IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	:	Chapter 11
	:	Case No. 24-10418 (CTG)
JOANN INC., *et al.*,[1]	:	
	:	(Jointly Administered)
Debtors.	:	

DECLARATION OF SCOTT SEKELLA, CHIEF FINANCIAL OFFICER AND EXECUTIVE VICE PRESIDENT, IN SUPPORT OF CONFIRMATION OF THE FIRST AMENDED PREPACKAGED JOINT PLAN OF REORGANIZATION OF JOANN INC. AND ITS DEBTOR AFFILIATES UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

I, Scott Sekella, declare under penalty of perjury:

1. I submit this declaration (this "***Declaration***") in support of confirmation of the *First Amended Prepackaged Joint Plan of Reorganization of JOANN Inc. and its Debtor Affiliates under Chapter 11 of the Bankruptcy Code* [Docket No. 288] (as has been and may be further amended, modified, or supplemented from time to time, the "***Plan***").[2]

2. Except as otherwise indicated, all facts set forth in this Declaration are based on my personal knowledge, my discussions with the Debtors' management team, employees, and advisors, my review of relevant documents, and/or my opinion based on my experience, knowledge, and information concerning the Debtors' operations and financial condition. If called

[1] The Debtors in these cases, together with the last four digits of each Debtor's taxpayer identification number, are: JOANN Inc. (5540); Needle Holdings LLC (3814); Jo-Ann Stores, LLC (0629); Creative Tech Solutions LLC (6734); Creativebug, LLC (3208); WeaveUp, Inc. (5633); JAS Aviation, LLC (9570); joann.com, LLC (1594); JOANN Ditto Holdings Inc. (9652); and Jo-Ann Stores Support Center, Inc. (5027). The Debtors' mailing address is 5555 Darrow Road, Hudson, OH 44236.

[2] Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Plan or the Disclosure Statement (as defined below).

to testify, I would testify competently to the facts set forth in this Declaration. I am over the age of 18 and am authorized to submit this Declaration on behalf of the Debtors.

PROFESSIONAL QUALIFICATIONS

3. I am the Chief Financial Officer and Executive Vice President of Debtor JOANN Inc. and an officer of the above-captioned debtors and debtors in possession (collectively, the "***Debtors***" and, together with their non-Debtor affiliates, the "***Company***" or "***JOANN***"). I additionally co-lead the Interim Office of the Chief Executive Officer, pending appointment of a permanent Chief Executive Officer.

4. I joined the Company in September 2022 as Chief Financial Officer and Senior Vice President. Prior to my tenure with JOANN, I was employed by Under Armour from August 2016 until September 2022, ultimately attaining the position of Vice President of corporate financial planning and analysis. Prior to that time, I held various finance-related positions for major brands, including serving as Vice President and Global Controller of the footwear company, Crocs, Inc. (July 2014 until August 2016), and Senior Vice President of Finance and Operations at the meal delivery service company, Freshology Inc. (January 2012 until October 2013). In addition, I have held various finance director roles at the personal and household products company, The Dial Corporation (May 2006 until January 2012). I hold a Bachelor of Science in Business Administration with a concentration in accounting from the Fisher College of Business at the Ohio State University and a Master of Business Administration from the Ross School of Business at the University of Michigan.

5. I am authorized to submit this Declaration on behalf of the Debtors in the above-captioned chapter 11 cases (collectively, the "***Chapter 11 Cases***"). In my capacity as Chief Financial Officer, Executive Vice President, and co-lead of the Interim Office of the Chief Executive Officer, I have been directly involved in the matters leading up to the Debtors' chapter

11 filings, including the negotiations of that certain Transaction Support Agreement, dated as of March 15, 2024 (as may be amended, modified, or supplemented, the "***Transaction Support Agreement***") as well as the matters that have occurred during the Chapter 11 Cases. I am familiar with the Debtors' financial affairs, the Debtors' current and anticipated post-emergence capital structure, the Debtors' creditors, the Plan, and related matters. Any references to the Bankruptcy Code, the chapter 11 process, and related legal matters herein reflect my understanding of such matters based on the explanations provided by and discussions with counsel to the Debtors.

THE TRANSACTION SUPPORT AGREEMENT AND PLAN

6. As set forth in the *Declaration of Scott Sekella, Chief Financial Officer and Executive Vice President, in Support of Chapter 11 Petitions and First Day Motions* [Docket No. 2], which I previously submitted in connection with the Debtors' voluntary petitions and certain "first-day" pleadings, and which is incorporated by reference herein, the Debtors filed for chapter 11 protection on March 18, 2024 (the "***Petition Date***") in response to significant forecasted liquidity constraints. Prior to the Petition Date, the Company engaged in cost-cutting initiatives starting in the last quarter of 2022, and began exploring strategic alternatives in early autumn of 2023. Following an outreach process to explore possible liquidity solutions and extensive arm's-length negotiations with an ad hoc group of lender parties to the Term Loan Credit Agreement represented by, among others, Gibson, Dunn & Crutcher LLP and advised by Lazard Frères & Co. (the "***Ad Hoc Group***"), the Company and its stakeholders reached an agreement on the terms of the Transaction Support Agreement.

7. This comprehensive restructuring agreement was signed on March 15, 2024 by holders of (a) over 80% of the outstanding principal amount of Term Loans, which now comprise Class 4 Term Loan Claims (the "***Consenting Term Loan Lenders***"); (b) over 66% of the existing

equity interests in Debtor JOANN Inc., which now comprise Class 9 Existing Equity Interests (the "***Consenting Stockholder Parties***", and collectively with the Consenting Term Loan Lenders, the "***Consenting Stakeholders***"); and (c) certain third-party financing parties that executed Joinders to the Transaction Support Agreement (the "***Additional Financing Parties***"). Additionally, the holders of the outstanding loans under the Debtors' ABL Facility (the "***Prepetition ABL Lenders***") and the holders of the "first in last out" loans under the Debtors' FILO Facility (the "***Prepetition FILO Lenders***"), though not parties to the Transaction Support Agreement, nevertheless agreed to support the restructuring contemplated by the Transaction Support Agreement and proposed Plan by all signing the ABL/FILO Exit Commitment Letters, pursuant to which, *inter alia*, such holders agreed (x) to provide the Exit ABL Loans and the Exit FILO Loans subject to the terms and conditions of the ABL/FILO Exit Commitment Letters and (y) to vote in favor of the Plan. This meant that, pursuant to the terms of the Transaction Support Agreement, on the Petition Date, the Debtors commenced the Chapter 11 Cases with key creditor support for a comprehensive prepackaged restructuring to be effectuated pursuant to the Plan. The Transaction Support Agreement contemplated a substantial deleveraging transaction achieved via the commencement of the Chapter 11 Cases and subsequent confirmation of the Plan.

8. In the five weeks since the Debtors petitioned for chapter 11 bankruptcy protection, the Restructuring Transactions contemplated in the Transaction Support Agreement and the Plan have received even more overwhelming support. Specifically, all voting creditors indicated their support for the Plan: (a) 100% in number and 100% in amount of Holders of Class 2 ABL Claims that submitted Ballots voted in favor of the Plan; (b) 100% in number and 100% in amount of Holders of Class 3 FILO Claims that submitted Ballots voted in favor of the Plan; and (c) 100% in number and 100% in amount of Holders of Class 4 Term Loan Claims that submitted Ballots

voted in favor of the Plan. This overwhelming support is a tremendous accomplishment that is the result of the efforts of the Debtors and many of their primary stakeholders. These voting creditors include, in addition to the lenders party to the Transaction Support Agreement, an additional nine (9) Prepetition Term Loan Lenders, representing an additional $49,261,902.73 of outstanding amount under the Debtors' Term Loan Facility, thereby bringing total support of the Plan by Prepetition Term Loan Lenders to 87.9% in amount owing under the Term Loan Facility.

9. The original Plan [Docket No. 15] was filed on the Petition Date, along with the *Disclosure Statement for Prepackaged Joint Plan of Reorganization of JOANN Inc. and its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code* [Docket Number 16] (as may be amended, modified, or supplemented from time to time, the "***Disclosure Statement***"). The first amended Plan was filed concurrently herewith. The Plan (as amended) contemplates that all Allowed General Unsecured Claims will be paid in full or will otherwise be Unimpaired by the Plan.

10. The Debtors negotiated and proposed the Plan to allow them to emerge from chapter 11 with a significantly deleveraged capital structure and obtain the necessary liquidity for their business in the long term, while leaving unaffected unsecured creditors, all of which will continue to have their claims paid in Cash in full on the Effective Date or in the ordinary course (subject to any Bankruptcy Court order).

11. The restructuring accomplishes the Debtors' goals of leaving the Company's business intact and minimizing the expense and disruption of the Chapter 11 Cases, while recapitalizing and substantially de-levering the Company. To that end, the Restructuring Transactions contemplated under the Plan reduce the Company's total funded debt by approximately $504.7 million, from approximately $1.06 billion to approximately $555.5 million, while limiting the impact of such restructuring on the Company's business operations, preserving

jobs, and avoiding any negative impact on JOANN's valued vendors, suppliers, and customers around the world. The restructuring will not impair the Company's non-financial creditors, including general unsecured creditors such as vendors and suppliers—under the Plan, vendors and suppliers will be paid or otherwise satisfied in full in the ordinary course and on customary terms. Pursuant to the Plan, the Company also intends to pay in full all obligations owed to employees.

THE PLAN COMPLIES WITH THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE

12. As set forth below, based on my understanding of the Plan and relevant provisions of the Bankruptcy Code, as has been explained to me by counsel, I believe that the Plan satisfies the applicable provisions of the Bankruptcy Code and therefore should be confirmed.

I. Section 1129(a)(1): The Plan Complies with All Applicable Provisions of the Bankruptcy Code

13. I understand that, under section 1129(a)(1) of the Bankruptcy Code, a plan must comply with all applicable provisions of the Bankruptcy Code. As described below, the Plan fully complies with the requirements of sections 1122 and 1123 and all other applicable provisions of the Bankruptcy Code.

II. Section 1122: The Plan Satisfies the Confirmation Requirements

14. I understand that, under section 1122 of the Bankruptcy Code, "a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class."

15. I believe that the Plan satisfies this requirement. I believe that valid business, legal, and factual reasons justify the separate classification of the particular Claims and Interests into the Classes created under the Plan. I believe that each of the Claims and Interests in each particular Class is substantially similar to the other Claims and Interests in such Class. In general, the Plan's

classification scheme follows the Debtors' capital structure—secured debt, unsecured debt, and equity are classified separately.

III. Section 1123(a)(1)–(3): Specification of Classes, Impairment, and Treatment

16. I understand that sections 1123(a)(1)–(3) of the Bankruptcy Code require a plan to designate classes of claims and interests, specify which of those classes are unimpaired, and specify how the impaired classes are being treated.

17. I believe the Plan satisfies these requirements because Article III of the Plan specifies in detail the classification of Claims and Interests, whether such Claims and Interests are Impaired or Unimpaired, and the treatment that each Class of Claims and Interests will receive under the Plan.

IV. Section 1123(a)(4): Equal Treatment within Each Class of Claims or Interests

18. I understand that section 1123(a)(4) of the Bankruptcy Code requires a plan to provide the same treatment for each claim or interest in a particular class.

19. I believe the Plan satisfies this requirement because Holders of Allowed Claims or Interests in each Class will receive the same rights and treatment as other Holders of Allowed Claims or Interests within such Holders' respective Classes.

V. Section 1123(a)(5): Adequate Means for Implementation of the Plan

20. I understand that section 1123(a)(5) of the Bankruptcy Code requires a plan to provide "adequate means for the plan's implementation."

21. I believe that the Plan satisfies this requirement because Article IV of the Plan sets forth the means for implementation of the Plan including, without limitation: (a) the continued corporate existence of the Debtors and the vesting of assets in the Reorganized Debtors under Articles IV.C and IV.D of the Plan; (b) the cancellation and surrender of all notes, bonds, indentures, certificates, securities, purchase rights, options, warrants, collateral agreements,

subordination agreements, or other instruments or documents directly or indirectly evidencing, creating, or relating to any existing indebtedness or obligations of the Debtors relating to Claims against or Interests in the Debtors, except with respect to the Exit ABL Loans, the Exit FILO Loans, the Exit ABL/FILO Facility Amendment, and/or as otherwise provided in the Plan, the Combined Order, or any other Definitive Document, as detailed in Article IV.E of the Plan; (c) the use of Cash on hand and the proceeds of the DIP Facility and the Exit Facilities to fund Cash distributions under the Plan, as detailed in Article IV.F of the Plan; (d) the Reorganized Debtors' entry into the Exit Facilities Documents, as detailed in Article IV.G of the Plan; (e) the issuance of New Equity Interests for distribution in accordance with the terms of the Plan, as detailed in Article IV.H and IV.I of the Plan; (f) the adoption of the New Organizational Documents (including certain amended subsidiary organizational documents) that will govern the Reorganized Debtors and the process for appointment of the initial board of directors of the Reorganized Debtors, as provided in Article IV.J of the Plan and the Plan Supplement (as defined below); (g) the release and discharge of all Liens, Claims, mortgages, deeds of trust, or other security interests against the assets or property of the Debtors or the Estates, except as otherwise provided in the Exit ABL/FILO Facility Amendment (including with respect to the ABL Facility, the FILO Facility, the ABL Loans, and the FILO Term Loans), the Plan, the Combined Order, or in any contract, instrument, release, or other agreement or document entered into or delivered in connection with this Plan, as detailed in Article IV.K of the Plan; (h) the exemption of certain transfers of property by a Debtor under, in furtherance of, or in connection with the Plan from applicable taxes, as detailed in Article IV.L of the Plan; (i) the implementation of the Reorganized Board and the Management Incentive Plan, as described in Article IV.M of the Plan; (j) the preservation of certain Causes of Action by the Reorganized Debtors pursuant to Article IV.N of

the Plan and the Schedule of Retained Causes of Action filed at Exhibit G of the Plan Supplement; (k) the authorization of the Debtors and the Reorganized Debtors to take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the provisions of the Plan, as detailed in Articles IV.O, IV.Q, and IV.R of the Plan; and (l) the various discharges, releases, injunctions, indemnifications, and exculpations provided in Article IX of the Plan. The precise terms governing the execution of these transactions are set forth in the applicable Definitive Documents or forms of agreements attached to (or otherwise filed in connection with) the *Notice of Filing of Redacted Plan Supplement* [Docket Nos. 214, 290] (as may be further amended, modified, or supplemented from time to time, the "***Plan Supplement***").[3]

VI. Section 1123(a)(6): Issuance of Non-Voting Securities

22. I understand that section 1123(a)(6) of the Bankruptcy Code (a) prohibits the issuance of non-voting equity securities and requires amendment of a debtor's charter to so provide and (b) requires that a corporate charter provide an appropriate distribution of voting power among the classes of securities possessing voting power.

23. I believe that the Plan satisfies this requirement because the Plan does not provide for the issuance of non-voting equity securities and the forms of governance documents (including draft amendments thereto) for each Reorganized Debtor, which were filed with the Plan Supplement, prohibit the issuance of non-voting equity securities to the extent required by section 1123(a)(6).

VII. Section 1123(a)(7): Provisions Regarding Directors and Officers

24. I understand that section 1123(a)(7) of the Bankruptcy Code requires a plan to "contain only provisions that are consistent with the interests of creditors and equity security

[3] Sealed versions of the Plan Supplement may be found at Docket Nos. 213 and 289.

holders and with public policy with respect to the manner of selection of any officer, director, or trustee under the plan and any successor to such officer, director, or trustee."

25. I believe the Plan satisfies this requirement. I believe that the Plan is consistent with the interests of all creditors and equity security holders and with public policy with respect to the manner of selection of the board of directors or managers of the Reorganized Parent (the "***Reorganized Board***"). As set forth in the Plan, the Reorganized Board will initially consist of five (5) members, including the to-be-appointed Chief Executive Officer of the Reorganized Debtors, three (3) directors selected by the DIP Backstop Parties; and one (1) director selected by Project Swift LLC. I understand, based on conversation with counsel, that the manner of selecting the Reorganized Board is consistent with applicable corporate law, the Bankruptcy Code, the interests of creditors and equity security holders, and public policy.

VIII. Section 1129(a)(2): The Debtors Have Complied with the Applicable Provisions of the Bankruptcy Code

26. I believe that the Plan satisfies section 1129(a)(2) of the Bankruptcy Code, which requires the plan proponent to comply with the applicable provisions of the Bankruptcy Code. Section 1129(a)(2) of the Bankruptcy Code encompasses the disclosure and solicitation requirements set forth in section 1125 of the Bankruptcy Code and the plan acceptance requirements set forth in section 1126 of the Bankruptcy Code.

27. I understand that the Debtors solicited and tabulated votes on the Plan in accordance with the customary solicitation procedures for prepackaged chapter 11 plans of reorganization established in this District. I understand that the Debtors, through the Notice and Claims Agent, complied with the content and delivery requirements of sections 1125(a) and (b) of the Bankruptcy Code by mailing copies of the Disclosure Statement and Plan to all voting creditors and by posting the Disclosure Statement and Plan on the bankruptcy case website maintained by the Notice and

Claims Agent. Prior to solicitation, the Disclosure Statement and Plan were subject to review and comment by the Consenting Stakeholders, the Prepetition ABL Lenders, and the Prepetition FILO Lenders, in addition to their respective advisors. To the best of my knowledge, no economic stakeholder has asked for additional information or disputed that the Disclosure Statement contained information sufficient for Impaired claimants to be able to cast an informed vote on the Plan. I believe that the Debtors also satisfied section 1125(c) of the Bankruptcy Code, which I have been informed provides that the same disclosure statement must be transmitted to each holder of a claim or interest in a particular class. With respect to modifications to the Plan, it is my understanding that any such changes will be permissible modifications to the Plan that will either improve or do not reflect material differences to recoveries of each affected Class—*i.e.*, no Holder is "likely" to reconsider its acceptance.

IX. Section 1129(a)(3): The Debtors Have Proposed the Plan in Good Faith and Not by Any Means Forbidden by Law

28. I understand that section 1129(a)(3) of the Bankruptcy Code requires a plan to be "proposed in good faith and not by any means forbidden by law." The Debtors have proposed the Plan in good faith, with honesty and good intentions, and not by any means forbidden by law.

A. The Debtors' Need to Restructure

29. To begin with, the Debtors faced an imminent need to restructure their financial obligations. Over the past decade, traditional retailers such as JOANN have faced a challenging commercial environment characterized by increased competition, particularly from online sellers, and an industry-wide shift away from brick-and-mortar shopping. Through the late 2010s, JOANN succeeded in maintaining stability despite this difficult environment by maintaining the loyalty of its brick-and-mortar shoppers and adapting to changing conditions. However, in 2018 and 2019, the Company's merchandise costs rose sharply as a result of higher tariffs on Chinese imports,

concurrent with JOANN undertaking significant capital expenditures due to store remodeling. JOANN's business performance improved substantially during the COVID-19 pandemic, experiencing strong financial results until the second half of 2021, when margins began to retighten. As COVID-19 polices were repealed or reduced, demand for JOANN's products dropped to pre-pandemic levels. At the same time, supply chain issues, in particular rising ocean freight costs, inflated inventory costs by over $150 million between fiscal years 2021 and 2023.

30. The Company retained Houlihan Lokey, Inc. ("***Houlihan***") in early 2020 to evaluate cost-cutting and liquidity preservation strategies amid this macroeconomic uncertainty. Despite reducing annualized costs by $258 million since 2022, raising $76.9 million dollars via a successful public offering in March 2021, and the creation of a new $100 million first-in last-out term loan facility in March 2023, the Company has been unable to reach and maintain operational levels that would allow it to weather the highly cyclical nature of its business while meeting impending funded debt obligations. This concern is heightened by the higher interest rate environment for credit, which drove a more than doubling of the Company's interest expense between fiscal year 2022 and fiscal year 2024, and as a result, the Company would likely struggle to refinance its existing funded debt.

31. In June 2023, JOANN directed Alvarez & Marsal North America, LLC ("***A&M***") to assist in developing a long-term liquidity forecast model. This model indicated that JOANN would continue to face annual liquidity issues without a meaningful infusion of capital. As a result, the Company instructed A&M, Latham & Watkins LLP ("***Latham***"), and Houlihan to begin exploring, and engaging with the Company's various stakeholders on, strategic alternatives to right-size its balance sheet and obtain additional liquidity.

B. The Proposed Plan

32. In September 2023, Houlihan initiated an outreach process to explore potential liquidity solutions that would preserve some of JOANN Inc.'s existing common equity, equitize existing term loan debt, and yield new money liquidity from junior lenders. Contemporaneously, the Ad Hoc Group organized and provided an unsolicited proposal. Once it became clear that the third-party outreach process was unlikely to yield an actionable restructuring proposal that would include the requisite capital to fund the Debtors' liquidity needs, the Company and its advisors focused on advancing formal negotiations with the Ad Hoc Group.

33. Following months of extensive arm's-length negotiations, the Company and its stakeholders reached an agreement in principal on the terms of a comprehensive restructuring transaction, including terms for postpetition debtor-in-possession ("***DIP***") and exit financing. These terms required certain members of the Ad Hoc Group to backstop the proposed new money DIP financing in exchange for a portion of each of the then-proposed new money DIP loans and the new equity of reorganized JOANN Inc. to be issued under the Plan, a partial roll-up of prepetition term loan obligations of the funding parties, and backstop and participation fees. However, on the eve of signing a transaction support agreement (and related documents), the Debtors were informed by the Ad Hoc Group that the backstop was not fully committed, so the proposed transaction could not proceed. In response, the Company and its advisors undertook continued and iterative negotiations with the Ad Hoc Group and other stakeholders, including the Prepetition ABL Lenders and the Prepetition FILO Lenders, leaving no stone unturned in an effort to reach actionable deal terms. As the Company's liquidity position became more urgent and market speculation affected the Company's day-to-day operations, the Company and its advisors also engaged certain third parties, including large trade partners and the third parties from Houlihan's 2023 third-party outreach process. Simultaneously, the Company's management and

advisors continued evaluating and identifying viable means to reduce costs and preserve the business, so as to reduce the Company's financing needs.

34. During these negotiations, as it became apparent that the Company would likely need to restructure through a chapter 11 proceeding, the Company, through their co-counsel Young, Conaway, Stargatt & Taylor, LLP ("***Young Conaway***"), conducted a review of possible causes of action against parties that would potentially be released in connection with a chapter 11 plan, including, among others, potential claims against the Prepetition ABL Lenders, the Prepetition FILO Lenders, the holders of Term Loans (the "***Prepetition Term Loan Lenders***"), and the Consenting Stockholder Parties, as well as the Debtors' current and former directors and officers. This investigation was overseen by independent director Pamela Corrie and included a review of the Debtors' books and records, board materials, financial records and documents, and other relevant documents, as well as interviews with the Debtors' senior management and current and former members of the Debtors' board of directors. I understand that the investigation did not identify any colorable claims among those contemplated to be released. I further understand that in addition to being customary, the releases: are integral to the restructuring contemplated by the Transaction Support Agreement, ABL/FILO Exit Commitment Letters, and proposed Plan; were negotiated and agreed by all parties to such agreements (including the holders of two-thirds of the Existing Equity Interests); are being given in exchange for good and valuable consideration; and, as indicated by votes in favor of the Plan from creditors not party to such agreements, are now additionally supported by Holders of approximately $49,261,902.73 of Term Loan Claims (meanings Holders of, in the aggregate, $578,172,303.89, or 87.9% of Term Loan Claims support the Plan and the releases contained therein) as well as all of the Prepetition ABL Lenders and Prepetition FILO Lenders.

35. Ultimately, the Company and its stakeholders reached consensus on the principal terms of a comprehensive restructuring that is reflected in the Transaction Support Agreement, ABL/FILO Exit Commitment Letters, and other Definitive Documents. It was an immense, collaborative effort to reach an agreement that reduces the Company's secured funded debt obligations from approximately $1.06 billion to approximately $555.5 million, improves liquidity across the entire enterprise, and preserves the Debtors' value as a going concern. The Plan is the product of extensive arm's-length negotiations among the Debtors, the Ad Hoc Group, the Prepetition ABL Lenders, the Prepetition FILO Lenders, the Additional Financing Parties, and the Consenting Stockholder Parties.

36. The Transaction Support Agreement was signed by over 80% of the outstanding principal amount of Term Loans, over 66% of the Existing Equity Interests, and three Additional Financing Parties, including a new money provider and two large trade partners that agreed to exchange trade payables that would have otherwise come due in the near term into debt financing that will help ease near term liquidity constraints and provide long-term capital to the Company. The ABL/FILO Exit Commitment Letters were signed by all of the Prepetition ABL Lenders and the Prepetition FILO Lenders. Moreover, the Plan was accepted by 100% in number and 100% in amount of ABL Claims in Class 2 that submitted Ballots, 100% in number and 100% in amount of FILO Claims in Class 3 that submitted Ballots, and 100% in number and 100% in amount of Term Loan Claims in Class 4 that submitted Ballots.

37. The Transaction Support Agreement and Plan will inure to the benefit of all stakeholders and position the Debtors for long-term success. Further, General Unsecured Claims, including all obligations owed to over 18,000 employees and JOANN's many vendors, landlords,

and suppliers, are Unimpaired under the Plan, minimizing disruption to the Debtors' business and improving the Plan's likelihood of success following the Chapter 11 Cases.

38. The current Plan is the culmination of the fair, inclusive, and exhaustive process described above. The overwhelming support of creditors for the Plan further provides robust evidence of the Debtors' good faith in proposing the Plan. The Plan was developed, solicited, and is presented to the Court in the utmost good faith.

X. Section 1129(a)(4): The Plan Provides for the Payment of Certain Administrative Costs and Expenses

39. I understand that section 1129(a)(4) of the Bankruptcy Code requires that certain fees and expenses paid by the plan proponent, by a debtor, or by a person receiving distributions of property under the plan be approved by the Court as reasonable or remain subject to approval by the Court as reasonable.

40. I believe the Plan satisfies this requirement because Article II.A of the Plan provides that (a) Professional Fee Claims and corresponding payments are subject to prior Court approval and the reasonableness requirements under sections 328 or 330 of the Bankruptcy Code and (b) professionals must file all final requests for payment of Professional Fee Claims no later than thirty (30) days after the Effective Date (and then are subject to a customary notice and objection period), thereby providing an adequate period of time for interested parties to support and/or review such Professional Fee Claims.

41. I understand that the Plan, in accordance with the Transaction Support Agreement, the ABL/FILO Exit Commitment Letters, and the other Definitive Documents, also provides for the payment of Restructuring Fees and Expenses to the various professionals engaged by the Consenting Stakeholders and other supporting parties, including the Prepetition ABL Lenders and the Prepetition FILO Lenders. I believe that payment of such Restructuring Fees and Expenses is

(a) an integral part of the Plan and such other Definitive Documents; (b) was negotiated in good faith and at arm's length by the relevant parties in connection therewith; and (c) is a reasonable exercise of the Debtors' business judgment as it compensates such parties for their support and facilitation of the Transaction Support Agreement, the ABL/FILO Exit Commitment Letters, and the other Definitive Documents. I believe that such parties have provided a substantial contribution (to the extent required) to the Chapter 11 Cases by supporting and facilitating the Plan and related transactions.

XI. Section 1129(a)(5): The Debtors Have Disclosed Necessary Information Regarding Directors and Officers of the Debtors

42. I understand that section 1129(a)(5) of the Bankruptcy Code requires that (a) the plan proponent disclose the identity and affiliations of the proposed officers and directors of the reorganized debtor; (b) the appointment or continuance of such officers and directors be consistent with the interests of creditors and equity security holders and with public policy; and (c) there be disclosure of the identity and compensation of any insiders to be retained or employed by the reorganized debtor.

43. I believe the Plan satisfies this requirement because the Reorganized Board will consist of five (5) members, including the to-be-appointed Chief Executive Officer of the Reorganized Debtors, three (3) directors selected by the DIP Backstop Parties, and one (1) director selected by Project Swift LLC. The procedures for selection of the Reorganized Board members were disclosed in the Governance Term Sheet filed as a Plan Supplement on April 11, 2024, and the Debtors will further disclose the identity and affiliations of any other Person(s) proposed to serve on the Reorganized Board as soon as such Persons are known and determined. On the Effective Date, the existing officers of the current Debtors will remain officers of the Reorganized Debtors, and the existing directors serving on the boards of the subsidiary Debtors will also remain

in their current positions from and after the Effective Date (each subject to all rights with respect to the resignation, removal, and replacement of any such officer or director). Additionally, I understand that each such director, manager, managing member, and/or officer will serve from and after the Effective Date pursuant to applicable law and the terms of the New Organizational Documents.

XII. Section 1129(a)(6): Inapplicable

44. I understand that section 1129(a)(6) of the Bankruptcy Code permits confirmation only if any regulatory commission that has or will have jurisdiction over a debtor after confirmation has approved any rate change (*e.g.*, the price of utility services) provided for in the plan. I believe this requirement is inapplicable to the Plan because the Debtors are not subject to any governmental regulatory commission with jurisdiction, after confirmation of the Plan, over the rates of the Debtors.

XIII. Section 1129(a)(8): Acceptance of Impaired Voting Class

45. I understand that, subject to the exceptions identified in section 1129(b) of the Bankruptcy Code, section 1129(a)(8) of the Bankruptcy Code requires that each class of claims or interests either accept the plan or be unimpaired by the plan.

46. I believe that the Plan satisfies either the voting requirements or the cram-down requirements with respect to all Classes. As is set forth in the Voting Certification, the Voting Classes, including Class 2 (ABL Claims), Class 3 (FILO Claims), and Class 4 (Term Loan Claims), voted to accept the Plan. In particular, I understand that, based on the Voting Certification, 100% in dollar amount and 100% in number of outstanding Class 2 ABL Claims that submitted Ballots, 100% in dollar amount and 100% in number of outstanding Class 3 FILO Claims that submitted Ballots, and 100% in dollar amount and 100% in number of Class 4 Term Loan Claims that submitted Ballots voted to accept the Plan (representing 100% in total outstanding amount of both

Class 2 and Class 3 Claims and 87.9% in total outstanding amount of Class 4 Claims). Class 1 (Other Secured Claims) and Class 5 (General Unsecured Claims) are Unimpaired and are therefore presumed to accept the Plan. Class 7 (Intercompany Claims) and Class 8 (Intercompany Interests) are deemed to accept or reject. The remaining Classes, Class 6 (Subordinated Claims) and Class 9 (Existing Equity Interests) are deemed to reject the Plan. But, I understand that the Plan is nevertheless confirmable because, as set forth below, it meets section 1129(b) of the Bankruptcy Code with respect to these rejecting Classes.

XIV. Section 1129(a)(9): The Plan Provides for Payment in Full of Allowed Administrative and Priority Claims

47. I understand that section 1129(a)(9) of the Bankruptcy Code generally requires that claims entitled to administrative priority be paid in full in cash or receive certain other specified treatment. I believe the Plan satisfies this requirement because Article II.A of the Plan provides that each Holder of an Allowed General Administrative Claim will receive an amount in Cash equal to the unpaid amount of such Allowed General Administrative Claim in accordance with the following: (a) if such General Administrative Claim is Allowed on or prior to the Effective Date, on the Effective Date or as soon as reasonably practicable thereafter or, if not then due, when such Allowed General Administrative Claim is due or as soon as reasonably practicable thereafter; (b) if such General Administrative Claim is Allowed after the Effective Date, on the date such General Administrative Claim is Allowed or as soon as reasonably practicable thereafter or, if not then due, when such Allowed General Administrative Claim is due or as soon as reasonably practicable thereafter; (c) at such time and upon such terms as may be agreed upon by such Holder and the Debtors or the Reorganized Debtors, as the case may be; or (d) at such time and upon such terms as set forth in an order of the Bankruptcy Court; *provided* that Allowed General Administrative Claims that arise in the ordinary course of the Debtors' business during the Chapter 11 Cases shall

be paid by the applicable Debtor or Reorganized Debtor in full in Cash in the ordinary course of business in accordance with the terms and conditions of any controlling agreements, course of dealing, course of business, or industry practice.

XV. Section 1129(a)(10): At Least One Impaired Class of Claims or Interests Has Accepted the Plan

48. I understand that section 1129(a)(10) of the Bankruptcy Code provides that, to the extent there is an impaired class of claims, at least one impaired class of claims must accept the plan "without including any acceptance of the plan by any insider," as an alternative to the requirement under section 1129(a)(8) of the Bankruptcy Code that each class of claims or interests must either accept the plan or be unimpaired under the plan.

49. I believe the Plan satisfies this requirement because the Voting Classes, Classes 2, 3, and 4, each voted to accept the Plan.

XVI. Section 1129(a)(12): The Plan Provides for Full Payment of Statutory Fees

50. I understand that section 1129(a)(12) of the Bankruptcy Code requires all fees payable under section 1930 of title 28 of the Unites States Code to be paid as determined by the court at the hearing on confirmation of the plan.

51. I believe the Plan satisfies this requirement because Articles II.E and XII.C of the Plan provide that all fees payable pursuant to section 1930 of title 28 of the United States Code will be paid.

XVII. Sections 1129(a)(13) through (a)(16): Inapplicable

52. I believe sections 1129(a)(13)–(16) of the Bankruptcy Code are not applicable to the Debtors' Plan.

XVIII. Section 1129(b): The Plan Satisfies the "Cramdown" Requirements

53. I understand that under section 1129(b) of the Bankruptcy Code, the Court may "cram down" a plan over rejection by impaired classes of claims or equity interests as long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to such classes.

A. The Plan Does Not Discriminate Unfairly

54. Claims and Interests in Class 6 (Subordinated Claims) and Class 9 (Existing Equity Interests) are Impaired under the Plan, and the Holders of such Claims and Interests have been deemed to reject the Plan. Additionally, Claims and Interests in Class 7 (Intercompany Claims) and Class 8 (Intercompany Interests) may be Impaired, and the Holders of such Claims and Interests may be deemed to reject the Plan. I believe that the Plan does not discriminate unfairly and is fair and equitable with respect to all non-accepting Impaired Classes. Moreover, the Voting Classes unanimously voted in favor of the Plan, meaning the unfair discrimination and fair and equitable analysis is inapplicable to such Classes (though the Plan nonetheless would satisfy those requirements as to the Voting Classes if they were applicable).

55. I understand that between two classes of claims or two classes of interests, there is no unfair discrimination if (a) the claims or interests in each such class are dissimilar from those in the other class; or (b) taking into account the particular facts and circumstances of the case, there is a reasonable basis for disparate treatment of otherwise similar claims or interests.

56. I believe that there is not unfair discrimination under the Plan because all similarly situated Claims and Interests will receive substantially similar treatment, there is a reasonable basis for those Interests that are Impaired and deemed to reject being classified separately from other Claims and Interests that remain Unimpaired, and the Plan's classification scheme rests on a legally acceptable rationale.

57. The Claims and Interests in deemed rejecting Classes are not similarly situated to any other Classes, given their distinctly different legal character from all other Claims and Interests. For example, the Plan does not discriminate unfairly against Class 6 (Subordinated Claims) or Class 9 (Existing Equity Interests) because there is no other Class of Claims or Interests similarly situated to the Claims or Interests in Classes 6 or 9, respectively. Similarly, Claims in Class 7 (Intercompany Claims) and Class 8 (Intercompany Interests) are entirely unique from any other Class of Claims and Interests and, are therefore, appropriately in their own Class. The Debtors separately classified (a) Intercompany Interests from other Interests and (b) Intercompany Claims from other Claims to preserve the option to (x) Reinstate or (y) set off, settle, distribute, contribute, merge, cancel, or release such Interests and Claims, respectively. Such treatment allows the Debtors greater flexibility to determine whether it is more efficient to maintain their organizational structure and certain entity relationships when they are implementing the Restructuring Transactions rather than prior thereto. Significantly, the optionality does not affect any stakeholders' recovery under the Plan and is intended for only administrative convenience in the restructuring process. Finally, with respect to Class 6 (Subordinated Claims), the Debtors formed Class 6 to include Holders of Claims that may be subordinated pursuant to sections 509(c), 510(b), or 510(c) of the Bankruptcy Code.

58. A higher recovery for the Holders of Claims in Class 5 (General Unsecured Claims) as compared to other unsecured Claims, to the extent there are any, is necessary in order for the Debtors to successfully reorganize. The majority of the Holders of General Unsecured Claims are vendors, service providers, landlords, and customers that will have an ongoing relationship with the Reorganized Debtors. By leaving General Unsecured Claims Unimpaired, the Debtors are able to ensure payment for creditors that are crucial to the Reorganized Debtors' long-term success.

B. The Plan Is Fair and Equitable

59. I understand that sections 1129(b)(2)(B)(ii) and (b)(2)(C)(ii) of the Bankruptcy Code provide that a plan is fair and equitable with respect to a class of impaired unsecured claims or interests if, under the plan, no holder of any junior claim or interest will receive or retain property under the plan on account of such junior claim or interest.

60. I believe that the Plan is fair and equitable because with respect to the Classes that are deemed to reject the Plan (*i.e.*, Classes 6 and 9, and potentially Classes 7 and 8) because no Claim or Interest junior to such Classes will receive a recovery under the Plan on account of such Claim or Interest.

XIX. Section 1129(d): The Purpose of the Plan Is Not the Avoidance of Taxes or the Avoidance of Securities Laws

61. I understand that section 1129(d) of the Bankruptcy Code "prohibits the bankruptcy court, on request from a governmental unit, from confirming a plan if the principal purpose of the plan is the avoidance of taxes or the avoidance of the application of section 5 of the Securities Act of 1933."

62. I believe the Plan complies with this requirement because the principal purpose of the Plan is not to avoid taxes or section 5 of the Securities Act. Rather, I believe the Debtors filed the Plan to accomplish their objective of efficiently effectuating a financial restructuring that positions both the Debtors and the Non-Debtor Affiliates for future stability and success while limiting the operational impact of such restructuring on the Company's business. Moreover, no Governmental Unit or any other entity has requested that the Bankruptcy Court decline to confirm the Plan on the grounds that the principal purpose of the Plan is the avoidance of taxes or the avoidance of the application of section 5 of the Securities Act of 1933.

THE RELEASE, EXCULPATION, AND INJUNCTION PROVISIONS IN THE PLAN ARE APPROPRIATE

63. I understand that Article IX of the Plan sets forth certain release, exculpation, and injunction provisions, as permitted by section 1129(b) of the Bankruptcy Code, including (a) a "debtor release" pursuant to Article IX.B of the Plan (the "***Debtor Release***"); (b) a "third-party release" by certain Holders of Claims and Interests pursuant to Article IX.C of the Plan (the "***Third-Party Release***"); (c) an "exculpation" of certain parties from liability pursuant to Article IX.D of the Plan (the "***Exculpation***"); and (d) an "injunction" implementing the provisions of Article IX of the Plan pursuant to Article IX.E of the Plan (the "***Injunction Provision***"). Based on my knowledge of the Debtors' restructuring efforts and information provided to me by the Debtors and their counsel, I believe that the Debtor Release, Third-Party Release, Exculpation, and Injunction Provision in the Plan are the product of good-faith, arm's-length negotiations, were a material inducement for parties to support the comprehensive restructuring embodied in the Plan, are supported by the Debtors and key constituents, are integral to the Debtors' reorganization, are consistent with the scope of releases, exculpations, and injunctions approved by this Court in other complex chapter 11 cases, are appropriate based on the facts and circumstances of the Chapter 11 Cases and the Plan, and should be approved.

I. The Debtor Release Should Be Approved

64. I believe that the Debtor Release set forth in Article IX.B of the Plan constitutes an essential and critical provision of the Plan and formed an integral part of the agreement among all parties in interest embodied in the Plan, as demonstrated by, among other things, the terms of the Transaction Support Agreement, the ABL/FILO Exit Commitment Letters, and other Definitive Documents.

65. It is my view that the Debtor Release appropriately offers protection to parties that directly or constructively participated in the Debtors' restructuring efforts. The Released Parties include the Consenting Stakeholders, the Prepetition ABL Lenders, the Prepetition FILO Lenders, the Additional Financing Parties, other supporting parties, and the Company's directors and officers. In addition, many of the parties receiving the Debtor Release, including a number of officers, directors, and Estate professionals, have served the Debtors during the Chapter 11 Cases, and have worked tirelessly to maximize value for the benefit of all stakeholders. Certain of the Released Parties, including the Debtors' directors and officers, also have indemnification rights arising under the Debtors' existing corporate governance documents, and the Reorganized Debtors will be assuming all associated liabilities, which I believe further reinforces the importance of the Debtor Release.

66. Furthermore, it is my understanding that no released Claims and Causes of Action have been identified, including potential Claims against directors and officers of the Debtors, and, as such, such claims have no value to the Debtors and the Estates, and to the extent that there exists de minimis value, if any, of such Claims, such value is outweighed significantly by the value and benefits provided by the Plan, the transactions contemplated therein, and the parties receiving the Debtor Release. I understand that, as discussed further above, the investigation conducted by Young Conaway under the direction of the Debtor's independent director indicated that the Debtors do not hold colorable claims that would fall within the scope of the Debtor Release or that would warrant not proceeding with confirmation and consummation of the Plan. Therefore, the Company determined that: (a) the Debtor Release would not extinguish any potential Claims with a sufficient likelihood of success and prospect of recovery to warrant the expense and litigation

risk of pursuing such Claims; and (b) the Debtor Release is necessary to the Debtors' successful emergence from chapter 11.

67. In addition, I believe that the Debtor Release represents a sound exercise of the Debtors' business judgment and is in the best interest of the Estates because the Plan, including the Debtor Release, was negotiated by sophisticated entities that were represented by able advisors and each conditioned its support for the Plan and entry into the Transaction Support Agreement and ABL/FILO Exit Commitment Letters on, among other things, the grant of the Debtor Release and the Debtor Release has provided a material benefit to the Estates by securing the votes in favor of the Plan from parties who executed such documents, in return for the Debtor Release and the Third-Party Release, discussed below. The resulting compromise reflects a true arm's-length negotiation process, and I do not believe that the Debtors and their stakeholders would have been able to secure the substantial benefits provided by the Plan, as contemplated by the Transaction Support Agreement and the ABL/FILO Exit Commitment Letters, including a deleveraged balance sheet, a meaningful opportunity to emerge from the Chapter 11 Cases and operate a more efficient business, and 100% recoveries for Holders of Allowed General Unsecured Claims, nor the abbreviated schedule for emergence from bankruptcy contemplated by the Plan, absent the Debtor Release. Accordingly, I believe the Debtor Release is fair, equitable, and in the best interest of the Estates.

II. The Third-Party Release Should Be Approved

68. Article IX.C of the Plan provides for a customary, consensual third-party release with respect to specified types of Claims or Causes of Action, which is integral to the Plan and given in exchange for consideration. The beneficiaries of the Third-Party Release made valuable and significant contributions to the proposed reorganization of the Debtors, including as described above with respect to the Debtor Release. Further, the Third-Party Release is narrowly tailored to

reflect the arm's-length, good-faith negotiations that resulted in the Plan, confirmation of which is in the best interest of the Debtors and their estates.

69. I believe that the Solicitation Materials and other noticing materials filed and served in connection with the Disclosure Statement provided recipients with timely, sufficient, appropriate and adequate notice of the Third-Party Release, including that all Holders of Claims that voted to accept the Plan would grant the Third-Party Release, all Holders of Claims that voted to reject the Plan would grant the Third-Party Release unless they elected on their Ballot to opt out of the Third-Party Release, and Holders of Unimpaired Claims in Class 1 (Other Secured Claims) and Class 5 (General Unsecured Claims) would grant the Third-Party Release unless they elected on their Release Opt-Out Form to opt out of the Third-Party Release. Accordingly, I also believe that each Releasing Party under the Plan (which expressly excludes any such Holder that opts out of the Releases contained in the Plan) consented to the Third-Party Release and, therefore, the Third-Party Release should be approved as consensual.

III. The Exculpation Provision Should Be Approved

70. The Exculpation in Article IX.D of the Plan exculpates the Exculpated Parties, which have fiduciary obligations to the Estates, have played an integral role in the Chapter 11 Cases, and have participated in good faith throughout the Chapter 11 Cases, for any liability that may arise out of or relate to, among other things, any postpetition act taken or omitted to be taken in connection with the restructuring of the Debtors, the approval of the Disclosure Statement or confirmation or consummation of the Plan. I understand this provision to be consistent with applicable law because it was proposed in good faith and is limited in scope, as it does not waive or release Causes of Action that are determined to have arisen from willful misconduct, actual fraud, or gross negligence as determined by Final Order.

71. I support this provision, as the Exculpated Parties are Estate fiduciaries that each played an integral role in the formulation, negotiation, prosecution, and implementation of the Plan, and such contribution represents good and valuable consideration to the Debtors, the Estates, and the Debtors' creditors. I believe that the Plan could not have been achieved without all such parties and the efforts they made throughout these Chapter 11 Cases. Their conduct and decision making in connection with those efforts is deserving of protection from second-guessing. The Exculpation is thus critical to the Plan and should be approved.

72. Further, the Debtors are unaware of any claims against any Exculpated Party that would be subject to the Exculpation under the Plan.

IV. The Injunction Provision Should Be Approved

73. I understand that Article IX.E of the Plan enjoins all entities from: (a) commencing or continuing, in any manner or in any place, any suit, action, or other proceeding of any kind; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order; (c) creating, perfecting, or enforcing any encumbrance of any kind; (d) asserting any right of setoff, or subrogation of any kind; and (e) commencing or continuing in any manner any action or other proceeding of any kind, in each case on account of or with respect to any Claim, demand, liability, obligation, debt, right, Cause of Action, equity interest, or remedy released or to be released, exculpated or to be exculpated, settled or to be settled, or discharged or to be discharged pursuant to the Plan or the Combined Order against any person so released, discharged or exculpated (or the property or estate of any person so released, discharged or exculpated). I understand all injunctions or stays provided for in the Chapter 11 Cases under section 105 or section 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, will remain in full force and effect until the Effective Date. I believe the Debtors and the parties to the Transaction Support Agreement and the ABL/FILO Exit Commitment Letters would not have

agreed to the Plan without the Injunction Provision, because it preserves and enforces the release, discharge, and exculpation provisions in the Plan—the inclusion of which were a condition to entering into the Transaction Support Agreement and the ABL/FILO Exit Commitment Letters, and which are integral components of the Plan. I, therefore, believe that the Injunction Provision should be approved.

CONCLUSION

74. In light of the foregoing, I believe that: (a) the Plan and the transactions embodied therein have been structured to accomplish the Debtors' goal of maximizing returns to claimants and effectively and efficiently reorganizing the Debtors; (b) the Plan has been proposed by the Debtors in good faith; and (c) the Debtor Release, the Third-Party Release, the Exculpation, and the Injunction Provision are appropriate, fair, and reasonable.

75. Accordingly, I believe that the Plan satisfies the requirements of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and other applicable non-bankruptcy laws, as they have been explained to me, and should be confirmed.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: April 23, 2024
Hudson, Ohio

/s/ *Scott Sekella*
Scott Sekella
Chief Financial Officer and Executive Vice President