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 29, 2022

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	**46-1095540**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
5555 Darrow Road, Hudson, Ohio	**44236**
(Address of principal executive offices)	**(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	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
Emerging growth company	☐		

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 December 9, 2022, the registrant had 40,786,993 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 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, our level of indebtedness, the impact of lease obligations and the availability of capital, including our ability to raise additional capital, could limit our financial flexibility and cash flow necessary to fund working capital, planned capital expenditures, and other general corporate purposes or ongoing needs of our business;
- potential future impacts of the COVID-19 pandemic, including effects on supply chain costs and capacity;
- 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 growth strategy to renovate and improve the performance of our existing store locations;
- 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. Furthermore, the potential impact of the COVID-19 pandemic on our business operations and financial results and on the world economy as a whole may heighten the risks and uncertainties that affect our forward-looking statements. 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)		
	October 29, 2022	October 30, 2021	January 29, 2022
		(In millions)	
Assets			
Current assets:			
Cash and cash equivalents	$ 27.5	$ 30.9	$ 22.5
Inventories	747.0	744.3	658.6
Prepaid expenses and other current assets	79.6	82.6	39.2
Total current assets	854.1	857.8	720.3
Property, equipment and leasehold improvements, net	295.8	261.1	256.8
Operating lease assets	802.6	842.1	818.0
Goodwill, net	162.0	162.0	162.0
Intangible assets, net	369.3	372.1	370.3
Other assets	40.9	26.8	34.8
Total assets	$ 2,524.7	$ 2,521.9	$ 2,362.2
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable	$ 270.3	$ 311.3	$ 253.8
Accrued expenses	123.4	128.6	142.4
Current portion of operating lease liabilities	162.4	176.7	173.8
Current portion of long-term debt	6.8	6.8	6.8
Total current liabilities	562.9	623.4	576.8
Long-term debt, net	1,062.4	853.8	778.6
Long-term operating lease liabilities	735.5	758.2	733.0
Long-term deferred income taxes	89.3	91.2	87.7
Other long-term liabilities	31.3	48.7	36.3
Shareholders' equity:			
Common stock, stated value $0.01 per share; 200.0 million authorized; issued 44.1 million shares at October 29, 2022, October 30, 2021 and January 29, 2022	0.4	0.4	0.4
Additional paid-in capital	208.4	203.6	203.3
Retained (deficit)	(148.1)	(34.4)	(24.9)
Accumulated other comprehensive income	11.4	1.1	1.8
Treasury stock at cost; 3.3 million shares at October 29, 2022, 2.9 million shares at October 30, 2021 and 3.5 million shares at January 29, 2022	(28.8)	(24.1)	(30.8)
Total shareholders' equity	43.3	146.6	149.8
Total liabilities and shareholders' equity	$ 2,524.7	$ 2,521.9	$ 2,362.2

See notes to unaudited consolidated financial statements.

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

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 29, 2022	October 30, 2021	October 29, 2022	October 30, 2021
	(In millions except per share data)			
Net sales	$ 562.8	$ 611.0	$ 1,524.1	$ 1,682.3
Cost of sales	281.8	292.2	787.5	794.0
Selling, general and administrative expenses	269.0	257.6	786.6	754.5
Depreciation and amortization	19.9	19.6	59.9	60.1
Operating profit (loss)	(7.9)	41.6	(109.9)	73.7
Interest expense, net	18.1	11.8	42.5	39.8
Debt related loss, net	—	—	—	3.0
Investment remeasurement	(2.0)	—	(1.0)	—
Gain on sale leaseback	—	—	—	(24.5)
Income (loss) before income taxes	(24.0)	29.8	(151.4)	55.4
Income tax provision (benefit)	(6.5)	7.0	(41.9)	12.3
Net income (loss)	$ (17.5)	$ 22.8	$ (109.5)	$ 43.1
Other comprehensive income (loss):				
Foreign currency translation	(0.1)	—	(0.1)	—
Cash flow hedges	13.9	1.4	13.0	1.8
Income tax (provision) on cash flow hedges	(3.5)	(0.3)	(3.3)	(0.4)
Other comprehensive income	10.3	1.1	9.6	1.4
Comprehensive income (loss)	$ (7.2)	$ 23.9	$ (99.9)	$ 44.5
Earnings (loss) per common share:				
Basic	$ (0.43)	$ 0.55	$ (2.69)	$ 1.06
Diluted	$ (0.43)	$ 0.53	$ (2.69)	$ 1.02
Weighted-average common shares outstanding:				
Basic	40.8	41.7	40.7	40.8
Diluted	40.8	43.1	40.7	42.1

See notes to unaudited consolidated financial statements.

JOANN Inc.
Consolidated Statements of Cash Flows
(Unaudited)

	Thirty-Nine Weeks Ended	
	October 29, 2022	October 30, 2021
	(In millions)	
Net cash provided by (used for) operating activities:		
Net income (loss)	$ (109.5)	$ 43.1
Adjustments to reconcile net income (loss) to net cash (used for) operating activities:		
Non-cash operating lease expense	127.0	120.8
Depreciation and amortization	59.9	60.1
Deferred income taxes	(1.7)	3.4
Stock-based compensation expense	6.1	2.1
Amortization of deferred financing costs and original issue discount	1.5	2.0
Debt related loss, net	—	3.0
Investment remeasurement	(1.0)	—
Gain on sale leaseback	—	(24.5)
Loss (gain) on disposal and impairment of fixed and operating lease assets	0.3	(0.1)
Changes in operating assets and liabilities:		
(Increase) in inventories	(88.4)	(188.4)
(Increase) in prepaid expenses and other current assets	(39.3)	(11.0)
Increase in accounts payable	16.5	61.2
(Decrease) in accrued expenses	(16.4)	(45.4)
(Decrease) in operating lease liabilities	(120.6)	(144.6)
(Decrease) in other long-term liabilities	(13.1)	(6.0)
Other, net	5.1	0.7
Net cash (used for) operating activities	(173.6)	(123.6)
Net cash provided by (used for) investing activities:		
Capital expenditures	(80.4)	(42.9)
Proceeds from sale leaseback	—	48.1
Other investing activities	(4.3)	(0.2)
Net cash provided by (used for) investing activities	(84.7)	5.0
Net cash provided by (used for) financing activities:		
Term loan proceeds, net of original issue discount	—	671.6
Term loan payments	(5.1)	(708.0)
Borrowings on revolving credit facility	544.1	429.9
Payments on revolving credit facility	(256.1)	(318.9)
Purchase and retirement of debt	—	(0.9)
Principal payments on finance lease obligations	(7.1)	(5.4)
Issuance of common stock, net of underwriting commissions and offering costs	—	76.9
Purchase of common stock	—	(10.8)
Proceeds from employee stock purchase plan and exercise of stock options	1.1	—
Payments of taxes related to the net issuance of team member stock awards	(0.1)	—
Dividends paid	(13.4)	(8.4)
Financing fees paid	—	(3.9)
Net cash provided by financing activities	263.4	122.1
Effect of exchange rate changes on cash	(0.1)	—
Net increase in cash and cash equivalents	5.0	3.5
Cash and cash equivalents at beginning of period	22.5	27.4
Cash and cash equivalents at end of period	$ 27.5	$ 30.9
Cash paid (received) during the period for:		
Interest	$ 39.6	$ 38.6
Income taxes, net of refunds	(6.6)	17.2

See notes to unaudited consolidated financial statements.

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

	Net Common Shares	Treasury Shares	Common Stock Par Value	Additional Paid-In Capital	Treasury Stock	Retained (Deficit)	Accumulated Other Comprehensive Income (Loss)	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 – $0.11 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

	Net Common Shares	Treasury Shares	Common Stock Par Value	Additional Paid-In Capital	Treasury Stock	Retained (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
				(In millions)				
Balance, January 30, 2021	34.9	1.9	$ 0.3	$ 124.7	$ (13.3)	$ (69.0)	$ (0.3)	$ 42.4
Net income	—	—	—	—	—	15.1	—	15.1
Other comprehensive income	—	—	—	—	—	—	0.1	0.1
Issuance of common stock, net	7.1	—	0.1	76.9	—	—	—	77.0
Stock-based compensation	—	—	—	0.6	—	—	—	0.6
Exercise of stock options	0.2	—	—	—	—	—	—	—
Balance, May 1, 2021	42.2	1.9	$ 0.4	$ 202.2	$ (13.3)	$ (53.9)	$ (0.2)	$ 135.2
Net Income	—	—	—	—	—	5.2	—	5.2
Other comprehensive income	—	—	—	—	—	—	0.2	0.2
Issuance of common stock, net	—	—	—	(0.1)	—	—	—	(0.1)
Dividends – $0.10 per share	—	—	—	—	—	(4.2)	—	(4.2)
Stock-based compensation	—	—	—	0.7	—	—	—	0.7
Balance, July 31, 2021	42.2	1.9	$ 0.4	$ 202.8	$ (13.3)	$ (52.9)	$ —	$ 137.0
Net income	—	—	—	—	—	22.8	—	22.8
Other comprehensive income	—	—	—	—	—	—	1.1	1.1
Dividends – $0.10 per share	—	—	—	—	—	(4.3)	—	(4.3)
Purchase of common stock	(1.0)	1.0	—	—	(10.8)	—	—	(10.8)
Stock-based compensation	—	—	—	0.8	—	—	—	0.8
Balance, October 30, 2021	41.2	2.9	$ 0.4	$ 203.6	$ (24.1)	$ (34.4)	$ 1.1	$ 146.6

See notes to unaudited consolidated financial statements.

Note 1—Significant Accounting Policies

Nature of Operations

JOANN (as defined below) is the nation's category leader in sewing and fabrics (collectively, "Sewing") and one of the fastest growing competitors in the arts and crafts category. The Company is well-positioned in the marketplace and has multiple competitive advantages, including a broad assortment of products, established omni-channel platform, multi-faceted digital interface with customers and skilled and knowledgeable team members. As a well-established and trusted brand for over 75 years, the Company believes it has a deep understanding of its customers, what inspires their creativity and what fuels their incredibly diverse projects. Since 2016, the Company has embarked on a strategy to transform JOANN, which has helped it pivot from a traditional retailer to a fully-integrated, digitally-connected provider of Creative Products. As of October 29, 2022, the Company operated 840 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 29, 2022.

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. The fiscal quarters ended October 29, 2022 and October 30, 2021 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.

Initial Public Offering

On March 11, 2021, the Company's registration statement on Form S-1 (File No. 333-253121) relating to its initial public offering was declared effective by the SEC. The Company's shares of common stock began trading on the Nasdaq Global Market on March 12, 2021. The public offering price of the shares sold in the initial public offering was $12.00 per share. The initial public offering closed on March 11, 2021 and included 5,468,750 shares of common stock. As part of the Company's initial public offering, the underwriters were provided with an option to purchase 1,640,625 additional shares at the initial public offering price. This option was exercised on April 13, 2021. In aggregate, the shares issued in the offering, including the exercise of the underwriters' option, generated $76.9 million in net proceeds, which amount is net of $5.7 million in underwriters' discount and commissions and $2.7 million in offering costs incurred.

On March 19, 2021, in connection with the closing of the initial public offering, the Company used all net proceeds received from the initial public offering and borrowings from the Revolving Credit Facility (as defined below) to repay all of the outstanding borrowings and accrued interest under the Term Loan due 2024 (as defined below) totaling $72.7 million. Following such repayment, all obligations under the Term Loan due 2024 were terminated.

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

Prior to the completion of the Company's initial public offering, the Company paid a monthly management fee to LGP, which is included in selling, general and administrative ("SG&A") expenses on the accompanying Consolidated Statements of Comprehensive Income (Loss). Payment of the monthly management fee was discontinued upon the completion of the Company's initial public offering in March 2021, as LGP no longer provides managerial services to the Company in any form.

The Company did not pay any management fees during the thirteen weeks ended October 29, 2022 and October 30, 2021. The Company paid management fees of $0.4 million during the thirty-nine weeks ended October 30, 2021, but paid no such fees during the thirty-nine weeks ended October 29, 2022.

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.

Note 2—Financing

Long-term debt consisted of the following:

	October 29, 2022	October 30, 2021	January 29, 2022
		(In millions)	
Second Amended Revolving Credit Facility	$ 409.0	$ 196.5	$ 121.0
Term Loan due 2028	668.3	673.4	673.3
Total debt	1,077.3	869.9	794.3
Less unamortized discount and debt costs	(8.1)	(9.3)	(8.9)
Total debt, net	1,069.2	860.6	785.4
Less current portion of debt	(6.8)	(6.8)	(6.8)
Long-term debt, net	$ 1,062.4	$ 853.8	$ 778.6

Revolving Credit Facility

On October 21, 2016, the Company entered into an asset-based revolving credit facility agreement (the "Revolving Credit 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 Revolving Credit Facility (as amended, the “First Amended Revolving Credit 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 First Amended Revolving Credit Facility (as amended, the “Second Amended Revolving Credit 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 Second Amended Revolving Credit 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.

Under the Second Amended Revolving Credit Facility, the base rate loans bear 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. Eurodollar rate loans bear 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 Second Amended Revolving Credit Facility are calculated based on a rate of 0.20% per annum. In the event LIBOR ceases to be available during the term of the facility, the facility provides procedures to determine a “LIBOR Successor Rate.” The Company has the option to request an increase in the size of the Second Amended Revolving Credit 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 Second Amended Revolving Credit Facility are under no obligation to provide any such additional amounts.

As of October 29, 2022, there were $409.0 million of borrowings on the Second Amended Revolving Credit 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 Second Amended Revolving Credit Facility was $74.5 million. During the third quarter of fiscal 2023, the weighted average interest rate for borrowings under the Second Amended Revolving Credit Facility was 4.28%, compared to 2.86% for the third quarter of fiscal 2022. As of October 30, 2021, the Company had $196.5 million of borrowings on the Second Amended Revolving Credit Facility, and the Company’s outstanding letters of credit obligation was $20.5 million. As of October 30, 2021, the Company’s excess availability on the Second Amended Revolving Credit Facility was $270.0 million.

Term Loan Due 2023

On October 21, 2016, the Company entered into a $725.0 million senior secured term loan facility (the “Term Loan due 2023”) which was issued at 98.0% of face value. The Term Loan due 2023 was with a syndicate of lenders and was secured by substantially all the assets of JOANN, excluding the Revolving Credit Facility collateral, and had a second priority security interest in the Revolving Credit Facility collateral. It was guaranteed by existing and future wholly-owned subsidiaries of JOANN, subject to certain exceptions.

The Term Loan due 2023 was refinanced on July 7, 2021 pursuant to Amendment No. 2 to the Company’s Credit Agreement (see Term Loan Due 2028 below). A write-off of the deferred charges and original issue discount, totaling $3.1 million, associated with the original debt issuance was recognized in debt related loss, net within the accompanying Consolidated Statements of Comprehensive Income (Loss) in the second quarter of fiscal 2022 as a result of the refinancing.

Term Loan Due 2024

On May 21, 2018, the Company entered into a $225.0 million term loan facility (the “Term Loan due 2024”), which was issued at 98.5% of face value. The Term Loan due 2024 was with a syndicate of lenders. The Term Loan due 2024 was secured by a second priority security interest in all the assets of JOANN, excluding the Revolving Credit Facility collateral, and had a third priority security interest in the Revolving Credit Facility collateral. It was guaranteed by existing and future wholly-owned subsidiaries of JOANN, subject to certain exceptions.

On March 19, 2021, in connection with the closing of the initial public offering, the Company used all net proceeds received from the initial public offering and borrowings from the Revolving Credit Facility to repay all of the outstanding borrowings and accrued interest under the Term Loan due 2024 totaling $72.7 million. Following such repayment, all obligations under the Term Loan due 2024 were terminated in the first quarter of fiscal 2022. A write-off of the deferred charges and original issue discount, totaling $0.9 million,

associated with the original debt issuance was recognized in debt related loss, net within the accompanying Consolidated Statements of Comprehensive Income (Loss) in the first quarter of fiscal 2022 as a result of the repayment.

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" and, together with the Term Loan due 2023 and Term Loan due 2024, the "Term Loans"). The Term Loan due 2028 was issued at 99.5% of face value and was used to refinance the Company's outstanding Term Loan due 2023, as well as to reduce amounts borrowed under the Revolving Credit Facility and pay related fees and expenses. The 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%. Other than the changes described above, all other material provisions of the Credit Agreement remain unchanged. During the third quarter of fiscal 2023, the weighted average interest rate for borrowings under the Term Loan due 2028 was 7.69% compared to 5.58% during the third quarter of fiscal 2022.

The Term Loan due 2028 was issued at a $3.4 million discount. A portion of the discount in the amount of $3.1 million was recorded as a reduction of debt and set up to amortize over the life of the Term Loan due 2028, and $0.3 million of the discount was charged to earnings. The total fees and expenses associated with the Term Loan due 2028 were $6.8 million, which fees represent banking, legal and other professional services. The Company capitalized $3.8 million of these fees as a reduction of debt and the remaining fees were charged to earnings.

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 Second Amended Revolving Credit 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 29, 2022, 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 29, 2022.

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 1.43% 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. The fair value of the interest rate swap as of October 29, 2022 was $10.1 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. The fair value of the interest rate swap as of October 29, 2022 was $5.3 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 29, 2022, none of the netting arrangements involved collateral. The net fair value of the interest rate swaps as of October 29, 2022 was $15.4 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 29, 2022 and October 30, 2021 are presented in the table below:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 29, 2022	October 30, 2021	October 29, 2022	October 30, 2021
	(In millions)			
Interest rate swap - $200M notional amount	$ 5.4	$ 1.4	$ 7.7	$ 1.4
Interest rate swap - $250M notional amount	8.5	—	5.3	—
Gain recognized in other comprehensive income (loss), gross of income taxes	$ 13.9	$ 1.4	$ 13.0	$ 1.4

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 LIBOR-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 29, 2022	October 30, 2021
		(In millions)	
Interest rate swaps - current	Prepaid expenses and other current assets	$ 1.0	$ —
Interest rate swaps - long-term	Other assets	$ 14.4	$ 1.4

The fair values of cash and cash equivalents, accounts payable and borrowings on the Company's Second Amended Revolving Credit 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 29, 2022 and October 30, 2021:

	October 29, 2022		October 30, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In millions)			
Term Loan due 2028 (a)	$ 660.2	$ 439.9	$ 664.1	$ 652.5

(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 29, 2022 and October 30, 2021 was as follows:

	October 29, 2022	October 30, 2021
	(In millions)	
Goodwill, gross	$ 643.8	$ 643.8
Accumulated impairment	(481.8)	(481.8)
Goodwill, net	$ 162.0	$ 162.0

The carrying amount and accumulated amortization of identifiable intangible assets at October 29, 2022 and October 30, 2021 was as follows:

	Estimated Life in Years	October 29, 2022		October 30, 2021	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
		(In millions)			
Indefinite-lived intangible assets:					
JOANN trade name	—	$ 325.0	$ —	$ 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	—
Technology	3	5.3	(1.2)	—	—
Customer relationships	16	110.0	(79.8)	110.0	(73.0)
Total intangible assets		$ 450.4	$ (81.1)	$ 445.1	$ (73.0)

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 Company recognized intangible asset amortization of $1.7 million and $5.1 million for the thirteen and thirty-nine weeks ended October 30, 2021, respectively. The weighted average amortization period of amortizable intangible assets as of October 29, 2022 approximated 4.1 years.

On March 4, 2022, the Company purchased the remaining equity interest in WeaveUp, Inc. ("WeaveUp") for $4.3 million. Acquisition-related costs of $0.1 million were recognized in SG&A expenses within the accompanying Consolidated Statements of Comprehensive Income (Loss). Prior to the closing of the acquisition, the Company recorded its 12.3% equity investment in WeaveUp at cost and adjusted for observable transactions for same or similar investments in WeaveUp, as applicable. Upon acquisition of the remaining equity interest in WeaveUp, the Company decreased the value of its previously held investment to its fair value of $1.0 million, which resulted in a loss of $1.0 million. The fair value of the previously held investment was determined using Level 3 valuation techniques. The loss was recorded as investment remeasurement within the Consolidated Statements of Comprehensive Income (Loss) in the first quarter of fiscal 2023.

An intangible asset for WeaveUp's developed technology with a preliminary value of $5.3 million was recorded as a result of the acquisition. The intangible asset will be amortized over its estimated useful life of 3 years. The other assets and liabilities acquired in the purchase of WeaveUp were not material.

Note 6—Income Taxes

Effective Tax Rate

The effective income tax rate for the third quarter of fiscal 2023 was 27.1%, an income tax benefit on a pre-tax book loss, compared to the rate for the third quarter of fiscal 2022, which was 23.5%, an income tax provision on pre-tax book income. The effective income tax rate for the first thirty-nine weeks of fiscal 2023 was 27.7%, an income tax benefit on a pre-tax book loss, compared to the rate for the first thirty-nine weeks of fiscal 2022, which was 22.2%, an income tax provision on pre-tax book income. The effective tax rate increased from the third quarter and first thirty-nine weeks of fiscal 2022 to the third quarter and first thirty-nine weeks of fiscal 2023, respectively, because there was a pre-tax loss in fiscal 2023 and pre-tax income in fiscal 2022. The Company's favorable permanent book-tax differences decrease the effective tax rate when applied to pre-tax income, while these favorable permanent book-tax differences increase the effective tax rate when there is a pre-tax loss.

The effective tax rate is subject to change based on the mix of income from different state jurisdictions, which tax at different 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 2023, unrecognized tax benefits were $1.2 million, of which $0.9 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 2023 and fiscal 2022 was $0.1 million. Within the next 12 months, it is reasonably possible that uncertain tax positions could be reduced by approximately $0.4 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—Earnings (Loss) Per Share

Basic earnings (loss) per share is computed based upon 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.

The following table sets forth the reconciliation of the numerator and the denominator of basic and diluted earnings (loss) per share and the stock-based awards excluded from the calculation of diluted earnings (loss) per share because their effect would have been antidilutive for the thirteen and thirty-nine weeks ended October 29, 2022 and October 30, 2021:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 29, 2022	October 30, 2021	October 29, 2022	October 30, 2021
	(In millions except per share data)			
Net income (loss)	$ (17.5)	$ 22.8	$ (109.5)	$ 43.1
Weighted-average common shares outstanding – basic	40.8	41.7	40.7	40.8
Effect of dilutive stock-based awards	—	1.4	—	1.3
Weighted-average common shares outstanding – diluted	40.8	43.1	40.7	42.1
Basic earnings (loss) per common share	$ (0.43)	$ 0.55	$ (2.69)	$ 1.06
Diluted earnings (loss) per common share	$ (0.43)	$ 0.53	$ (2.69)	$ 1.02
Antidilutive stock-based awards excluded from diluted calculation	4.5	1.6	4.5	1.4

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. 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 29, 2022	October 30, 2021	October 29, 2022	October 30, 2021
	(In millions)			
Sewing	$ 256.9	$ 275.2	$ 694.6	$ 760.2
Arts and Crafts and Home Décor	298.1	329.5	805.5	897.1
Other	7.8	6.3	24.0	25.0
Total	$ 562.8	$ 611.0	$ 1,524.1	$ 1,682.3

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 of Distribution Center

During the second quarter of fiscal 2022, the Company completed a sale and leaseback transaction for its distribution center located in Opelika, Alabama for a sale price of $48.1 million. The transaction qualifies for sales recognition under the sale leaseback accounting requirements and the Company recorded a gain of $24.5 million. Proceeds from the sale were primarily used to repay borrowings under the Term Loan due 2023 and Revolving Credit Facility.

The lease related to this transaction has an initial term of 20 years and two 10-year extension options. At commencement of the lease, the Company recorded operating lease liabilities of $37.5 million and operating lease assets of $37.5 million. The discount rate for the lease was 6.28%.

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 29, 2022. 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 29, 2022 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 ending January 28, 2023). Fiscal years consist of 52 weeks, unless noted otherwise. The fiscal quarters ended October 29, 2022 and October 30, 2021 were both comprised of 13 weeks.

JOANN Overview

JOANN is the nation's category leader in Sewing and one of the fastest growing competitors in the arts and crafts category. We are well-positioned in the marketplace and have multiple competitive advantages, including a broad assortment, established omni-channel platform, multi-faceted digital interface with customers and skilled and knowledgeable team members. As a well-established and trusted brand for over 75 years, we believe we have a deep understanding of our customers, what inspires their creativity and what fuels their incredibly diverse projects. Since 2016, we have embarked on a strategy to transform JOANN, which has helped us pivot from a traditional retailer to a fully-integrated, digitally-connected provider of Creative Products.

Highlights for the Thirteen Weeks Ended October 29, 2022

- Net sales decreased 7.9% compared to the third quarter of fiscal 2022, to $562.8 million, with total comparable sales decreasing 8.0% compared with a decrease of 14.2% in the same period in the prior fiscal year.
- Gross profit decreased 11.9% compared to the third quarter of fiscal 2022, to $281.0 million, at a rate to net sales of 49.9%, which was a 230 basis point decrease compared to the same period in the prior fiscal year.
- Net loss was $17.5 million in the third quarter of fiscal 2023, compared to net income of $22.8 million in the same period in the prior fiscal year.
- We declared and paid a quarterly cash dividend of $4.5 million.

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, 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; comparing our performance against that of other peer companies using similar measures; and because our credit facilities use measures similar to Adjusted EBITDA, to measure our compliance with certain covenants.

We define Adjusted EBITDA as net income (loss) plus income tax provision (benefit), interest expense, net and depreciation and amortization, as further adjusted to eliminate the impact of certain non-cash items and other items that we do not consider indicative of our ongoing operating performance, including debt related gains and losses, investment remeasurements, sale leaseback gains, costs related to strategic initiatives, COVID-19 costs, technology development expenses, stock-based compensation expense, gains and losses on disposal and impairment of fixed and operating lease assets, sponsor management fees and other one-time costs. Our adjustments for COVID-19 related costs include, as a separate line item, excess import freight 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% - 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 started to see a decline in overall ocean freight rates and a reduction in other fees associated with port congestion, which has positively impacted our cash payments. However, a reduction in expense recognition will not occur until the fourth quarter of fiscal 2023, along with continued reductions in expense recognition in fiscal 2024. 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 income (loss) to Adjusted EBITDA for the periods presented:

(In millions)	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 29, 2022	October 30, 2021	October 29, 2022	October 30, 2021
Net income (loss)	$ (17.5)	$ 22.8	$ (109.5)	$ 43.1
Income tax provision (benefit)	(6.5)	7.0	(41.9)	12.3
Interest expense, net	18.1	11.8	42.5	39.8
Depreciation and amortization (1)	20.3	19.8	61.1	60.6
Debt related loss, net (2)	—	—	—	3.0
Investment remeasurement (3)	(2.0)	—	(1.0)	—
Gain on sale leaseback (4)	—	—	—	(24.5)
Strategic initiatives (5)	0.9	0.6	4.6	1.4
Excess import freight costs (6)	18.5	11.3	74.5	11.3
Other COVID-19 costs (7)	—	—	—	1.3
Technology development expense (8)	2.0	2.6	7.0	6.2
Stock-based compensation expense	3.9	0.8	6.1	2.1
Loss (gain) on disposal and impairment of fixed and operating lease assets	—	(0.1)	1.1	(0.1)
Sponsor management fee (9)	—	—	—	0.4
Other (10)	2.5	(4.0)	5.4	(3.3)
Adjusted EBITDA	$ 40.2	$ 72.6	$ 49.9	$ 153.6

(1) “Depreciation and amortization” represents depreciation, amortization of intangible assets and amortization of content and capitalized cloud-based system implementation costs.

(2) “Debt related loss, net” represents net losses and gains associated with debt repurchases and the write off of unamortized fees and original issue discount associated with debt refinancings.

(3) "Investment remeasurement" represents gains and losses associated with our equity investments without readily determinable fair values.

(4) "Gain on sale leaseback" represents the gain attributable to the sale leaseback of our distribution center in Opelika, Alabama.

(5) “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.

(6) As discussed in greater detail above, "Excess import freight costs" represents excess inbound freight costs (compared to our standard costs based on recently negotiated carrier rates) due to increasing 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.

(7) “Other COVID-19 costs” represents costs incurred for store location cleaning and capacity management labor, store location cleaning supplies and deep clean services.

(8) “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.

(9) “Sponsor management fee” represents management fees paid to our sponsor, LGP (or advisory affiliates thereof), in accordance with our management services agreement. The management fee was discontinued upon the completion of our initial public offering in March 2021, as LGP no longer provides managerial services to us in any form.

(10) “Other” represents the one-time impact of severance, certain legal matters, employee recruitment, employee transition and business transition activities.

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:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
(In millions)	October 29, 2022	October 30, 2021	October 29, 2022	October 30, 2021
Net sales	$ 562.8	$ 611.0	$ 1,524.1	$ 1,682.3
Gross profit	281.0	318.8	736.6	888.3
SG&A expenses	269.0	257.6	786.6	754.5
Operating profit (loss)	(7.9)	41.6	(109.9)	73.7
Net income (loss)	(17.5)	22.8	(109.5)	43.1

Other Operational Data:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
(In millions)	October 29, 2022	October 30, 2021	October 29, 2022	October 30, 2021
Total (decrease) in comparable sales vs. prior year	(8.0)%	(14.2)%	(9.2)%	(12.4)%
Gross margin	49.9%	52.2%	48.3%	52.8%
SG&A expenses as a % of net sales	47.8%	42.2%	51.6%	44.8%
Operating profit (loss) as a % of net sales	(1.4)%	6.8%	(7.2)%	4.4%
Adjusted EBITDA (1)	$ 40.2	$ 72.6	$ 49.9	$ 153.6
Pre-opening and closing costs excluding loss on disposal of fixed assets	$ 9.3	$ 2.0	$ 19.1	$ 6.6
Adjusted EBITDA as a % of net sales	7.1%	11.9%	3.3%	9.1%
Total store location count at end of period	840	852	840	852

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

Comparison of the Thirteen Weeks ended October 29, 2022 and October 30, 2021

Net Sales

Net sales were $562.8 million for the thirteen weeks ended October 29, 2022, a decrease of $48.2 million or 7.9% compared to the same period in fiscal 2022. Total comparable sales for the thirteen weeks ended October 29, 2022 decreased 8.0% compared with a total comparable sales decrease of 14.2% in the same period in fiscal 2022. The total comparable sales decrease resulted from a decrease in transaction volume, partially offset by an increase in average ticket. On a category basis, we saw declines in sewing as well as arts and crafts and home décor, with declines being more pronounced in our Fall categories as well as our Craft Technology business, which was unusually strong in the third quarter last year driven by new product launches.

Gross Profit

Gross profit was $281.0 million for the thirteen weeks ended October 29, 2022, a decrease of $37.8 million or 11.9% compared to the same period in fiscal 2022. Gross margin was 49.9% for the thirteen weeks ended October 29, 2022, a decrease of 230 basis points compared to the same period in fiscal 2022. The decrease in gross margin was primarily driven by increased supply chain costs, which resulted primarily from excess import freight. We believe the increase in excess import freight, including ocean freight and related port congestion costs, is transitory in nature. In addition, we experienced increases in domestic freight expense due to rising carrier rates and fuel costs.

Selling, General and Administrative Expenses

SG&A expenses were $269.0 million for the thirteen weeks ended October 29, 2022, an increase of $11.4 million or 4.4% compared to the same period in fiscal 2022. The increase was driven by incremental operating costs for our new multi-purpose distribution center located in West Jefferson, Ohio and increases in spending on strategic initiatives including pre-opening costs

associated with our new and remodeled store locations as well as costs incurred to support several emerging businesses, which we are referring to as our "Blue Ocean" initiatives. Additionally, we incurred higher stock-based compensation expense and had a reduction to incentive compensation in the prior year period that did not recur in the thirteen weeks ended October 29, 2022. Lastly, we have experienced inflationary pressures in energy, commodity and labor costs that have been partially offset by improved operating efficiencies.

As a percentage of net sales, SG&A expenses for the thirteen weeks ended October 29, 2022 were 47.8%, an increase of 560 basis points compared to the same period in fiscal 2022. The increase as a percentage of sales was primarily driven by the factors listed above as well as the 7.9% decrease in net sales in the third quarter of fiscal 2023 compared to the third quarter of fiscal 2022.

Depreciation and Amortization

Depreciation and amortization expense was $19.9 million in the thirteen weeks ended October 29, 2022, an increase of $0.3 million compared to the same period in fiscal 2022. This increase was driven by investments in our multi-purpose distribution center as well as store location refresh and technology projects in fiscal 2022 and fiscal 2023, partially offset by lower depreciation after the sale and leaseback of our distribution center in Opelika, Alabama in the second quarter of fiscal 2022.

Interest Expense

Interest expense for the thirteen weeks ended October 29, 2022 was $18.1 million, an increase of $6.3 million compared to the same period in fiscal 2022. 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 2023 compared to the same period in fiscal 2022. The average debt level in the thirteen weeks ended October 29, 2022 was $1,071.2 million compared to $841.6 million in the thirteen weeks ended October 30, 2021. The weighted average interest rate was 6.41% and 5.04% for the thirteen weeks ended October 29, 2022 and October 30, 2021, respectively.

We had $1,077.3 million of debt outstanding (face value) as of October 29, 2022 versus $869.9 million as of October 30, 2021.

Income Taxes

The effective income tax rate for the third quarter of fiscal 2023 was 27.1 percent, which was an income tax benefit on a pre-tax book loss, compared to 23.5 percent for the third quarter of fiscal 2022, which was an income tax provision on pre-tax book income. The effective tax rate increased from the third quarter of fiscal 2022 to the third quarter of fiscal 2023 because there was a pre-tax loss in fiscal 2023 and pre-tax income in fiscal 2022. The Company's favorable permanent book-tax differences decrease the effective tax rate when applied to pre-tax income, while these favorable permanent book-tax differences increase the effective tax rate when there is a pre-tax loss.

Net Income (Loss)

Net loss was $17.5 million for the thirteen weeks ended October 29, 2022, compared to net income of $22.8 million during the same period in fiscal 2022. The decrease was driven by the factors described above.

Adjusted EBITDA

Adjusted EBITDA (as defined above) was $40.2 million for the thirteen weeks ended October 29, 2022 compared to $72.6 million for the same period in fiscal 2022. The decrease was driven by the factors described above.

Comparison of the Thirty-Nine Weeks ended October 29, 2022 and October 30, 2021

Net Sales

Net sales were $1,524.1 million for the thirty-nine weeks ended October 29, 2022, a decrease of $158.2 million or 9.4% compared to the same period in fiscal 2022. Total comparable sales for the thirty-nine weeks ended October 29, 2022 decreased 9.2% compared with a total comparable sales decrease of 12.4% in the same period in fiscal 2022. The total comparable sales decrease resulted from a decrease in transaction volume, partially offset by an increase in average ticket. On a category basis, declines in sales were more pronounced in our Craft Technology business, which was unusually strong in the first thirty-nine weeks of last year driven by new product launches. In addition, higher customer discretionary spending driven by government stimulus payments as well as more customer leisure time resulting from the COVID-19 pandemic, had a favorable impact on net sales in the first thirty-nine weeks of fiscal 2022.

Gross Profit

Gross profit was $736.6 million for the thirty-nine weeks ended October 29, 2022, a decrease of $151.7 million or 17.1% compared to the same period in fiscal 2022. Gross margin was 48.3% for the thirty-nine weeks ended October 29, 2022, a decrease of 450 basis points compared to the same period in fiscal 2022. The decrease in gross margin was primarily driven by increased supply chain costs, which resulted primarily from excess import freight. We believe the increase in excess import freight, including ocean freight and related port congestion costs, is transitory in nature. In addition, we experienced increases in domestic freight expense due to rising carrier rates and fuel costs, as well as higher shrink costs associated with the start-up of our new multi-purpose distribution center. These negative factors were partially offset by improved pricing efficiency and optimized promotional offers.

Selling, General and Administrative Expenses

SG&A expenses were $786.6 million for the thirty-nine weeks ended October 29, 2022, an increase of $32.1 million or 4.3% compared to the same period in fiscal 2022. This increase was driven by incremental operating costs for our new multi-purpose distribution center located in West Jefferson, Ohio and increases in spending on strategic initiatives including pre-opening costs associated with our new and remodeled store locations as well as costs incurred to support several emerging businesses, which we are referring to as our "Blue Ocean" initiatives. We have also experienced inflationary pressures in energy, commodity and labor costs that have been partially offset by improved operating efficiencies and lower incentive compensation costs.

As a percentage of net sales, SG&A expenses for the thirty-nine weeks ended October 29, 2022, were 51.6%, an increase of 680 basis points compared to the same period in fiscal 2022. This increase was primarily driven by the factors listed above as well as the 9.4% decrease in net sales in the first thirty-nine weeks of fiscal 2023 compared to the same period in fiscal 2022.

Depreciation and Amortization

Depreciation and amortization expense was $59.9 million in the thirty-nine weeks ended October 29, 2022, a decrease of $0.2 million compared to the same period in fiscal 2022. This decrease was driven primarily by lower depreciation after the sale and leaseback of our distribution center in Opelika, Alabama in the second quarter of fiscal 2022, partially offset by investments in our multi-purpose distribution center as well as store location refresh and technology projects in fiscal 2022 and fiscal 2023.

Interest Expense

Interest expense for the thirty-nine weeks ended October 29, 2022 was $42.5 million, an increase of $2.7 million compared to the same period in fiscal 2022. The increase was due to a higher debt level carried during the first thirty-nine weeks of fiscal 2023 when compared to the same period in fiscal 2022. The average debt level in the thirty-nine weeks ended October 29, 2022 was $981.5 million compared to $808.1 million in the thirty-nine weeks ended October 30, 2021. The weighted average interest rate was 5.40% and 5.39% for the thirty-nine weeks ended October 29, 2022 and October 30, 2021, respectively.

We had $1,077.3 million of debt outstanding (face value) as of October 29, 2022 versus $869.9 million as of October 30, 2021.

Debt Related Loss, Net

During the second quarter of fiscal 2022, we refinanced our Term Loan due 2023. A write-off of the deferred charges and original issue discount, totaling $3.1 million, associated with the original debt issuance was recognized as a debt related loss. During the first quarter of fiscal 2022, we repurchased $1.9 million in face value of the Term Loan due 2024 at an average of 53 percent of par, resulting in a $1.0 million gain. A write-off of the deferred charges and original issue discount, totaling less than $0.1 million, associated with the original debt issuance was recognized as an offset to this gain. Also offsetting the gain was a $0.9 million write-off of the original issue discount and deferred issuance costs related to the paydown of the Term Loan due 2024. The Term Loan due 2024 was retired at face value.

Gain on Sale Leaseback

We recognized a gain on the sale of fixed assets of $24.5 million during the thirty-nine weeks ended October 30, 2021. The gain was attributable to the sale and leaseback of our distribution center in Opelika, Alabama.

Income Taxes

The effective income tax rate for the first thirty-nine weeks of fiscal 2023 was 27.7 percent, which was an income tax benefit on a pre-tax book loss, compared to 22.2 percent for the first thirty-nine weeks of fiscal 2022, which was an income tax provision on pre-tax book income. The effective tax rate increased from the first thirty-nine weeks of fiscal 2022 to the first thirty-nine weeks of fiscal 2023 because there was a pre-tax loss in fiscal 2023 and pre-tax income in fiscal 2022. The Company's favorable permanent book-tax differences decrease the effective tax rate when applied to pre-tax income, while these favorable permanent book-tax differences increase the effective tax rate when there is a pre-tax loss.

Net Income (Loss)

Net loss was $109.5 million for the thirty-nine weeks ended October 29, 2022, compared to net income of $43.1 million during the same period in fiscal 2022. The decrease was driven by the factors described above.

Adjusted EBITDA

Adjusted EBITDA (as defined above) was $49.9 million for the thirty-nine weeks ended October 29, 2022 compared to $153.6 million for the same period in fiscal 2022. The decrease was driven by the factors described above.

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 Second Amended Revolving Credit Facility. In addition, we believe that we have the ability to obtain alternative sources of financing, if necessary. We believe that our cash and cash equivalents on hand, cash from operations and availability under our Second Amended Revolving Credit Facility will be sufficient to cover our working capital, capital expenditure and debt service requirement needs as well as dividend payments and share repurchases, if any, for the next twelve months, as well as the foreseeable future. Subject to market conditions, we may from time to time repurchase our outstanding debt. In order to increase liquidity and overall financial flexibility in response to near-term economic uncertainty, the Company is pausing its quarterly dividend at this time. As of October 29, 2022, we were in compliance with all covenants under our debt facilities and notes.

For the four quarters ended October 29, 2022, our ratio of consolidated net debt to Credit Facility Adjusted EBITDA, which is calculated in accordance with our Credit Facilities, was 6.0 to 1.0, and our ratio of consolidated senior secured net debt to Credit Facility Adjusted EBITDA was 6.0 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 29, 2022 and October 30, 2021:

	Thirty-Nine Weeks Ended	
(In millions)	October 29, 2022	October 30, 2021
Net cash (used for) operating activities	$ (173.6)	$ (123.6)
Net cash provided by (used for) investing activities	(84.7)	5.0
Net cash provided by financing activities	263.4	122.1
Effect of exchange rate changes on cash	(0.1)	—
Net increase in cash and cash equivalents	$ 5.0	$ 3.5

Net Cash (Used for) Operating Activities

Net cash used for operating activities was $173.6 million in the thirty-nine weeks ended October 29, 2022, compared with $123.6 million of net cash used for operating activities in the thirty-nine weeks ended October 30, 2021. The increase in net cash used for operating activities was primarily due to our total comparable sales decline as well as increased import freight costs in fiscal 2023, partially offset by the change in net working capital. Working capital was positively impacted in the thirty-nine weeks ended October 29, 2022 as a result of payment lag at the end of the third quarter.

Net Cash Provided by (Used for) Investing Activities

Cash used for investing activities in fiscal 2023 and 2022 consisted primarily of capital expenditures, the majority of which were focused on strategic initiatives including: new store location and distribution center openings, store location remodels and refreshes and information technology investments, particularly those supporting our 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.

Specifically, investment for each refresh project is tailored to each store location's needs and unit economics. We have four general levels of investment and project scope tailored to what would benefit each store location, with future investment expected to range from $150,000 for the lightest-touch refreshes to $3 million for the relatively few but most-extensive refreshes. Over 80% of our existing store locations are refresh project targets over the next seven to ten years and we expect investments in relation to these future refresh projects to remain consistent with our capital expenditures in connection with completed refresh projects.

Capital expenditures for the thirty-nine weeks ended October 29, 2022 and October 30, 2021 are summarized as follows:

	Thirty-Nine Weeks Ended	
(In millions)	October 29, 2022	October 30, 2021
Store locations	$ 67.5	$ 17.1
Distribution centers	3.6	17.5
Information technology	8.5	7.0
Other	0.8	1.3
Total capital expenditures	80.4	42.9
Landlord contributions	(13.8)	(1.4)
Total capital expenditures, net of landlord contributions	$ 66.6	$ 41.5

The increase in capital expenditures for store locations was primarily driven by an increase in new store location and refresh projects in fiscal 2023 compared to fiscal 2022.

Additionally, we purchased the remaining outstanding stock of WeaveUp for $4.3 million in the first thirty-nine weeks of fiscal 2023.

The cash used for investing activities in fiscal 2022 was more than offset by proceeds of $48.1 million from the sale leaseback of the Opelika Distribution Center in the second quarter of fiscal 2022, which resulted in net cash provided by investing activities for fiscal 2022.

Net Cash Provided by Financing Activities

Net cash provided by financing activities was $263.4 million during the thirty-nine weeks ended October 29, 2022 compared with $122.1 million of net cash provided by financing activities during the thirty-nine weeks ended October 30, 2021. Net cash provided by financing activities for the first thirty-nine weeks of fiscal 2023 was the result of net borrowings from the Second Amended Revolving Credit Facility. This inflow of cash was partially offset by cash used to pay down debt and finance lease obligations, as well as to pay dividends totaling $13.4 million. As of October 29, 2022, we had the ability to borrow an additional $74.5 million under the Second Amended Revolving Credit Facility subject to the facility's borrowing base calculation.

Net cash provided by financing activities during the first thirty-nine weeks of fiscal 2022 was the result of net proceeds received from the initial public offering and borrowings from the Second Amended Revolving Credit Facility used to repay all of the outstanding borrowings and accrued interest under the Term Loan due 2024 totaling $72.7 million. In addition, we refinanced our Term Loan due 2023 with a $675 million Term Loan due 2028, with excess proceeds used to reduce amounts borrowed under our Revolving Credit Facility and fund working capital needs.

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 in alignment 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 29, 2022.

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 29, 2022. During the thirty-nine weeks ended October 29, 2022, 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 Chief 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 Chief 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 29, 2022. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of October 29, 2022, 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 29, 2022 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.

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 29, 2022.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Description
10.1*#	Form of Restricted Stock Unit Grant Notice and Award Agreement (employees) under the JOANN Inc. 2021 Equity Incentive Plan (starting August 2022).
10.2*#	Form of Stock Option Grant Notice and Award Agreement under the JOANN Inc. 2021 Equity Incentive Plan (starting August 2022).
10.3*#	Notice of Amendment to Stock Option Agreement(s), effective August 17, 2022, under the Stock Option Plan of Jo-Ann Stores Holdings Inc. and/or JOANN Inc. 2021 Equity Incentive Plan.
10.4*#	Notice of Amendment to Restricted Stock Unit Agreement(s), effective August 17, 2022, under the JOANN Inc. 2021 Equity Incentive Plan.
10.5*#	JOANN Inc. 2021 Employee Stock Purchase Plan (amended and restated on October 11, 2022).
10.6*#	Severance Agreement by and between Jo-Ann Stores, LLC and Scott Sekella.
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 12, 2022

By: /s/ Scott Sekella
Scott Sekella
Senior Vice President and Chief Financial Officer
(*principal financial officer)*

JOANN INC.
2021 EQUITY INCENTIVE PLAN

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

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 1.1Defined 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 1.2Incorporation 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 1.3Consideration 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 2.1Award 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 2.2Vesting 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 2.3Distribution or Payment of RSUs.

(c) 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.

(d) 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 2.4Conditions 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 2.5Tax Withholding. Notwithstanding any other provision of this Agreement:

(c) 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.

(d) 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 2.6Rights 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 3.1Restrictive 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.

(c) 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

(d) 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 3.2Enforcement. 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 3.3Acknowledgments. 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 4.1Administration. 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 4.2RSUs 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 4.3Adjustments 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 4.4Notices. 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 4.5Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

Section 4.6Governing 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 4.7Conformity 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 4.8Amendment, 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 4.9Successors 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 4.10Limitations 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 4.11Not 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 4.12Entire 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 4.13Section 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 4.14Agreement 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 4.15Limitation 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 4.16Counterparts. 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.

JOANN INC.

2021 EQUITY INCENTIVE PLAN

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 2021 Equity Incentive Plan (as amended from time to time, 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.
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:	By:
Print Name:	Print Name: **[NAME]**
Title:	

EXHIBIT A

STOCK OPTION AGREEMENT

ARTICLE I.
GENERAL

Section 1.1Incorporation 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 1.2Defined 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: (a) 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; (b) the Participant's conviction for committing an act of fraud, embezzlement, theft, or other criminal act constituting a felony; or (c) the willful engaging by the Participant in gross negligence materially and demonstrably injurious to the Participating Companies; (d) 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 (e) 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 3.2Duration 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 3.3Expiration 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 3.4Tax 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 4.1Person 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 4.2Partial 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 4.3Manner 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 4.4Method 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 4.5Conditions 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 4.6Rights 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 5.1Restrictive 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: (a) information that is generally known by or available for use by the public, (b) 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 (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, 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 (a) becomes generally known to and available for use by the public other than as a result of Participant's acts or omissions to act, (b) 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 (c) 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 (i) 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 (ii) 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 (i) 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, (ii) 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, (iii) 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 (iv) 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 5.2Enforcement. 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 5.3Acknowledgments. 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 6.1Administration. 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 6.2Whole Shares. The Option may only be exercised for whole Shares.

Section 6.3Option 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 6.11Limitations 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 6.12Not 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 6.13Entire 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 6.14Section 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 6.15Agreement 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 6.16Limitation 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 6.17Counterparts. 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.

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JOANN INC.

Notice of Amendment to Stock Option Agreement(s)

Introduction

You are receiving this notice ("***Notice***") because you have been identified by JOANN Inc. (the "***Company***") as, as of August 17, 2022 (the "***Effective Date***"), a holder ("***Holder***") of one or more outstanding stock options ("***Outstanding Stock Options***") granted prior to the Effective Date under either the Stock Option Plan of Jo-Ann Stores Holdings Inc. (the "***2012 Plan***") or the JOANN Inc. 2021 Equity Incentive Plan (the "***2021 Plan***" and, together with the 2012 Plan, the "***Equity Plans***"), or granted under both Equity Plans. The purpose of this Notice is to inform you that the Compensation Committee (the "***Committee***") of the Board of Directors (the "***Board***") of the Company has taken action in August 2022 to amended certain terms of the Outstanding Stock Options under the Equity Plans to provide for certain retirement treatment for such Outstanding Stock Options, as further described in this Notice (the "***Retirement Treatment Amendment***").

Retirement Treatment Amendment

Commencing as of the Effective Date, under the Retirement Treatment Amendment, if a Holder voluntary terminates his or her employment with the Company and its subsidiaries on or after such date upon which the Holder 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 ("***Retire***" or "***Retirement***"), then:

- the Holder's Outstanding Stock Options shall continue to become vested and exercisable (if not already vested and exercisable) in such amounts and at such times as are set forth in the grant notice(s) for such Outstanding Stock Options as if the Holder had remained employed by the Company or at least one of its subsidiaries through the final vesting date for such Outstanding Stock Options (the "***Continued Vesting Retirement Treatment***"); and

- the Holder's vested Outstanding Stock Options will remain exercisable until the expiration date for such Outstanding Stock Options (as set forth in the grant notice(s) for such Outstanding Stock Options) (the "***Continued Exercisability Retirement Treatment***" and, together with the Continued Vesting Retirement Treatment, the "***Retirement Treatment***").

Each of the Holder's Outstanding Stock Options shall continue to be governed by its applicable award agreement and Equity Plan ("***Award Documentation***"), as modified by the Retirement Treatment approved by the Committee and described in this Notice. All terms of the applicable Award Documentation governing such Outstanding Stock Options shall otherwise remain unchanged. Notwithstanding the foregoing, if the Holder's employment with the Company and its subsidiaries is terminated for Cause (as defined with respect to applicable Outstanding Stock Options), then such Outstanding Stock Options will not receive the Retirement Treatment.

General Provisions

To the extent not expressly amended by the Retirement Treatment, including as described in this Notice, all provisions of the applicable Award Documentation governing Outstanding Stock Options shall remain in full force and effect. This Notice shall be taken together with, and shall serve as an amendment to, the applicable Award Documentation governing your Outstanding Stock Options. This Notice and the changes described herein are automatically effective as of the Effective Date.

JOANN INC.

Notice of Amendment to Restricted Stock Unit Agreement(s)

Introduction

You are receiving this notice ("***Notice***") because you have been identified by JOANN Inc. (the "***Company***") as a holder ("***Holder***"), as of August 17, 2022, of one or more outstanding restricted stock units awards granted prior to August 17, 2022 under the JOANN Inc. 2021 Equity Incentive Plan (the "***Equity Plan***"), with a grant date for such Outstanding RSUs occurring in either 2021 (the "***2021 RSUs***") or 2022 (the "***2022 RSUs***" and, together with the 2021 RSUs, the "***Outstanding RSUs***"). The purpose of this Notice is to inform you that the Compensation Committee (the "***Committee***") of the Board of Directors (the "***Board***") of the Company has taken action in August 2022 to amended certain terms of the Outstanding RSUs under the Equity Plan to provide for certain retirement treatment for such Outstanding RSUs, as further described in this Notice (the "***Retirement Treatment Amendment***").

Retirement Treatment Amendment

Commencing as of the Effective Date, under the Retirement Treatment Amendment:

- "***Retire***" or "***Retirement***" is defined as when a Holder voluntary terminates his or her employment with the Company and its subsidiaries on or after such date upon which the Holder 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;

- if, on or after January 1, 2023, a Holder experiences a Retirement, then the Holder's 2021 RSUs shall continue to become vested (if not already vested) in such amounts and at such times as are set forth in the grant notice(s) for such 2021 RSUs as if the Holder had remained employed by the Company or at least one of its subsidiaries through the final vesting date for such 2021 RSUs;

- if, on or after January 1, 2024, a Holder experiences a Retirement, then the Holder's 2022 RSUs shall continue to become vested (if not already vested) in such amounts and at such times as are set forth in the grant notice(s) for such 2022 RSUs as if the Holder had remained employed by the Company or at least one of its subsidiaries through the final vesting date for such 2022 RSUs (the Retirement treatment described in this Notice, the "***Retirement Treatment***"); and

- Notwithstanding the current language in the Outstanding RSUs award agreements, for tax compliance purposes, the 2021 RSUs and 2022 RSUs will in all events be paid within the period provided for under the "short-term deferral" exemption from tax code Section 409A.

Each of the Holder's Outstanding RSUs shall continue to be governed by its applicable award agreement and Equity Plan ("***Award Documentation***"), as modified by the Retirement Treatment approved by the Committee and described in this Notice. All terms of the applicable Award Documentation governing such Outstanding RSUs shall otherwise remain unchanged. Notwithstanding the foregoing, if the Holder's employment with the Company and its subsidiaries is terminated for Cause (as defined with respect to applicable Outstanding RSUs), then such Outstanding RSUs will not receive the Retirement Treatment.

General Provisions

To the extent not expressly amended by the Retirement Treatment, including as described in this Notice, all provisions of the applicable Award Documentation governing Outstanding RSUs shall remain in full force and effect. This Notice shall be taken together with, and shall serve as an amendment to, the applicable Award Documentation governing your Outstanding RSUs. This Notice and the changes described herein are automatically effective as of the Effective Date.

JOANN Inc.
2021 Employee Stock Purchase Plan

(Amended and Restated as of October 11, 2022)

ARTICLE I
PURPOSE

The purposes of this JOANN Inc. 2021 Employee Stock Purchase Plan (as it may be amended or restated from time to time, the "***Plan***") are to assist Eligible Employees of JOANN Inc., a Delaware corporation (the "***Company***"), and its Designated Subsidiaries in acquiring a stock ownership interest in the Company pursuant to a plan which is intended to qualify as an "employee stock purchase plan" within the meaning of Section 423(b) of the Code, and to help Eligible Employees provide for their future security and to encourage them to remain in the employment of the Company and its Designated Subsidiaries.

ARTICLE II
DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates. Masculine, feminine and neuter pronouns are used interchangeably and each comprehends the others.

2.1 "***Administrator***" shall mean the entity that conducts the general administration of the Plan as provided in Article XI. The term "Administrator" shall refer to the Committee unless the Board has assumed the authority for administration of the Plan as provided in Article XI.

2.2 "***Applicable Law***" means any applicable law, including, without limitation: (a) provisions of the Code, the Securities Act, the Exchange Act and any rules or regulations thereunder; (b) corporate, securities, tax or other laws, statutes, rules, requirements or regulations, whether federal, state, local or foreign; and (c) rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded.

2.3 "***Board***" shall mean the Board of Directors of the Company.

2.4 "***Code***" shall mean the Internal Revenue Code of 1986, from time to time, together with the regulations and official guidance promulgated thereunder.

2.5 "***Common Stock***" shall mean the common stock of the Company, par value $0.01, and such other securities of the Company that may be substituted therefor pursuant to Article VIII.

2.6 "***Company***" shall mean JOANN Inc., a Delaware corporation.

2.7 "***Compensation***" of an Eligible Employee shall mean the gross base compensation received by such Eligible Employee as compensation for services to the Company or any Designated Subsidiary, including prior week adjustment and overtime payments but excluding jury duty pay, funeral leave pay, military leave pay, commissions, incentive compensation, one-time bonuses (e.g., retention or sign on bonuses), education or tuition reimbursements, travel expenses, business and moving reimbursements, income received in connection with any stock options, stock appreciation rights, restricted stock, restricted

stock units or other compensatory equity awards, fringe benefits, other special payments and all contributions made by the Company or any Designated Subsidiary for the Employee's benefit under any employee benefit plan now or hereafter established.

2.8 "***Designated Subsidiary***" shall mean any Subsidiary designated by the Administrator in accordance with Section 11.3(b).

2.9 "***Effective Date***" shall mean the day prior to the Public Trading Date, provided that the Board has adopted the Plan prior to or on such date.

2.10 "***Eligible Employee***" shall mean an Employee who does not, immediately after any rights under the Plan are granted, own (directly or through attribution) stock possessing 5% or more of the total combined voting power or value of all classes of Common Stock and other stock of the Company, a Parent or a Subsidiary (as determined under Section 423(b)(3) of the Code). For purposes of the foregoing sentence, the rules of Section 424(d) of the Code with regard to the attribution of stock ownership shall apply in determining the stock ownership of an individual, and stock that an Employee may purchase under outstanding options shall be treated as stock owned by the Employee; provided, however, that the Administrator may provide in an Offering Document that an Employee shall not be eligible to participate in an Offering Period if: (i) such Employee is a highly compensated employee within the meaning of Section 423(b)(4)(D) of the Code, (ii) such Employee has not met a service requirement designated by the Administrator pursuant to Section 423(b)(4)(A) of the Code (which service requirement may not exceed two years), (iii) such Employee's customary employment is for twenty hours or less per week, (iv) such Employee's customary employment is for less than five months in any calendar year and/or (v) such Employee is a citizen or resident of a foreign jurisdiction and the grant of a right to purchase Common Stock under the Plan to such Employee would be prohibited under the laws of such foreign jurisdiction or the grant of a right to purchase Common Stock under the Plan to such Employee in compliance with the laws of such foreign jurisdiction would cause the Plan to violate the requirements of Section 423 of the Code, as determined by the Administrator in its sole discretion; provided, further, that any exclusion in clauses (i), (ii), (iii), (iv) or (v) shall be applied in an identical manner under each Offering Period to all Employees, in accordance with Treasury Regulation Section 1.423-2(e).

2.11 "***Employee***" shall mean any officer or other employee (as defined in accordance with Section 3401(c) of the Code) of the Company or any Designated Subsidiary. "Employee" shall not include any director of the Company or a Designated Subsidiary who does not render services to the Company or a Designated Subsidiary as an employee within the meaning of Section 3401(c) of the Code. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Company or Designated Subsidiary and meeting the requirements of Treasury Regulation Section 1.421-1(h)(2). Where the period of leave exceeds three months and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated on the first day immediately following such three-month period.

2.12 "***Enrollment Date***" shall mean the first Trading Day of each Offering Period.

2.13 "***Exchange Act***" shall mean the Securities Exchange Act of 1934, as amended from time to time.

2.14 "***Fair Market Value***" shall mean, as of any date, the value of a Share determined as follows: (i) if the Common Stock is (i) listed on any established securities exchange (such as the New York Stock Exchange, the Nasdaq Capital Market, the Nasdaq Global Market and the Nasdaq Global Select Market),

(ii) listed on any national market system or (iii) quoted or traded on any automated quotation system, its Fair Market Value shall be the closing sales price for a Share as quoted on such exchange or system for such date or, if there is no closing sales price for a Share on the date in question, the closing sales price for a Share on the last preceding date for which such quotation exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; (ii) if the Common Stock is not listed on an established securities exchange, national market system or automated quotation system, but the Common Stock is regularly quoted by a recognized securities dealer, its Fair Market Value shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a Share on such date, the high bid and low asked prices for a Share on the last preceding date for which such information exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or (iii) if the Common Stock is neither listed on an established securities exchange, national market system or automated quotation system nor regularly quoted by a recognized securities dealer, its Fair Market Value shall be established by the Administrator in its discretion.

2.15 "***Offering Document***" shall have the meaning given to such term in Section 4.1.

2.16 "***Offering Period***" shall have the meaning given to such term in Section 4.1.

2.17 "***Parent***" shall mean any corporation, other than the Company, in an unbroken chain of corporations ending with the Company if, at the time of the determination, each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

2.18 "***Participant***" shall mean any Eligible Employee who has executed a subscription agreement and been granted rights to purchase Common Stock pursuant to the Plan.

2.19 "***Person***" shall mean any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act).

2.20 "***Plan***" shall mean this JOANN Inc. 2021 Employee Stock Purchase Plan, as it may be amended or amended and restated from time to time.

2.21 "***Public Trading Date***" shall mean the first date upon which the Common Stock is listed (or approved for listing) upon notice of issuance on any securities exchange or designated (or approved for designation) upon notice of issuance as a national market security on an interdealer quotation system, or, if earlier, the date on which the Company becomes a "publicly held corporation" for purposes of Treasury Regulation Section 1.162-27(c)(1).

2.22 "***Purchase Date***" shall mean the last Trading Day of each Purchase Period.

2.23 "***Purchase Period***" shall refer to one or more periods within an Offering Period, as designated in the applicable Offering Document; provided, however, that, in the event no purchase period is designated by the Administrator in the applicable Offering Document, the purchase period for each Offering Period covered by such Offering Document shall be the same as the applicable Offering Period.

2.24 "***Purchase Price***" shall mean the purchase price designated by the Administrator in the applicable Offering Document (which purchase price shall not be less than 85% of the Fair Market Value of a Share on the Enrollment Date or on the Purchase Date, whichever is lower); provided, however, that, in the event no purchase price is designated by the Administrator in the applicable Offering Document, the purchase price for the Offering Periods covered by such Offering Document shall be 85% of the Fair Market

Value of a Share on the Enrollment Date or on the Purchase Date, whichever is lower; provided, further, that the Purchase Price may be adjusted by the Administrator pursuant to Article VIII and shall not be less than the par value of a Share.

2.25 "***Securities Act***" shall mean the Securities Act of 1933, as amended.

2.26 "***Share***" shall mean a share of Common Stock.

2.27 "***Subsidiary***" shall mean any corporation, other than the Company, in an unbroken chain of corporations beginning with the Company if, at the time of the determination, each of the corporations other than the last corporation in an unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain; provided, however, that a limited liability company or partnership may be treated as a Subsidiary to the extent either (a) such entity is treated as a disregarded entity under Treasury Regulation Section 301.7701-3(a) by reason of the Company or any other Subsidiary that is a corporation being the sole owner of such entity, or (b) such entity elects to be classified as a corporation under Treasury Regulation Section 301.7701-3(a) and such entity would otherwise qualify as a Subsidiary.

2.28 "***Trading Day***" shall mean a day on which national stock exchanges in the United States are open for trading.

ARTICLE III
SHARES SUBJECT TO THE PLAN

3.1 Number of Shares. Subject to Article VIII, the aggregate number of Shares that may be issued pursuant to rights granted under the Plan shall be 400,000 Shares. In addition to the foregoing, subject to Article VIII, on the first day of each calendar year beginning on January 1, 2022 and ending on and including January 1, 2031, the number of Shares available for issuance under the Plan shall be increased by that number of Shares equal to the least of (a) 400,000 shares of Common Stock (subject to any adjustment pursuant to Article VIII), (b) one percent (1%) of the outstanding shares of all classes of the Company's common stock on the final day of the immediately preceding calendar year or (c) such smaller number of Shares as determined by the Board. If any right granted under the Plan shall for any reason terminate without having been exercised, the Common Stock not purchased under such right shall again become available for issuance under the Plan.

3.2 Stock Distributed. Any Common Stock distributed pursuant to the Plan may consist, in whole or in part, of authorized and unissued Common Stock, treasury stock or Common Stock purchased on the open market.

ARTICLE IV
OFFERING PERIODS; OFFERING DOCUMENTS; PURCHASE DATES

4.1 Offering Periods. The Administrator may from time to time grant or provide for the grant of rights to purchase Common Stock under the Plan to Eligible Employees during one or more periods (each, an "***Offering Period***") selected by the Administrator. The terms and conditions applicable to each Offering Period shall be set forth in an "***Offering Document***" adopted by the Administrator, which Offering Document shall be in such form and shall contain such terms and conditions as the Administrator shall deem appropriate and shall be incorporated by reference into and made part of the Plan and shall be attached hereto as part of the Plan. The provisions of separate Offering Periods under the Plan need not be identical.

4.2 Offering Documents. Each Offering Document with respect to an Offering Period shall specify (through incorporation of the provisions of the Plan by reference or otherwise):

(a) the length of the Offering Period, which period shall not exceed twenty-seven months;

(b) the maximum number of Shares that may be purchased by any Eligible Employee during such Offering Period, which, in the absence of a contrary designation by the Administrator, shall be 5,000 Shares; and

(c) such other provisions as the Administrator determines are appropriate, subject to the Plan.

ARTICLE V
ELIGIBILITY AND PARTICIPATION

5.1 Eligibility. Any Eligible Employee who shall be employed by the Company or a Designated Subsidiary on a given Enrollment Date for an Offering Period shall be eligible to participate in the Plan during such Offering Period, subject to the requirements of this Article V and the limitations imposed by Section 423(b) of the Code.

5.2 Enrollment in Plan.

(a) Except as otherwise set forth in an Offering Document or determined by the Administrator, an Eligible Employee may become a Participant in the Plan for an Offering Period by delivering a subscription agreement to the Company by such time prior to the Enrollment Date for such Offering Period (or such other date specified in the Offering Document) designated by the Administrator and in such form (which may be electronic) as the Company provides.

(b) Each subscription agreement shall designate either (i) a whole percentage of such Eligible Employee's Compensation or (ii) or a fixed dollar amount, in either case, to be withheld by the Company or the Designated Subsidiary employing such Eligible Employee on each payday during the Offering Period as payroll deductions under the Plan. In either event, the designated percentage or fixed dollar amount may not be less than 1% and may not be more than the maximum percentage specified by the Administrator in the applicable Offering Document (which percentage shall be 15% in the absence of any such designation) as payroll deductions. The payroll deductions made for each Participant shall be credited to an account for such Participant under the Plan and shall be deposited with the general funds of the Company.

(c) A Participant may increase or decrease the percentage of Compensation or the fixed dollar amount designated in his or her subscription agreement, subject to the limits of this Section 5.2, or may suspend his or her payroll deductions, at any time during an Offering Period; provided, however, that the Administrator may limit the number of changes a Participant may make to his or her payroll deduction elections during each Offering Period in the applicable Offering Document (and in the absence of any specific designation by the Administrator, a Participant shall be allowed one change to his or her payroll deduction elections during each Offering Period). Any such change or suspension of payroll deductions shall be effective with the first full payroll period following ten business days after the Company's receipt of the new subscription agreement (or such shorter or longer period as may be specified by the Administrator in the applicable Offering Document). In the event a Participant suspends his or her payroll deductions, such Participant's cumulative payroll deductions prior to the suspension shall remain in his or her account and shall be applied to the purchase of Shares on the next occurring Purchase Date and shall not be paid to such Participant unless he or she withdraws from participation in the Plan pursuant to Article VII.

(d) Except as otherwise set forth in an Offering Document or determined by the Administrator, a Participant may participate in the Plan only by means of payroll deduction and may not make contributions by lump sum payment for any Offering Period.

5.3 Payroll Deductions. Except as otherwise provided in the applicable Offering Document, payroll deductions for a Participant shall commence on the first payroll following the Enrollment Date and shall end on the last payroll in the Offering Period to which the Participant's authorization is applicable, unless sooner terminated by the Participant as provided in Article VII or suspended by the Participant or the Administrator as provided in Section 5.2 and Section 5.6, respectively.

5.4 Effect of Enrollment. A Participant's completion of a subscription agreement will enroll such Participant in the Plan for each subsequent Offering Period on the terms contained therein until the Participant either submits a new subscription agreement, withdraws from participation under the Plan as provided in Article VII or otherwise becomes ineligible to participate in the Plan.

5.5 Limitation on Purchase of Common Stock. An Eligible Employee may be granted rights under the Plan only if such rights, together with any other rights granted to such Eligible Employee under "employee stock purchase plans" of the Company, any Parent or any Subsidiary, as specified by Section 423(b)(8) of the Code, do not permit such employee's rights to purchase stock of the Company or any Parent or Subsidiary to accrue at a rate that exceeds $25,000 of the fair market value of such stock (determined as of the first day of the Offering Period during which such rights are granted) for each calendar year in which such rights are outstanding at any time. This limitation shall be applied in accordance with Section 423(b)(8) of the Code.

5.6 Decrease or Suspension of Payroll Deductions. Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 5.5 or the other limitations set forth in the Plan, a Participant's payroll deductions may be suspended by the Administrator at any time during an Offering Period. The balance of the amount credited to the account of each Participant that has not been applied to the purchase of Shares by reason of Section 423(b)(8) of the Code, Section 5.5 or the other limitations set forth in the Plan shall be paid to such Participant in one lump sum in cash as soon as reasonably practicable after the Purchase Date.

5.7 Foreign Employees. In order to facilitate participation in the Plan, the Administrator may provide for such special terms applicable to Participants who are citizens or residents of a foreign jurisdiction, or who are employed by a Designated Subsidiary outside of the United States, as the Administrator may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Such special terms may not be more favorable than the terms of rights granted under the Plan to Eligible Employees who are residents of the United States. Moreover, the Administrator may approve such supplements to, or amendments, restatements or alternative versions of, the Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Plan as in effect for any other purpose. No such special terms, supplements, amendments or restatements shall include any provisions that are inconsistent with the terms of the Plan as then in effect unless the Plan could have been amended to eliminate such inconsistency without further approval by the stockholders of the Company.

5.8 Leave of Absence. During leaves of absence approved by the Company meeting the requirements of Treasury Regulation Section 1.421-1(h)(2) under the Code, a Participant may continue participation in the Plan by making cash payments to the Company on his or her normal payday equal to his or her authorized payroll deduction.

ARTICLE VI
GRANT AND EXERCISE OF RIGHTS

6.1 Grant of Rights. On the Enrollment Date of each Offering Period, each Eligible Employee participating in such Offering Period shall be granted a right to purchase the maximum number of Shares specified under Section 4.2, subject to the limits in Section 5.5, and shall have the right to buy, on each Purchase Date during such Offering Period (at the applicable Purchase Price), such number of whole Shares as is determined by dividing (a) such Participant's payroll deductions accumulated prior to such Purchase Date and retained in the Participant's account as of the Purchase Date, by (b) the applicable Purchase Price (rounded down to the nearest Share). The right shall expire on the earliest of: (x) the last Purchase Date of the Offering Period, (y) the last day of the Offering Period and (z) the date on which the Participant withdraws in accordance with Section 7.1 or Section 7.3.

6.2 Exercise of Rights. On each Purchase Date, each Participant's accumulated payroll deductions and any other additional payments specifically provided for in the applicable Offering Document will be applied to the purchase of whole Shares, up to the maximum number of Shares permitted pursuant to the terms of the Plan and the applicable Offering Document, at the Purchase Price. No fractional Shares shall be issued upon the exercise of rights granted under the Plan, unless the Offering Document specifically provides otherwise. Any cash in lieu of fractional Shares remaining after the purchase of whole Shares upon exercise of a purchase right will be credited to a Participant's account and carried forward and applied toward the purchase of whole Shares for the next following Offering Period. Shares issued pursuant to the Plan may be evidenced in such manner as the Administrator may determine and may be issued in certificated form or issued pursuant to book-entry procedures.

6.3 Pro Rata Allocation of Shares. If the Administrator determines that, on a given Purchase Date, the number of Shares with respect to which rights are to be exercised may exceed (a) the number of Shares that were available for issuance under the Plan on the Enrollment Date of the applicable Offering Period, or (b) the number of Shares available for issuance under the Plan on such Purchase Date, the Administrator may in its sole discretion provide that the Company shall make a pro rata allocation of the Shares available for purchase on such Enrollment Date or Purchase Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants for whom rights to purchase Common Stock are to be exercised pursuant to this Article VI on such Purchase Date, and shall either (i) continue all Offering Periods then in effect, or (ii) terminate any or all Offering Periods then in effect pursuant to Article IX. The Company may make pro rata allocation of the Shares available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional Shares for issuance under the Plan by the Company's stockholders subsequent to such Enrollment Date. The balance of the amount credited to the account of each Participant that has not been applied to the purchase of Shares shall be paid to such Participant in one lump sum in cash as soon as reasonably practicable after the Purchase Date.

6.4 Withholding. At the time a Participant's rights under the Plan are exercised, in whole or in part, or at the time some or all of the Common Stock issued under the Plan is disposed of, the Participant must make adequate provision for the Company's federal, state, or other tax withholding obligations, if any, that arise upon the exercise of the right or the disposition of the Common Stock. At any time, the Company may, but shall not be obligated to, withhold from the Participant's compensation the amount necessary for the Company to meet applicable withholding obligations.

6.5 Conditions to Issuance of Common Stock. The Company shall not be required to issue or deliver any certificate or certificates for, or make any book entries evidencing, Shares purchased upon the exercise of rights under the Plan prior to fulfillment of all of the following conditions:

(a) The admission of such Shares to listing on all stock exchanges, if any, on which the Common Stock is then listed;

(b) The completion of any registration or other qualification of such Shares under any state or federal law or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body, that 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 payment to the Company of all amounts that it is required to withhold under federal, state or local law upon exercise of the rights, if any; and

(e) The lapse of such reasonable period of time following the exercise of the rights as the Administrator may from time to time establish for reasons of administrative convenience.

ARTICLE VII
WITHDRAWAL; CESSATION OF ELIGIBILITY

7.1 Withdrawal. A Participant may withdraw all but not less than all of the payroll deductions credited to his or her account and not yet used to exercise his or her rights under the Plan at any time by giving written notice to the Company in a form acceptable to the Company no later than two weeks prior to the end of the Offering Period. All of the Participant's payroll deductions credited to his or her account during an Offering Period shall be paid to such Participant as soon as reasonably practicable after receipt of notice of withdrawal and such Participant's rights for the Offering Period shall be automatically terminated, and no further payroll deductions for the purchase of Shares shall be made for such Offering Period. If a Participant withdraws from an Offering Period, payroll deductions shall not resume at the beginning of the next Offering Period unless the Participant timely delivers to the Company a new subscription agreement.

7.2 Future Participation. A Participant's withdrawal from an Offering Period shall not have any effect upon his or her eligibility to participate in any similar plan that may hereafter be adopted by the Company or a Designated Subsidiary or in subsequent Offering Periods that commence after the termination of the Offering Period from which the Participant withdraws.

7.3 Cessation of Eligibility. Upon a Participant's ceasing to be an Eligible Employee for any reason, he or she shall be deemed to have elected to withdraw from the Plan pursuant to this Article VII and the payroll deductions credited to such Participant's account during the Offering Period shall be paid to such Participant or, in the case of his or her death, to the Person or Persons entitled thereto under Section 12.4, as soon as reasonably practicable, and such Participant's rights for the Offering Period shall be automatically terminated.

ARTICLE VIII
ADJUSTMENTS UPON CHANGES IN STOCK

8.1 Changes in Capitalization. Subject to Section 8.3, in the event that the Administrator determines that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), reorganization, merger, amalgamation, consolidation, combination, repurchase, recapitalization, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or sale or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction or event, as determined by the Administrator, affects the Common Stock such that an adjustment is determined by the Administrator to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any outstanding purchase rights under the Plan, the Administrator shall make equitable adjustments, if any, to reflect such change with respect to (a) the aggregate number and type of Shares (or other securities or property) that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 3.1 and the limitations established in each Offering Document pursuant to Section 4.2 on the maximum number of Shares that may be purchased); (b) the class(es) and number of Shares and price per Share subject to outstanding rights; and (c) the Purchase Price with respect to any outstanding rights.

8.2 Other Adjustments. Subject to Section 8.3, in the event of any transaction or event described in Section 8.1 or any unusual or nonrecurring transactions or events affecting the Company, any affiliate of the Company, or the financial statements of the Company or any affiliate, or of changes in Applicable Law or accounting principles, the Administrator, in its discretion, and on such terms and conditions as it deems appropriate, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent the dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any right under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(a) To provide for either (i) termination of any outstanding right in exchange for an amount of cash, if any, equal to the amount that would have been obtained upon the exercise of such right had such right been currently exercisable or (ii) the replacement of such outstanding right with other rights or property selected by the Administrator in its sole discretion;

(b) To provide that the outstanding rights under the Plan shall be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar rights covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(c) To make adjustments in the number and type of Shares (or other securities or property) subject to outstanding rights under the Plan and/or in the terms and conditions of outstanding rights and rights that may be granted in the future;

(d) To provide that Participants' accumulated payroll deductions may be used to purchase Common Stock prior to the next occurring Purchase Date on such date as the Administrator determines in its sole discretion and the Participants' rights under the ongoing Offering Period(s) shall be terminated; and

(e) To provide that all outstanding rights shall terminate without being exercised.

8.3 No Adjustment Under Certain Circumstances. No adjustment or action described in this Article VIII or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would cause the Plan to fail to satisfy the requirements of Section 423 of the Code.

8.4 No Other Rights. Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend, any increase or decrease in the number of shares of stock of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Administrator under the Plan, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares subject to outstanding rights under the Plan or the Purchase Price with respect to any outstanding rights.

ARTICLE IX
AMENDMENT, MODIFICATION AND TERMINATION

9.1 Amendment, Modification and Termination. The Administrator may amend, suspend or terminate the Plan at any time and from time to time; provided, however, that approval of the Company's stockholders shall be required to amend the Plan to: (a) increase the aggregate number, or change the type, of shares that may be sold pursuant to rights under the Plan under Section 3.1 (other than an adjustment as provided by Article VIII); (b) change the corporations or classes of corporations whose employees may be granted rights under the Plan; or (c) change the Plan in any manner that would cause the Plan to no longer be an "employee stock purchase plan" within the meaning of Section 423(b) of the Code.

9.2 Certain Changes to Plan. Without stockholder consent and without regard to whether any Participant rights may be considered to have been adversely affected, to the extent permitted by Section 423 of the Code, the Administrator shall be entitled to change the Offering Periods, limit the frequency and/or number of changes in the amount withheld from Compensation during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of payroll withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with amounts withheld from the Participant's Compensation, and establish such other limitations or procedures as the Administrator determines in its sole discretion to be advisable that are consistent with the Plan.

9.3 Actions In the Event of Unfavorable Financial Accounting Consequences. In the event the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may, in its discretion and, to the extent necessary or desirable, modify or amend the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(a) altering the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price;

(b) shortening any Offering Period so that the Offering Period ends on a new Purchase Date, including an Offering Period underway at the time of the Administrator action; and

(c) allocating Shares.

Such modifications or amendments shall not require stockholder approval or the consent of any Participant.

9.4 Payments Upon Termination of Plan. Upon termination of the Plan, the balance in each Participant's Plan account shall be refunded as soon as practicable after such termination, without any interest thereon.

ARTICLE X
TERM OF PLAN

The Plan shall be effective on the Effective Date. The effectiveness of the Plan shall be subject to approval of the Plan by the stockholders of the Company within twelve months following the date the Plan is first approved by the Board. No right may be granted under the Plan prior to such stockholder approval. No rights may be granted under the Plan during any period of suspension of the Plan or after termination of the Plan.

ARTICLE XI
ADMINISTRATION

11.1 Administrator. Unless otherwise determined by the Board, the Administrator of the Plan shall be the Compensation Committee of the Board (or another committee or a subcommittee of the Board to which the Board delegates administration of the Plan) (such committee, the "***Committee***"). The Board may at any time vest in the Board any authority or duties for administration of the Plan.

11.2 Action by the Administrator. Unless otherwise established by the Board or in any charter of the Administrator, a majority of the Administrator shall constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present and, subject to Applicable Law and the Bylaws of the Company, acts approved in writing by a majority of the Administrator in lieu of a meeting, shall be deemed the acts of the Administrator. Each member of the Administrator is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other Employee, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

11.3 Authority of Administrator. The Administrator shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(a) To determine when and how rights to purchase Common Stock shall be granted and the provisions of each offering of such rights (which need not be identical).

(b) To designate from time to time which Subsidiaries of the Company shall be Designated Subsidiaries, which designation may be made without the approval of the stockholders of the Company.

(c) To construe and interpret the Plan and rights granted under it, and to establish, amend and revoke rules and regulations for its administration. The Administrator, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(d) To amend, suspend or terminate the Plan as provided in Article IX.

(e) Generally, to exercise such powers and to perform such acts as the Administrator deems necessary or expedient to promote the best interests of the Company and its Subsidiaries and to carry out the intent that the Plan be treated as an "employee stock purchase plan" within the meaning of Section 423 of the Code.

11.4 Decisions Binding. The Administrator's interpretation of the Plan, any rights granted pursuant to the Plan, any subscription agreement and all decisions and determinations by the Administrator with respect to the Plan are final, binding, and conclusive on all parties.

ARTICLE XII
MISCELLANEOUS

12.1 Restriction upon Assignment. A right granted under the Plan shall not be transferable other than by will or the applicable laws of descent and distribution, and is exercisable during the Participant's lifetime only by the Participant. Except as provided in Section 12.4 hereof, a right under the Plan may not be exercised to any extent except by the Participant. The Company shall not recognize and shall be under no duty to recognize any assignment or alienation of the Participant's interest in the Plan, the Participant's rights under the Plan or any rights thereunder.

12.2 Rights as a Stockholder. With respect to Shares subject to a right granted under the Plan, a Participant shall not be deemed to be a stockholder of the Company, and the Participant shall not have any of the rights or privileges of a stockholder, until such Shares have been issued to the Participant or his or her nominee following exercise of the Participant's rights under the Plan. No adjustments shall be made for dividends (ordinary or extraordinary, whether in cash securities, or other property) or distribution or other rights for which the record date occurs prior to the date of such issuance, except as otherwise expressly provided herein or as determined by the Administrator.

12.3 Interest. No interest shall accrue on the payroll deductions or contributions of a Participant under the Plan.

12.4 Designation of Beneficiary.

(a) A Participant may, in the manner determined by the Administrator, file a written or electronic (subject to Section 12.11, as applicable) designation of a beneficiary who is to receive any Shares and/or cash, if any, from the Participant's account under the Plan in the event of such Participant's death subsequent to a Purchase Date on which the Participant's rights are exercised but prior to delivery to such Participant of such Shares and cash. In addition, a Participant may file a written designation of a beneficiary who is to receive any cash from the Participant's account under the Plan in the event of such Participant's death prior to exercise of the Participant's rights under the Plan. If the Participant is married and resides in a community property state, a designation of a Person other than the Participant's spouse as his or her beneficiary shall not be effective without the prior written consent of the Participant's spouse.

(b) Such designation of beneficiary may be changed by the Participant at any time by written notice to the Company. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company shall deliver such Shares and/or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such Shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other Person as the Company may designate.

12.5 Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the Person, designated by the Company for the receipt thereof.

12.6 Equal Rights and Privileges. Subject to Section 5.7, all Eligible Employees will have equal rights and privileges under the Plan so that the Plan qualifies as an "employee stock purchase plan" within the meaning of Section 423 of the Code. Subject to Section 5.7, any provision of the Plan that is inconsistent with Section 423 of the Code will, without further act or amendment by the Company, the Board or the Administrator, be reformed to comply with the equal rights and privileges requirement of Section 423 of the Code.

12.7 Use of Funds. All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions.

12.8 Reports. Statements of account shall be given to or made available to Participants at least annually, which statements shall set forth the amounts of payroll deductions, the Purchase Price, the number of Shares purchased and the remaining cash balance, if any.

12.9 No Employment Rights. Nothing in the Plan shall be construed to give any Person (including any Eligible Employee or Participant) the right to remain in the employ of the Company or any Parent or Subsidiary or affect the right of the Company or any Parent or Subsidiary to terminate the employment of any Person (including any Eligible Employee or Participant) at any time, with or without cause.

12.10 Notice of Disposition of Shares. Each Participant shall give prompt notice to the Company of any disposition or other transfer of any Shares purchased upon exercise of a right under the Plan if such disposition or transfer is made: (a) within two years from the Enrollment Date of the Offering Period in which the Shares were purchased or (b) within one year after the Purchase Date on which such Shares were purchased. 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 the Participant in such disposition or other transfer.

12.11 Governing Law. The Plan and any agreements hereunder shall be administered, interpreted and enforced under the internal laws of the State of Delaware without regard to conflicts of laws thereof or of any other jurisdiction.

12.12 Electronic Forms. To the extent permitted by Applicable Law and in the discretion of the Administrator, an Eligible Employee may submit any designation, form or notice as set forth herein by means of an electronic form approved by the Administrator. Before the commencement of an Offering Period, the Administrator shall prescribe the time limits within which any such electronic form shall be submitted to the Administrator with respect to such Offering Period in order to be a valid election.

AGREEMENT

THIS AGREEMENT ("***Agreement***") is made as of the 26th day of September 2022 (the "***Effective Date***") between JO-ANN STORES, LLC, an Ohio limited liability company (the "***Company***"), and Scott Sekella ("***Executive***").

The Company is entering into this Agreement in recognition of the importance of Executive's services to the continuity of management of the Company and based on its determination that it will be in the best interests of the Company to encourage Executive's continued attention and dedication to Executive's duties as a general matter and in the potentially disruptive circumstances of a possible Change of Control of the Company. (As used in this Agreement, the term "***Change of Control***" and certain other capitalized terms have the meanings ascribed to them in Section 16 of this Agreement).

The Company and Executive agree as follows:

1. Severance Benefits upon Involuntary Termination Without Cause Before a Change of Control. If Executive's employment is terminated prior to a Change of Control by the Company without Cause, Executive will be entitled to the following benefits contingent on Executive signing a release of claims provided by the Company (substantially in the form attached hereto as Exhibit A, with such changes as the Company may determine to be required or reasonably advisable in order to make the release enforceable and otherwise compliant with applicable law) ("***Release***") and such Release becoming effective and irrevocable in accordance with its terms within twenty-eight (28) days after Executive's Separation from Service:

(a) Subject to Section 1(e) of this Agreement, Base Salary continuation for a period of eighteen (18) months from the effective date of Executive's termination from the Company, payable in accordance with the Company's normal payroll practices in effect at the applicable time, commencing within ten (10) days after Executive's Release becomes effective and irrevocable in accordance with its terms.

(b) Any short-term incentive that would have been earned (based on actual Company performance during the entire fiscal year and assuming that any individual goals applicable to Executive were satisfied at the "target" level) will be payable on a pro-rata basis based on the number of weeks that Executive worked in the current fiscal year. This amount will be payable at the same time as the short-term incentive is paid to similarly situated active employees of the Company.

(c) All long-term incentives (including, without limitation, stock options) will be governed by the terms of the Amended & Restated Stockholder's Agreement between the Company and Executive dated March 16, 2021 (the "***Stockholder's Agreement***"). Any unvested restricted stock units will be governed by the terms of the applicable Restricted Stock Unit Grant Agreement.

(d) Subject to Section 1(e) of this Agreement, the Company will provide six (6) months of outplacement service with a reputable outplacement consultant chosen by the Company.

(e) Executive agrees immediately to advise Company when Executive commences employment, self-employment, a consulting arrangement or other compensated work (the "***New Arrangement***") during the period of Base Salary continuation pursuant to this Section 1, and to provide Company with sufficient information concerning the New Arrangement so that the Company can determine the equivalency of the New Arrangement and the Executive's prior employment with the Company. Company shall have no obligation to continue payment of the Base Salary if Executive does not provide sufficient information regarding the New Arrangement, and the period of the payment obligation (i) shall not be extended due to Executive's failure to timely provide notice of the New Arrangement, and (ii) in no event shall such time period extend beyond the date that is 18 months from the effective date of Executive's termination of employment. If the Company determines in its reasonable discretion that the New Arrangement is at least generally equivalent to Executive's prior employment with the Company, Base Salary continuation pursuant to Section 1(a) hereof and outplacement service pursuant to Section 1(d) hereof shall cease immediately and the Company shall have no further obligations to Executive pursuant to Sections 1(a) and 1(d). If the Company determines in its reasonable discretion that the New

Arrangement is less than the Executive's prior compensation with the Company, the Company's obligation to pay Base Salary shall be reduced by the amount of the New Arrangement. In making its determination of equivalency pursuant to this Section 1(e), the Company may consider the total compensation package associated with the New Arrangement including base compensation, short-term and long-term incentive compensation, equity grants and fringe benefits. If there is any overpayment of Base Salary due to a New Arrangement, the Company will be entitled to recoup any such overpayment from the Executive.

2. Change of Control Severance Benefits upon Certain Separations from Service Occurring After a Change of Control. If within twelve (12) months after the occurrence of a Change of Control, Executive has a Separation from Service by the Company without Cause, or by Executive for Good Reason, Executive shall be entitled to the following as Change of Control Severance Benefits contingent on Executive signing a Release and such Release becoming effective and irrevocable in accordance with its terms within twenty-eight (28) days after Executive's Separation from Service:

(a) Base Salary continuation for a period of twenty-four (24) months from the effective date of the Separation of Service, payable in accordance with the Company's normal payroll practices in effect at the applicable time, commencing within ten (10) days after Executive's Release becomes effective and irrevocable in accordance with its terms.

(b) Pay out of the current fiscal year's short-term incentive without proration at the greater of (i) the "target" payout for the current fiscal year, or (ii) Executive's average actual short-term incentive payout for the three (3) fiscal years immediately preceding the current fiscal year (or the portion of such three-year period that Executive was employed by the Company). Any amount payable pursuant to this Section 2(b) shall be paid within ten (10) days after Executive's Release becomes effective and irrevocable in accordance with its terms.

(c) All long-term incentives (including, without limitation, stock options) will be governed by the terms of the Stockholder's Agreement.

(d) The Company will provide six (6) months of outplacement services with a reputable outplacement consultant chosen by the Company.

3. Earned but Unpaid Base Salary Payable Upon Any Separation from Service. Upon Executive's Separation from Service for any reason and at any time, the Company shall pay to Executive (or, where applicable, to Executive's Beneficiary), not later than ten (10) days after the Separation from Service all earned but unpaid Base Salary through the date of Separation from Service.

4. Separation from Service Due to Retirement, Disability, or Death. If Executive has a Separation from Service due to Retirement, Disability, or death while this Agreement remains in effect (whether before or after the occurrence of a Change of Control), neither Executive nor Executive's Beneficiaries will be entitled to Severance Benefits or Change of Control Severance Benefits under either of Sections 1 or 2 but Executive or Executive's Beneficiaries, as applicable, will be entitled to the payments provided for in Section 3 and to such benefits as may be provided under the terms of the Company's disability, retirement, survivor's benefits, insurance, and other applicable plans and programs of the Company then in effect.

5. Separation from Service for Cause or by Executive other than for Good Reason. If Executive has a Separation from Service by the Company for Cause (whether before or after the occurrence of a Change of Control) or by Executive for any reason other than for Good Reason within 12 months after a Change of Control, and Section 6 does not apply, neither Executive nor Executive's Beneficiaries will be entitled to Severance Benefits or Change of Control Severance Benefits under either of Sections 1 or 2 but Executive or Executive's Beneficiaries, as applicable, will be entitled to the payments provided for in Section 3 and the Company shall pay to Executive such other amounts to which Executive is entitled under any compensation plans of

the Company, at the time such payments are due. Except as provided in this Section 5, the Company shall have no further obligations to Executive under this Agreement.

6. Special Provision Applicable only if Executive has a Separation from Service both in Advance of and in Contemplation of a Change of Control. If Executive has a Separation from Service by the Company (a) in contemplation of and not more than six (6) full calendar months before the occurrence of a Change of Control, and (b) under circumstances such that if the Separation from Service had occurred immediately after that Change of Control Executive would have been entitled to Change of Control Severance Benefits under Section 2 above, then contingent on Executive signing a Release and such Release becoming effective and irrevocable in accordance with its terms within twenty-eight (28) days after Executive's Separation from Service, the Company shall pay and provide to Executive all of the amounts and benefits specified in Section 2, reduced by such amounts and such benefits, if any, that the Company has otherwise paid and provided to Executive pursuant to Section 1 above. The Company shall make any cash payment required pursuant to this Section 6 on the later to occur of (i) ten (10) days after Executive's Release becomes effective and irrevocable in accordance with its terms, or (ii) the occurrence of the Change of Control.

7. Change of Control Ignored if Employment Continues for More than One Year Thereafter. If Executive's employment continues for more than one (1) year following the occurrence of any Change of Control, that particular Change of Control will be deemed never to have occurred for purposes of this Agreement.

8. Term of Agreement. This Agreement shall continue in effect until a Separation from Service occurs pursuant to one of Sections 1, 2, 4, or 5, with due consideration of Sections 3, 6 and 7 hereof. The parties may, by mutual agreement, at any time and from time to time modify or terminate the term of this Agreement under this Section 8.

9. Excise Tax. If there is any conflict between the provisions of this Section 9 and any other provision of this Agreement regarding payments to be made or benefits to be provided to Executive under this Agreement following a Change of Control, the provisions of this Section 9 shall govern.

9.1 Acknowledgement. The Company and Executive acknowledge that, following a Change of Control, one or more payments or distributions to be made by the Company to or for the benefit of Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement, under some other plan, agreement, or arrangement, or otherwise, and including, without limitation, any income recognized by Executive upon exercise of an option granted by the Company to acquire Common Shares issued by the Company) (a "***Payment***") may be determined to be an Excess Parachute Payment that is not deductible by the Company for federal income tax purposes and with respect to which Executive will be subject to an excise tax because of Sections 280G and 4999, respectively, of the Code (hereinafter referred to respectively as "***Section 280G***" and "***Section 4999***").

9.2 Procedure. Prior to and in connection with any Change of Control, the Company shall cause the Accounting Firm, which shall make all determinations required to be made under this Section 9, to determine (a) the maximum amount of Parachute Payments that Executive may receive without becoming subject to the excise tax imposed by Section 4999 and without the Company suffering a loss of deduction under Section 280G (this maximum amount being the "***280G Limit***"); and (b) whether, if all Payments were made without regard to this Section 9 and after taking into account any value (as determined by the Accounting Firm) attributable to the non-competition covenant in Section 13, any Payment would be an Excess Parachute Payment. If the Accounting Firm determines that any Payment to Executive (if made without regard to this Section 9 and after taking into account any value (as determined by the Accounting Firm) attributable to the non-competition covenant in Section 13) would be an Excess Parachute Payment, then the treatment of Executive's Payments shall be determined in accordance with Section 9.3 or Section 9.4, as applicable. The Accounting Firm shall communicate its determination, together with detailed supporting calculations, to the Company and to Executive at least 10 business days prior to the Change of Control or such earlier time as is requested by the Company. The Company and Executive shall cooperate with each other and the Accounting Firm and shall provide necessary information so that the Accounting Firm may make all such determinations. The Company shall pay all of the fees of the Accounting Firm for services performed by the Accounting Firm as contemplated in this Section

9. All determinations made by the Accounting Firm under this Section 9 shall be binding upon Executive and the Company.

9.3 Company has no Readily Tradable Stock - Reduction in Payments Unless Approved by Shareholders. If, immediately prior to a Change of Control, no stock in the Company is readily tradable on an established securities market or otherwise (within the meaning of Q/A-6), the Company shall make its best efforts to avail itself of the exemption from Sections 280G and 4999 set forth in Q/A-6(a)(2) by making its best efforts to obtain shareholder approval (in accordance with Q/A-7) of any Parachute Payments that would exceed the 280G Limit (if all Payments were made without regard to this Section 9), subject to Executive's consent to forfeit any such amounts the payment of which is not so approved by shareholders. If Executive fails to consent to forfeiture of amounts required to obtain the exemption set forth in Q/A-6(a)(2), or if shareholder approval is not obtained in accordance with Q/A-7, then the Parachute Payments to be made to Executive without regard to this Section 9 shall be reduced, but not below zero, by such amount so that the aggregate value of the Parachute Payments actually made to Executive will be One Dollar ($1.00) less than the 280G Limit. In the event that any Parachute Payment is required to be reduced pursuant to this Section 9.3, the reduction shall be made by first reducing any specified Parachute Payments that Executive consented to forfeit if not approved by shareholders and that were not approved by shareholders, and then, to the extent necessary, by reducing Executive's remaining Parachute Payments in the following order: (a) Base Salary continuation under Section 2(a) of this Agreement, (b) short-term incentive payment under Section 2(b) of this Agreement, (c) outplacement benefits under Section 2(d) of this Agreement, and (d) accelerated vesting (if any) of long-term incentives, with any such reduction applicable first to any long-term incentive awards with vesting otherwise contingent only upon continued service, in either case in the reverse order of the date of grant of such long term incentive awards.

9.4 Company has Readily Tradable Stock – Reduction in Payments if Reduced Payments Would Provide Greater Net After-Tax Benefit to Executive. If immediately prior to a Change of Control, any stock in the Company is readily tradable on an established securities market or otherwise (within the meaning of Q/A-6), then either (a) the payments to be made to Executive under this Agreement without regard to this Section 9 shall be reduced as provided in this Section 9.4, or (b) the Company shall make all of the payments to be made to Executive under all of the provisions of this Agreement. The payments to be made to Executive under this Agreement without regard to this Section 9 shall be reduced pursuant to this Section 9.4 only if the Accounting Firm determines that Executive would have a greater Net After-Tax Benefit if Executive's payments under this Agreement were reduced, but not below zero, by such amount so that the aggregate value of the Parachute Payments actually made to Executive will be One Dollar ($1.00) less than the 280G Limit. If instead the Accounting Firm determines that Executive would have a greater Net After-Tax Benefit if Executive's payments under this Agreement were not so reduced, Executive shall receive all Payments to which Executive is entitled, subject to the excise tax under Sections 4999 and 280G (and all other applicable taxes). In the event that any Parachute Payment is required to be reduced pursuant to this Section 9.4, the reduction shall be made by reducing the amounts to be paid under this Agreement in the following order: (a) Base Salary continuation under Section 2(a) of this Agreement, (b) short-term incentive payment under Section 2(b) of this Agreement, (c) outplacement benefits under Section 2(d) of this Agreement, and (d) accelerated vesting (if any) of long-term incentives under Section 2(c) of this Agreement, with any such reduction applicable first to any long-term incentive awards with vesting otherwise contingent upon performance and then to any long-term incentive awards with vesting otherwise contingent only upon continued service, in either case in the reverse order of the date of grant of such long term incentive awards.

10. The Company's Payment Obligation

10.1 Change of Control Severance Benefit Payment Obligation Absolute. Except as otherwise provided in Section 9, the Company's obligation to make the payments and provide the benefits provided for in Section 2 herein shall be absolute and unconditional, and shall not be affected by any circumstances, including, without limitation, any offset, counterclaim, recoupment, defense, or other right which the Company may have against Executive or anyone else. All payments by the Company pursuant to Section 2 herein shall be paid without notice or demand. Each and every payment made by the Company pursuant to Section 2 herein shall be final, and the Company shall not seek to recover all or any part of such payment from Executive or from whomsoever may be entitled thereto, for any reasons whatsoever. This Section 10.1 shall not be applicable to Severance Benefits made pursuant to Section 1 hereof.

10.2 No Mitigation. Executive shall not be obligated to seek other employment in mitigation of the amounts payable or benefits to be provided under any provision of this Agreement, and, except as provided for in Section 1(e) of this Agreement, the obtaining of any such other employment shall in no event effect any reduction of the Company's obligations to make the payments or provide any benefits as required under this Agreement.

10.3 Source of Payments and Benefits. All payments under this Agreement shall be made solely from the general assets of the Company (or from a grantor trust, if any, established by the Company for purposes of making payments under this Agreement and other similar agreements), and Executive shall have the rights of an unsecured general creditor of the Company with respect thereto.

11. Legal Remedies

11.1 Payment of Legal Fees. In the event of litigation or arbitration with respect to the Severance Benefits or Change of Control Severance Benefits provided for under this Agreement, the prevailing party shall be entitled to recover its legal fees, costs of arbitration and/or litigation, prejudgment interest, and other reasonable expenses.

11.2 Arbitration. Subject to the following sentences, any dispute or controversy arising under or in connection with this Agreement shall be settled by mandatory arbitration (in lieu of litigation), conducted before a panel of three (3) arbitrators (unless the amount claimed is less than $100,000, in which case the arbitration shall be before a single arbitrator) sitting in Summit County, Ohio, in accordance with the rules of the American Arbitration Association then in effect. Any dispute which arises with respect to Executive's alleged violation of the non-competition and other covenants set forth in Section 13 of this Agreement shall be settled by judicial proceedings in a state or federal court sitting in Summit County, Ohio. Except as provided above for claims or disputes under Section 13, judgment may be entered on the award of the arbitrator in any court having proper jurisdiction.

12. Withholding. The Company shall be entitled to withhold from any amounts payable under this Agreement all taxes as legally shall be required (including, without limitation, any United States federal income, FICA and Medicare taxes, and any other state, city, or local taxes).

13. Restrictive Covenants. In consideration of Executive's employment by the Company and the benefits being provided to Executive pursuant to this Agreement, Executive agrees to be bound by the restrictive covenants contained in this Section 13.

13.1 Obligation to Maintain Confidentiality. Executive 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 Executive during his or her employment with the Company or a subsidiary or affiliate of 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 as to whether information constitutes Confidential Information, Executive agrees to obtain advice from the Company's General Counsel prior to divulging or using such information. Executive 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: (a) information that is generally known by or available for use by the public, (b) information that was known by Executive prior to his or her employment with the Company (including its predecessor in interest, affiliates and subsidiaries) and was obtained, to the best of Executive's knowledge, without violation of any obligation of confidentiality to the 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, Executive must notify the Company's General Counsel immediately. Nothing in this section 13.1 shall be interpreted to preclude Executive 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.

1.2 Ownership of Property. Executive 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 Company's or any of its subsidiaries' 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 Executive (either solely or jointly with others) while employed by or in the service of the Company or any of its subsidiaries or 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 Company or such subsidiary or affiliate, and Executive hereby assigns, and agrees to assign, all of the above Work Product to the Company or to such subsidiary or affiliate. Any copyrightable work prepared in whole or in part by Executive in the course of Executive's work for any of the foregoing entities shall be deemed a "work made for hire" under the copyright laws, and the Company or such subsidiary or affiliate shall own all rights therein. To the extent that any such copyrightable work is not a "work made for hire", Executive hereby assigns and agrees to assign to the Company or such subsidiary or affiliate all right, title, and interest, including without limitation, copyright in and to such copyrightable work. Executive 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 Executive's employment with or service to the Company and its subsidiaries and affiliates) to establish and confirm the Company's or such subsidiary's or affiliate's ownership (including, without limitation, assignments, consents, powers of attorney, and other instruments).

1.3 Third Party Information. Executive understands that the Company and its subsidiaries and affiliates will receive from third parties confidential or proprietary information ("***Third Party Information***") subject to a duty on the Company's and its subsidiaries and affiliates' part to maintain the confidentiality of such information and to use it only for certain limited purposes. During the period of Executive'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 13.1 above, Executive will hold Third Party Information in the strictest confidence and will not disclose to any one (other than personnel and consultants of the Company or its subsidiaries and affiliates who need to know such information in connection with their work for the Company or its subsidiaries and affiliates) or use, except in connection with Executive's work for the Company or its subsidiaries and affiliates, Third Party Information unless expressly authorized by the Company in writing or unless and to the extent that the Third Party Information (a) becomes generally known to and available for use by the public other than as a result of Executive's acts or omissions to act, (b) was known to Executive prior to Executive's employment with or service to the Company or any of its subsidiaries and affiliates and was obtained, to the best of Executive's knowledge, without violation of any obligation of confidentiality to the Company, or (c) is required to be disclosed pursuant to any applicable law or court order.

1.4 Noncompetition. Executive acknowledges that, in the course of Executive's employment, Executive will become familiar with the Company's and its subsidiaries' and affiliates' trade secrets and with other confidential information concerning the Company and its subsidiaries and affiliates and that Executive's services will be of special, unique and extraordinary value to the Company and its subsidiaries and affiliates. Therefore, Executive agrees that while employed by the Company or any of its subsidiaries or affiliates, and continuing until (i) the eighteen (18) month anniversary of the date of any termination of Executive's employment (other than as a result of a Change in Control as provided in Paragraph 2 or 6), or (ii) twenty-four (24) months from the date of termination of Executive's employment as a result of a Change in Control as provided in Paragraph 2 or 6 (the "***Noncompete Period***"), Executive shall not, anywhere in the world where the Company or its subsidiaries or affiliates conduct or actively propose to conduct business during Executive'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 Executive had knowledge, involvement, and/or responsibility while at the Company. Further, during the Noncompete Period, Executive shall not

conduct any of the Restricted Activities in similar line(s) of business or similar functions for which the Executive 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, Executive 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 13.4 confers upon Executive any right to receive severance or obligates the Company to pay any severance to Executive in connection with his or her termination of employment for any reason.

1.5 Nonsolicitation. Executive makes the same acknowledgement as is set forth in the first sentence of Section 13.4 above. Therefore, Executive agrees that during the Noncompete Period, Executive shall not directly or indirectly through another entity (i) induce or attempt to induce any employee of the Company or its subsidiaries or affiliates to leave the employ of the Company or any of its subsidiaries or affiliates, or in any way interfere with the relationship between the Company or its subsidiaries or affiliates and any employee thereof, (ii) hire any person who was an employee of the Company or any of its subsidiaries or affiliates within 180 days prior to the time such employee was hired by Executive, (iii) induce or attempt to induce any customer, supplier, licensee or other business relation of the Company or its subsidiaries or affiliates to cease doing business with the Company or its subsidiaries or affiliates or in any way interfere with the relationship between any such customer, licensee or business relation and the Company or its subsidiaries or affiliates, or (iv) 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 the Company, its subsidiaries or affiliates has entered into substantive negotiations or has requested and received confidential information relating to the acquisition of such business by the Company, its subsidiaries or affiliates in the two-year period immediately preceding Executive's termination of employment with the Company or any of its subsidiaries or affiliates.

1.6 Enforcement. If, at the time of enforcement of Section 13.4 or 13.5 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. Executive agrees that because his or her services are unique and Executive has access to confidential information, money damages would be an inadequate remedy for any breach of this Section 13 and its subsections. Executive agrees that the Company, its subsidiaries and affiliates, in the event of a breach or threatened breach of this Section 13 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.

1.7 Non-disparagement. Executive agrees that at no time during his or her employment by the Company or any of its subsidiaries or affiliates 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 Company or any of its subsidiaries or affiliates or any of their respective directors, officers or employees; *provided* that Executive shall not be required to make any untruthful statement or to violate any law.

1.8 Acknowledgments. Executive acknowledges that the provisions of this Section 13 and its subsections are (a) in addition to, and not in limitation of, any obligation of Executive under the terms of any other agreement with the Company or any of its subsidiaries or affiliates (including, without limitation, the restrictive covenants in Article IV of Executive's Non-Qualified Stock Option Agreement of Jo-Ann Stores Holdings, Inc., which Executive acknowledges remain in full force and effect in accordance with their terms), and (b) in consideration of (i) employment with the Company or any of its subsidiaries or affiliates, and (ii) additional good and valuable consideration as set forth in this Agreement. In addition, Executive agrees and acknowledges that the restrictions contained in this Section 13 and its subsections do not preclude Executive from earning a livelihood, nor do they unreasonably impose limitations on Executive's ability to earn a living. Executive agrees and acknowledges that the potential harm to the Company or its subsidiaries or affiliates of the non-enforcement of this Section 13 and its subsections outweighs any potential harm to Executive of its enforcement by injunction or otherwise. Executive acknowledges that he or she has carefully read this

Agreement and has given careful consideration to the restraints imposed upon Executive 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 Company, and its subsidiaries and affiliates now existing or to be developed in the future. Executive 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.

14. Successors and Assignment

14.1 Successors to the Company. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) of all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform the Company's obligations under this Agreement in the same manner and to the same extent that the Company would be required to perform them if no such succession had taken place.

14.2 Assignment by Executive. This Agreement shall inure to the benefit of and be enforceable by Executive and each of Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If Executive dies while any amount would still be payable to Executive hereunder had Executive continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement, to Executive's Beneficiary. If Executive has not named a Beneficiary, then such amounts shall be paid to Executive's devisee, legatee, or other designee, or if there is no such designee, to Executive's estate.

15. Miscellaneous.

15.1 Employment Status. Except as may be provided under any other agreement between Executive and the Company, the employment of Executive by the Company is "at will" and, prior to the effective date of a Change of Control, may be terminated by either Executive or the Company at any time, subject to applicable law.

15.2 Entire Agreement. Except with respect to the provisions of the Stockholder's Agreement and the Option Agreement expressly referenced herein, this Agreement sets forth the entire agreement between the parties with respect to severance benefits to be provided upon any termination of Executive's employment and supersedes any and all prior employment, retention, and/or change of control agreements between Executive and the Company.

15.3 Beneficiaries. Executive may designate one or more persons or entities as the primary and/or contingent Beneficiaries of any Severance Benefits or Change of Control Severance Benefits owing to Executive under this Agreement. Such designation must be in the form of a signed writing acceptable to the Company. Executive may make or change such designation at any time.

15.4 Severability. In the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Agreement, and the Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

15.5 Modification. No provision of this Agreement may be modified, waived, or discharged unless such modification, waiver, or discharge is agreed to in writing and signed by Executive (or his/her legal representative or successor) and by the Chief Administrative Officer or General Counsel of the Company.

15.6 Applicable 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 Agreement.

15.7 Section 409A. It is intended that the payments and benefits provided under this Agreement shall be exempt from, or comply with, the requirements of Section 409A of the Code. This Agreement shall be construed, administered, and governed in a manner that affects such intent. For purposes of Section 409A of the Code, Executive's right to receive any "installment" payments pursuant to this Agreement shall be treated as a right to receive a series of separate payments. Further, if the twenty-eight (28)-day period during which Executive's Release must become effective and irrevocable in accordance with its terms pursuant to Section 1 or Section 2 of this Agreement begins in one calendar year and ends in the next calendar year, then, to the extent required to comply with Section 409A of the Code, any payment to be made under Section 1 or Section 2 of this Agreement following the effectiveness and irrevocability of such Release will be made (or commence) in the second calendar year. In no event will any in-kind benefits or reimbursements to which Executive may be entitled under this Agreement be provided after the end of the second calendar year following the year of Executive's Separation from Service. The payments and benefits provided under this Agreement may not be deferred, accelerated, extended, paid out or modified in a manner that would result in the imposition of an additional tax under Section 409A of the Code upon Executive. Although the Company will use its best efforts to avoid the imposition of taxation, interest, and penalties under Section 409A of the Code, the tax treatment of the benefits provided under this Agreement is not warranted or guaranteed. Neither the Company, its affiliates nor their respective directors, officers, employees, or advisers shall be held liable for any taxes, interest, penalties or other monetary amounts owed by Executive (or any other individual claiming a benefit through Executive) as a result of this Agreement.

16. Definitions. Whenever used in this Agreement, the following capitalized terms shall have the meanings set forth below:

16.1 "Accounting Firm" means the independent auditors of the Company for the Fiscal Year preceding the year in which the Change of Control occurred and such firm's successor or successors; provided, however, if such firm is unable or unwilling to serve and perform in the capacity contemplated by this Agreement, the Company shall select another national accounting firm of recognized standing to serve and perform in that capacity under this Agreement, except that such other accounting firm shall not be the then independent auditors for the Company or any of its affiliates (as defined in Rule 12b-2 promulgated under the Securities Exchange Act of 1934, as amended).

16.2 "280G Limit" has the meaning assigned to it in Section 9.2.

16.3 "Base Salary" means an amount equal to Executive's base annual salary at the rate in effect immediately prior to Executive's Separation from Service (and without regard to any reduction of base salary which would constitute Good Reason for purposes of this Agreement) or, if higher, at the rate in effect immediately prior to a Change of Control. For this purpose, Base Salary shall not include bonuses, long-term incentive compensation, or any remuneration other than base annual salary.

16.4 "Beneficial Owner" shall have the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.

16.5 "Beneficiary" means the persons or entities designated or deemed designated by Executive pursuant to Section 15.3 herein.

16.6 "Cause" shall mean the occurrence of any one or more of the following: (a) Executive's conviction for committing an act of fraud, embezzlement, theft, or other criminal act constituting a felony; (b) Executive's commission of an act or omission reasonably likely to result in a conviction for fraud, embezzlement, theft, or other criminal violation constituting a felony, (c) the engaging by Executive in gross negligence or gross misconduct (including dishonesty, disloyalty or misappropriation) that is materially and demonstrably injurious to the Company; (d) Executive's material breach of the Company's Code of Business Conduct; (e) the continued failure by Executive to substantially perform his/her normal duties (other than any such failure resulting from Executive's illness or injury), after a written demand

for substantial performance is delivered to Executive that specifically identifies the manner in which the Company believes that Executive has not substantially performed his/her duties, and Executive has failed to remedy the situation within thirty (30) days of receiving such notice; or (f) the continued failure by Executive to achieve agreed-upon performance goals after a written notice of such deficiencies is delivered to Executive, and Executive has failed to come into compliance with the agreed-upon performance goals within a time period designated by the Company which time period shall be a minimum of thirty (30) days from the receipt of such notice.

16.7 "Change of Control" means (i) a transaction or series of transactions (other than an offering of common stock of JOANN Inc. to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) directly or indirectly acquires beneficial ownership (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) of securities of JOANN Inc. possessing more than 50 % of the total combined voting power of JOANN Inc.'s securities outstanding immediately after such acquisition; provided, however, that the following acquisitions shall not constitute a Change of Control: (1) any acquisition by JOANN Inc. or any of its subsidiaries; (2) any acquisition by an employee benefit plan maintained by the Company or any of its subsidiaries; (3) any acquisition by Leonard Green & Partners, L.P. ("***LGP***"), any fund or other investment vehicle managed by LGP, or any affiliates thereof (including, without limitation, as a result of any transfer of shares of common stock of JOANN Inc. from Green Equity Investors V, Green Equity Investors Side V, LP or Needle Coinvest LLC); or (4) for the avoidance of doubt, any transaction described in clauses (iii)(1), (iii)(2) or (iii)(3); (ii) the Incumbent Directors cease for any reason to constitute a majority of the board of directors of JOANN Inc.; (iii) the consummation by JOANN Inc. (whether directly involving JOANN Inc. or indirectly involving JOANN Inc. through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination, (y) a sale or other disposition of all or substantially all of JOANN Inc.'s assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction: (1) which results in JOANN Inc.'s voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of JOANN Inc. or the person that, as a result of the transaction, controls, directly or indirectly, JOANN Inc. or owns, directly or indirectly, all or substantially all of JOANN Inc.'s assets or otherwise succeeds to the business of JOANN Inc. (JOANN Inc. or such person, the "***Successor Entity***")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and (2) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (iii) (2) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in JOANN Inc. prior to the consummation of the transaction; and (3) after which at least a majority of the members of the board of directors (or the analogous governing body) of the Successor Entity were JOANN Inc. board of directors members at the time of such board's approval of the execution of the initial agreement providing for such transaction; or (iv) the date specified by the JOANN Inc. board of directors following approval by JOANN Inc.'s stockholders of a plan of complete liquidation or dissolution of JOANN Inc. Notwithstanding the foregoing, a Change of Control shall only constitute a Change of Control for purposes of this Agreement if such transaction also constitutes a "change in control event," as defined in Treasury Regulation Section 1.409A-3(i)(5), to the extent necessary to comply with Section 409A of the Code.

16.8 "Change of Control Severance Benefits" means those payments and benefits that may become payable pursuant to Section 2 above.

16.9 "Code" means the United States Internal Revenue Code of 1986, as amended.

16.10"Company" means Jo-Ann Stores, LLC, an Ohio limited liability company, and its successors.

16.11"Competitive Business" shall have the meaning set forth in Section 13.4 hereof.

16.12"Confidential Information" shall have the meaning set forth in Section 13.1 hereof.

16.13"Disability" means permanent and total disability, within the meaning of Code Section 22(e)(3), as determined by the Company in the exercise of good faith and reasonable judgment, upon receipt of and in reliance on sufficient competent medical advice from one (1) or more individuals, selected by the Company, who are qualified to give professional medical advice, provided, however, that Executive must be entitled to disability benefits under the Company sponsored disability plans or programs.

16.14"Employer" means the Company and each corporation or other entity with whom the Company would be considered a single employer under Code Sections 414(b) and 414(c), except that in applying Code Sections 1563(a)(1), (2) and (3) for purposes of determining a controlled group of corporations under Code Section 414(b), the language "at least 50 percent" shall be used instead of "at least 80 percent" in each place it appears in Code Sections 1563(a)(1), (2) and (3), and in applying Treas. Regs. Sec. 1.414(c)-2 for purposes of determining a controlled group of trades or businesses under Code Section 414(c), the language "at least 50 percent" shall be used instead of "at least 80 percent" in each place it appears in Treas. Regs. Sec. 1.414(c)-2.

16.15"Excess Parachute Payment" has the meaning assigned to that term in Q/A-3 (note that although initial capital letters are used on this term in this Agreement, the Q/As do not use initial caps for this term).

16.16"Exchange Act" means the United States Securities Exchange Act of 1934, as amended.

16.17"Good Reason" shall mean, on or after a Change of Control, any material adverse change by the Company in Executive's job title, duties, responsibility or authority; failure by the Company to pay Executive any amount of Base Salary or bonus when due; any material diminution of Executive's Base Salary (other than such a material diminution that is applied on a substantially comparable basis to similarly-situated employees of the Company); any material reduction in Executive's short-term incentive compensation opportunities; the termination or denial of Executive's right to participate in material employment related benefits that are offered to similarly-situated employees of the Company; the movement of Executive's principal location of work to a new location that is in excess of 50 miles from Executive's principal location of work as of the date hereof without Executive's consent; or failure by the Company to require any successor to assume and agree to perform the Company's obligations under this Agreement in accordance with Section 14.1; provided that none of the events described in this definition of Good Reason shall constitute Good Reason unless Executive 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.

16.18"***Incumbent Directors***" shall mean for any period of 12 consecutive months, individuals who, at the beginning of such period, constitute the board of directors of JOANN Inc. together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with JOANN Inc. to effect a transaction described in clauses (i) or (iii) of the definition of Change of Control) whose election or nomination for election to the board of directors of JOANN Inc. was approved by a vote of at least a majority (either by a specific vote or by approval of the proxy statement of JOANN Inc. in which such person is named as a nominee for director without objection to such nomination) of the directors then still in office who either were directors at the beginning of the 12-month period or whose election or nomination for election was previously so approved. No individual initially elected or nominated as a director of JOANN Inc. as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the board of directors of JOANN Inc. shall be an Incumbent Director.

16.19"Net After-Tax Benefit" shall mean the aggregate present value of all Payments to Executive, net of all taxes imposed on Executive with respect thereto under Sections 1 and 4999 of the Code and under applicable state, local and other tax laws, as determined by the Accounting Firm.

16.20"Noncompete Period" shall have the meaning set forth in Section 13.4 hereof.

16.21"Payment" has the meaning assigned to that term in Section 9.1 above (except as otherwise provided in Section 1(a)).

16.22"Parachute Payment" has the meaning assigned to that term in Q/A-2 but without reference to subsection (4) of Q/A-2 (with the effect that a payment otherwise meeting the definition of "Parachute Payment" will be referred to as a Parachute Payment even if the total of all such Parachute Payments is less than three times Executive's base amount (as defined in Q/A-34) (note that although initial capital letters are used on this term in this Agreement, the Q/A's do not use initial caps for this term).

16.23 "Person" shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d).

16.24"Q/As" means the entire series of Questions and Answers set forth in Section 1.280G-1 of the Treasury Regulations issued under Section 280G of the Code (which Section of regulations is presented in Questions and Answers format); references to particular Questions and Answers will be, for example, to "Q/A-1".

16.25"Retirement" means a voluntary Separation from Service by Executive other than for Good Reason after Executive has either (a) attained age fifty-five (55) and has completed at least ten (10) full years of continuous service with the Company, or (b) has attained age sixty-five (65) without regard to length of service.

16.26"Separation from Service" means Executive has a termination of employment with the Employer. Whether a termination of employment has occurred shall be determined based on whether the facts and circumstances indicate that Executive and Employer reasonably anticipate that no further services will be performed by Executive for Employer; provided, however, that Executive shall be deemed to have a termination of employment if the level of services he or she would perform for Employer after a certain date permanently decreases to no more than twenty percent (20%) of the average level of bona fide services performed for Employer (whether as an employee or independent contractor) over the immediately preceding thirty-six (36)-month period (or the full period of services to Employer if Executive has been providing services to Employer for less than thirty-six (36) months). For this purpose, Executive is not treated as having a Separation from Service while he or she is on a military leave, sick leave, or other bona fide leave of absence, if the period of such leave does not exceed six (6) months, or if longer, so long as Executive has a right to reemployment with Employer under an applicable statute or by contract.

16.27"Severance Benefits" means those payments and benefits that may become payable before the occurrence of a Change of Control pursuant to Section 1 above.

16.28"Third Party Information" shall have the meaning set forth in Section 13.3 hereof.

16.29"Vendor Business" shall have the meaning set forth in Section 13.4 hereof.

16.30"Work Product" shall have the meaning set forth in Section 13.2 hereof.

[signature page to follow]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

JO-ANN STORES, LLC
By: /s/ Janet Duliga
Janet Duliga
Chief Administrative Officer

EXECUTIVE
/s/ Scott Sekella
Scott Sekella

EXHIBIT A

GENERAL RELEASE

This General Release (this "***Release***") is entered into by and between _____ ("***Executive***") and JO-ANN STORES, LLC (the "***Company***") (collectively, the "***Parties***") as of the _____ day of _____, 20__.

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 _____, 20__.

2. Payments and Benefits. Following the effectiveness of the terms set forth herein, the Company shall provide Executive with certain benefits as provided in Section __ of that certain Agreement between the Company and Executive dated as of _____, 20_ (the "***Agreement***"). 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 Executive's Separation from Service (as defined in the Agreement). Executive agrees that the consideration set forth above is more than Executive is legally entitled to and 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 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 his or 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 Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e, *et seq*., as amended, the Age Discrimination in Employment Act, 29 U.S.C. §§ 621 *et seq*., the Older Workers Benefit Protection Act, the Americans with Disabilities Act, 42 U.S.C. § 12101, *et seq*., the Fair Labor Standards Act, 29 U.S.C. § 201, *et seq*., the Employee Retirement Income Security Act, and the Consolidated Omnibus Budget Reconciliation 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.

Without limiting the foregoing, Executive represents that he or 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 Age Discrimination in Employment Act of 1967, as amended, and the Older Workers Benefit Protection Act. Executive acknowledges that as of the date he or she signs this Release, Executive may have certain rights or claims under the Age Discrimination in Employment Act, 29 U.S.C. §626, and Executive voluntarily relinquishes any such rights or claims by signing this Release.

Nothing in this Release will prohibit Executive from communicating to and cooperating with any federal, state or local governmental agency in any investigation concerning the Company (including without limitation the Securities and Exchange Commission ("***SEC***"), the National Labor Relations Board, the Occupational Safety and Health Administration and the Equal Employment Opportunity Commission ("***EEOC***")), 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 similar 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 prior two sentences, Executive may receive incentive payments under SEC Rule 21F-17 and similar rules of other governmental agencies.

5. Bar. Executive, on behalf of Executive and his or her agents, heirs, executors, administrators, and assigns, also agrees and covenants not to file a lawsuit or to assert any claim with respect to any claims released or waived under this Release, and Executive agrees that Executive will not institute any actions, causes, suits, debts, liens, claims or demands for released matters, whether known or unknown, against Releasees or attributable to Releasees in any way. Execution of this Release by Executive operates as a complete bar and defense against any and all of the released claims against Releasees. If Executive or any of Executive's agents, heirs, executors, administrators, and assigns should make any claims against any of the Releasees in any complaint, action, claim, or proceeding (with the exception of claims to enforce the Agreement and claims not released herein), this Release may be raised as and shall constitute a complete bar to any such complaint, action, claim, or proceeding, and Releasees shall be entitled to and shall recover from Executive all costs incurred, including attorneys' fees, in defending against any such complaint, action, claim, or proceeding to the fullest extent. 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.

6. Confidentiality/Non-Disparagement/Restrictive Covenants. Except as permitted by the fourth paragraph of Section 4 above, 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 his or 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 Company's General Counsel 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 his or her employment with the Company (including its predecessor in interest, affiliates and subsidiaries) and was obtained, to the best of Executive'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, Executive must notify the Company's General Counsel 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, except as permitted under the fourth paragraph of Section 4 above. 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 he or 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 he or 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 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. Acknowledgment. Executive has read this Release, understands it, and voluntarily accepts its terms, and Executive acknowledges that he or she has been advised by the Company to seek the advice of legal counsel before entering into this Release. Executive acknowledges that he or she was given a period of twenty-one (21) calendar days within which to consider and execute this Release, and to the extent that he or she executes this Release before the expiration of the 21-day period, he or she does so knowingly and voluntarily and only after consulting his or her attorney.

9. Revocation. Executive understands that he or 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 he or 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.

10. Miscellaneous. This Release 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.

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.

JO-ANN STORES, LLC

_____
Name:
Title:

EXECUTIVE

_____
Name:
Date:

Exhibit 31.1

CERTIFICATION

I, Wade Miquelon, 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)) 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) [Intentionally omitted];

   (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 12, 2022

By: /s/ Wade Miquelon

Wade Miquelon
President and Chief Executive Officer
(*principal executive officer*)

Exhibit 31.2

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)) 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) [Intentionally omitted];

   (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 12, 2022

By: /s/ Scott Sekella

Scott Sekella
Senior Vice President and Chief Financial Officer
(*principal financial officer)*

Exhibit 32.1

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 29, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(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 result of operations of the Company.

Date: December 12, 2022

By: /s/ Wade Miquelon
Wade Miquelon
President and Chief Executive Officer
(*principal executive officer*)

Exhibit 32.2

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 of JOANN Inc. on Form 10-Q (the "Company") for the period ended October 29, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(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 result of operations of the Company.

Date: December 12, 2022

By: /s/ Scott Sekella

Scott Sekella
Senior Vice President and Chief Financial Officer
(*principal financial officer)*