

JOANN

William Blair Growth Stock Conference

June 6, 2022

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

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

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## Industry Information

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

## Non-GAAP Financial Measures

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

# JOANN at a Glance

## Category Leader in Sewing

**~30%**

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

**846** <sup>(2)</sup>

locations, 99%+ 4-wall cash flow positive

**~90,000**

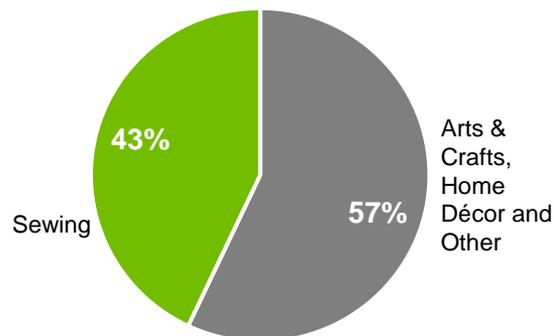
SKUs offered at an average location

**~60%**

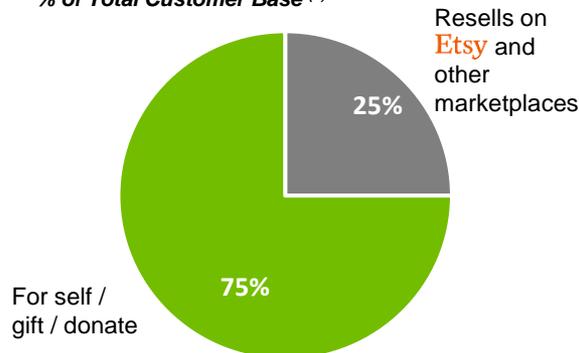
of our net sales relate to differentiated items that cannot be directly cross-shopped

## Diversified and Differentiated Product Offering

Net Sales by Product Line <sup>(1)</sup>



% of Total Customer Base <sup>(1)</sup>



## Market-leading Omni-Channel Capabilities

**~12%** <sup>(2)</sup>

Omni-channel net sales penetration

**77+ million**

customers in marketing database

**14.5+ million**

mobile app downloads

**~30%**

of online sales picked up in-store including curbside

# JOANN Participates in a Robust Creative Products Industry



## Unique and Vibrant Market with Tailwinds

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

## Business Model Behaves Similarly to Home Improvement Products

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

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

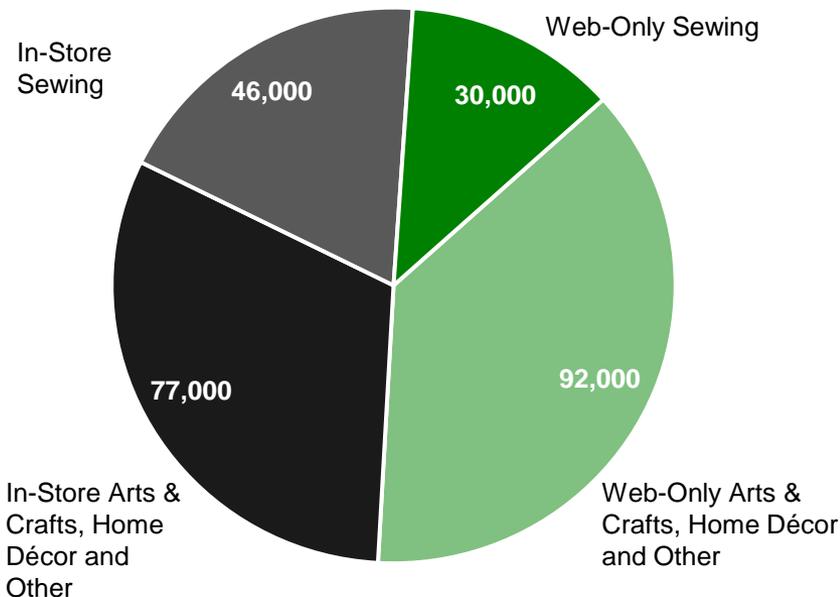
- Similar to stores, significant portion of SKUs are differentiated and non-branded / exclusives
- Large-scale online fulfillment requires the leverage from store support in order to be profitable
- Pure-play and mass retailers only have niche assortments due to challenges with proliferated SKUs

# Depth and Breadth of JOANN Assortment a Significant Advantage

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

## In-Store and Online

245,000 SKUs (122,000 exclusively online)



## Ahead of Our Competitors

### Overall

77%

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

3x

*The number of products available for bulk purchase than competition*

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

### Sewing

43%

*More fabric SKUs than Fabric.com, owned by Amazon*

5x

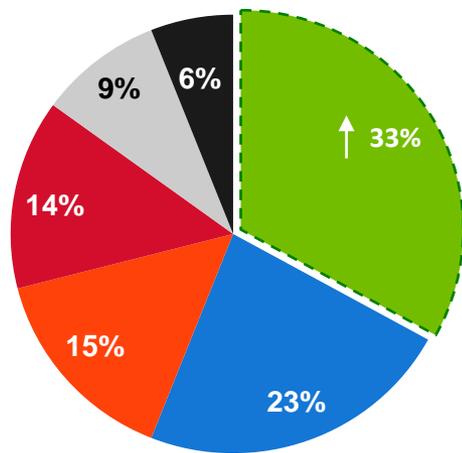
*The assortment of any omni-channel retailer<sup>(1)</sup>*

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

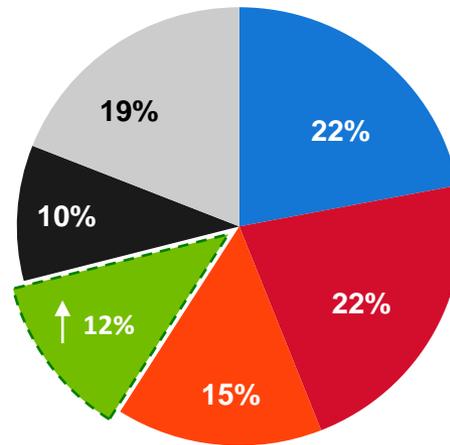
- Our broad and dedicated assortment, convenient omni-channel shopping experience, value-added service offering and knowledgeable in-store team members set us apart from competitors and position us for further share gain

## Market Share

### Fabric & Sewing



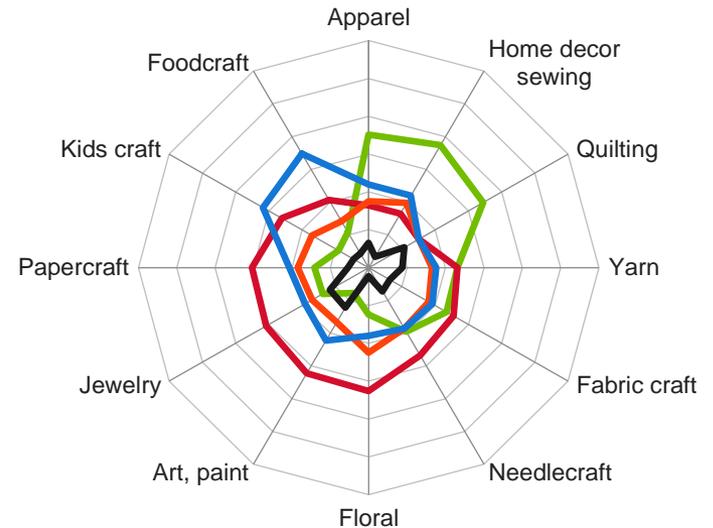
### Arts & Crafts



↑ Indicates increasing share

— JOANN   
 — Michaels   
 — Hobby Lobby   
 — Walmart   
 — Other (1)   
 — Online Pure-Plays

## Category Share



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

- JOANN Customer

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

- JOANN Customer

# Unique & Inspiring Shopping Environment

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



**EXCITING DESTINATIONS**



**ENGAGING MERCHANDISE PRESENTATION**



**HANDS-ON EXPERIENCES**



**TECH-ENABLED CUSTOMER SERVICE**



**INTERACTIVE COMMUNITY AND EDUCATION SPACES**



**UNIQUE SERVICE OFFERINGS**

# Successfully Developed And Launched a Range of Store Refresh Options

## Three Core Areas



Experiential Design Elements



Content Improvements



Service Enhancements



## Key Statistics

Investment per Location

\$250K–\$2M

% of Locations Identified for Refresh

70%<sup>(1)</sup>

Expected Average Net Sales Uplift

5%–20%

% of Locations Identified for Relocation

30%<sup>(1)</sup>

Expected Average Net Sales Uplift

15%–75%

We will refresh 36 stores in FY23

# Focused Strategies to Drive Growth and Create Value



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

**Drive Ubiquity** Through our Digital Touchpoints and Omni-Channel Offerings

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

**Delivering Operational Excellence and Efficiencies**

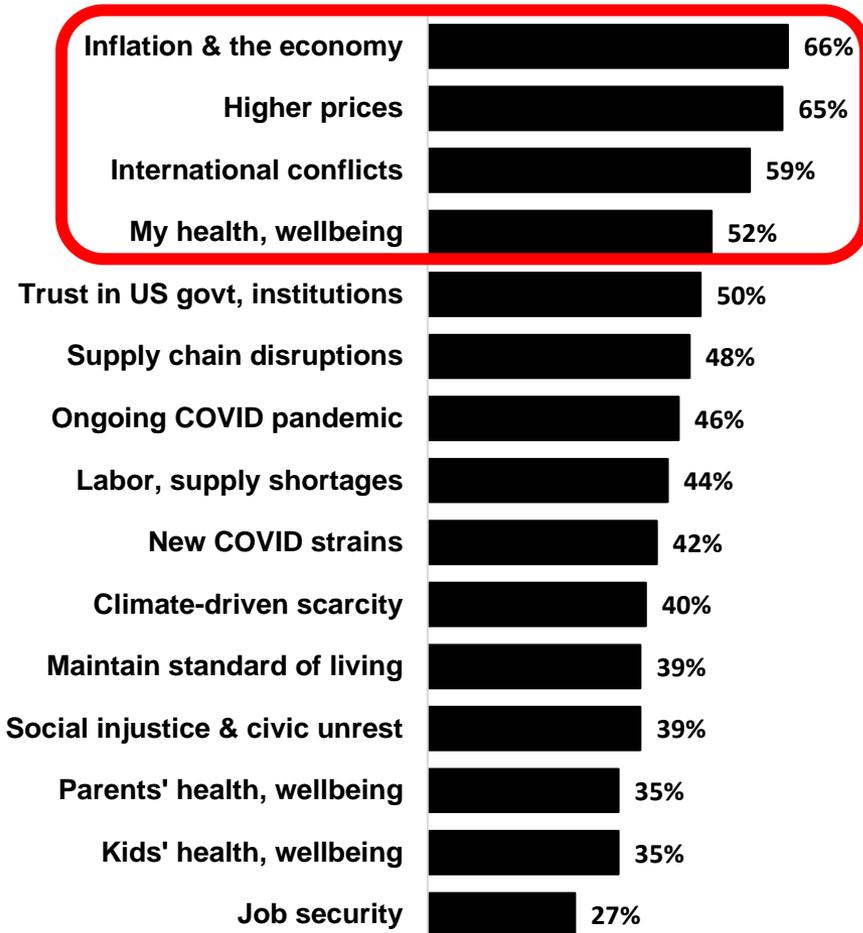
# Creative Consumer Outlook

# Creative Products Industry Consumers are Anxious About the Economy, Inflation and International Conflicts

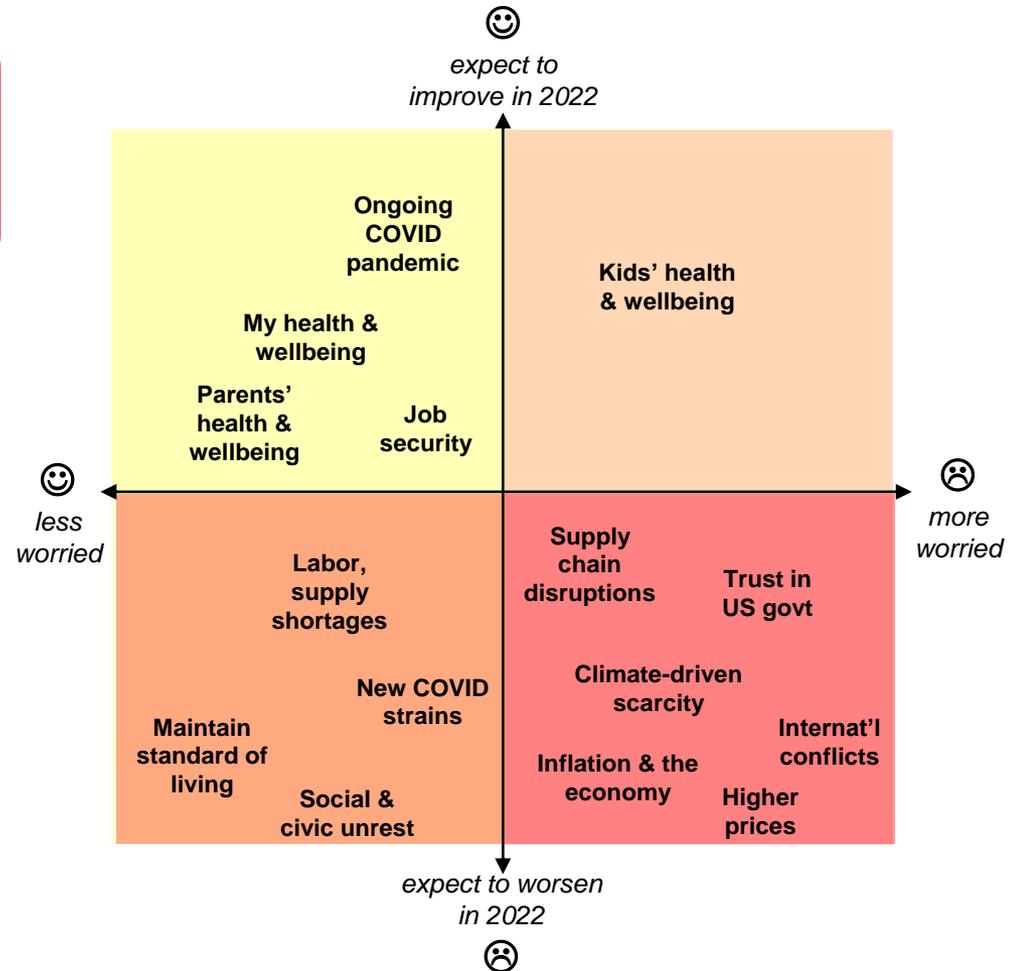
Looking ahead to the rest of 2022, industry consumers expect things will get worse before they improve

## What They're Worried About:

(% concerned among industry consumers)



## How Worried They Feel Now + 2022 Outlook:



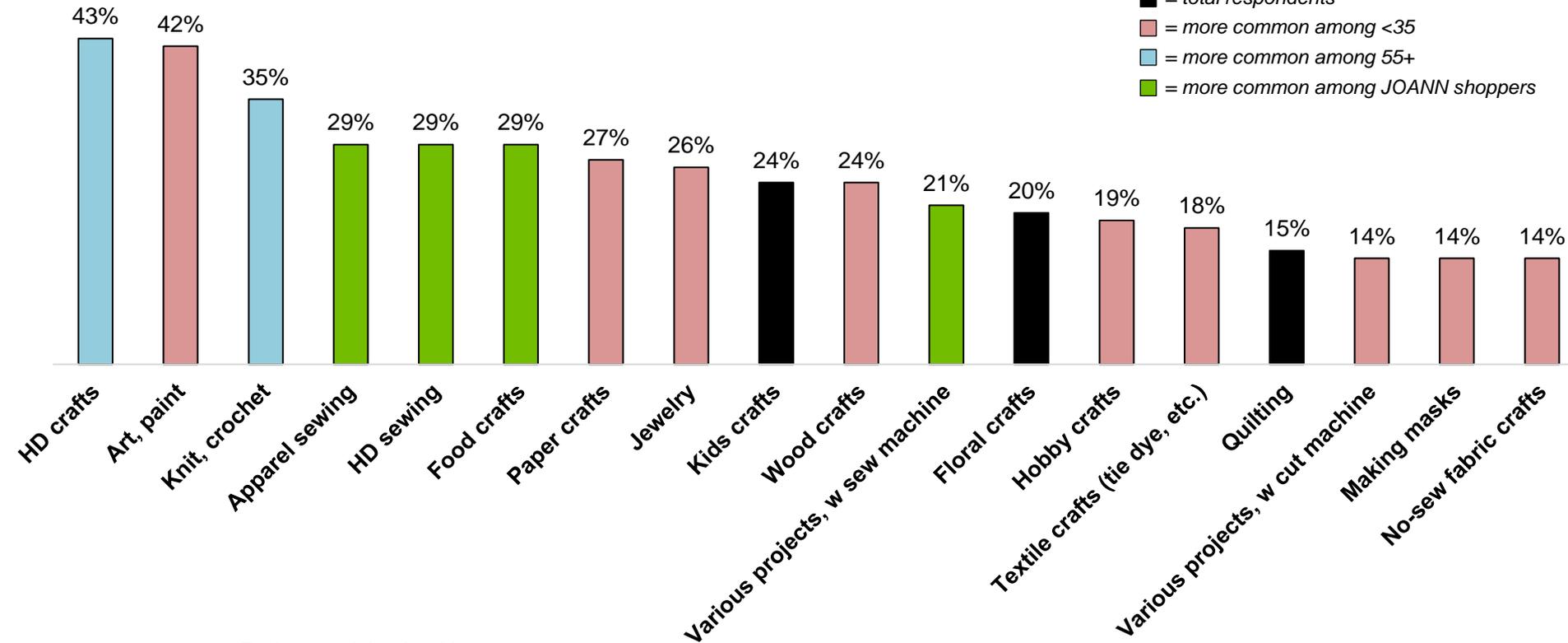
# There are Encouraging Trends for Sewing, with Some Potential Headwinds in Craft Technology

- JOANN shoppers and 55+ are expected to work on more elevated fabric & sewing projects like apparel sewing, home dec sewing, and various projects with sewing machines
- More consumers expect to work on beginner-friendly projects such as home decor crafts + art, paint, and drawing in 2022

Projects They Expect to Work On in 2022:  
(Among Industry Consumers)

**color key:**

- = total respondents
- = more common among <35
- = more common among 55+
- = more common among JOANN shoppers



Project participation % on par  
with previous pulse studies