



# Rent-A-Center:

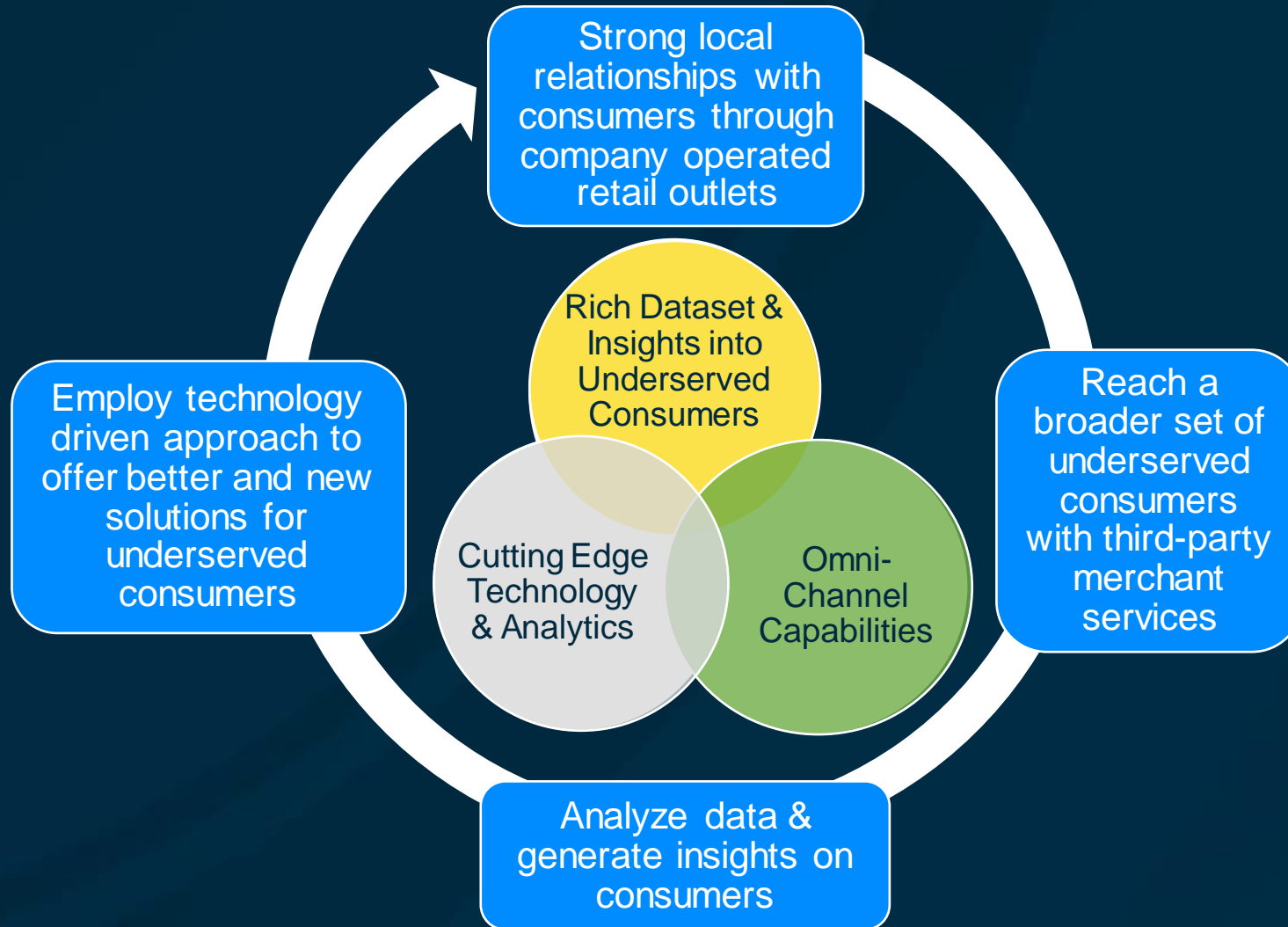
Raymond James Conference

March 2022



# Our Vision

**Be a leading provider of inclusive solutions that empower underserved consumers with access to products that enhance their quality of life**



# Company Overview

## Two Leading Platforms In the Lease-to-Own (LTO) Space

### Traditional LTO



Nationwide store model



e-commerce LTO platform



~2,400

Retail stores<sup>1</sup>

~20%

Sales from e-commerce

#### Key Brands



### Virtual LTO

acima

Foundational LTO Program

acima

Seamless LTO across mobile, web & store

acima

Proprietary Digital Ecosystem

acima

~38,000

3<sup>rd</sup> party retail stores

~12%

of funded leases from e-commerce

#### Key Merchant Partners



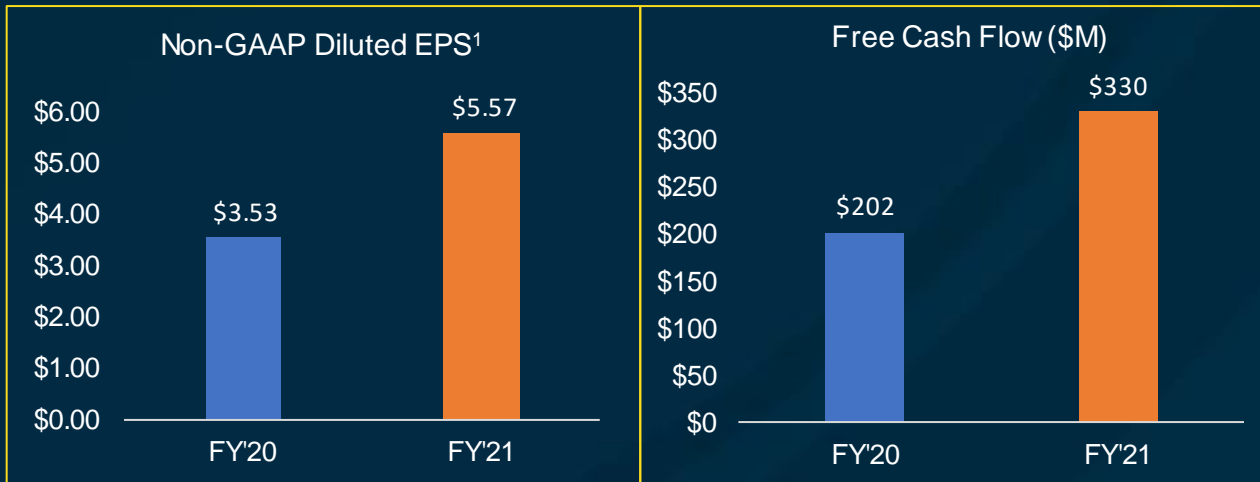
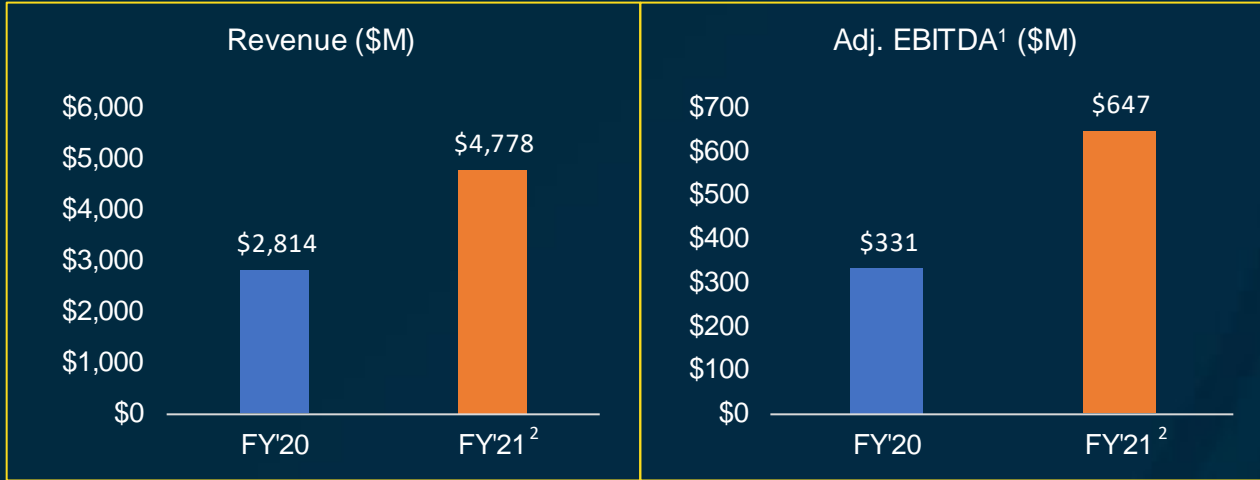
## Business Highlights

- Largest player in the Lease-to-Own (LTO) Industry with a differentiated omni-channel model that includes one of the top asset-light, third-party LTO platforms and extensive last mile capabilities through approximately 2,400 owned and franchised retail outlets
- Transformational acquisition of Acima Holdings, a leading virtual lease-to-own company, in 2021 accelerated the Company's growth strategy, enhanced its competitive position, and significantly increased its addressable market
- Strong competitive position in a relatively large and underpenetrated market for providing payment and financial solutions for consumers with cash and credit constraints, who are generally underserved by mainstream providers

<sup>1</sup> Includes ~460 franchised stores and approximately 120 Mexico locations



# Financial Snapshot



## Financial Attributes

- Revenue is generated from a portfolio of leases that typically have terms of 12 to 18 months, generally providing visibility into the P&L. The primary category of revenue is rental revenue, with additional revenue earned from same-as-cash sales and fees.
- Long-term average consolidated loss rate for the business is expected to be around 5% - 6%, with the Rent-a-Center business at 3 – 4% and Acima at 6 – 8%
- Long-term consolidated adjusted EBITDA margin is expected to be in the mid-teens
- Strong free cash flow generation
- Solid balance sheet with current leverage of 2.3x following the Acima transaction and a target leverage of 1.5x

Note: Pro forma results and metrics represent estimated financial results and metrics as if the acquisition of Acima had been completed on January 1, 2020. The pro forma results and metrics may not necessarily reflect the actual results of operations or metrics that would have been achieved had the acquisition been completed on January 1, 2020, nor are they necessarily indicative of future results of operations or metrics.

<sup>1</sup> Non-GAAP financial measure. Refer to explanations and reconciliations elsewhere in this presentation.

<sup>2</sup> Represent 2021 Pro Forma financials



# What is Lease-To-Own (LTO)

Lease-to-Own transactions are an important method of accessing and acquiring high valued products for millions of consumers who have limited access to credit or excess cash

## LTO Value Proposition for Consumers

-  No purchase obligation
-  No traditional credit check
-  Flexible rental agreements
-  Satisfies short term product needs
-  No down payment
-  12–24 months term to ownership

## 2 LTO Channels

### Traditional LTO transaction overview



Choose items to LTO from a broad, top-of-the-line selection



Complete no-credit-check application either in-store or online<sup>1</sup>



Product is delivered, set-up and serviced at no additional cost



Customer can return merchandise at anytime with no penalty or long-term debt obligations

### Virtual LTO transaction overview



Customer makes application on smartphone, through POS, online retailer portal or eCommerce retailers



Application approved after ID verification, credit risk and internal scoring checks



VLTO provider purchases goods from the merchant and leases them to consumer

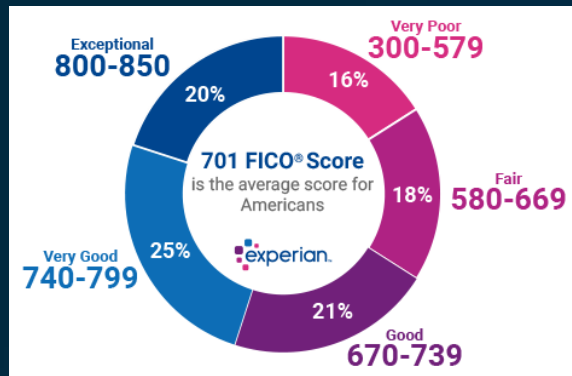


Consumer gains access to the product with the option of acquiring ownership over the lease term

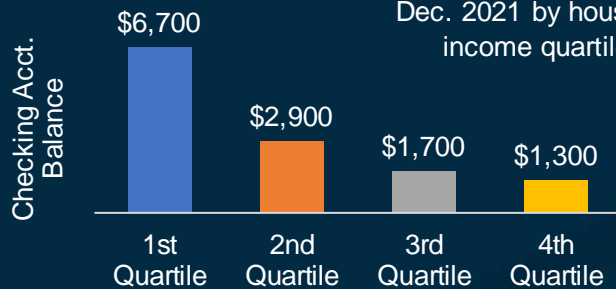
<sup>1</sup> Applications may be started online but must be completed by a nearby physical Rent-A-Center location

# LTO Market Poised for Strong Long-Term Growth

Large Underserved Base: ~40% of U.S. consumers have below average credit & ~50% have < \$2K in checking account



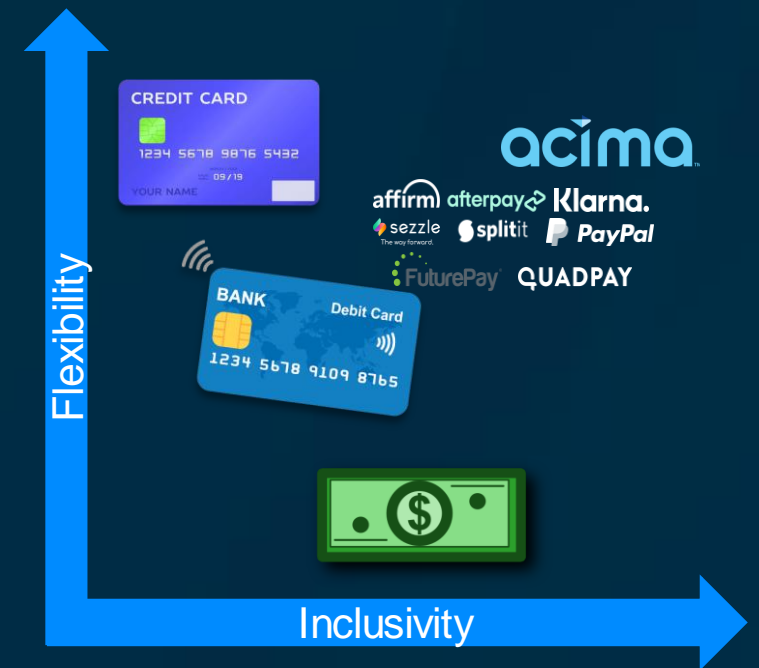
<sup>1</sup>Approximate avg. checking account balance end of Dec. 2021 by household income quartiles



Small payments gaining in popularity among consumers & merchants



Consumers increasingly want solutions that Work for their individual needs



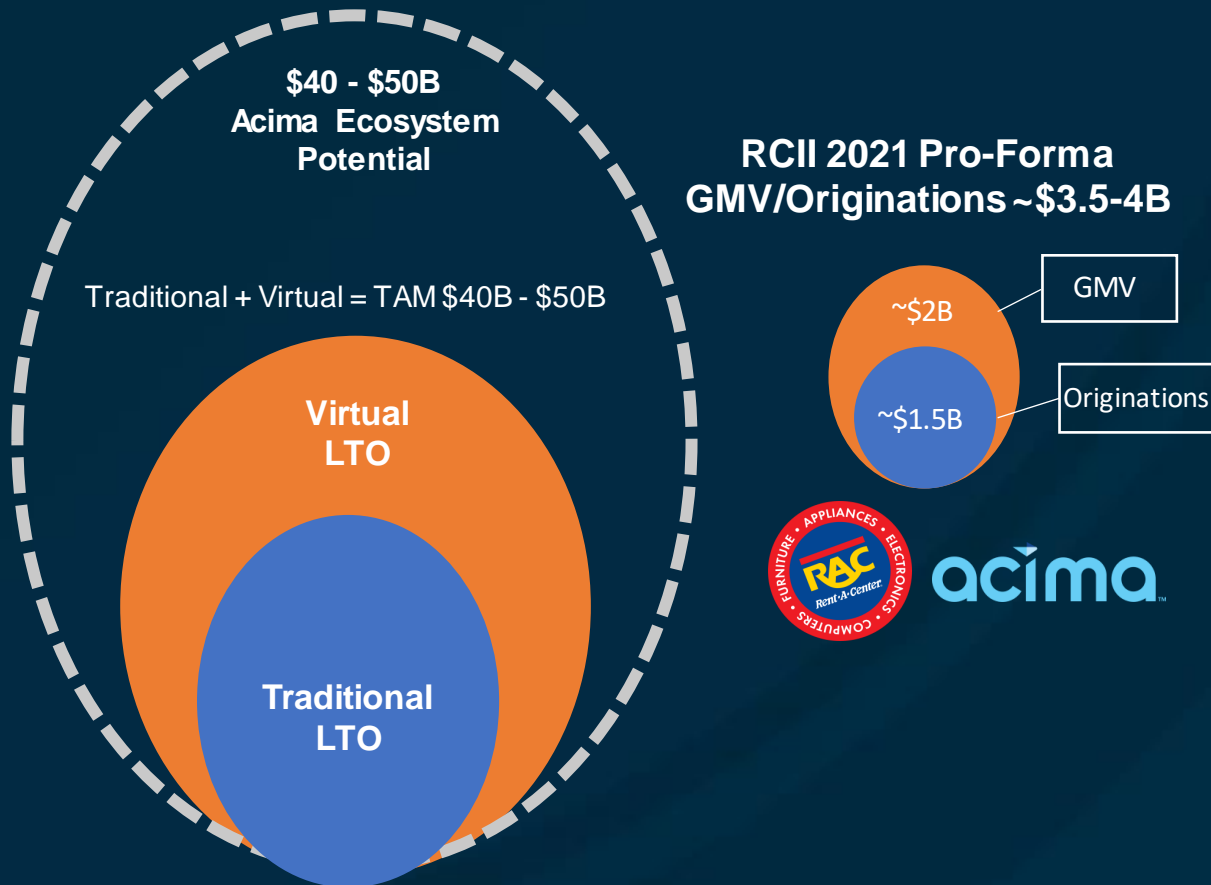
<sup>1</sup>Greig, Fiona, Erica Deadman, and Tanya Sonthaia. 2022. "Household Pulse: The State of Cash Balances at Year End." JPMorgan Chase Institute.



# We Are An Evolving Secular Growth Story

## Large Market Opportunity

Traditional LTO + Virtual LTO + Acima Ecosystem = TAM approaching \$100B



## Multiple Levers to Drive Growth



### Growth in existing verticals

Strong and growing diverse merchant base with minimal concentration risk



### E-commerce

Provide virtual LTO solutions available in brick and mortar to customers online



### National retailers

Providing LTO solutions to national retailers is a significant untapped opportunity



### Direct-to-Consumer / Digital Ecosystem

Currently testing proprietary digital ecosystem that we believe can add \$40-50B to our TAM



### New verticals

Expansion into broader merchant verticals at the POS



### Partnerships/ Integrations

Partnerships / integrations with other POS fintech companies

# Compelling Long-term Shareholder Value Creation Profile

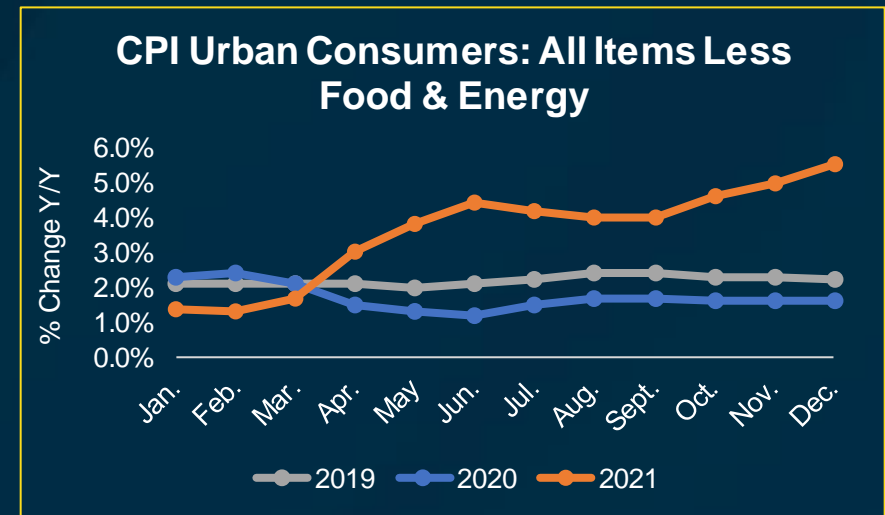
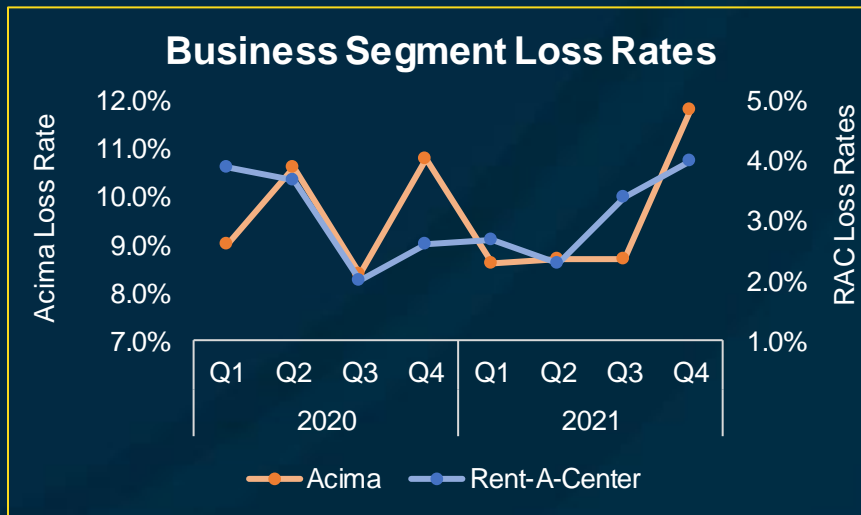
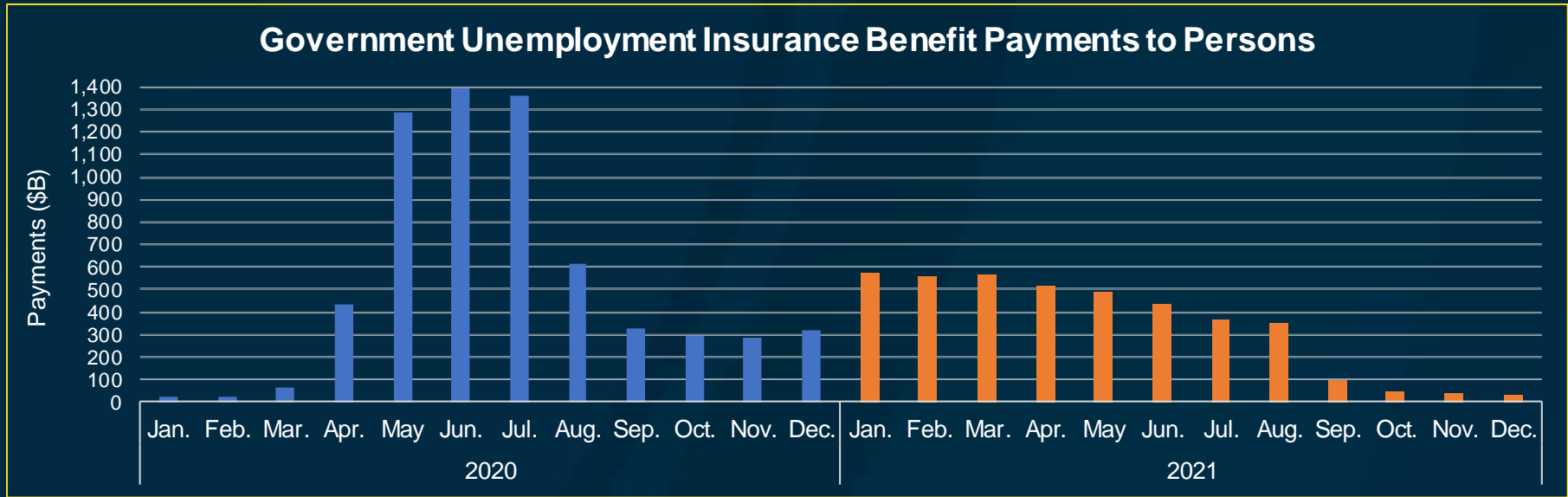
✓	Topline Growth	High Single Digits	Traditional LTO Low Single-Digit Growth + Virtual LTO Strong Double-Digit Growth
✓	Margins	Mid-Teens	Traditional Margins ~20% + Virtual LTO Margins in the Teens
✓	Net Income Growth	High Single-to-Low Double Digits	High Single-Digit Operating Income + Operating Leverage
✓	EPS Growth	Low Double Digits	Net Income Growth + Potential Share Repurchases
✓	Total Shareholder Return	Low Double Digits-to-Teens	EPS Growth + Low Single Digit Dividend Yield
✓	Multiple Expansion	Potential to more than double	RCII Shares Currently Trade at a Significant Discount to the Market



# Recent Results Impacted by Macro Headwinds

- Government pandemic relief programs in 2020 & 2021, such as stimulus payments and extended unemployment benefits, provided a significant boost to consumer incomes. When those programs ended in late 2021 many of our customers' income was negatively impacted

- Inflation rates are running at the highest levels in decades, which reduces discretionary spending for many consumers, especially consumers with below avg. income

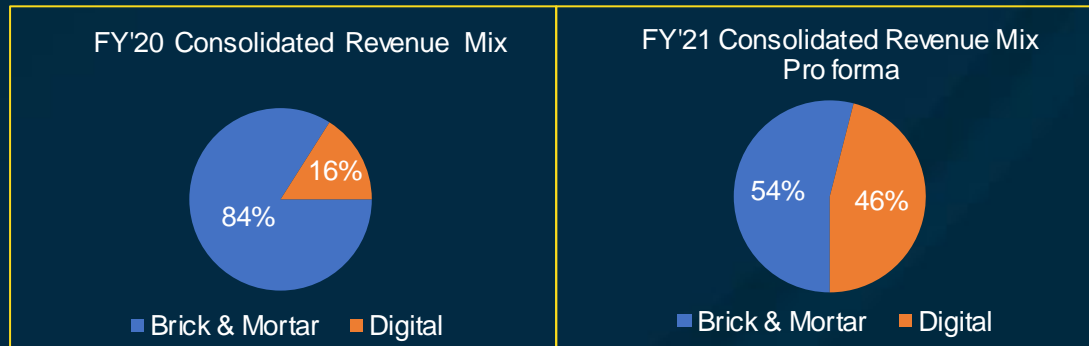


# Executing Our Long-Term Strategy

Become A Leading Leasing and Payment Solutions Platform for Underserved Consumers

## 2018 – 2021 Built a Foundation for the Future

- Returned the legacy LTO business to a profitable model that generates significant cash flow
- Accelerated the development of our digital growth engine by acquiring and integrating Acima, and then launching a proprietary digital Ecosystem with a direct-to-consumer business model



- Created a leading LTO solution with strong omni-channel capabilities further developing our compelling value creation proposition and significant long-term growth opportunities

## FY'22 Agenda

- Macro headwinds expected to continue through at least 1H 2022, and we don't expect improvement in the macro environment for 2H
  - Guidance assumes improvement in financial results in 2H 2022 due to changes in underwriting
- Continue to adjust underwriting to optimize risk adjusted returns and to leverage existing assets effectively
- Take a measured approach for investments in growth initiatives and focus on areas in our control – underwriting and cost management
- Advance topline focused activities like product development, marketing, and business development, to ensure we are prepared to move quickly when the environment improves

## Key Takeaways

Well-positioned as a leader in an underappreciated and nuanced market with strong underlying growth and profit dynamics

Transformational acquisition of Acima Holdings has established a foundation as an alternative financial solutions platform, significantly enhanced the Company's strategic position, and increased potential long-term earnings growth

Compelling value creation algorithm with potential for strong double-digit total shareholder returns, benefitting from the combination of a stable and highly cash generative traditional LTO business with a high growth and profitable virtual LTO business

Strong financial characteristics and a culture focused on creating long-term value for shareholders



# Question and Answer

