million, provided that no default exists or would arise from the increase. However, the lenders under the ABL Facility are under no obligation to provide any such additional amounts.

As of October 28, 2023, there were \$406.5 million of borrowings on the ABL Facility, and the Company's outstanding letters of credit obligation was \$21.4 million. As of October 28, 2023, the Company's excess availability on the ABL Facility was \$72.1 million. During the third quarter of fiscal 2024, the weighted average interest rate for borrowings under the ABL Facility was 7.65%, compared to 4.28% for the third quarter of fiscal 2023. As of October 29, 2022, the Company had \$409.0 million of borrowings on the ABL Facility, and the Company's outstanding letters of credit obligation was \$16.5 million. As of October 29, 2022, the Company's excess availability on the ABL Facility was \$74.5 million.

FILO Loans

On March 10, 2023 (the "Closing Date"), the Company entered into the Third Amendment to the ABL Facility. The Third Amendment, among other things, adds a series of first-in last-out loans (the "FILO Loans") in an aggregate amount of \$100.0 million, the full amount of which was drawn on the Closing Date and a portion of which proceeds were used, among other things, to refinance a portion of the revolving loans drawn and outstanding under the ABL Facility immediately prior to the Closing Date. The FILO Loans are secured by a subordinate priority security to the ABL Facility interest in JOANN's inventory, accounts receivable and related assets with a second priority interest in all other assets, excluding real estate. The FILO Loans are guaranteed by existing and future wholly-owned subsidiaries of JOANN, subject to certain exceptions.

The FILO Loans and the revolving commitments under the credit agreement (the "Revolving Commitments") mature on December 22, 2026. The FILO Loans will not amortize. The FILO Loans are SOFR loans (as defined in the Third Amendment), that bear monthly interest at an applicable margin of 9.75% with one 100 basis point stepdown based on minimum Consolidated EBITDA (as defined in the Third Amendment), plus a one-month term SOFR rate established at the beginning of each calendar month and is subject to a SOFR floor of 1.50%.

The Third Amendment also amends the credit agreement to (i) include certain trade receivables in the borrowing base, (ii) provide that loans drawn pursuant to the Revolving Commitments may be made at JOANN's election as base rate loans or SOFR loans and (iii) increases the applicable margin for SOFR loans to 2.00% with two twenty-five basis point step-downs based on excess availability. Revolving loans made in SOFR are subject to a credit spread adjustment of 0.10% and a floor of 0.00%.

Other than the changes described above, all other material provisions of the credit agreement remain unchanged and as previously disclosed.

During the third quarter of fiscal 2024, the weighted average interest rate for borrowings under the FILO Loans due 2026 was 15.28%.

Term Loan Due 2028

On July 7, 2021, the Company entered into the Amendment No. 2 ("Amendment No. 2") to the credit agreement, dated as of October 21, 2016. Amendment No. 2, among other things, provided for a new \$675 million incremental first-lien term loan credit facility with a maturity date of July 7, 2028 (the "Term Loan due 2028"). The Term Loan due 2028 was issued at 99.5% of face value and was used to refinance the Company's outstanding first-lien term loan credit facility due 2023, as well as to reduce amounts borrowed under the ABL Facility and pay related fees and expenses. Amendment No. 2 reduced the applicable interest rates for Eurodollar rate loans and base rate loans from 5.00% and 4.00% to 4.75% and 3.75%, respectively, and reduced the LIBOR floor from 1.00% to 0.75%. In May 2023, the Company entered into the Amendment No. 3 ("Amendment No. 3") to the credit agreement. Amendment No. 3 replaced the LIBOR reference rate with SOFR. Other than the changes described above, all other material provisions of the credit agreement remain unchanged. During the third quarter of fiscal 2024, the weighted average interest rate for borrowings under the Term Loan due 2028 was 10.51% compared to 7.69% during the third quarter of fiscal 2023. During the third quarter of fiscal 2024, the first interest rate swap benefit was received. After netting the swap with the term loan interest, the weighted average interest rate for the borrowing under the Term Loan due 2028 was 9.65%.

Covenants

The covenants contained in the credit agreements restrict JOANN's ability to pay dividends or make other distributions; accordingly, any dividends may only be paid in accordance with such covenants. Among other restrictions, the credit agreements permit the public parent company to pay dividends on its common stock in amounts not to exceed the greater of 6% per annum of the net proceeds received by, or contributed to Jo-Ann Stores, LLC from any such public offering of common stock of Jo-Ann Stores, LLC or its direct or indirect parent company, or 7% of Market Capitalization (as defined in the credit agreements). So long as there is no event

of default, the credit agreements also allow dividends in amounts up to \$100 million, which amount can increase if certain other conditions are satisfied, including if JOANN's leverage does not exceed certain thresholds. Additionally, the ABL Facility allows for unlimited dividends, so long as there is no event of default and the Company's excess availability after giving pro forma effect for the thirty-day period immediately preceding such payment shall be greater than (a) the greater of 12.5% of the maximum credit and \$40 million and the consolidated fixed charge coverage ratio shall be greater than or equal to 1.0 to 1.0 or (b) 17.5% of the maximum credit calculated. At October 28, 2023, the Company was in compliance with all covenants under its credit agreements.

For further details on the Company's debt, see Note 2 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended January 28, 2023.

Note 3—Derivative Instruments

The Company is exposed to certain market risks during the normal course of its business arising from adverse changes in interest rates. The Company's exposure to interest rate risk results primarily from its variable-rate borrowings. The Company may selectively use derivative financial instruments to manage the risks from fluctuations in interest rates. The Company does not purchase or hold derivatives for trading or speculative purposes. Fluctuations in interest rates can be volatile, and the Company's risk management activities do not totally eliminate these risks. Consequently, these fluctuations could have a significant effect on the Company's financial results.

Interest Rate Swaps

In August 2021, the Company entered into an interest rate swap agreement with U.S. Bank N.A., which has a \$200 million notional value with an effective date of October 26, 2023 and a maturity date of October 26, 2025. Beginning in January 2024, the Company receives 1-month, 3-month or 6-month LIBOR, at the Company's election, subject to a 0.75% floor, and pays a fixed rate of interest of 1.44% per annum on a quarterly basis. In connection with the execution of the interest rate swap agreement, no cash was exchanged between the Company and the counterparty. In June 2023, an amendment replaced LIBOR as the floating rate option under the swap agreement with the forward-looking term rate based on SOFR. The fair value of the interest rate swap as of October 28, 2023 was \$13.8 million.

In May 2022, the Company entered into a second interest rate swap agreement with U.S. Bank N.A., which has a \$250 million notional value with an effective date of July 26, 2023 and a maturity date of January 26, 2026. Beginning in October 2023, the Company receives 1-month, 3-month or 6-month LIBOR, at the Company's election, subject to a 0.75% floor, and pays a fixed rate of interest of 3.37% per annum on a quarterly basis. In connection with the execution of the interest rate swap agreement, no cash was exchanged between the Company and the counterparty. In June 2023, an amendment replaced LIBOR as the floating rate option under the swap agreement with the forward-looking term rate based on SOFR. The fair value of the interest rate swap as of October 28, 2023 was \$8.6 million.

All of the Company's derivative financial instruments are eligible for netting arrangements that allow the Company and its counterparties to net settle amounts owed to each other. Derivative assets and liabilities that can be net settled under these arrangements have been presented in the Company's Consolidated Balance Sheet on a net basis. As of October 28, 2023, none of the netting arrangements involved collateral. The net fair value of the interest rate swaps as of October 28, 2023 was \$22.4 million.

The Company designated its interest rate swaps as cash flow hedges and structured them to be highly effective. Unrealized gains and losses related to the fair value of the interest rate swaps are recorded to accumulated other comprehensive income (loss), net of tax. In the event of early termination of the interest rate swaps, the Company will receive from or pay to the counterparty the fair value of the interest rate swap agreements, and the unrealized gain or loss outstanding will be recognized in earnings.

The impacts of the Company's derivative instruments on the accompanying Consolidated Statements of Comprehensive Income (Loss) for the thirteen and thirty-nine weeks ended October 28, 2023 and October 29, 2022 are presented in the table below:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
	(In millions)			
Interest rate swap - \$200M notional amount	\$ 1.2	\$ 5.4	\$ 5.3	\$ 7.7
Interest rate swap - \$250M notional amount	0.4	8.5	6.0	5.3
Gain recognized in other comprehensive income (loss), gross of income taxes	\$ 1.6	\$ 13.9	\$ 11.3	\$ 13.0

The components of interest expense, including the amount of gains and losses on derivative instruments and related hedged items, as reported on the Consolidated Statements of Comprehensive Income (Loss) for the thirteen and thirty-nine weeks ended October 28, 2023 and October 29, 2022 are presented in the table below:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
	(In millions)			
Interest expense on debt	\$ 29.8	\$ 18.1	\$ 81.9	\$ 42.5
Interest (income) of derivatives	(1.4)	—	(1.4)	—
Interest expense on debt and derivatives	\$ 28.4	\$ 18.1	\$ 80.5	\$ 42.5

Note 4—Fair Value Measurements

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, a fair value hierarchy has been established that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

The three levels of the fair value hierarchy are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities;

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose significant inputs are observable; and

Level 3 – Unobservable inputs in which there is little or no market data which require the reporting entity to develop its own assumptions.

The valuations of the Company's interest rate derivatives are measured as the present value of all expected future cash flows based on SOFR-based yield curves. The present value calculation uses discount rates that have been adjusted to reflect the credit quality of the Company and its counterparty which is a Level 2 fair value measurement. The carrying and fair value of the Company's interest rate derivatives were as follows:

Instrument	Balance Sheet Location	October 28, 2023		October 29, 2022	
		(In millions)			
Interest rate swaps - current	Prepaid expenses and other current assets	\$ 12.9	\$ 1.0	\$ 12.9	\$ 1.0
Interest rate swaps - long-term	Other assets	\$ 9.5	\$ 14.4	\$ 9.5	\$ 14.4

The fair values of cash and cash equivalents, accounts payable and borrowings on the Company's ABL Facility approximated their carrying values because of the short-term nature of these instruments. If these instruments were measured at fair value in the financial statements, they would be classified as Level 1 in the fair value hierarchy.

Long-term debt is presented at carrying value in the Company's Consolidated Balance Sheets. The fair value of the Company's Term Loan due 2028 was determined based on quoted market prices or recent trades of this debt instrument in less active markets. If the Company's long-term debt was recorded at fair value, it would be classified as Level 2 in the fair value hierarchy. The following provides the carrying and fair value of the Company's Term Loan due 2028 as of October 28, 2023 and October 29, 2022:

	October 28, 2023		October 29, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In millions)			
Term Loan due 2028 (a)	\$ 654.5	\$ 189.8	\$ 660.2	\$ 439.9

(a) Net of deferred financing costs and original issue discount.

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the assets and liabilities are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (e.g., when there is evidence of impairment). The fair values are determined based on either a market approach, an income approach, in which the Company utilizes internal cash flow projections over the life of the underlying assets discounted using a discount rate that is considered to be commensurate with the risk inherent in the Company's current business model, or a combination of both. These measures of fair value and related inputs are considered a Level 3 approach under the fair value hierarchy.

The Company uses the end of the period when determining the timing of transfers between levels. There were no transfers between levels during the periods presented.

Note 5—Goodwill and Other Intangible Assets

The carrying amount of goodwill at October 28, 2023 and October 29, 2022 was as follows:

	October 28, 2023	October 29, 2022
	(In millions)	
Goodwill, gross	\$ 643.8	\$ 643.8
Accumulated impairment	(481.8)	(481.8)
Goodwill, net	<u>\$ 162.0</u>	<u>\$ 162.0</u>

The carrying amount and accumulated amortization of identifiable intangible assets at October 28, 2023 and October 29, 2022 was as follows:

	Estimated Life in Years	October 28, 2023		October 29, 2022	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
		(In millions)			
Indefinite-lived intangible assets:					
JOANN trade name	—	\$ 230.0	\$ —	\$ 325.0	\$ —
Joann.com domain name	—	10.0	—	10.0	—
Intangible assets subject to amortization:					
Creativebug trade name	10	0.1	(0.1)	0.1	(0.1)
Technology	3	5.3	(4.6)	5.3	(1.2)
Customer relationships	16	110.0	(86.7)	110.0	(79.8)
Total intangible assets		<u>\$ 355.4</u>	<u>\$ (91.4)</u>	<u>\$ 450.4</u>	<u>\$ (81.1)</u>

The Company recognized intangible asset amortization of \$2.2 million and \$6.5 million for the thirteen and thirty-nine weeks ended October 28, 2023, respectively. Additionally, the Company recognized impairment of intangible assets, related to Technology, of \$1.7 million during the thirteen and thirty-nine weeks ended October 28, 2023. The Company recognized intangible asset amortization of \$2.1 million and \$6.3 million for the thirteen and thirty-nine weeks ended October 29, 2022, respectively. The weighted average amortization period of amortizable intangible assets as of October 28, 2023 approximated 3.3 years.

Note 6—Income Taxes

Effective Tax Rate

The effective income tax rate for the third quarter of fiscal 2024 was 34.4%, an income tax benefit on a pre-tax book loss, compared to the rate for the third quarter of fiscal 2023, which was 27.1%, also an income tax benefit on a pre-tax book loss. The effective income tax rate for the first thirty-nine weeks of fiscal 2024 was 17.3%, an income tax benefit on a pre-tax book loss, compared to 27.7%, also an income tax benefit on a pre-tax book loss, for the first thirty-nine weeks of fiscal 2023. The effective tax rate increased from the third quarter of fiscal 2023 to the third quarter of fiscal 2024 primarily because the Company, after considering updated information, including the filing of the fiscal 2023 federal income tax return, reduced the forecasted valuation allowance against a significant portion of the deferred tax asset relating to the disallowed interest expense deduction and related carryover under Section 163(j) of the Internal Revenue Code of 1986 ("the Code"), as amended, along with related state law. The decrease in the effective tax rate from the first thirty-nine weeks of fiscal 2023 to the first thirty-nine weeks of fiscal 2024 was primarily because the Company continues to anticipate, beginning with the first quarter of fiscal 2024, the need to record a valuation allowance for the full year against a significant portion of the Company's current year deferred tax asset relating to the future carryover of disallowed interest expense deductions for federal and state

income tax purposes under Section 163(j) of the Code, along with related state law. As the anticipated additional valuation allowance is included in the Company's annual estimated effective tax rate, a portion of the unfavorable valuation allowance impact is included in the net income tax benefit recorded during both the third quarter and first thirty-nine weeks of fiscal 2024.

The effective tax rate is subject to change based on the mix of income from different state jurisdictions, which have different tax rates, as well as the change in status or outcome of uncertain tax positions. The Company evaluates its effective tax rate on a quarterly basis and updates its estimate of the full-year effective rate as necessary.

Reserves for Uncertain Tax Positions

At the end of the third quarter of fiscal 2024, unrecognized tax benefits were \$1.0 million, of which \$0.8 million would affect the effective tax rate, if recognized. The Company records interest and penalties on uncertain tax positions as a component of the income tax provision. The total amount of interest and penalties accrued at the end of the third quarter of both fiscal 2024 and fiscal 2023 was \$0.1 million. Within the next 12 months, it is reasonably possible that uncertain tax positions could be reduced by approximately \$0.1 million resulting from resolution or closure of tax examinations. Any increase in the amount of uncertain tax positions within the next 12 months is expected to be insignificant.

Note 7—Loss Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted-average number of common shares outstanding. Diluted earnings (loss) per share is computed based upon the weighted-average number of common shares outstanding plus the dilutive effect of common share equivalents calculated using the treasury stock method. Treasury stock is excluded from the denominator in calculating both basic and diluted earnings (loss) per share. In periods in which a net loss has occurred, as is the case for fiscal 2024, the dilutive effect of equity-based awards is not recognized and thus not utilized in the calculation of diluted loss per share, because the effect of their inclusion would have been anti-dilutive.

The following table sets forth the reconciliation of the numerator and the denominator of basic and diluted loss per share and the stock-based awards excluded from the calculation of diluted loss per share because their effect would have been antidilutive for the thirteen and thirty-nine weeks ended October 28, 2023 and October 29, 2022:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
	(In millions except per share data)			
Net (loss)	\$ (21.6)	\$ (17.5)	\$ (149.1)	\$ (109.5)
Weighted-average common shares outstanding – basic	42.2	40.8	41.8	40.7
Effect of dilutive stock-based awards	—	—	—	—
Weighted-average common shares outstanding – diluted	42.2	40.8	41.8	40.7
Basic (loss) per common share	\$ (0.51)	\$ (0.43)	\$ (3.57)	\$ (2.69)
Diluted (loss) per common share	\$ (0.51)	\$ (0.43)	\$ (3.57)	\$ (2.69)
Antidilutive stock-based awards excluded from diluted calculation	9.9	4.5	9.2	4.5

Note 8—Segments and Disaggregated Revenue

The Company conducts its business activities and reports financial results as one operating segment and one reportable segment, which includes the Company's store locations and integrated omni-channel operations. Due to its integrated omni-channel strategy, the Company views omni-channel sales as an extension of its physical store locations. The presentation of financial results as one reportable segment is consistent with the way the Company operates its business and is consistent with the manner in which the Chief Operating Decision Maker ("CODM") makes decisions about allocating resources and assessing performance. The role of CODM is performed by the Office of the Chief Executive Officer. Furthermore, the Company notes that monitoring financial results as one reportable segment helps the CODM manage costs on a consolidated basis, consistent with the integrated nature of its operations.

The following table shows revenue by product category:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
	(In millions)			
Sewing	\$ 260.7	\$ 266.5	\$ 706.0	\$ 725.1
Arts and Crafts and Home Décor	273.3	288.5	743.7	774.9
Other	5.8	7.8	22.0	24.1
Total	\$ 539.8	\$ 562.8	\$ 1,471.7	\$ 1,524.1

Note 9—Commitments and Contingencies

The Company is involved in various litigation matters in the ordinary course of its business. The Company is not currently involved in any litigation that it expects, either individually or in the aggregate, will have a material adverse effect on its financial condition or results of operations.

Note 10—Gain on Sale Leaseback

During the third quarter of fiscal 2024, the Company completed a sale and leaseback transaction for its Hudson Facility for a sale price of \$34.5 million. The transaction qualified as a completed sale under the sale leaseback accounting requirements and the Company recorded a gain of \$12.1 million. The cash proceeds from the sale, before income taxes and net of transaction fees, were \$33.2 million. Net after tax proceeds from the sale will be used to invest in assets for the business. The lease related to this transaction is classified as an operating lease and has an initial lease term of 5 years and three 5-year extension options.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

This discussion and analysis should be read in conjunction with the unaudited Consolidated Financial Statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q and the audited Consolidated Financial Statements and the related notes thereto and the Management’s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended January 28, 2023. Some of the information included in this discussion and analysis or set forth elsewhere in this Quarterly Report on Form 10-Q, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should review the “Cautionary Note Regarding Forward-Looking Statements” section in this Quarterly Report on Form 10-Q and the “Summary Risk Factors” and “Risk Factors” sections of our Annual Report on Form 10-K for the fiscal year ended January 28, 2023 for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Our fiscal year ends on the Saturday closest to January 31 and refers to the year in which the period ends (e.g., fiscal 2023 refers to the year ended January 28, 2023). Fiscal years consist of 52 weeks, unless noted otherwise. Fiscal 2024 consists of 53 weeks and ends on February 3, 2024. The fiscal quarters ended October 28, 2023 and October 29, 2022 were both comprised of 13 weeks.

JOANN Overview

JOANN is the nation’s category leader in Sewing, with one of the largest assortments of arts and crafts products. As a well-established and trusted brand for 80 years, we believe we have a deep understanding of our customers, what inspires their creativity and what fuels their incredibly diverse projects. In order to best serve our customers, JOANN has transformed itself into a fully-integrated, digitally-connected omni-channel retailer that provides Creative Products to our customers whenever and however they want.

Highlights for the Thirteen Weeks Ended October 28, 2023

- Net sales decreased 4.1% compared to the third quarter of fiscal 2023, to \$539.8 million, with total comparable sales decreasing 4.1%, which compares to a 8.0% decrease in comparable sales for the same period in the prior fiscal year.
- Gross profit increased 0.4% compared to the third quarter of fiscal 2023, to \$282.1 million, at a rate to net sales of 52.3%, which was a 240 basis point increase compared to the same period in the prior fiscal year.
- Net loss was \$21.6 million in the third quarter of fiscal 2024, compared to net loss of \$17.5 million in the same period in the prior fiscal year.

Total Comparable Sales

Total comparable sales are an important measure throughout the retail industry. This measure allows us to evaluate how our store location base and e-commerce business are performing by measuring the change in period-over-period net sales in store locations that have been open for the applicable period. We define total comparable sales as net sales for store locations that have been open for at least 13 months and have not been relocated, expanded or downsized in the last 13 months. In addition, total comparable sales include our e-commerce sales generated via joann.com (online sales for all products) and creativebug.com (online sales of digital videos for crafting projects). There may be variations in the way in which some of our competitors and other retailers calculate comparable sales. As a result, data in this Quarterly Report on Form 10-Q regarding our total comparable sales may not be comparable to similar data made available by other retailers.

Non-GAAP Financial Measures

Adjusted EBITDA

We present Adjusted EBITDA, which is not a recognized financial measure under GAAP. We present Adjusted EBITDA 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. Management believes Adjusted EBITDA is helpful in highlighting trends in our core operating performance compared to other measures, which can differ significantly depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate and capital investments. We also use Adjusted EBITDA in connection with establishing discretionary annual incentive compensation; supplementing GAAP measures of performance in the evaluation of the effectiveness of our business strategies; making budgeting decisions; and comparing our performance against that of other peer companies using similar measures.

We define Adjusted EBITDA as net income (loss) plus income tax provision (benefit), interest expense, net and depreciation and amortization, 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 other amortization, investment remeasurements, gain on sale leaseback, costs related to strategic initiatives, excess import freight costs, technology development expenses, stock-based compensation expense, gains and losses on disposal and impairment of fixed and operating lease assets, intangible asset impairment, gains and losses from equity method investments, non-recurring employee-related costs and other one-time costs. The excess import freight costs are directly attributable to surging market demand for shipping capacity as economies recovered from the COVID-19 pandemic, as well as actions taken by government and industry leaders designed to protect against further spread of the virus, which disrupted the efficient operation of domestic and international supply chains. These COVID-19 related conditions produced an imbalance of ocean freight capacity and related demand, as well as port congestion and other supply chain disruptions that added significant cost to our procurement of imported merchandise. These excess import freight costs included significantly higher rates paid per container to ocean carriers, as well as fees paid due to congested ports that we did not normally incur. In a normative operating environment, we would procure 70% to 80% of our needs for ocean freight under negotiated contract rates, with the balance procured in a brokered market, typically at no more than a 10% to 15% premium to our contract rates. Accordingly, we established a baseline cost (“standard cost”) assuming those contract capacities, established rates and typical premium in the brokered market for peak volume needs not covered under our contracts. The amount of excess import freight costs included as an adjustment to arrive at Adjusted EBITDA is calculated by subtracting, from our actual import freight costs, our standard cost for the applicable period. Negotiation of our current contract rates was finalized in the second quarter of fiscal 2023. We have been experiencing declines in overall ocean freight rates and a reduction in other fees associated with port congestion, which has positively impacted our cash payments and Adjusted EBITDA. We are identifying these COVID-19 related excess import freight costs as a separate line item in the table below due to their magnitude and to distinguish them from other COVID-19 related costs we have previously excluded in calculating Adjusted EBITDA.

Adjusted EBITDA has its limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations include:

- Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in our cash requirements for our working capital needs;
- Adjusted EBITDA does not reflect the interest expense and the cash requirements necessary to service interest or principal payments on our debt;
- Adjusted EBITDA does not reflect cash requirements for replacement of assets that are being depreciated and amortized;
- Adjusted EBITDA does not reflect non-cash compensation, which is a key element of our overall long-term incentive compensation;
- Adjusted EBITDA does not reflect the impact of certain cash charges or cash receipts resulting from matters we do not find indicative of our ongoing operations; and
- Adjusted EBITDA may be calculated differently by other companies in our industry, such that its usefulness may be limited as a comparative measure.

We compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA only as supplemental information.

The following is a reconciliation of our net (loss) to Adjusted EBITDA for the periods presented:

(In millions)	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
Net (loss)	\$ (21.6)	\$ (17.5)	\$ (149.1)	\$ (109.5)
Income tax (benefit)	(10.9)	(6.5)	(30.2)	(41.9)
Interest expense, net	28.4	18.1	80.5	42.5
Depreciation and amortization	22.4	19.9	61.6	59.9
Other amortization (1)	1.9	0.4	3.6	1.2
Investment remeasurement (2)	—	(2.0)	—	(1.0)
Gain on sale leaseback (3)	(12.1)	—	(12.1)	—
Strategic initiatives (4)	6.5	0.9	16.4	4.6
Excess import freight costs (5)	—	18.5	4.2	74.5
Technology development expense (6)	2.0	2.0	5.6	7.0
Stock-based compensation expense	(0.2)	3.9	6.6	6.1
Loss on disposal and impairment of fixed and operating lease assets	9.3	—	12.7	1.1
Intangible asset impairment (7)	1.7	—	1.7	—
Loss from equity method investments	0.8	—	4.5	—
Non-recurring employee-related costs (8)	7.2	0.9	10.7	1.7
Other (9)	2.1	1.6	2.4	3.7
Adjusted EBITDA	<u>\$ 37.5</u>	<u>\$ 40.2</u>	<u>\$ 19.1</u>	<u>\$ 49.9</u>

- (1) "Other amortization" represents amortization of content and capitalized cloud-based system implementation costs.
- (2) "Investment remeasurement" represents net gains and losses associated with our equity investments without readily determinable fair values.
- (3) "Gain on sale leaseback" represents the gain attributable to the sale leaseback of our facility in Hudson, Ohio.
- (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.
- (5) "Excess import freight costs" represents excess inbound freight costs (compared to our standard costs based on recently negotiated carrier rates) due to increased freight rates, in particular the significant transitory impact of constrained ocean freight capacity and incremental domestic transportation costs incurred due to unprecedented congestion in U.S. ports arising from surging market demand for shipping capacity as economies recovered from the COVID-19 pandemic. Refer to "Non-GAAP Financial Measures" for more information.
- (6) "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.
- (7) "Intangible asset impairment" represents impairment charges on our technology intangible asset, which resulted from an analysis of the asset during the third quarter of fiscal 2024.
- (8) "Non-recurring employee-related costs" represents the one-time impact of employee severance, employee recruitment and employee transition costs.
- (9) "Other" represents the one-time impact of certain legal matters and other asset disposals and impairments.

Results of Operations

The following tables summarize key components of our results of operations for the periods indicated. The following discussion should be read in conjunction with our Consolidated Financial Statements and related notes.

Consolidated Income Data:

(In millions)	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
Net sales	\$ 539.8	\$ 562.8	\$ 1,471.7	\$ 1,524.1
Gross profit	282.1	281.0	763.1	736.6
SG&A expenses	273.4	269.0	806.2	786.6
Operating (loss)	(15.4)	(7.9)	(106.4)	(109.9)
Net (loss)	(21.6)	(17.5)	(149.1)	(109.5)

Other Operational Data:

(In millions)	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
Total (decrease) in comparable sales vs. prior year	(4.1)%	(8.0)%	(3.5)%	(9.2)%
Gross margin	52.3%	49.9%	51.9%	48.3%
SG&A expenses as a % of net sales	50.6%	47.8%	54.8%	51.6%
Operating (loss) as a % of net sales	(2.9)%	(1.4)%	(7.2)%	(7.2)%
Adjusted EBITDA (1)	\$ 37.5	\$ 40.2	\$ 19.1	\$ 49.9
Adjusted EBITDA as a % of net sales	6.9%	7.1%	1.3%	3.3%
Total store location count at end of period	829	840	829	840

(1) See “Non-GAAP Financial Measures” for a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net (loss).

Comparison of the Thirteen Weeks ended October 28, 2023 and October 29, 2022

Net Sales

Net sales were \$539.8 million for the thirteen weeks ended October 28, 2023, a decrease of \$23.0 million or 4.1% compared to the same period in fiscal 2023. Total comparable sales for the thirteen weeks ended October 28, 2023 decreased 4.1% compared with a total comparable sales decrease of 8.0% in the same period in fiscal 2023. The total comparable sales decline was driven by a decrease in average ticket and transaction volume. On a category basis, net sales declines were most pronounced in our non-Halloween seasonal and craft technology businesses. Declines in our non-Halloween seasonal businesses were driven by strategic inventory receipt pullbacks in higher risk categories. In addition, the pull forward and earlier set of Halloween merchandise in the second quarter had an adverse timing impact on third quarter sales results. These unfavorable drivers were partially offset by positive results in our needle arts, fleece, and sewing technology businesses.

Gross Profit

Gross profit was \$282.1 million for the thirteen weeks ended October 28, 2023, an increase of \$1.1 million or 0.4% compared to the same period in fiscal 2023. Gross margin was 52.3% for the thirteen weeks ended October 28, 2023, an increase of 240 basis points compared to the same period in fiscal 2023. The increase in gross margin was primarily driven by declining carrier and fuel rates, both domestic and import, favorable product category mix due to strength in our core Sewing categories, and improved clearance activity. These favorable drivers were partially offset by the flowthrough of inflationary product cost increases, lower overall pricing driven by actions taken to optimize and rightsize average unit retail levels, increased shipping costs associated with growth in our e-commerce business and lower vendor allowances.

Selling, General and Administrative Expenses

SG&A expenses were \$273.4 million for the thirteen weeks ended October 28, 2023, an increase of \$4.4 million or 1.6% compared to the same period in fiscal 2023. This increase was primarily driven by severance and other up-front costs to implement our cost

reduction initiatives and asset impairment and disposal expenses, which we do not expect to continue at the same rate in future periods. Additionally, there were increases due to inflationary pressures on labor and other costs as well as increased general insurance and medical benefit expenses. These increases were partially offset by improved operating efficiencies, including savings generated through our new store labor operating model as well as optimized corporate headcount, favorable incentive and stock-based compensation activity, and lower store pre-opening and closing costs due to fewer store projects.

As a percentage of net sales, SG&A expenses for the thirteen weeks ended October 28, 2023 were 50.6%, an increase of 280 basis points compared to the same period in fiscal 2023. The increase as a percentage of sales was primarily driven by the factors described above, as well as the 4.1% decrease in net sales in the third quarter of fiscal 2024 compared to the third quarter of fiscal 2023.

Interest Expense

Interest expense for the thirteen weeks ended October 28, 2023 was \$28.4 million, an increase of \$10.3 million compared to the same period in fiscal 2023. The increase in interest expense was primarily due to higher interest rates, as well as a higher average debt level during the third quarter of fiscal 2024 compared to the same period in fiscal 2023. The average debt level in the thirteen weeks ended October 28, 2023 was \$1,144.6 million compared to \$1,071.2 million in the thirteen weeks ended October 29, 2022. The weighted average interest rate, net of hedging instruments was 9.47% for the thirteen weeks ended October 28, 2023. The weighted average interest rate, excluding hedging instruments, was 9.97% and 6.41% for the thirteen weeks ended October 28, 2023 and October 29, 2022, respectively.

We had \$1,168.0 million of debt outstanding (face value) as of October 28, 2023, compared to \$1,077.3 million as of October 29, 2022.

Income Taxes

The effective income tax rate for the third quarter of fiscal 2024 was 34.4%, an income tax benefit on a pre-tax book loss, compared to the rate for the third quarter of fiscal 2023, which was 27.1%, also an income tax benefit on a pre-tax book loss. The effective tax rate increased from the third quarter of fiscal 2023 to the third quarter of fiscal 2024 primarily because the Company, after considering updated information, including the filing of the fiscal 2023 federal income tax return, reduced the forecasted valuation allowance against a significant portion of the deferred tax asset relating to the disallowed interest expense deduction and related carryover under Section 163(j) of the Code, along with related state law. As the anticipated valuation allowance is included in the Company's annual estimated effective tax rate, a portion of the unfavorable valuation allowance impact is included in the net income tax benefit recorded during the third quarter of fiscal 2024.

Net Loss

Net loss was \$21.6 million for the thirteen weeks ended October 28, 2023, compared to net loss of \$17.5 million during the same period in fiscal 2023. The increase in net loss was driven by the factors described above.

Adjusted EBITDA

Adjusted EBITDA (as defined above) was \$37.5 million for the thirteen weeks ended October 28, 2023 compared to \$40.2 million for the same period in fiscal 2023. The decrease was driven by the factors described above.

Comparison of the Thirty-Nine Weeks ended October 28, 2023 and October 29, 2022

Net Sales

Net sales were \$1,471.7 million for the thirty-nine weeks ended October 28, 2023, a decline of \$52.4 million or 3.4% compared to the same period in fiscal 2023. Total comparable sales for the thirty-nine weeks ended October 28, 2023 decreased 3.5% compared with a total comparable sales decrease of 9.2% in the same period in fiscal 2023. The total comparable sales decline was driven by a decrease in average ticket and transaction volume. On a category basis, net sales declines were most pronounced in our non-Halloween seasonal and craft technology businesses. Declines in our non-Halloween seasonal businesses were driven by strategic inventory receipt pullbacks in higher risk categories. These unfavorable drivers were partially offset by positive results in our needle arts, fleece, and Halloween merchandise businesses.

Gross Profit

Gross profit was \$763.1 million for the thirty-nine weeks ended October 28, 2023, an increase of \$26.5 million or 3.6% compared to the same period in fiscal 2023. Gross margin was 51.9% for the thirty-nine weeks ended October 28, 2023, an increase of 360 basis points compared to the same period in fiscal 2023. The increase in gross margin was primarily driven by declining carrier and fuel rates, both domestic and import, as well as favorable product category mix due to strength in our core Sewing categories. These favorable drivers were partially offset by the flowthrough of inflationary product cost increases.

Selling, General and Administrative Expenses

SG&A expenses were \$806.2 million for the thirty-nine weeks ended October 28, 2023, an increase of \$19.6 million or 2.5% compared to the same period in fiscal 2023. This increase was primarily driven by severance and other up-front costs to implement our cost reduction initiatives, inflationary pressures on labor and other costs, asset impairment and disposal expenses, increased general insurance expenses, and higher incentive and stock-based compensation costs. These increases were partially offset by improved operating efficiencies, including savings generated through our new store labor operating model as well as optimized corporate headcount and marketing spend, lower store pre-opening and closing costs due to fewer store projects, and lower medical benefit costs.

As a percentage of net sales, SG&A expenses for the thirty-nine weeks ended October 28, 2023, were 54.8%, an increase of 320 basis points compared to the same period in fiscal 2023. This increase was driven by the factors listed above as well as the 3.4% decrease in net sales in the first thirty-nine weeks of fiscal 2024 compared to the same period in fiscal 2023.

Interest Expense

Interest expense for the thirty-nine weeks ended October 28, 2023 was \$80.5 million, an increase of \$38.0 million compared to the same period in fiscal 2023. The increase was due to higher interest rates, as well as higher average debt levels during the first thirty-nine weeks of fiscal 2024. The average debt level in the thirty-nine weeks ended October 28, 2023 was \$1,094.1 million compared to \$981.5 million in the thirty-nine weeks ended October 29, 2022. The weighted average interest rate, net of hedging instruments was 9.34% for the thirty-nine weeks ended October 28, 2023. The weighted average interest rate, excluding hedging instruments, was 9.52% and 5.40% for the thirty-nine weeks ended October 28, 2023 and October 29, 2022, respectively.

We had \$1,168.0 million of debt outstanding (face value) as of October 28, 2023 compared to \$1,077.3 million as of October 29, 2022.

Income Taxes

The effective income tax rate for the first thirty-nine weeks of fiscal 2024 was 17.3%, which was an income tax benefit on a pre-tax book loss, compared to 27.7% for the first thirty-nine weeks of fiscal 2023, also an income tax benefit on a pre-tax book loss. The effective tax rate decreased from the first thirty-nine weeks of fiscal 2023 to the first thirty-nine weeks of fiscal 2024 because the Company continues to anticipate, beginning with the first quarter of fiscal 2024, the need to record a valuation allowance for the full year against a significant portion of the Company's current year deferred tax asset relating to the future carryover of disallowed interest expense deductions for federal and state income tax purposes under Section 163(j) of the Code, along with related state law. As the anticipated additional valuation allowance is included in the Company's annual estimated effective tax rate, a portion of the unfavorable valuation allowance impact is included in the net income tax benefit recorded during the first thirty-nine weeks of fiscal 2024.

Net Loss

Net loss was \$149.1 million for the thirty-nine weeks ended October 28, 2023, an increase of \$39.6 million compared to the same period in fiscal 2023. The increase in net loss was driven by the factors described above.

Adjusted EBITDA

Adjusted EBITDA (as defined above) decreased 61.7% to \$19.1 million or 1.3% of net sales for the thirty-nine weeks ended October 28, 2023 compared to \$49.9 million or 3.3% of net sales for the same period in fiscal 2023. Our decrease in Adjusted EBITDA of \$30.8 million and decline of Adjusted EBITDA as a percentage of net sales of 200 basis points was driven primarily by lower total comparable sales in addition to an increase in our SG&A expenses.

Liquidity and Capital Resources

We have three principal sources of liquidity: cash and cash equivalents on hand, cash from operations and available borrowings under our ABL Facility. In addition, we may seek to obtain alternative sources of financing and working capital, including, among other sources, through the issuance of equity, incurrence of debt, utilization of trade credit, sale of assets or securitization of receivables. Any issuance of equity or debt may be for cash or in exchange for our outstanding securities or indebtedness. We believe that our cash and cash equivalents on hand, cash from operations and availability under our ABL Facility will be sufficient to cover our anticipated working capital, capital expenditure and debt service requirement needs for the next twelve months. However, we may be required to obtain additional financing in the future, and subject to market conditions, we may from time to time seek to amend, refinance, restructure or repurchase our outstanding indebtedness and/or raise additional equity financing. Any debt we incur in the future may have terms (including cash interest rate, financial covenants, and covenants limiting our operating flexibility or ability to obtain additional financings) that are not favorable to us, and any such additional equity financing may dilute the economic and/or voting interests of our existing stockholders, may be preferred in right of payment to our outstanding common stock or confer other privileges to the holders, and may contain financial or operational covenants that restrict our operating flexibility or ability to obtain additional financings. Furthermore, our failure to obtain any necessary financing could have a material and adverse effect on our results of operations, cash flows, financial condition and liquidity. See Part II, Item 1A “Risk Factors” of this Quarterly Report on Form 10-Q set forth below. As of October 28, 2023, we were in compliance with all covenants under our debt facilities.

For the four quarters ended October 28, 2023, our ratio of consolidated net debt to Credit Facility Adjusted EBITDA, which is calculated in accordance with our credit facilities, was 5.68 to 1.0, and our ratio of consolidated senior secured net debt to Credit Facility Adjusted EBITDA was 5.68 to 1.0. We reference our ratio of consolidated net debt to Credit Facility Adjusted EBITDA and our ratio of consolidated senior secured net debt to Credit Facility Adjusted EBITDA because such ratios are calculated in accordance with our credit facilities and used to determine our compliance with certain covenants in our credit facilities, tested each quarter on the basis of the preceding four quarters. For example, we are permitted to prepay debt and make distributions on account of equity up to a certain amount under our Term Loan due 2028 if our ratio of consolidated net debt to Credit Facility Adjusted EBITDA for the prior four quarters as of the quarterly test is not greater than 4.90 to 1.0 and our ratio of consolidated senior secured net debt to Credit Facility Adjusted EBITDA for such period is not greater than 3.60 to 1.0. Additionally, our ratio of consolidated senior secured net debt to Credit Facility Adjusted EBITDA is measured once per year following the completion of our annual Consolidated Financial Statements and determines what percentage of our excess cash flow (as defined in our Term Loan due 2028) we are required to apply for the repayment of principal on our Term Loan due 2028, ranging from 50% of excess cash flow for ratios in excess of 2.50x to 0% of excess cash flow for ratios of less than 2.00x. Accordingly, we believe that our ratio of consolidated net debt to Credit Facility Adjusted EBITDA and our ratio of consolidated senior secured net debt to Credit Facility Adjusted EBITDA are material to an investor’s understanding of our financial condition and liquidity.

Our capital requirements are primarily for capital expenditures in connection with new store location openings, store location remodels, investments in information technology, investments in distribution centers and working capital requirements for seasonal inventory build. These requirements fluctuate during the year and reach their highest levels during the second and third fiscal quarters as we increase our inventory in preparation for our peak selling season during the months of September through December and complete most of our capital spending projects.

The following table provides a summary of our cash provided by (used for) operating, investing and financing activities for the thirty-nine weeks ended October 28, 2023 and October 29, 2022:

(In millions)	Thirty-Nine Weeks Ended	
	October 28, 2023	October 29, 2022
Net cash (used for) operating activities	\$ (150.9)	\$ (173.6)
Net cash (used for) investing activities	(4.5)	(84.7)
Net cash provided by financing activities	163.5	263.4
Effect of exchange rate changes on cash	—	(0.1)
Net increase in cash and cash equivalents	\$ 8.1	\$ 5.0

Net Cash Used for Operating Activities

Net cash used for operating activities was \$150.9 million in the thirty-nine weeks ended October 28, 2023, compared to \$173.6 million of net cash used for operating activities in the thirty-nine weeks ended October 29, 2022. The decrease in net cash used for operating activities was primarily due to declining carrier and fuel rates, both domestic and import, strategic inventory receipt reductions and the timing of vendor payments, partially offset by our total comparable sales decline.

Net Cash Used for Investing Activities

Cash used for investing activities in the first thirty-nine weeks of fiscal 2024 and 2023 consisted primarily of capital expenditures, the majority of which were focused on strategic initiatives including: new store location and fiscal 2023 distribution center openings, store location remodels and refreshes, and information technology investments, particularly those supporting our e-commerce and omni-channel platforms and other customer facing systems. We also incurred capital outlays for equipment and facility investments in our distribution centers, store locations, and corporate offices.

Capital expenditures for the thirty-nine weeks ended October 28, 2023 and October 29, 2022 are summarized as follows:

(In millions)	Thirty-Nine Weeks Ended	
	October 28, 2023	October 29, 2022
Store locations	\$ 29.8	\$ 67.5
Distribution centers	3.6	3.6
Information technology	2.5	8.5
Other	0.2	0.8
Total capital expenditures	36.1	80.4
Landlord contributions	(9.7)	(13.8)
Total capital expenditures, net of landlord contributions	\$ 26.4	\$ 66.6

During the first thirty-nine weeks of fiscal 2023, we purchased the remaining outstanding stock of WeaveUp for \$4.3 million. We had no such activity during the first thirty-nine weeks of fiscal 2024.

Net Cash Provided by Financing Activities

Net cash provided by financing activities was \$163.5 million during the thirty-nine weeks ended October 28, 2023 compared with \$263.4 million of net cash provided by financing activities in the same period in fiscal 2023.

Net cash provided by financing activities for the first thirty-nine weeks of fiscal 2024 was the result of net proceeds from our FILO Loans and borrowings on our ABL Facility. This inflow of cash was partially offset by principal payments on finance lease obligations and our Term Loan Due 2028. As of October 28, 2023, we had the ability to borrow an additional \$72.1 million under the ABL Facility subject to the facility's borrowing base calculation.

Net cash provided by financing activities for the first thirty-nine weeks of fiscal 2023 was the result of net borrowings on our ABL Facility. This inflow of cash was partially offset by dividend payments as well as principal payments on finance lease obligations and our Term Loan Due 2028.

Off-Balance Sheet Transactions

Our liquidity is currently not dependent on the use of off-balance sheet transactions other than letters of credit, which are typical in a retail environment.

Seasonality

Our business exhibits seasonality, which is typical for most retail companies. Our net sales are stronger in the second half of the year than the first half of the year. Net income is highest during the months of September through December, which aligns with our peak selling season. Working capital needed to finance our operations fluctuates during the year and reaches its highest levels during the second and third fiscal quarters as we increase our inventory in preparation for our peak selling season.

Critical Accounting Policies and Estimates

Accounting policies and estimates are considered critical when they require management to make subjective and complex judgments, estimates and assumptions about matters that have a material impact on the presentation of our financial statements and accompanying notes. For a description of our critical accounting policies and estimates, see Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates" in our Annual Report on Form 10-K for the fiscal year ended January 28, 2023.

Goodwill and Other Indefinite Lived Intangible Assets

During the fiscal year ended January 28, 2023, we performed a quantitative impairment analysis of the indefinite lived intangible assets, as well as goodwill related to the JOANN reporting unit. For information related to the results of these assessments, see Part II, Item 8 "Notes to Consolidated Financial Statements, Note 8—Goodwill and Other Intangible Assets" in our Annual Report on Form 10-K for the fiscal year ended January 28, 2023. During the quarter ended October 28, 2023, we performed an evaluation of events occurring during the interim period and noted that no specific negative events occurred that would be considered a triggering event for goodwill or intangible asset impairment testing. However, given the inherent uncertainties resulting from global macroeconomic conditions, actual results may differ from management's current estimates and could have an adverse impact on one or more of the assumptions used in our quantitative model prepared for the reporting unit, which could result in impairment charges in subsequent periods, particularly since the previously performed quantitative assessment estimated that the fair value of the reporting unit exceeded the carrying value by approximately \$103.0 million, or 10.1%. Additionally, a mutually exclusive increase in the assumed discount rate by approximately 120 basis points, or a decrease in gross margin by approximately 50 basis points, or a 50 basis point increase in selling, general, and administrative as a percentage of revenue could require us to record impairment charges to goodwill. Lastly, if our operating results deteriorate or there is a meaningful increase in our discount rate, an impairment charge, on our JOANN trade name, could be recognized in future periods. Management intends to continue to assess triggering events that may necessitate additional qualitative or quantitative analyses in future periods. If we were to have impairment, it could have a material adverse effect on our consolidated statements of operations and balance sheets in the reporting period of the charge. For further information, see Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations—Goodwill and Other Indefinite Lived Intangible Assets" in our Annual Report on Form 10-K for the fiscal year ended January 28, 2023.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

See Part II, Item 7A “Quantitative and Qualitative Disclosures About Market Risk” in our Annual Report on Form 10-K for the fiscal year ended January 28, 2023. During the thirty-nine weeks ended October 28, 2023, there have been no material changes in our exposure to market risk.

Item 4. Controls and Procedures.***Evaluation of Disclosure Controls and Procedures***

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to management, including our principal executive officer and Chief Financial Officer, to allow timely decisions regarding required disclosures.

In connection with the preparation of this report, management, under the supervision and with the participation of the principal executive officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of October 28, 2023. Based on that evaluation, our principal executive officer and Chief Financial Officer have concluded that, as of October 28, 2023, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no material changes in our internal control over financial reporting that occurred during the thirty-nine weeks ended October 28, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

The information required to be set forth under this heading is incorporated by reference from Note 9, Commitments and Contingencies, to the Consolidated Financial Statements included in Part I, Item 1.

Item 1A. Risk Factors.

Except as set forth below, there have been no material changes from the risk factors disclosed in Part I, Item 1A “Risk Factors” in our Annual Report on Form 10-K for the year ended January 28, 2023 and Part I, Item 1A “Risk Factors” in our Quarterly Report on Form 10-Q for the quarterly period ended July 29, 2023.

We may require additional capital to meet our financial obligations and support business growth, and this capital may not be available on acceptable terms or at all.

Based on our current plans and market conditions, we believe that our cash and cash equivalents on hand, cash flows generated from our operations and borrowing capacity under our credit facilities will be sufficient to satisfy our anticipated working capital, capital expenditure and debt service requirement needs for the next twelve months. However, we may be required to obtain additional financing in the future to address our liquidity needs, and subject to market conditions, we may from time to time seek to amend, refinance, restructure or repurchase our outstanding debt and/or raise additional equity financing to support our business and may require additional funds to respond to business challenges. If we raise additional funds through future issuances of equity, convertible debt or other equity-linked securities such as warrants, our existing shareholders could suffer significant dilution, and any new equity or equity-linked securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. In addition, any debt financing we secure in the future could require an increase in our aggregate interest expense and include restrictive financial or operational covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. We may not be able to obtain additional debt or equity financing on terms favorable to us or at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business and to respond to business challenges could be significantly impaired, and our business may be harmed. Furthermore, our failure to obtain any necessary financing could have a material and adverse effect on our results of operations, cash flows, financial condition and liquidity.

We are not currently in compliance with Nasdaq’s continued listing requirements. If we are unable to comply with Nasdaq’s continued listing requirements, our common stock could be delisted, which could adversely affect the price of our common stock, reduce our ability to raise additional capital and make it more difficult for holders of our common stock to sell their shares.

Our common stock is currently listed on the Nasdaq Global Market. The Nasdaq Stock Market LLC (“Nasdaq”) has established certain quantitative criteria and qualitative standards that companies must meet to remain listed for trading on Nasdaq, and we are therefore subject to Nasdaq’s continued listing requirements, including requirements with respect to the market value of publicly-held shares, market value of listed shares, minimum bid price per share, and minimum stockholder’s equity, among others.

On July 20, 2023, the Company received a written notice (the “Market Value Notice”) from the Listing Qualifications Department of Nasdaq that the Company is not in compliance with the requirement to maintain a minimum market value of listed securities of at least \$50 million (the “Market Value Standard”), because the market value of the Company’s common stock was less than \$50 million for 30 consecutive business days. Also on July 20, 2023, the Company received a second written notice (the “Publicly Held Market Value Notice”) from the Listing Qualifications Department of Nasdaq that the Company is not in compliance with the requirement to maintain a minimum market value of publicly held listed securities of at least \$15 million (the “Publicly Held Market Value Standard”), because the market value of the publicly held shares of the Company’s common stock was less than \$15 million for 30 consecutive business days. Such notices provided that the Company has a period of 180 calendar days, or until January 16, 2024, to regain compliance under the Market Value Standard and the Publicly Held Market Value Standard, respectively. In addition, on October 19, 2023, the Company received a written notice (the “Bid Price Notice” and, collectively with the Market Value Notice and the Publicly Held Market Value Notice, the “Notices”) from the Listing Qualifications Department of Nasdaq that the Company is not in compliance with the requirement to maintain a minimum closing bid price of \$1.00 per share (the “Bid Price Requirement”), because the closing bid price of the Company’s common stock was below \$1.00 per share for 30 consecutive business days. The Bid Price Notice provided that the Company has a period of 180 calendar days, or until April 16, 2024, to regain compliance under the Bid Price Requirement. The Notices do not impact the listing of the common stock on The Nasdaq Global Market at this time.

If the Company fails to regain and maintain compliance with Nasdaq's continued listing standards, our common stock will be subject to delisting from Nasdaq. The Company may, if appropriate, and if otherwise eligible to transfer, apply for a transfer to The Nasdaq Capital Market. While the Company is exercising diligent efforts to maintain the listing of the Company's common stock on the Nasdaq Global Market, there can be no assurance that the Company will be able to regain and maintain compliance with the continued listing standards of the Nasdaq Global Market, be eligible to transfer to the Nasdaq Capital Market, or maintain compliance with the continued listing standards of the Nasdaq Capital Market. Any delisting of our common stock from Nasdaq could adversely affect the price of our common stock, reduce our ability to raise additional capital and make it more difficult for holders of our common stock to sell their shares. Furthermore, if our common stock were delisted from Nasdaq it could adversely affect our reputation and our ability to attract and retain employees by means of equity compensation and/or result in the loss of confidence by investors.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

During the Company's fiscal quarter ended October 28, 2023, no director or officer (as defined in Rule 16a-1(f) promulgated under the Exchange Act) of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as each term is defined in Item 408 of Regulation S-K).

Item 6. Exhibits.

Exhibit Number	Description
10.1#*	Form of Stock Option Grant Notice and Award Agreement under the JOANN Inc. 2021 Equity Incentive Plan (Amended and Restated Effective February 27, 2023) (starting September 2023).
10.2#*	Form of Restricted Stock Unit Grant Notice and Award Agreement (employees) under the JOANN Inc. 2021 Equity Incentive Plan (Amended and Restated Effective February 27, 2023) (starting September 2023).
10.3#*	General Release, dated September 13, 2023, by and between JOANN Inc. and Thomas Dryer.
10.4#*	Separation Agreement and Release, dated September 15, 2023, by and between JOANN Inc. and Janet Duliga.
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

** Furnished herewith.

Management contract or compensatory plan or arrangement

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

JOANN Inc.
Registrant

Date: December 5, 2023

By: /s/ Scott Sekella

Scott Sekella

Executive Vice President, Chief Financial Officer and Member,
Interim Office of the Chief Executive Officer
(principal financial officer)

JOANN INC.

**2021 EQUITY INCENTIVE PLAN
(Amended and Restated Effective February 27, 2023)**

STOCK OPTION GRANT NOTICE

Capitalized terms not specifically defined in this Stock Option Grant Notice (the “Grant Notice”) have the meanings given to them in the JOANN Inc. 2021 Equity Incentive Plan (amended and restated effective February 27, 2023, the “Plan”) of JOANN Inc. (the “Company”). The Company hereby grants to the participant listed below (“Participant”) the stock option described in this Grant Notice (the “Option”), subject to the terms and conditions of the Plan and the Stock Option Agreement attached hereto as Exhibit A (the “Agreement”), both of which are incorporated into this Grant Notice by reference.

Participant: [NAME]

Grant Date: [DATE]

Exercise Price per Share: [PRICE]

Shares Subject to the Option: [NUMBER]

Final Expiration Date: [DATE]

Vesting Commencement Date: [DATE]

Vesting Schedule: [Subject to the Participant’s continued status as an Employee, Consultant or Non-Employee Director, the Option shall vest and become exercisable with respect to twenty-five percent (25%) of the Shares subject thereto (rounded down to the next whole number of Shares) on each of the first four (4) anniversaries of the Vesting Commencement Date, so that all of the Shares shall be vested on the fourth anniversary of the Vesting Commencement Date.][OTHER VESTING SCHEDULE PER GRANT]

Type of Option Incentive Stock Option Non-Qualified Stock Option

By Participant’s signature below or electronic acceptance or authentication in a form authorized by the Company, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or relating to the Option.

JOANN INC.

PARTICIPANT

By:
Print Name:
Title:

By:
Print Name:

EXHIBIT A

STOCK OPTION AGREEMENT

ARTICLE I. GENERAL

Section 1.1 Incorporation of Terms of Plan. The Option is subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

Section 1.2 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice. For purposes of this Agreement,

(a) “Cause” shall mean a Participating Company having “Cause” to terminate the Participant’s employment as defined in any employment or severance agreement between the Participant and a Participating Company; provided that, in the absence of an agreement containing such a definition, a Participating Company shall have “Cause” to terminate the Participant’s employment upon: (i) the willful and continued failure by the Participant to substantially perform his or her normal duties (other than any such failure resulting from the Participant’s illness or injury), after a written demand for substantial performance is delivered to the Participant that specifically identifies the manner in which the Administrator believes that the Participant has not substantially performed his or her duties, and the Participant has failed to remedy the situation within thirty (30) business days of receiving such notice; (ii) the Participant’s conviction for committing an act of fraud, embezzlement, theft, or other criminal act constituting a felony; or (iii) the willful engaging by the Participant in gross negligence materially and demonstrably injurious to the Participating Companies; (iv) the Participant’s material failure to abide by a Participating Company’s code of conduct or other policies (including, without limitation, policies relating to harassment, discrimination and reasonable workplace conduct); or (v) any material breach by the Participant of any employment or service agreement between the Participant and a Participating Company, which breach is not cured pursuant to the terms of such agreement. However, no act, or failure to act on the Participant’s part shall be considered “willful” unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that his or her action or omission was not in or not opposed to the best interest of the Company.

(b) “Cessation Date” shall mean the date of Participant’s Termination of Service (regardless of the reason for such termination).

(c) “CIC Qualifying Termination” shall mean Termination of Service of Participant by any Participating Company without Cause or by Participant for Good Reason during the twelve (12) month period immediately following a Change in Control.

(d) “Good Reason” shall mean a Participant having “Good Reason” to terminate the Participant’s employment as defined in any employment or severance agreement between the Participant and a Participating Company; provided that, in the absence of an agreement containing such a definition, a Participant shall have “Good Reason” to terminate the Participant’s employment upon, on or after a Change in Control, (i) any material adverse change by the Participating Companies in Participant’s job title, duties, responsibility or authority; (ii) failure by the Participating Companies to pay Participant any amount of Participant’s annual base salary or bonus when due; (iii) any material diminution of Participant’s annual base salary (other than such a material diminution that is applied on a substantially

comparable basis to similarly-situated employees of the Participating Companies); (iv) any material reduction in Participant's short-term incentive compensation opportunities; (v) the termination or denial of Participant's right to participate in material employment related benefits that are offered to similarly-situated employees of the Participating Companies; (vi) the movement of Participant's principal location of work to a new location that is in excess of 50 miles from Participant's principal location of work as of the date hereof without Participant's consent; or (vii) failure by the Company to require any successor to assume and agree to perform the Company's obligations under this any employment or severance agreement with the Participant; provided that none of the events described in this definition of Good Reason shall constitute Good Reason unless Participant notifies the Company in writing of the event that is purported to constitute Good Reason (which notice is provided not later than the 30th day following the occurrence of the event purported to constitute Good Reason) and then only if the Company fails to cure such event within 30 days after the Company's receipt of such written notice.

(e) "Participating Company" shall mean the Company or any of its parents or Subsidiaries.

(f) "Retire" or "Retirement" shall mean (i) Participant's voluntary termination of employment with the Company and its subsidiaries on or after such date upon which Participant first achieves both a combined age (minimum of age 55) plus years of credited employment service to the Company and its subsidiaries equal to 65, or (ii) Participant's termination of employment in accordance with applicable non-U.S. local law, if such non-U.S. law requires such termination to be treated as a retirement based on different criteria than those set forth in the preceding clause (i).

ARTICLE II. GRANT OF OPTION

Section 2.1Grant of Option. In consideration of Participant's past and/or continued employment with or service to a Participating Company and for other good and valuable consideration, effective as of the grant date set forth in the Grant Notice (the "Grant Date"), the Company has granted to the Participant the Option to purchase any part or all of an aggregate number of Shares set forth in the Grant Notice, upon the terms and conditions set forth in the Grant Notice, the Plan and this Agreement, subject to adjustment as provided in Section 12.2 of the Plan.

Section 2.2Exercise Price. The exercise price per Share of the Shares subject to the Option (the "Exercise Price") shall be as set forth in the Grant Notice.

Section 2.3Consideration to the Company. In consideration of the grant of the Option by the Company, Participant agrees to render faithful and efficient services to any Participating Company.

ARTICLE III. PERIOD OF EXERCISABILITY

Section 3.1Commencement of Exercisability.

(a) Subject to Participant's continued employment with or service to a Participating Company on each applicable vesting date and subject to Sections 3.2, 3.3, 6.9 and 6.14 hereof, the Option

shall become vested and exercisable in such amounts and at such times as are set forth in the Grant Notice.

(b) Notwithstanding the Grant Notice or the provisions of Section 3.1(a) and (c), in the event of a CIC Qualifying Termination, the Option shall become vested and exercisable in full on the date of such CIC Qualifying Termination. Further, notwithstanding the Grant Notice or the provisions of Section 3.1(a) and (c), in the event of Participant's Retirement, the Option shall continue to become vested and exercisable, if applicable, in such amounts and at such times as are set forth in the Grant Notice as if Participant had remained employed by the Company or at least one of its subsidiaries through the fourth anniversary of the Vesting Commencement Date.

(c) Subject to Section 3.1(b) and unless otherwise determined by the Administrator or as set forth in a written agreement between Participant and the Company, any portion of the Option that has not become vested and exercisable on or prior to the Cessation Date (including, without limitation, pursuant to any employment or similar agreement by and between Participant and the Company) shall be forfeited on the Cessation Date and shall not thereafter become vested or exercisable.

Section 3.2 Duration of Exercisability. The installments provided for in the vesting schedule set forth in the Grant Notice are cumulative. Each such installment that becomes vested and exercisable pursuant to the vesting schedule set forth in the Grant Notice shall remain vested and exercisable until it becomes unexercisable under Section 3.3 hereof. Once the Option becomes unexercisable, it shall be forfeited immediately.

Section 3.3 Expiration of Option. The Option may not be exercised to any extent by anyone after the first to occur of the following events:

(a) The expiration date set forth in the Grant Notice; provided that such expiration date shall not be later than the tenth (10th) anniversary of the Grant Date;

(b) Except as the Administrator may otherwise approve, the ninetieth (90th) day following the Cessation Date by reason of Participant's Termination of Service for any reason other than due to death, Disability or Retirement or by a Participating Company for Cause;

(c) Except as the Administrator may otherwise approve, immediately upon the Cessation Date by reason of Participant's Termination of Service by a Participating Company for Cause; and

(d) The expiration of twelve (12) months from the Cessation Date by reason of Participant's Termination of Employment due to death or Disability.

Section 3.4 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) The Participating Companies have the authority to deduct or withhold, or require Participant to remit to the applicable Participating Company, an amount sufficient to satisfy any applicable federal, state, local and foreign taxes (including the employee portion of any FICA obligation) required by Applicable Law to be withheld with respect to any taxable event arising pursuant to this Agreement. The Participating Companies may withhold or Participant may make such payment in one or more of the forms specified below:

(i) by cash or check made payable to the Participating Company with respect to which the withholding obligation arises;

(ii) by the deduction of such amount from other compensation payable to Participant;

(iii) with respect to any withholding taxes arising in connection with the exercise of the Option, with the consent of the Administrator, by requesting that the Participating Companies withhold a net number of vested Shares otherwise issuable upon the exercise of the Option having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Participating Companies based on the maximum statutory withholding rates in Participant's applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income;

(iv) with respect to any withholding taxes arising in connection with the exercise of the Option, with the consent of the Administrator, by tendering to the Company vested Shares held for such period of time as may be required by the Administrator in order to avoid adverse accounting consequences and having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Participating Companies based on the maximum statutory withholding rates in Participant's applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income;

(v) with respect to any withholding taxes arising in connection with the exercise of the Option, through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to Shares then issuable to Participant pursuant to the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Participating Company with respect to which the withholding obligation arises in satisfaction of such withholding taxes; provided that payment of such proceeds is then made to the applicable Participating Company at such time as may be required by the Administrator, but in any event not later than the settlement of such sale; or

(vi) in any combination of the foregoing.

(b) With respect to any withholding taxes arising in connection with the Option, in the event Participant fails to provide timely payment of all sums required pursuant to Section 3.4(a), the Company shall have the right and option, but not the obligation, to treat such failure as an election by Participant to satisfy all or any portion of Participant's required payment obligation pursuant to Section 3.4(a)(ii) or Section 3.4(a)(iii) above, or any combination of the foregoing as the Company may determine to be appropriate. The Company shall not be obligated to deliver any certificate representing Shares issuable with respect to the exercise of the Option to, or to cause any such Shares to be held in book-entry form by, Participant or his or her legal representative unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the exercise of the Option or any other taxable event related to the Option.

(c) In the event any tax withholding obligation arising in connection with the Option will be satisfied under Section 3.4(a)(iii), then the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number

of Shares from those Shares then issuable upon the exercise of the Option as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the tax withholding obligation and to remit the proceeds of such sale to the Participating Company with respect to which the withholding obligation arises. Participant's acceptance of this Option constitutes Participant's instruction and authorization to the Company and such brokerage firm to complete the transactions described in this Section 3.4(c), including the transactions described in the previous sentence, as applicable. The Company may refuse to issue any Shares to Participant until the foregoing tax withholding obligations are satisfied, provided that no payment shall be delayed under this Section 3.4(c) if such delay will result in a violation of Section 409A.

(d) Participant is ultimately liable and responsible for all taxes owed in connection with the Option, regardless of any action any Participating Company takes with respect to any tax withholding obligations that arise in connection with the Option. No Participating Company makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or exercise of the Option or the subsequent sale of Shares. The Participating Companies do not commit and are under no obligation to structure the Option to reduce or eliminate Participant's tax liability.

ARTICLE IV. EXERCISE OF OPTION

Section 4.1 Person Eligible to Exercise. During the lifetime of Participant, only Participant may exercise the Option or any portion thereof. After the death of Participant, any exercisable portion of the Option may, prior to the time when the Option becomes unexercisable under Section 3.3 hereof, be exercised by Participant's personal representative or by any Person empowered to do so under the deceased Participant's will or under the then Applicable Laws of descent and distribution.

Section 4.2 Partial Exercise. Subject to Section 6.2, any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the Option or portion thereof becomes unexercisable under Section 3.3 hereof.

Section 4.3 Manner of Exercise. The Option, or any exercisable portion thereof, may be exercised solely by delivery to the Secretary of the Company (or any third-party administrator or other Person designated by the Company), during regular business hours, of all of the following prior to the time when the Option or such portion thereof becomes unexercisable under Section 3.3 hereof.

- (a) An exercise notice in a form specified by the Administrator, stating that the Option or portion thereof is thereby exercised, such notice complying with all applicable rules established by the Administrator;
- (b) The receipt by the Company of full payment for the Shares with respect to which the Option or portion thereof is exercised, in such form of consideration permitted under Section 4.4 that is acceptable to the Administrator;
- (c) The payment of any applicable withholding tax in accordance with Section 3.4;
- (d) Any other written representations or documents as may be required in the Administrator's sole discretion to effect compliance with Applicable Law; and

(e) In the event the Option or portion thereof shall be exercised pursuant to Section 4.1 by any Person or Persons other than Participant, appropriate proof of the right of such Person or Persons to exercise the Option.

Notwithstanding any of the foregoing, the Administrator shall have the right to specify all conditions of the manner of exercise, which conditions may vary by country and which may be subject to change from time to time.

Section 4.4 Method of Payment. Payment of the Exercise Price shall be by any of the following, or a combination thereof, at the election of Participant:

(a) Cash or check;

(b) With the consent of the Administrator, surrender of vested Shares (including, without limitation, Shares otherwise issuable upon exercise of the Option) held for such period of time as may be required by the Administrator in order to avoid adverse accounting consequences and having a Fair Market Value on the date of delivery equal to the aggregate Exercise Price of the Option or exercised portion thereof;

(c) Through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to Shares then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Exercise Price; provided that payment of such proceeds is then made to the Company at such time as may be required by the Administrator, but in any event not later than the settlement of such sale; or

(d) Any other form of legal consideration acceptable to the Administrator.

Section 4.5 Conditions to Issuance of Shares. The Company shall not be required to issue or deliver any certificate or certificates for any Shares or to cause any Shares to be held in book-entry form prior to the fulfillment of all of the following conditions: (a) the admission of the Shares to listing on all stock exchanges on which such Shares are then listed, (b) the completion of any registration or other qualification of the Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable, (c) the obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable, (d) the receipt by the Company of full payment for such Shares, which may be in one or more of the forms of consideration permitted under Section 4.4, and (e) the receipt of full payment of any applicable withholding tax in accordance with Section 3.4 by the Participating Company with respect to which the applicable withholding obligation arises.

Section 4.6 Rights as Stockholder. Neither Participant nor any Person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares purchasable upon the exercise of any part of the Option unless and until certificates representing such Shares (which may be in book-entry form) will have been issued and recorded on the records of the Company or its transfer agents or registrars and delivered to Participant (including through electronic delivery to a brokerage account). No adjustment will be made for a dividend or other right for which the record date is prior to the date of such issuance, recordation and delivery, except as provided in Section 12.2 of the Plan. Except as otherwise provided herein, after such issuance,

recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to such Shares, including, without limitation, the right to receipt of dividends and distributions on such Shares.

ARTICLE V. RESTRICTIVE COVENANTS

Section 5.1 Restrictive Covenants. In consideration of the benefits being provided to Participant pursuant to this Agreement, Participant agrees to be bound by the restrictive covenants contained in this Article V.

(a) Obligation to Maintain Confidentiality. Participant agrees not to divulge to third parties, or use in a manner not authorized by the Company, any confidential or Company proprietary information gathered or learned by Participant during his or her employment with the Participating Companies or their respective affiliates. “Confidential Information” includes, but is not limited to, information in oral, written or recorded form regarding business plans, trade or business secrets, Company financial records, supplier contracts or relationships, or any other information that the Company does not regularly disclose to the public. To the extent that Participant has any doubt as to whether information constitutes Confidential Information, Participant agrees to obtain advice from the Company’s General Counsel prior to divulging or using such information. Participant understands and agrees that divulging such information to third parties, or using such information in an unauthorized manner, would cause serious competitive harm to the Company. Confidential Information shall exclude: (i) information that is generally known by or available for use by the public, (ii) information that was known by Participant prior to his or her employment with the Company (including its predecessor in interest, affiliates and Subsidiaries) and was obtained, to the best of Participant’s knowledge, without violation of any obligation of confidentiality to the Company, or (iii) information that is required to be disclosed pursuant to applicable law or a court order. If information is required to be disclosed because of a court order, Participant must notify the Company’s General Counsel immediately. Nothing in this Section 5.1(a) shall be interpreted to preclude Participant from communicating to a governmental agency about terms or conditions of employment or legal compliance issues, or from cooperating with an investigation being conducted by a governmental agency.

(b) Ownership of Property. Participant acknowledges that all discoveries, concepts, ideas, inventions, innovations, improvements, developments, methods, processes, programs, designs, analyses, drawings, reports, patent applications, copyrightable work, and mask work (whether or not including any Confidential Information) and all registrations or applications related thereto, all other proprietary information, and all similar or related information (whether or not patentable) that relate to the Participating Companies’ or affiliates’ actual or anticipated business, research and development, or existing or future products or services, and that were or are conceived, developed, contributed to, made or reduced to practice by Participant (either solely or jointly with others) while employed by or in the service of the Participating Companies or their respective affiliates (including, without limitation, prior to the date of this Agreement) (including any of the foregoing that constitutes any proprietary information or records) (“Work Product”) belong to the Participating Companies or their respective affiliates, and Participant hereby assigns, and agrees to assign, all of the above Work Product to a Participating Company or affiliate thereof. Any copyrightable work prepared in whole or in part by Participant in the course of Participant’s work for any of the foregoing entities shall be deemed a “work made for hire” under the copyright laws, and the Participating Company or affiliate thereof shall own all rights therein. To the extent that any such copyrightable work is not a “work made for hire”, Participant

hereby assigns and agrees to assign to the Participating Company or affiliate thereof all right, title, and interest, including without limitation, copyright in and to such copyrightable work. Participant shall as promptly as practicable under the circumstances disclose such Work Product and copyrightable work to the Company and perform all actions reasonably requested by the Company (whether during or after Participant's employment with or service to the Participating Companies and their respective affiliates) to establish and confirm the Participating Company's or such affiliate's ownership (including, without limitation, assignments, consents, powers of attorney, and other instruments). Participant is hereby provided notice of immunity under the federal Defend Trade Secrets Act of 2016, which states: (i) an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (A) is made (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (2) solely for the purpose of reporting or investigating a suspected violation of law, or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (ii) an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal and (B) does not disclose the trade secret, except pursuant to court order.

(c) Third Party Information. Participant understands that the Participating Companies and their respective affiliates will receive from third parties confidential or proprietary information ("Third Party Information") subject to a duty on the Participating Companies or their respective affiliates part to maintain the confidentiality of such information and to use it only for certain limited purposes. During the period of Participant's employment with or service to the Company or its Subsidiaries or affiliates and thereafter, and without in any way limiting the provisions of Section 5.1(a) above, Participant will hold Third Party Information in the strictest confidence and will not disclose to any one (other than personnel and consultants of the Participating Companies and their respective affiliates who need to know such information in connection with their work for the Participating Companies and their respective affiliates) or use, except in connection with Participant's work for the Participating Companies or their respective affiliates, Third Party Information unless expressly authorized by the Company in writing or unless and to the extent that the Third Party Information (i) becomes generally known to and available for use by the public other than as a result of Participant's acts or omissions to act, (ii) was known to Participant prior to Participant's employment with or service to the Participating Companies or their respective affiliates and was obtained, to the best of Participant's knowledge, without violation of any obligation of confidentiality to the Company, or (iii) is required to be disclosed pursuant to any applicable law or court order.

(d) Noncompetition and Nonsolicitation. Participant acknowledges that, in the course of Participant's employment, Participant will become familiar with the Participating Companies' and their respective affiliates' trade secrets and with other confidential information concerning the Participating Companies and their respective affiliates and that Participant's services will be of special, unique and extraordinary value to the Participating Companies and their respective affiliates.

(i) Noncompetition. Participant agrees that while employed by any Participating Company or its affiliates, and continuing until (A) the eighteen (18) month anniversary of the date of any termination of Participant's employment or service (other than as a result of Participant's CIC Qualifying Termination), or (B) twenty-four (24) months from the date of termination of Participant's employment or service as a result of Participant's CIC Qualifying Termination (the "Noncompete Period"), Participant shall not, anywhere in the world where the

Company or its Subsidiaries or affiliates conduct or actively propose to conduct business during Participant's employment, directly or indirectly own, manage, control, participate in, consult with, be employed by or in any manner engage in (collectively, the "Restricted Activities") any business that is engaged in, or plans to be engaged in, the sale at retail or direct marketing (including online) to consumers of fabric, sewing or craft components (a "Competitive Business"), provided that the Restricted Activities shall only be applicable to similar line(s) of business or similar functions conducted by the Competitive Business for which the Participant had knowledge, involvement, and/or responsibility while at the Company. Further, during the Noncompete Period, Participant shall not conduct any of the Restricted Activities in similar line(s) of business or similar functions for which the Participant had knowledge, involvement, and/or responsibility while at the Company for any business that had sales to the Company and its Subsidiaries and affiliates during the immediately preceding fiscal year (a "Vendor Business"). Notwithstanding the foregoing, Participant may own up to 2% of any class of an issuer's publicly traded securities regardless of whether such entity is a Competitive Business. Nothing in this Section 5.1(d) confers upon Participant any right to receive severance or obligates the Company to pay any severance to Participant in connection with his or her termination of employment for any reason.

(ii) Nonsolicitation. Participant agrees that during the Noncompete Period, Participant shall not directly or indirectly through another entity (A) induce or attempt to induce any employee of the Participating Companies or their respective affiliates to leave the employ of the Participating Companies or their respective affiliates, or in any way interfere with the relationship between the Participating Companies or their respective affiliates and any employee thereof, (B) hire any person who was an employee of the Participating Companies or their respective affiliates within 180 days prior to the time such employee was hired by Participant, (C) induce or attempt to induce any customer, supplier, licensee or other business relation of the Participating Companies or their respective affiliates to cease doing business with the Participating Companies or their respective affiliates or in any way interfere with the relationship between any such customer, licensee or business relation and the Participating Companies or their respective affiliates, or (D) directly or indirectly acquire or attempt to acquire an interest in any business relating to the business of the Company or its Subsidiaries or affiliates and with which any of the Participating Companies or their respective affiliates have entered into substantive negotiations or has requested and received confidential information relating to the acquisition of such business by the Participating Companies or their respective affiliates in the two-year period immediately preceding Participant's termination of employment with any Participating Company.

(e) Non-disparagement. Participant agrees that at no time during his or her employment by any Participating Company or thereafter shall he or she make, or cause or assist any other person to make, any statement or other communication to any third party which impugns or attacks, or is otherwise critical of, in any material respect, the reputation, business or character of the Participating Companies or their respective affiliates or any of their respective directors, officers or employees; provided that Participant shall not be required to make any untruthful statement or to violate any law.

Section 5.2 Enforcement. If, at the time of enforcement of Article V of this Agreement, a court holds that the restrictions stated therein are unreasonable under circumstances then existing, the parties hereto agree that the maximum duration, scope or geographical area reasonable under such circumstances shall be substituted for the stated period, scope or area and that the court shall be allowed

to revise the restrictions contained herein to cover the maximum duration, scope and area permitted by law. Participant agrees that because his or her services are unique and Participant has access to confidential information, money damages would be an inadequate remedy for any breach of this Article V and its subsections. Participant agrees that the Participating Companies and their respective affiliates, in the event of a breach or threatened breach of this Article V or any of its subsections, may seek injunctive or other equitable relief in addition to any other remedy available to them in a court of competent jurisdiction without posting bond or other security.

Section 5.3 Acknowledgments. Participant acknowledges that the provisions of this Article V and its subsections are (a) in addition to, and not in limitation of, any obligation of Participant under the terms of any other agreement with the Participating Companies or their respective affiliates (including, without limitation, the restrictive covenants in any employment or severance agreement between the Participant and any Participating Company, which Participant acknowledges remain in full force and effect in accordance with their terms), and (b) in consideration of (i) employment with the Participating Companies, and (ii) additional good and valuable consideration as set forth in this Agreement. In addition, Participant agrees and acknowledges that the restrictions contained in this Article V and its subsections do not preclude Participant from earning a livelihood, nor do they unreasonably impose limitations on Participant's ability to earn a living. Participant agrees and acknowledges that the potential harm to the Participating Companies or their respective affiliates of the non-enforcement of this Article V and its subsections outweighs any potential harm to Participant of its enforcement by injunction or otherwise. Participant acknowledges that he or she has carefully read this Agreement and has given careful consideration to the restraints imposed upon Participant by this Agreement, and is in full accord as to their necessity for the reasonable and proper protection of confidential and proprietary information of the Participating Companies and their respective affiliates now existing or to be developed in the future. Participant expressly acknowledges and agrees that each and every restraint imposed by this Agreement is reasonable with respect to subject matter, time period and geographical area.

ARTICLE VI. OTHER PROVISIONS

Section 6.1 Administration. The Administrator shall have the power to interpret the Plan, the Grant Notice and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan, the Grant Notice and this Agreement as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon Participant, the Company and all other interested Persons. To the extent allowable pursuant to Applicable Law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Plan, the Grant Notice or this Agreement.

Section 6.2 Whole Shares. The Option may only be exercised for whole Shares.

Section 6.3 Option Not Transferable. Subject to Section 4.1 hereof, the Option may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the Option have been issued, and all restrictions applicable to such Shares have lapsed. Neither the Option nor any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment,

levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence. Notwithstanding the foregoing, with the consent of the Administrator, if the Option is a Non-Qualified Stock Option, it may be transferred to Permitted Transferees pursuant to any conditions and procedures the Administrator may require.

Section 6.4Adjustments. The Administrator may accelerate the vesting of all or a portion of the Option in such circumstances as it, in its sole discretion, may determine. Participant acknowledges that the Option is subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan, including Section 12.2 of the Plan.

Section 6.5Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to Participant shall be addressed to Participant at Participant's last address reflected on the Company's records. By a notice given pursuant to this Section 6.5, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

Section 6.6Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

Section 6.7Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

Section 6.8Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws, including, without limitation, the provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Option is granted and may be exercised, only in such a manner as to conform to Applicable Law. To the extent permitted by Applicable Law, the Plan, the Grant Notice and this Agreement shall be deemed amended to the extent necessary to conform to Applicable Law.

Section 6.9Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board, provided that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the Option in any material way without the prior written consent of Participant.

Section 6.10Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 6.3 and the Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

Section 6.11 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Option, the Grant Notice and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

Section 6.12 Not a Contract of Employment. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue to serve as an employee or other service provider of any Participating Company or shall interfere with or restrict in any way the rights of any Participating Company, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent (a) expressly provided otherwise in a written agreement between a Participating Company and Participant or (b) where such provisions are not consistent with applicable foreign or local laws, in which case such applicable foreign or local laws shall control.

Section 6.13 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

Section 6.14 Section 409A. This Option is not intended to constitute “nonqualified deferred compensation” within the meaning of Section 409A. However, notwithstanding any other provision of the Plan, the Grant Notice or this Agreement, if at any time the Administrator determines that this Option (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other Person for failure to do so) to adopt such amendments to the Plan, the Grant Notice or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Option either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

Section 6.15 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

Section 6.16 Limitation on Participant’s Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the right to receive Shares as a general unsecured creditor with respect to the Option, as and when exercised pursuant to the terms hereof.

Section 6.17 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which shall be deemed an original and all of which together shall constitute one instrument.

Section 6.18Broker-Assisted Sales. In the event of any broker-assisted sale of Shares in connection with the payment of withholding taxes as provided in Section 3.4(a)(v) or Section 3.4(c) or the payment of the Exercise Price as provided in Section 4.4(c): (a) any Shares to be sold through a broker-assisted sale will be sold on the day the tax withholding obligation or exercise of the Option, as applicable, occurs or arises, or as soon thereafter as practicable; (b) such Shares may be sold as part of a block trade with other participants in the Plan in which all participants receive an average price; (c) Participant will be responsible for all broker's fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (d) to the extent the proceeds of such sale exceed the applicable tax withholding obligation or Exercise Price, the Company agrees to pay such excess in cash to Participant as soon as reasonably practicable; (e) Participant acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the applicable tax withholding obligation or Exercise Price; and (f) in the event the proceeds of such sale are insufficient to satisfy the applicable tax withholding obligation, Participant agrees to pay immediately upon demand to the Participating Company with respect to which the withholding obligation arises an amount in cash sufficient to satisfy any remaining portion of the applicable Participating Company's withholding obligation.

Section 6.19Incentive Stock Options. Participant acknowledges that to the extent the aggregate Fair Market Value of Shares (determined as of the time the option with respect to the Shares is granted) with respect to which Incentive Stock Options, including this Option (if applicable), are exercisable for the first time by Participant during any calendar year exceeds \$100,000 or if for any other reason such Incentive Stock Options do not qualify or cease to qualify for treatment as "incentive stock options" under Section 422 of the Code, such Incentive Stock Options shall be treated as Non-Qualified Stock Options. Participant further acknowledges that the rule set forth in the preceding sentence shall be applied by taking the Option and other stock options into account in the order in which they were granted, as determined under Section 422(d) of the Code and the Treasury Regulations thereunder. Participant also acknowledges that an Incentive Stock Option exercised more than three (3) months after Participant's Termination of Service, other than by reason of death or disability, will be taxed as a Non-Qualified Stock Option.

Section 6.20Notification of Disposition. If this Option is designated as an Incentive Stock Option, Participant shall give prompt written notice to the Company of any disposition or other transfer of any Shares acquired under this Agreement if such disposition or transfer is made (a) within two (2) years from the Grant Date or (b) within one (1) year after the transfer of such Shares to Participant. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by Participant in such disposition or other transfer.

* * * * *

JOANN INC.
2021 EQUITY INCENTIVE PLAN
(Amended and Restated Effective February 27, 2023)

RESTRICTED STOCK UNIT GRANT NOTICE

Capitalized terms not specifically defined in this Restricted Stock Unit Grant Notice (the “Grant Notice”) have the meanings given to them in the JOANN Inc. 2021 Equity Incentive Plan (amended and restated effective February 27, 2023, the “Plan”) of JOANN Inc. (the “Company”). The Company hereby grants to the participant listed below (“Participant”) the Restricted Stock Units described in this Grant Notice (the “RSUs”), subject to the terms and conditions of the Plan and the Restricted Stock Unit Agreement attached hereto as Exhibit A (the “Agreement”), both of which are incorporated into this Grant Notice by reference.

Participant: [NAME]

Grant Date: [DATE]

Number of Restricted Stock Units: [NUMBER]

Vesting Commencement Date: [DATE]

Vesting Schedule: Subject to the Participant’s continued status as an Employee, Consultant or Non-Employee Director, the RSUs shall vest and become exercisable with respect to 33% of the Shares subject thereto (rounded down to the next whole number of Shares) on each of the first three (3) anniversaries of the Vesting Commencement Date, so that all of the Shares shall be vested on the third anniversary of the Vesting Commencement Date.

Withholding Tax Provisions: By accepting this Award electronically through the Plan service provider’s online grant acceptance policy, the Participant understands and agrees that as a condition of the grant of the RSUs hereunder, but subject to the last sentence of this paragraph, the Participant is required to accept the Company’s determination from time to time of the method(s) by which all applicable withholding obligations with respect to any taxable events arising in connection with the RSUs will be satisfied (the “Withholding Methods”). Such Withholding Methods may include, at the determination of the Company, some or all of the following: (1) cash, wire transfer of immediately available funds or check; (2) Shares or cash otherwise deliverable pursuant to the settlement of the RSUs or Shares held for such minimum period of time as may be established by the Administrator, in each case, having a fair market value on the date of delivery equal to the aggregate payments required; (3) payment from a broker-assisted market sale (as reasonably acceptable to the Company) with respect to Shares otherwise deliverable pursuant to the settlement of the RSUs; or (4) any other form of legal consideration acceptable to the Administrator in its sole discretion. The Withholding Methods will otherwise be conducted in accordance with Section 10.2 of the Plan (except that, for purposes of clarification, such determination of the Withholding Methods shall not be made by the Participant or subject to affirmative election on the part of the Participant). **Notwithstanding anything in this paragraph to the contrary, if the Participant is subject to Section 16 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the Withholding Methods applicable to these RSUs shall consist solely of the mandatory withholding of Shares or cash otherwise deliverable pursuant to the settlement of the RSUs having a fair market value on the date of delivery equal to the aggregate payments required.**

By accepting this Award electronically through the Plan service provider’s online grant acceptance policy, Participant agrees to be bound by the terms and conditions of the Plan, the Agreement and the Grant Notice. Participant has reviewed the Agreement, the Plan and the Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing the Grant Notice and fully understands all provisions of the Grant Notice, the Agreement and the Plan. Participant hereby agrees to accept as binding, conclusive and final all

decisions or interpretations of the Administrator upon any questions arising under the Plan, the Grant Notice or the Agreement.

JOANN INC.

PARTICIPANT

By:
Print Name:
Title:

By:
Print Name: **[NAME]**

EXHIBIT A
TO RESTRICTED STOCK UNIT GRANT NOTICE

RESTRICTED STOCK UNIT AGREEMENT

Pursuant to the Grant Notice to which this Agreement is attached, the Company has granted to Participant the number of RSUs set forth in the Grant Notice.

ARTICLE I.
GENERAL

Section 1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice.

(a) “Cause” shall mean a Participating Company having “Cause” to terminate the Participant’s employment as defined in any employment or severance agreement between the Participant and a Participating Company; *provided* that, in the absence of an agreement containing such a definition, a Participating Company shall have “Cause” to terminate the Participant’s employment upon: (i) the willful and continued failure by the Participant to substantially perform his or her normal duties (other than any such failure resulting from the Participant’s illness or injury), after a written demand for substantial performance is delivered to the Participant that specifically identifies the manner in which the Administrator believes that the Participant has not substantially performed his or her duties, and the Participant has failed to remedy the situation within thirty (30) business days of receiving such notice; (ii) the Participant’s conviction for committing an act of fraud, embezzlement, theft, or other criminal act constituting a felony; or (iii) the willful engaging by the Participant in gross negligence materially and demonstrably injurious to the Participating Companies; (iv) the Participant’s material failure to abide by a Participating Company’s code of conduct or other policies (including, without limitation, policies relating to harassment, discrimination and reasonable workplace conduct); or (v) any material breach by the Participant of any employment or service agreement between the Participant and a Participating Company, which breach is not cured pursuant to the terms of such agreement. However, no act, or failure to act on the Participant’s part shall be considered “willful” unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that his or her action or omission was not in or not opposed to the best interest of the Company.

(b) “Cessation Date” shall mean the date of Participant’s Termination of Service (regardless of the reason for such termination).

(c) “CIC Qualifying Termination” shall mean Termination of Service of Participant by any Participating Company without Cause or by Participant for Good Reason during the twelve (12) month period immediately following a Change in Control.

(d) “Good Reason” shall mean a Participant having “Good Reason” to terminate the Participant’s employment as defined in any employment or severance agreement between the Participant and a Participating Company; *provided* that, in the absence of an agreement containing such a definition, a Participant shall have “Good Reason” to terminate the Participant’s employment upon, on or after a Change in Control, (i) any material adverse change by the Participating Companies in Participant’s job title, duties, responsibility or authority; (ii) failure by the Participating Companies to pay Participant any amount of Participant’s annual base salary or bonus when due; (iii) any material diminution of Participant’s annual base salary (other than such a material diminution that is applied on a substantially comparable basis to similarly-situated employees of the Participating Companies); (iv) any material reduction in Participant’s short-term incentive compensation opportunities; (v) the termination or denial of Participant’s right to participate in material employment related benefits that are offered to similarly-situated employees of the Participating Companies; (vi) the movement of

Participant's principal location of work to a new location that is in excess of 50 miles from Participant's principal location of work as of the date hereof without Participant's consent; or (vii) failure by the Company to require any successor to assume and agree to perform the Company's obligations under this any employment or severance agreement with the Participant; provided that none of the events described in this definition of Good Reason shall constitute Good Reason unless Participant notifies the Company in writing of the event that is purported to constitute Good Reason (which notice is provided not later than the 30th day following the occurrence of the event purported to constitute Good Reason) and then only if the Company fails to cure such event within 30 days after the Company's receipt of such written notice.

(e) "Participating Company" shall mean the Company or any of its parents or Subsidiaries.

(f) "Retire" or "Retirement" shall mean (i) Participant's voluntary termination of employment with the Company and its subsidiaries on or after such date upon which Participant first achieves both a combined age (minimum of age 55) plus years of credited employment service to the Company and its subsidiaries equal to 65, or (ii) Participant's termination of employment in accordance with applicable non-U.S. local law, if such non-U.S. law requires such termination to be treated as a retirement based on different criteria than those set forth in the preceding clause (i).

Section 1.2 Incorporation of Terms of Plan. The RSUs and the shares of Common Stock ("Stock") to be issued to Participant hereunder ("Shares") are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

Section 1.3 Consideration to the Company. In consideration of the grant of the RSUs by the Company, Participant agrees to render faithful and efficient services to any Participating Company.

ARTICLE II.

AWARD OF RESTRICTED STOCK UNITS AND DIVIDEND EQUIVALENTS

Section 2.1 Award of RSUs and Dividend Equivalents.

(a) In consideration of Participant's past and/or continued employment with or service to any Participating Company and for other good and valuable consideration, effective as of the grant date set forth in the Grant Notice (the "Grant Date"), the Company has granted to Participant the number of RSUs set forth in the Grant Notice, upon the terms and conditions set forth in the Grant Notice, the Plan and this Agreement, subject to adjustments as provided in Article 12 of the Plan. Each RSU represents the right to receive one Share at the times and subject to the conditions set forth herein. However, unless and until the RSUs have vested, Participant will have no right to the payment of any Shares subject thereto. Prior to the actual delivery of any Shares, the RSUs will represent an unsecured obligation of the Company, payable only from the general assets of the Company.

(b) The Company hereby grants to Participant an Award of Dividend Equivalents with respect to each RSU granted pursuant to the Grant Notice for all ordinary cash dividends which are paid to all or substantially all holders of the outstanding shares of Stock between the Grant Date and the date when the applicable RSU is distributed or paid to Participant or is forfeited or expires. The Dividend Equivalents for each RSU shall be equal to the amount of cash that is paid for an applicable quarter as a dividend on one share of Stock. All such Dividend Equivalents shall be credited to Participant as of the date of payment of any such dividend. The Dividend Equivalents granted hereunder shall be paid in cash and subject to the same vesting, distribution/payment timing, adjustment and other provisions (other than payment in Shares) which apply to the underlying RSUs to which such Dividend Equivalents relate.

Section 2.2 Vesting of RSUs and Dividend Equivalents.

(c) Subject to Participant's continued employment with or service to the Participating Companies on each applicable vesting date and subject to the terms of this Agreement, the RSUs shall vest in such amounts and at such times as are set forth in the Grant Notice. Dividend Equivalents accrued pursuant to Section 2.1(b) hereof shall vest whenever the underlying RSU to which such Dividend Equivalents relate vests.

(d) In the event Participant incurs a Termination of Service, except as may be otherwise provided by the Administrator or as set forth in a written agreement between Participant and the Company, Participant shall immediately forfeit any and all RSUs and Dividend Equivalents granted under this Agreement which have not vested or do not vest on or prior to the date on which such Termination of Service occurs, and Participant's rights in any such RSUs and Dividend Equivalents which are not so vested shall lapse and expire.

(c) Notwithstanding the Grant Notice or the provisions of Section 2.2(a) and Section 2.2(b), in the event of a CIC Qualifying Termination, the RSUs shall become vested in full on the date of such CIC Qualifying Termination. Further, notwithstanding the Grant Notice or the provisions of Section 2.2(a) and Section 2.2(b), in the event of Participant's Retirement, the RSUs shall continue to become vested, if applicable, in such amounts and at such times as are set forth in the Grant Notice as if Participant had remained employed by the Company or at least one of its subsidiaries through the third anniversary of the Vesting Commencement Date.

Section 2.3 Distribution or Payment of RSUs.

(e) Subject to the sentence which follows, Participant's RSUs shall be distributed in Shares (either in book-entry form or otherwise) as soon as administratively practicable following the applicable vesting date of the applicable RSU pursuant to Section 2.2(a). Notwithstanding the preceding sentence, to the extent that Participant's RSUs are not subject to a "substantial risk of forfeiture" (within the meaning of Section 409A), the RSUs shall be distributed in Shares on an accelerated basis as soon as administratively practicable following any of the following events in a manner and to the extent necessary to comply with Section 409A: (i) the occurrence of a Change in Control which constitutes a "change in control event" (within the meaning of Section 409A (a "409A Change in Control")) or (ii) Participant's "separation from service" (within the meaning of Section 409A) that occurs within the twelve (12) months following a 409A Change in Control, *provided*, however, if Participant is a "specified employee" (within the meaning of Section 409A) as of the date of Participant's separation from service, then to the extent required in order to avoid a prohibited distribution under Section 409A, distribution shall occur as soon as administratively practicable following the earlier of (1) the expiration of the six-month period measured from the date of separation from service or (2) the date of Participant's death. Notwithstanding the foregoing, the Company may delay a distribution or payment in settlement of RSUs if it reasonably determines that such payment or distribution will violate federal securities laws or any other Applicable Law, *provided* that such distribution or payment shall be made at the earliest date at which the Company reasonably determines that the making of such distribution or payment will not cause such violation, as required by Treasury Regulation Section 1.409A-2(b)(7)(ii), and provided further that no payment or distribution shall be delayed under this Section 2.3(a) if such delay will result in a violation of Section 409A.

(f) All distributions made in Shares shall be made by the Company in the form of whole Shares unless otherwise determined by the Administrator. The Administrator shall determine whether cash shall be given in lieu of fractional Shares or whether such fractional Shares shall be eliminated by rounding down.

Section 2.4 Conditions to Issuance of Certificates. The Company shall not be required to issue or deliver any certificate or certificates for any Shares or to cause any Shares to be held in book-entry form prior to the fulfillment of all of the following conditions: (a) the admission of the Shares to listing on all stock exchanges on which such Shares are then listed, (b) the completion of any registration or other qualification of the Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or

advisable, (c) the obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable, and (d) the receipt of full payment of any applicable withholding tax in accordance with Section 2.5 by the Participating Company with respect to which the applicable withholding obligation arises.

Section 2.5 Tax Withholding. Notwithstanding any other provision of this Agreement:

(g) As set forth in Section 10.2 of the Plan, the Company shall have the authority and the right to deduct or withhold, or to require the Participant to remit to the Company, an amount sufficient to satisfy all applicable federal, state and local taxes required by law to be withheld with respect to any taxable event arising in connection with the RSUs. In satisfaction of such tax withholding obligations, and in accordance with the Withholding Tax Provisions included in the Grant Notice, the Participant will be bound by the Withholding Methods determination as described in the Grant Notice.

(h) The Company shall not be obligated to deliver any certificate representing Shares issuable with respect to the RSUs to, or to cause any such Shares to be held in book-entry form by, Participant or his or her legal representative unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the vesting or settlement of the RSUs or any other taxable event related to the RSUs.

(c) Participant is ultimately liable and responsible for all taxes owed in connection with the RSUs, regardless of any action the Company or any other Participating Company takes with respect to any tax withholding obligations that arise in connection with the RSUs. No Participating Company makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the RSUs or the subsequent sale of Shares. The Participating Companies do not commit and are under no obligation to structure the RSUs to reduce or eliminate Participant's tax liability.

Section 2.6 Rights as Stockholder. Neither Participant nor any Person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book-entry form) will have been issued and recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account). Except as otherwise provided herein, after such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to such Shares, including, without limitation, the right to receipt of dividends and distributions on such Shares.

ARTICLE III.

Section 3.1 Restrictive Covenants. In consideration of the benefits being provided to Participant pursuant to this Agreement, Participant agrees to be bound by the restrictive covenants contained in this Article III.

(i) Obligation to Maintain Confidentiality. Participant agrees not to divulge to third parties, or use in a manner not authorized by the Company, any confidential or Company proprietary information gathered or learned by Participant during his or her employment with the Participating Companies or their respective affiliates. "Confidential Information" includes, but is not limited to, information in oral, written or recorded form regarding business plans, trade or business secrets, Company financial records, supplier contracts or relationships, or any other information that the Company does not regularly disclose to the public. To the extent that Participant has any doubt as to whether information constitutes Confidential Information, Participant agrees to obtain advice from the Company's General Counsel prior to divulging or using such information. Participant understands and agrees that divulging such information to third parties, or using such information in an unauthorized manner,

would cause serious competitive harm to the Company. Confidential Information shall exclude: (i) information that is generally known by or available for use by the public, (ii) information that was known by Participant prior to his or her employment with the Company (including its predecessor in interest, affiliates and Subsidiaries) and was obtained, to the best of Participant's knowledge, without violation of any obligation of confidentiality to the Company, or (iii) information that is required to be disclosed pursuant to applicable law or a court order. If information is required to be disclosed because of a court order, Participant must notify the Company's General Counsel immediately. Nothing in this Section 3.1(a) shall be interpreted to preclude Participant from communicating to a governmental agency about terms or conditions of employment or legal compliance issues, or from cooperating with an investigation being conducted by a governmental agency

(j) Ownership of Property. Participant acknowledges that all discoveries, concepts, ideas, inventions, innovations, improvements, developments, methods, processes, programs, designs, analyses, drawings, reports, patent applications, copyrightable work, and mask work (whether or not including any Confidential Information) and all registrations or applications related thereto, all other proprietary information, and all similar or related information (whether or not patentable) that relate to the Participating Companies' or affiliates' actual or anticipated business, research and development, or existing or future products or services, and that were or are conceived, developed, contributed to, made or reduced to practice by Participant (either solely or jointly with others) while employed by or in the service of the Participating Companies or their respective affiliates (including, without limitation, prior to the date of this Agreement) (including any of the foregoing that constitutes any proprietary information or records) ("Work Product") belong to the Participating Companies or their respective affiliates, and Participant hereby assigns, and agrees to assign, all of the above Work Product to a Participating Company or affiliate thereof. Any copyrightable work prepared in whole or in part by Participant in the course of Participant's work for any of the foregoing entities shall be deemed a "work made for hire" under the copyright laws, and the Participating Company or affiliate thereof shall own all rights therein. To the extent that any such copyrightable work is not a "work made for hire", Participant hereby assigns and agrees to assign to the Participating Company or affiliate thereof all right, title, and interest, including without limitation, copyright in and to such copyrightable work. Participant shall as promptly as practicable under the circumstances disclose such Work Product and copyrightable work to the Company and perform all actions reasonably requested by the Company (whether during or after Participant's employment with or service to the Participating Companies and their respective affiliates) to establish and confirm the Participating Company's or such affiliate's ownership (including, without limitation, assignments, consents, powers of attorney, and other instruments). Participant is hereby provided notice of immunity under the federal Defend Trade Secrets Act of 2016, which states: (i) an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (A) is made (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (2) solely for the purpose of reporting or investigating a suspected violation of law, or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (ii) an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal and (B) does not disclose the trade secret, except pursuant to court order.

(c) Third Party Information. Participant understands that the Participating Companies and their respective affiliates will receive from third parties confidential or proprietary information ("Third Party Information") subject to a duty on the Participating Companies or their respective affiliates part to maintain the confidentiality of such information and to use it only for certain limited purposes. During the period of Participant's employment with or service to the Company or its Subsidiaries or affiliates and thereafter, and without in any way limiting the provisions of Section 3.1(a) above, Participant will hold Third Party Information in the strictest confidence and will not disclose to any one (other than personnel and consultants of the Participating Companies and their respective affiliates who need to know such information in connection with their work for the Participating Companies and their respective affiliates) or use, except in connection with Participant's work for the Participating Companies or their respective affiliates, Third Party Information unless expressly authorized by the Company in writing or unless and to the extent that the Third Party Information (i) becomes generally

known to and available for use by the public other than as a result of Participant's acts or omissions to act, (ii) was known to Participant prior to Participant's employment with or service to the Participating Companies or their respective affiliates and was obtained, to the best of Participant's knowledge, without violation of any obligation of confidentiality to the Company, or (iii) is required to be disclosed pursuant to any applicable law or court order.

(d) Noncompetition and Nonsolicitation. Participant acknowledges that, in the course of Participant's employment, Participant will become familiar with the Participating Companies' and their respective affiliates' trade secrets and with other confidential information concerning the Participating Companies and their respective affiliates and that Participant's services will be of special, unique and extraordinary value to the Participating Companies and their respective affiliates.

(i) Noncompetition. Participant agrees that while employed by any Participating Company or its affiliates, and continuing until (A) the eighteen (18) month anniversary of the date of any termination of Participant's employment or service (other than as a result of Participant's CIC Qualifying Termination), or (B) twenty-four (24) months from the date of termination of Participant's employment or service as a result of Participant's CIC Qualifying Termination (the "Noncompete Period"), Participant shall not, anywhere in the world where the Company or its Subsidiaries or affiliates conduct or actively propose to conduct business during Participant's employment, directly or indirectly own, manage, control, participate in, consult with, be employed by or in any manner engage in (collectively, the "Restricted Activities") any business that is engaged in, or plans to be engaged in, the sale at retail or direct marketing (including online) to consumers of fabric, sewing or craft components (a "Competitive Business"), provided that the Restricted Activities shall only be applicable to similar line(s) of business or similar functions conducted by the Competitive Business for which the Participant had knowledge, involvement, and/or responsibility while at the Company. Further, during the Noncompete Period, Participant shall not conduct any of the Restricted Activities in similar line(s) of business or similar functions for which the Participant had knowledge, involvement, and/or responsibility while at the Company for any business that had sales to the Company and its Subsidiaries and affiliates during the immediately preceding fiscal year (a "Vendor Business"). Notwithstanding the foregoing, Participant may own up to 2% of any class of an issuer's publicly traded securities regardless of whether such entity is a Competitive Business. Nothing in this Section 3.1(d) confers upon Participant any right to receive severance or obligates the Company to pay any severance to Participant in connection with his or her termination of employment for any reason.

(ii) Nonsolicitation. Participant agrees that during the Noncompete Period, Participant shall not directly or indirectly through another entity (A) induce or attempt to induce any employee of the Participating Companies or their respective affiliates to leave the employ of the Participating Companies or their respective affiliates, or in any way interfere with the relationship between the Participating Companies or their respective affiliates and any employee thereof, (B) hire any person who was an employee of the Participating Companies or their respective affiliates within 180 days prior to the time such employee was hired by Participant, (C) induce or attempt to induce any customer, supplier, licensee or other business relation of the Participating Companies or their respective affiliates to cease doing business with the Participating Companies or their respective affiliates or in any way interfere with the relationship between any such customer, licensee or business relation and the Participating Companies or their respective affiliates, or (D) directly or indirectly acquire or attempt to acquire an interest in any business relating to the business of the Company or its Subsidiaries or affiliates and with which any of the Participating Companies or their respective affiliates have entered into substantive negotiations or has requested and received confidential information relating to the acquisition of such business by the Participating Companies or their respective affiliates in the two-year period immediately preceding Participant's termination of employment with any Participating Company.

(e) Non-disparagement. Participant agrees that at no time during his or her employment by any Participating Company or thereafter shall he or she make, or cause or assist any other person to make, any statement or other communication to any third party which impugns or attacks, or is otherwise critical of, in any material respect, the reputation, business or character of the Participating Companies or their respective affiliates

or any of their respective directors, officers or employees; provided that Participant shall not be required to make any untruthful statement or to violate any law.

Section 3.2 Enforcement. If, at the time of enforcement of Article III of this Agreement, a court holds that the restrictions stated therein are unreasonable under circumstances then existing, the parties hereto agree that the maximum duration, scope or geographical area reasonable under such circumstances shall be substituted for the stated period, scope or area and that the court shall be allowed to revise the restrictions contained herein to cover the maximum duration, scope and area permitted by law. Participant agrees that because his or her services are unique and Participant has access to confidential information, money damages would be an inadequate remedy for any breach of this Article III and its subsections. Participant agrees that the Participating Companies and their respective affiliates, in the event of a breach or threatened breach of this Article III or any of its subsections, may seek injunctive or other equitable relief in addition to any other remedy available to them in a court of competent jurisdiction without posting bond or other security.

Section 3.3 Acknowledgments. Participant acknowledges that the provisions of this Article III and its subsections are (a) in addition to, and not in limitation of, any obligation of Participant under the terms of any other agreement with the Participating Companies or their respective affiliates (including, without limitation, the restrictive covenants in any employment or severance agreement between the Participant and any Participating Company, which Participant acknowledges remain in full force and effect in accordance with their terms), and (b) in consideration of (i) employment with the Participating Companies, and (ii) additional good and valuable consideration as set forth in this Agreement. In addition, Participant agrees and acknowledges that the restrictions contained in this Article III and its subsections do not preclude Participant from earning a livelihood, nor do they unreasonably impose limitations on Participant's ability to earn a living. Participant agrees and acknowledges that the potential harm to the Participating Companies or their respective affiliates of the non-enforcement of this Article III and its subsections outweighs any potential harm to Participant of its enforcement by injunction or otherwise. Participant acknowledges that he or she has carefully read this Agreement and has given careful consideration to the restraints imposed upon Participant by this Agreement, and is in full accord as to their necessity for the reasonable and proper protection of confidential and proprietary information of the Participating Companies and their respective affiliates now existing or to be developed in the future. Participant expressly acknowledges and agrees that each and every restraint imposed by this Agreement is reasonable with respect to subject matter, time period and geographical area.

ARTICLE IV. OTHER PROVISIONS

Section 4.1 Administration. The Administrator shall have the power to interpret the Plan, the Grant Notice and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan, the Grant Notice and this Agreement as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon Participant, the Company and all other interested Persons. To the extent allowable pursuant to Applicable Law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Plan, the Grant Notice or this Agreement.

Section 4.2 RSUs Not Transferable. The RSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the RSUs have been issued, and all restrictions applicable to such Shares have lapsed. No RSUs or any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and

any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

Section 4.3 Adjustments The Administrator may accelerate the vesting of all or a portion of the RSUs in such circumstances as it, in its sole discretion, may determine. Participant acknowledges that the RSUs and the Shares subject to the RSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan, including Section 12.2 of the Plan.

Section 4.4 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to Participant shall be addressed to Participant at Participant's last address reflected on the Company's records. By a notice given pursuant to this Section 4.4, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

Section 4.5 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

Section 4.6 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

Section 4.7 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws, including, without limitation, the provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the RSUs are granted, only in such a manner as to conform to Applicable Law. To the extent permitted by Applicable Law, the Plan, the Grant Notice and this Agreement shall be deemed amended to the extent necessary to conform to Applicable Law.

Section 4.8 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board, *provided* that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the RSUs in any material way without the prior written consent of Participant.

Section 4.9 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 4.2 and the Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

Section 4.10 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the RSUs, the Dividend Equivalents, the Grant Notice and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

Section 4.11 Not a Contract of Employment. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue to serve as an employee or other service provider of any Participating Company or shall interfere with or restrict in any way the rights of any Participating Company, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent (a) expressly provided otherwise in a written agreement between a Participating Company and Participant or (b) where such provisions are not consistent with applicable foreign or local laws, in which case such applicable foreign or local laws shall control.

Section 4.12 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings, notices, communications and agreements of the Company and Participant with respect to the subject matter hereof.

Section 4.13 Section 409A. This Award is intended to comply with the requirements of Section 409A and shall be administered, interpreted and construed accordingly. The Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other Person for failure to do so) to adopt such amendments to the Plan, the Grant Notice or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

Section 4.14 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

Section 4.15 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs and Dividend Equivalents.

Section 4.16 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which shall be deemed an original and all of which together shall constitute one instrument.

GENERAL RELEASE

This General Release (this “**Release**”) is entered into by and between Thomas Dryer (“**Officer**”) and JOANN Inc. (the “**Company**”) (collectively, the “**Parties**”) as of the 13th day of September, 2023.

NOW, THEREFORE, and in consideration of the mutual promises contained herein, and for other good and valuable consideration, the adequacy and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Employment Status. Officer’s employment with the Company terminated effective as of September 13, 2023.

2. Payments and Benefits. Following the effectiveness of the terms set forth herein, the Company shall provide Officer with certain benefits as provided in Section 1 of that certain Agreement between Jo-Ann Stores, LLC and Officer dated as of November 30, 2020 (the “**Agreement**”). In addition to the benefits provided in the Agreement, and subject to this Release becoming effective and irrevocable, (1) with respect to the grant of 13,643 service-based restricted stock units made to Officer in September 2022 for his service as Interim Chief Financial Officer (the “**2022 RSUs**”), the Company will waive the service requirement so that the 2022 RSUs will continue to become vested, if applicable, in such amounts and at such times as are set forth in the Grant Notice for the 2022 RSUs as if Officer had remained employed by the Company or at least one of its subsidiaries through the applicable anniversaries of the 2022 RSUs’ vesting commencement date; (2) Officer shall receive the lump sum of Two Thousand Dollars (\$2,000.00), payable in accordance with the Company’s normal payroll practices in effect at the applicable time, commencing within fifteen (15) days after both Parties execute this Release; and (3) any October 2023 long-term incentive payments that Officer would otherwise have been eligible to receive under the Company’s applicable Long-Term Incentive Plans, provided that the Company makes payments under said plans to its current employees (it being understood that Officer shall not be eligible for any further payments under said plans). Except as described in the preceding sentence, such benefits shall be provided in accordance with the terms, and subject to the conditions, of the Agreement, including, but not limited to, the condition that this Release must become effective and irrevocable in accordance with its terms within twenty-eight (28) days after Officer’s Separation from Service (as defined in the Agreement). Officer agrees that the consideration set forth above is more than Officer is legally entitled to and reflects adequate consideration for the release of any potential claims that Officer may have arising from Officer’s employment and separation from employment with the Company.

3. No Liability. This Release does not constitute an admission by the Company, or its directors, managers, officers, employees, affiliates, or agents, or by Officer, of any unlawful acts or of any violation of federal, state or local laws.

4. Claims Released by Officer. In consideration of the payments and benefits described in Section 2 of this Release, and by signing this Release, Officer agrees on behalf of Officer and his agents, heirs, executors, administrators, and assigns to unconditionally release, acquit, and forever discharge the Company, its parents, subsidiaries, and affiliates, and each of their respective agents, directors, managers, officers, employees, partners, shareholders, members, representatives, successors, insurers, assigns, and all persons acting by, through, under or in concert with any of them (“**Releasees**”) from any and all actions, complaints, claims, liabilities, obligations, promises, agreements, damages, demands, losses, and expenses of any nature whatsoever, known or unknown, suspected or unsuspected, including, but not limited to, rights under federal, state or local laws prohibiting discrimination (including but not limited to the Federal Age Discrimination in Employment Act (“**ADEA**”)) and claims for wrongful discharge, breach of contract, either oral or written, breach of any employment policy or any other claim against Releasees which Officer now has, heretofore had or at any time hereafter may have against Releasees arising prior to the date hereof

and arising out of or in connection with Officer's employment or separation from employment with the Company.

Officer acknowledges and understands that this is a general release which releases the Releasees from any and all claims that Officer may have under federal, state or local laws or common law, including but not limited to claims arising under the ADEA, Title VII of the Civil Rights Act of 1964, 42 U.S.C. §§ 1981 & 1981a, the Americans with Disabilities Act, the Equal Pay Act, the Employee Retirement Income Security Act, the Lilly Ledbetter Fair Pay Act of 2009, the Family and Medical Leave Act, Sarbanes-Oxley Act of 2002, the National Labor Relations Act, the Rehabilitation Act of 1973, the Worker Adjustment Retraining and Notification Act, the Uniformed Services Employment and Reemployment Rights Act, Federal Executive Order 11246, the Genetic Information Nondiscrimination Act, the Ohio Civil Rights Act, Ohio Revised Code 4112.01 et seq., and the Ohio Whistleblowers' Protection Act. This Release does not apply to any claim that as a matter of law cannot be released, or to any rights or claims that may arise after the date Officer executes this Release. This Release does not apply to any claim that as a matter of law cannot be released, or to any rights or claims that may arise after the date Officer executes this Release, and nothing herein shall release the Company from any obligation under the Agreement.

Without limiting the foregoing, Officer represents that he understands that this Release specifically releases and waives any claims of age discrimination, known or unknown, that Officer may have against Releasees as of the date Officer signs this Release. This Release specifically includes a waiver of rights and claims under the ADEA. Officer acknowledges that as of the date he signs this Release, Officer may have certain rights or claims under the ADEA, and Officer voluntarily relinquishes any such rights or claims by signing this Release.

Nothing in this Release will prohibit Officer from cooperating with the Equal Employment Opportunity Commission ("**EEOC**") or any similar state and local agencies in any future investigation against the Company, but Officer acknowledges that this Release will bar Officer from recovering any funds in any future proceeding, including any brought by the EEOC or any state and local agencies. Further, Officer specifically waives any right to receive any benefit or remedy as a consequence of filing a charge of discrimination with the EEOC or any similar state and local agencies. Notwithstanding the foregoing, Officer does not give up the right to any monetary award offered by the Securities and Exchange Commission pursuant to Section 21F of the Securities Exchange Act of 1934, as amended, the Dodd-Frank Wall Street Reform and Consumer Protection Act or The Sarbanes-Oxley Act of 2002.

Officer and the Company further acknowledge and agree that nothing in this Release prevents Officer from instituting any action to challenge the validity of the release under the ADEA, to enforce the terms of this Release, or from enforcing rights, if any, under ERISA to recover any vested retirement benefits.

5. Admissibility. Officer and the Company agree that this Release may be introduced into evidence by a party in the event either party attempts to or actually commences any legal, equitable or administrative action, arbitration or other proceeding against the other party or any of its affiliated entities or any of the Releasees.

6. Confidentiality/Non-Disparagement/Restrictive Covenants. Except as permitted by the fourth paragraph of Section 4 above, Officer agrees not to divulge to third parties or use any confidential or Company proprietary information gathered or learned by Officer in the scope of his employment with the Company for a period of 15 years for all confidential or proprietary information and indefinitely for any information of the Company which could be considered a trade secret under 18 U.S.C. § 1839. Confidential information includes, but is not limited to, information in oral, written or recorded form regarding business plans, trade or business secrets, Company financial records, supplier contracts or relationships, or any other

information that the Company does not regularly disclose to the public. To the extent that Officer has any doubt, either now or in the future, as to whether information Officer possesses is confidential or Company proprietary, Officer should contact the Company's Chief Legal Officer for clarification before divulging or using such information. Officer understands and agrees that divulging such information to third parties or Officer's unauthorized use of it would cause serious competitive harm to the Company. Confidential information shall exclude: (a) information that is generally known by or available for use by the public, (b) information that was known by Officer prior to his employment with the Company (including its predecessor in interest, affiliates and subsidiaries) and was obtained, to the best of Officer's knowledge, without violation of any obligation of confidentiality to Company, or (c) information that is required to be disclosed pursuant to applicable law or a court order. If information is required to be disclosed because of a court order, Officer must notify the Company's Chief Legal Officer immediately.

Officer agrees that the terms of this Release are confidential and that Officer will not disclose any information concerning this Release to any person other than Officer's immediate family members and professional advisors who also agree to keep said information confidential, not to disclose it to others and not to use such information for any purpose other than advising Officer with respect to Officer's rights and obligations under this Release, except as permitted under the fourth paragraph of Section 4 above. Officer also may make such disclosures as are required by law. Any disclosure in violation of the foregoing is a material breach of this Release giving rise to an appropriate remedy as determined by a court of law or equity.

Officer agrees that he is prohibited from and will refrain from sharing all Company-related materials in Officer's possession with those who have not been authorized to receive such information, including but not limited to any competitors or retailers selling crafts, fabrics or other product lines also sold by the Company.

Officer acknowledges that he remains subject to the restrictive covenants set forth in Section 13 of the Agreement.

Each Party covenants not to make any disparaging statements or comments about the other party to any person or entity by any medium, whether oral or written.

7. Governing Law. To the extent not preempted by the laws of the United States, the laws of the State of Ohio, applicable to contracts made and to be performed wholly within that state, shall be the controlling law in all matters relating to this Release.

8. Acknowledgement. Officer understands that the release set forth in Section 4 includes a release of any claims Officer may have under the ADEA against any of the Releasees that may have existed on or prior to the date upon which Officer signs this Release. Officer has read this Release, agrees that it sets forth the terms of the Parties' agreement clearly and unambiguously, understands it, and voluntarily accepts its terms. The Company hereby advises Officer to seek the advice of legal counsel before entering into this Release. Officer acknowledges that Officer was given a period of twenty-one (21) calendar days within which to consider and execute this Release, and to the extent that Officer executes this Release before the expiration of the 21-day period, he does so knowingly and voluntarily and only after consulting his attorney.

9. Revocation. Officer understands that he has a period of seven (7) calendar days following the execution of this Release during which Officer may revoke this Release by delivering written notice to the Company, and this Release shall not become effective or enforceable until such revocation period has expired. Officer understands that if he revokes this Release, it will be null and void in its entirety and Officer will not be entitled to any payments or benefits provided in Section 2.

10. Miscellaneous. This Release is the complete understanding between Officer and the Company in respect of the subject matter of this Release and supersedes all prior agreements relating to Officer's employment with the Company, except those provisions of the Agreement that survive the termination of Officer's employment and agreements that Officer has entered into with the Company pertaining to confidentiality or ownership of intellectual property or Company proprietary information and the restrictive covenants referenced in Section 6 of this Release. Officer has not relied upon any representations, promises or agreements of any kind except those set forth herein and in the Agreement in signing this Release. In the event that any provision of this Release should be held to be invalid or unenforceable, each and all of the other provisions of this Release shall remain in full force and effect. If any provision of this Release is found to be invalid or unenforceable, such provision shall be modified as necessary to permit this Release to be upheld and enforced to the maximum extent permitted by law. Officer agrees to execute such other documents and take such further actions as reasonably may be required by the Company to carry out the provisions of this Release.

11. Counterparts. This Release may be executed by the Parties hereto in counterparts (including by means of facsimile or other electronic transmission), each of which shall be deemed an original, but all of which taken together shall constitute one original instrument.

IN WITNESS WHEREOF, the parties have executed this Release on the date first set forth above.

JOANN INC.

/s/ Ann Aber

Name: Ann Aber

Title: Senior Vice President, Chief Legal
Officer & Secretary

OFFICER

/s/ Thomas Dryer

Name: Thomas Dryer

Date: September 25, 2023

SEPARATION AGREEMENT AND RELEASE

This Separation Agreement and Release (this "*Separation Agreement*"), by and between JOANN Inc. (the "*Company*") and Janet Duliga ("*you*" and similar words), sets forth certain terms of your separation from the Company and its subsidiaries (including certain requirements under your Agreement, dated as of October 30, 2020, with Jo-Ann Stores, LLC ("*Jo-Ann LLC*") (the "*Severance Agreement*")), including certain terms required in order for you to receive certain separation payments and benefits, as set forth in detail below.

By signing this Separation Agreement, you and the Company agree as follows:

1. STATUS OF EMPLOYMENT

You agree that, effective September 15, 2023 (the "*Separation Date*"), you will no longer serve as the Company's Executive Vice President, Chief Administrative Officer and your employment with the Company and all of its subsidiaries is terminated. You further agree that your termination of employment on the Separation Date shall be treated as set forth in Section 2 of this Separation Agreement. You also agree that, as of the Separation Date, you will terminate from all other positions you hold (if any) as an officer, employee or director of the Company and the Company's subsidiaries and affiliates, and that you will promptly execute any documents and take any actions as may be necessary or reasonably requested by the Company to effectuate or memorialize your termination from all positions with the Company and its subsidiaries and affiliates.

2. SEVERANCE BENEFITS

In consideration for you (a) signing this Separation Agreement, and (b) signing, no earlier than the Separation Date and no later than 45 days following the Separation Date, a general waiver and release of claims, substantially in the form attached hereto as Exhibit A (the "*Release*"), and letting the Release become effective as set forth in the Release:

- (i) for purposes of the Severance Agreement, this Separation Agreement and related agreements, your separation from the Company will be deemed an involuntary termination of your employment by the Company and its subsidiaries and affiliates without Cause prior to a Change of Control (as described in the Severance Agreement); and
 - (ii) you will receive the payments and benefits as specified on Exhibit B attached hereto, all subject to applicable tax withholding (the "*Severance Benefits*"). The Severance Benefits will be in lieu of and deemed to fully satisfy any amounts due under the Severance Agreement, the Stock Option Plan of Jo-Ann Stores Holdings, Inc. and applicable award agreements thereunder (the "*2012 Equity Plan*") and/or the JOANN Inc. 2021 Equity Incentive Plan, as amended or amended and restated from time to time, and applicable award agreements thereunder (the "*2021 Equity Plan*" and, together with the 2012 Equity Plan, the "*Equity Plans*"), and other compensation arrangements of the Company and its subsidiaries and affiliates. You acknowledge and agree that the Severance Benefits constitute fair and adequate consideration for your promises and covenants set forth in this Separation Agreement and the Release.
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3. RESTRICTIVE COVENANTS

By signing this Separation Agreement, you acknowledge that, subject to applicable law, you will continue to abide by the restrictive covenants to which you are subject, including as set forth in or applicable under the Equity Plans and Section 13 of the Severance Agreement, which expressly survive the termination of your employment without Cause pursuant to their terms.

Notwithstanding anything in this Separation Agreement, the Equity Plans, or the Severance Agreement to the contrary, nothing in such documents prevents you from providing, without prior notice to the Company, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations, and for purpose of clarity you are not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Securities Exchange Act of 1934, as amended.

No Company policy or individual agreement between the Company and you shall prevent you from providing information to government authorities regarding possible legal violations, participating in investigations, testifying in proceedings regarding the Company's past or future conduct, engaging in any future activities protected under the whistleblower statutes administered by any government agency (e.g., EEOC, NLRB, SEC, etc.) or receiving a monetary award from a government-administered whistleblower award program for providing information directly to a government agency. The Company nonetheless asserts and does not waive its attorney-client privilege over any information appropriately protected by privilege. By executing this Separation Agreement you represent that, as of the date you sign this Separation Agreement, no claims, lawsuits, or charges have been filed by you or on your behalf against the Company or any of its legal predecessors, successors, assigns, fiduciaries, parents, subsidiaries, divisions or other affiliates, or any of the foregoing's respective past, present or future principals, partners, shareholders, directors, officers, employees, agents, consultants, attorneys, trustees, administrators, executors or representatives. You acknowledge and agree that you have in a timely manner received or waived all applicable notices required under the Severance Agreement, or otherwise, in connection with the termination of your employment with the Company. The Company agrees that this Separation Agreement does not extend to, release or modify any rights to indemnification or advancement of expenses to which you are entitled from the Company or its insurers under the Company's certificate of incorporation, by-laws, or other corporate governing law or instruments or your indemnification agreement with the Company.

4. LIMITATIONS

Nothing in this Separation Agreement or the Severance Agreement shall be binding upon the parties hereto to the extent it is void or unenforceable for any reason, including, without limitation, as a result of any law regulating competition or proscribing unlawful business practices; *provided, however*, that to the extent that any provision in this Separation Agreement or the Severance Agreement could be modified to render it enforceable under applicable law, it shall be deemed so modified and enforced to the fullest extent allowed by law.

5. MATERIAL BREACH

You agree that in the event of any breach of any provision of the restrictive covenants described in Section 3 of this Separation Agreement, the Company will be entitled to equitable and/or injunctive relief and, because the damages for such a breach will be impossible or impractical to determine and will not therefore provide a full and adequate remedy, the Company or (as applicable) any and all past, present or future parents, subsidiaries and affiliates of the Company (the "*JOANN Companies*") will also be entitled to

specific performance by you. Except with respect to any clawback rights the Company may have with respect to equity or incentive awards under the Equity Plans, no amount owing to you under this Separation Agreement shall be subject to set-off or reduction by reason of any claims that the Company and its subsidiaries and affiliates have or may have against you. You will be entitled to recover actual damages if the Company materially breaches this Separation Agreement, including any material unexcused late or non-payment of any amounts owed under this Separation Agreement, or any material unexcused failure to provide any other benefits specified in this Separation Agreement. Failure by any party hereto to enforce any term or condition of this Separation Agreement at any time shall not preclude that party from enforcing that provision, or any other provision, at a later time.

6. NO RE-EMPLOYMENT

You understand that your employment with the Company is terminated on the Separation Date. You agree that you will not seek or accept employment with any of the JOANN Companies, including assignment to or on behalf of the Company as an independent contractor or through any third party, and the JOANN Companies have no obligation to consider you for any future employment or assignment.

7. REVIEW OF SEPARATION AGREEMENT

This Separation Agreement is important. You are advised to review it carefully and consult an attorney before signing it, as well as any other professional whose advice you value, such as an accountant or financial advisor. If you agree to the terms of this Separation Agreement, sign in the space below where your agreement is indicated. The payments and benefits specified in this Separation Agreement are contingent on your (a) signing this Separation Agreement and (b) signing the Release no earlier than the Separation Date and no later than 45 calendar days following the Separation Date, and not revoking the Release.

8. RETURN OF PROPERTY

You affirm that you have returned, or will have returned within a reasonable time after the Separation Date, to the Company in reasonable working order all Company Property, as described more fully below. "Company Property" includes company-owned or leased motor vehicles, equipment, supplies and documents. Such documents may include but are not limited to customer lists, financial statements, cost data, price lists, invoices, forms, passwords, electronic files and media, mailing lists, contracts, reports, manuals, personnel files, correspondence, business cards, drawings, employee lists or directories, lists of vendors, photographs, maps, surveys, and the like, including copies, notes or compilations made there from, whether such documents are embodied on "hard copies" or contained on computer disk or any other medium. You further agree that you will not retain any copies or duplicates of any such Company Property.

9. FUTURE COOPERATION

You agree that you shall, without any additional compensation, respond to reasonable requests for information from the Company regarding matters that may arise in the Company's business. You further agree to fully and completely cooperate with the Company, its advisors and its legal counsel with respect to any litigation that is pending against the Company and any claim or action that may be filed against the Company in the future. Such cooperation shall include making yourself available at reasonable times and places for interviews, reviewing documents, testifying in a deposition or a legal or administrative proceeding, and providing advice to the Company in preparing defenses to any pending or potential future claims against the Company. The Company agrees to (or to cause one of its affiliates to) pay/reimburse you for any approved travel expenses reasonably incurred as a result of your cooperation with the Company,

with any such payments/reimbursements to be made in accordance with the Company's expense reimbursement policy as in effect from time to time.

10. NON-DISPARAGEMENT

You agree that you will not make or issue, or procure any person, firm, or entity to make or issue, any statement in any form, including written, oral and electronic communications of any kind, which conveys negative or adverse information concerning the Company, the JOANN Companies, or any and all past, present, or future related persons or entities, including but not limited to the Company's and the JOANN Companies' officers, directors, managers, employees, shareholders, agents, attorneys, successors and assigns, specifically including without limitation the Company and its subsidiaries and affiliates, their business, their actions or their officers or directors, to any person or entity, regardless of the truth or falsity of such statement. This Section 10 does not apply to truthful testimony compelled by applicable law or legal process.

11. TAX MATTERS

By signing this Separation Agreement, you acknowledge that you will be solely responsible for any taxes which may be imposed on you as a result of the Severance Benefits, all amounts payable to you under this Separation Agreement will be subject to applicable tax withholding by the Company or its subsidiaries or affiliates, and the Company has not made any representations or guarantees regarding the tax result for you with respect to any income recognized by you in connection with this Separation Agreement or the Severance Benefits.

Although the Company will use its best efforts to avoid the imposition of taxation, interest and penalties under Section 409A of the U.S. Internal Revenue Code of 1986, as amended, the tax treatment of the benefits provided under this Separation Agreement is not warranted or guaranteed. Neither the Company, its affiliates nor their respective directors, officers, employees or advisors shall be held liable for any taxes, interest, penalties or other monetary amounts owed by you (or any other individual claiming a benefit through you) as a result of this Separation Agreement.

12. NATURE OF AGREEMENT

By signing this Separation Agreement, you acknowledge that you are doing so freely, knowingly and voluntarily. You acknowledge that in signing this Separation Agreement you have relied only on the promises written in this Separation Agreement and not on any other promise made by the Company or JOANN Companies. This Separation Agreement is not, and will not be considered, an admission of liability or of a violation of any applicable contract, law, rule, regulation, or order of any kind. This Separation Agreement and the Release contain the entire agreement between the Company, other JOANN Companies and you regarding your departure from the Company, except that all post-employment covenants contained in the Severance Agreement or Equity Plans remain in full force and effect. The Severance Benefits are in full satisfaction of any severance benefits under the Severance Agreement and the Equity Plans, and of any other compensation arrangements between you and the Company or the JOANN Companies. This Separation Agreement may not be altered, modified, waived or amended except by a written document signed by a duly authorized representative of the Company and you. Except as otherwise explicitly provided, this Separation Agreement will be interpreted and enforced in accordance with the laws of the state of Ohio, and the parties hereto, including their successors and assigns, consent to the jurisdiction of the state and federal courts of Ohio. The headings in this document are for reference only, and shall not in any way affect the meaning or interpretation of this Separation Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, you and the Company have executed this Separation Agreement as of the dates set forth below.

JANET DULIGA

/s/ Janet Duliga_____

Date: September 15, 2023

JOANN INC.

By: /s/ Ann Aber_____

Name: Ann Aber
**Title: Senior Vice President, Chief Legal
Officer & Secretary**

Date: September 15, 2023

Exhibit A

Release

This Release (this "*Release*") is entered into by and between Janet Duliga ("*Executive*") and JOANN Inc. (the "*Company*") (collectively, the "*Parties*") as of the __xx__ day of September, 2023.

NOW, THEREFORE, and in consideration of the mutual promises contained herein, and for other good and valuable consideration, the adequacy and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Employment Status.** Executive's employment with the Company terminated effective as of September 15, 2023.

2. **Payments and Benefits.** Following the effectiveness of the terms set forth herein, the Company shall provide Executive with certain benefits as provided in that certain Separation Agreement and Release between the Company and Executive dated as of September 15, 2023 (the "*Separation Agreement*"), which modifies Section 1 of that certain Agreement between Jo-Ann Stores, LLC and Executive dated as of October 30, 2020 (the "*Agreement*"). Such benefits shall be provided in accordance with the terms, and subject to the conditions, of the Separation Agreement. Executive agrees that the consideration set forth above reflects adequate consideration for the release of any potential claims that Executive may have arising from Executive's employment and separation from employment with the Company.

3. **No Liability.** This Release does not constitute an admission by the Company, or its directors, managers, officers, employees, affiliates or agents, or Executive, of any unlawful acts or of any violation of federal, state or local laws.

4. **Claims Released by Executive.** In consideration of the payments and benefits described in Section 2 of this Release, and by signing this Release, Executive agrees on behalf of Executive and her agents, heirs, executors, administrators and assigns to unconditionally release, acquit and forever discharge the Company, its parents, subsidiaries and affiliates, and each of their respective agents, directors, managers, officers, employees, partners, shareholders, members, representatives, successors, insurers, assigns and all persons acting by, through, under or in concert with any of them ("*Releasees*") from any and all actions, complaints, claims, liabilities, obligations, promises, agreements, damages, demands, losses, and expenses of any nature whatsoever, known or unknown, suspected or unsuspected, including, but not limited to, rights under federal, state or local laws prohibiting discrimination (including but not limited to the Federal Age Discrimination in Employment Act) and claims for wrongful discharge, breach of contract, either oral or written, breach of any employment policy or any other claim against Releasees which Executive now has, heretofore had or at any time hereafter may have against Releasees arising prior to the date hereof and arising out of or in connection with Executive's employment or separation from employment with the Company.

Executive acknowledges and understands that this is a general release which releases the Releasees from any and all claims that Executive may have under federal, state or local laws or common law, including but not limited to claims arising under the Age Discrimination in Employment Act (the "*ADEA*"), Title VII of the Civil Rights Act of 1964, 42 U.S.C. §§ 1981 & 1981a, the Americans with Disabilities Act, the Equal Pay Act, the Employee Retirement Income Security Act, the Lilly Ledbetter Fair Pay Act of 2009, the Family and Medical Leave Act, Sarbanes-Oxley Act of 2002, the National Labor Relations Act, the Rehabilitation Act of 1973, the Worker Adjustment Retraining and Notification Act, the Uniformed Services Employment and Reemployment Rights Act, Federal Executive Order 11246, the Genetic Information Nondiscrimination Act, the Ohio Civil Rights Act, Ohio Revised Code 4112.01 et seq., and the Ohio Whistleblowers' Protection Act. This Release does not apply to any claim that as a matter of law cannot be released, or to any rights or

claims that may arise after the date Executive executes this Release, and nothing herein shall release the Company from any obligation under the Agreement. Further, nothing herein prevents Executive from instituting any action to challenge the validity of this Agreement under the ADEA

Without limiting the foregoing, Executive represents that she understands that this Release specifically releases and waives any claims of age discrimination, known or unknown, that Executive may have against Releasees as of the date Executive signs this Release. This Release specifically includes a waiver of rights and claims under the ADEA. Executive acknowledges that as of the date she signs this Release, Executive may have certain claims under the ADEA and Executive voluntarily relinquishes any such claims by signing this Release.

Nothing in this Release will prohibit Executive from cooperating with the Equal Employment Opportunity Commission ("*EEOC*") or any similar state and local agencies in any future investigation against the Company, but Executive acknowledges that this Release will bar Executive from recovering any funds in any future proceeding, including any brought by the EEOC or any state and local agencies. Further, Executive specifically waives any right to receive any benefit or remedy as a consequence of filing a charge of discrimination with the EEOC or any similar state and local agencies. Notwithstanding the foregoing, Executive does not give up the right to any monetary award offered by the Securities and Exchange Commission pursuant to Section 21F of the Securities Exchange Act of 1934, as amended, the Dodd-Frank Wall Street Reform and Consumer Protection Act or The Sarbanes-Oxley Act of 2002.

Executive and the Company agree that this Release may be introduced into evidence by a party in the event either party attempts to or actually commences any legal, equitable or administrative action, arbitration or other proceeding against the other party or any of its affiliated entities or any of the Releasees.

5. Confidentiality/Non-Disparagement/Restrictive Covenants. Executive agrees not to divulge to third parties or use any confidential or Company proprietary information gathered or learned by Executive in the scope of her employment with the Company. Confidential information includes, but is not limited to, information in oral, written or recorded form regarding business plans, trade or business secrets, Company financial records, supplier contracts or relationships, or any other information that the Company does not regularly disclose to the public. To the extent that Executive has any doubt, either now or in the future, as to whether information Executive possesses is confidential or Company proprietary, Executive should contact the undersigned for clarification before divulging or using such information. Executive understands and agrees that divulging such information to third parties or Executive's unauthorized use of it would cause serious competitive harm to the Company. Confidential information shall exclude: (a) information that is generally known by or available for use by the public, (b) information that was known by Executive prior to her employment with the Company (including its predecessor in interest, affiliates and subsidiaries), or (c) information that is required to be disclosed pursuant to applicable law or a court order. If information is required to be disclosed because of a court order, Executive must notify the Company's Chief Legal Officer immediately.

Executive agrees that the terms of this Release are confidential and that Executive will not disclose any information concerning this Release to any person other than Executive's immediate family members and professional advisors who also agree to keep said information confidential, not to disclose it to others and not to use such information for any purpose other than advising Executive with respect to Executive's rights and obligations under this Release. Executive also may make such disclosures as are required by law. Any disclosure in violation of the foregoing is a material breach of this Release giving rise to an appropriate remedy as determined by a court of law or equity.

Executive agrees that she is prohibited from and will refrain from sharing all Company-related materials in Executive's possession with those who have not been authorized to receive such information, including but not limited to any competitors or retailers selling crafts, fabrics or other product lines also sold by the Company.

Executive acknowledges that she remains subject to the restrictive covenants referenced in Section 13 of the Agreement.

Each Party covenants not to make any disparaging statements or comments about the other parties to any person or entity by any medium, whether oral or written.

6. **Governing Law.** To the extent not preempted by the laws of the United States, the laws of the State of Ohio, applicable to contracts made and to be performed wholly within that state, shall be the controlling law in all matters relating to this Release.

7. **Acknowledgment.** Executive has read this Release, understands it, and voluntarily accepts its terms. Executive is hereby advised by the Company to seek the advice of legal counsel before entering into this Release. Executive acknowledges that she was given a period of forty-five (45) calendar days within which to consider and execute this Release, and to the extent that she executes this Release before the expiration of the 45-day period, she does so knowingly and voluntarily and only after consulting her attorney.

8. **Revocation.** Executive understands that she has a period of seven (7) calendar days following the execution of this Release during which Executive may revoke this Release by delivering written notice to the Company, and this Release shall not become effective or enforceable until such revocation period has expired. Executive understands that if she revokes this Release, it will be null and void in its entirety and Executive will not be entitled to any payments or benefits provided in Section 2.

9. **Miscellaneous.** This Release (and the Separation Agreement) is the complete understanding between Executive and the Company in respect of the subject matter of this Release and supersedes all prior agreements relating to Executive's employment with the Company, except those provisions of the Agreement that survive the termination of Executive's employment and agreements that Executive has entered into with the Company pertaining to confidentiality or ownership of intellectual property or Company proprietary information. Executive has not relied upon any representations, promises or agreements of any kind except those set forth herein and in the Agreement in signing this Release. In the event that any provision of this Release should be held to be invalid or unenforceable, each and all of the other provisions of this Release shall remain in full force and effect. If any provision of this Release is found to be invalid or unenforceable, such provision shall be modified as necessary to permit this Release to be upheld and enforced to the maximum extent permitted by law. Executive agrees to execute such other documents and take such further actions as reasonably may be required by the Company to carry out the provisions of this Release.

10. **Counterparts.** This Release may be executed by the Parties hereto in counterparts (including by means of facsimile or other electronic transmission), each of which shall be deemed an original, but all of which taken together shall constitute one original instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this Release on the date first set forth above.

EXECUTIVE

[exhibit copy not for signature]
Janet Duliga

JOANN INC.

By: *[exhibit copy not for signature]*

Name:
Title:

Exhibit B

Severance and Other Benefits

Severance benefits under the Separation Agreement and the Severance Agreement, which severance benefits will consist of the following:

- **Payment of all accrued but unpaid base salary earned by you through the Separation Date. This amount will be payable to you in accordance with normal payroll practices;**
 - **Payment of an amount equal to \$485,000. This amount represents twelve (12) months of your annual base salary as in effect on the Separation Date, which you agree is in lieu of and in full satisfaction of the Company's obligations under Section 1 of the Severance Agreement. This amount will be paid in a single lump sum via payroll on the pay date immediately following the date the Release becomes effective and irrevocable in accordance with its terms;**
 - **Your outstanding Company equity awards will be governed by the applicable terms of the Equity Plans for such awards. In particular:**
 - **To the extent that any of your stock option awards granted in 2016, 2019, 2020, 2021, 2022 and 2023 remain unvested as of the Separation Date, such unvested portions will be immediately forfeited without consideration;**
 - **To the extent that any of your restricted stock units granted in 2021, 2022 and 2023 remain unvested as of the Separation Date, such unvested portions will be immediately forfeited without consideration; and**
 - **To the extent that you hold any stock option awards that are vested as of the Separation Date, such vested portions will be exercisable after the Separation Date in accordance with their applicable terms.**
-

CERTIFICATION

I, Christopher DiTullio, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of JOANN Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 5, 2023

By: /s/ Christopher DiTullio
Christopher DiTullio
Executive Vice President, Chief Customer Officer and Member,
Interim Office of the Chief Executive Officer
(*principal executive officer*)

CERTIFICATION

I, Scott Sekella, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of JOANN Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 5, 2023

By: /s/ Scott Sekella

Scott Sekella
Executive Vice President, Chief Financial Officer and Member,
Interim Office of the Chief Executive Officer
(principal financial officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of JOANN Inc. (the “Company”) for the period ended October 28, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Christopher DiTullio, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 5, 2023

By: /s/ Christopher DiTullio
Christopher DiTullio
Executive Vice President, Chief Customer Officer and Member,
Interim Office of the Chief Executive Officer
(principal executive officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of JOANN Inc. (the "Company") for the period ended October 28, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Scott Sekella, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 5, 2023

By: /s/ Scott Sekella

Scott Sekella

Executive Vice President, Chief Financial Officer and Member,
Interim Office of the Chief Executive Officer

(principal financial officer)
