

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

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report:  
(Date of earliest event reported)  
May 24, 2023

**UPBOUND GROUP, INC.**  
(Exact name of registrant as specified in charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**001-38047**  
(Commission  
File Number)

**45-0491516**  
(IRS Employer  
Identification No.)

**5501 Headquarters Drive**  
**Plano, Texas 75024**  
(Address of principal executive offices and zip code)

**(972) 801-1100**  
(Registrant's telephone number, including area code)

**N/A**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425).
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12).
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b)).
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)).

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class  
Common Stock, \$.01 Par Value

Trading Symbol(s)  
UPBD

Name of each exchange on which registered  
The Nasdaq Stock Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

**Item 7.01 Regulation FD Disclosure.**

On May 24, 2023, Upbound Group, Inc. issued an investor presentation in connection with its previously announced Investor Day in New York City. A copy of the investor presentation is attached hereto as Exhibit 99.1 and is incorporated herein by reference. The information contained in this paragraph, as well as Exhibit 99.1 referenced herein, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

Exhibit No.	Description
99.1	<a href="#">Investor Presentation, dated May 24, 2023</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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**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 hereunto duly authorized.

**UPBOUND GROUP, INC.**

Date: May 24, 2023

By:

/s/ Fahmi W. Karam  
Fahmi W. Karam  
EVP, Chief Financial Officer

# upbound

## Investor Day

May 2023



Home Health

Get It Now!

Franchising International, Inc.

U.S. Franchise 500

Franchise NOW!

acima  
Leasing



# Disclosures

## Forward-Looking Statements

This communication contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, among others, statements regarding our goals, plans and projections with respect to our operations, financial position and business strategy. Such forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "could," "estimate," "predict," "continue," "maintain," "should," "anticipate," "believe," or "confident," or the negative thereof or variations thereon or similar terminology. Such forward-looking statements are based on particular assumptions that our management has made in light of its experience and its perception of expected future developments and other factors that it believes are appropriate under the circumstances, and are subject to various risks and uncertainties. Factors that could cause or contribute to material and adverse differences between actual and anticipated results include, but are not limited to, (1) the general strength of the economy and other economic conditions affecting consumer preferences and spending, including the availability of credit to the Company's target consumers and to other consumers, impacts from continued inflation, central bank monetary policy initiatives to address inflation concerns and a possible recession or slowdown in economic growth, and (2) the other risks detailed from time to time in the reports filed by us with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended December 31, 2022, as well as subsequent reports on Form 10-Q or Form 8-K. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this communication. Except as required by law, we are not obligated to, and do not undertake to, publicly release any revisions to these forward-looking statements to reflect any events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

## Use of Non-GAAP Financial Measures

This communication contains certain financial information determined by methods other than in accordance with U.S. Generally Accepted Accounting Principles (GAAP), including (1) Non-GAAP diluted earnings per share (net earnings or loss, as adjusted for special items (as defined below), net of taxes, divided by the number of shares of our common stock on a fully diluted basis), (2) Adjusted EBITDA (net earnings before interest, taxes, stock-based compensation, depreciation and amortization, as adjusted for special items) on a consolidated and segment basis, (3) Free Cash Flow (net cash provided by operating activities less capital expenditures), (4) Adjusted EBITDA margin on a consolidated and segment basis and (5) net debt to Adjusted EBITDA ratio. "Special Items" refers to certain gains and charges we view as extraordinary, unusual, non-recurring in nature or which we believe do not reflect our core business activities. For the periods presented herein, these special items are described in the quantitative reconciliation tables included in the appendix of this presentation. Because of the inherent uncertainty related to the special items, management does not believe it is able to provide a meaningful forecast of the comparable GAAP measures or reconciliation to any forecasted GAAP measure without unreasonable effort.

These non-GAAP measures are additional tools intended to assist our management in comparing our performance on a more consistent basis for purposes of business decision-making by removing the impact of certain items management believes do not directly reflect our core operations. These measures are intended to assist management in evaluating operating performance and liquidity, comparing performance and liquidity across periods, planning and forecasting future business operations, helping determine levels of operating and capital investments and identifying and assessing additional trends potentially impacting our company that may not be shown solely by comparisons of GAAP measures. Consolidated Adjusted EBITDA is also used as part of our incentive compensation program for our executive officers and others.

We believe these non-GAAP financial measures also provide supplemental information that is useful to investors, analysts and other external users of our consolidated financial statements in understanding our financial results and evaluating our performance and liquidity from period to period. However, non-GAAP financial measures have inherent limitations and are not substitutes for or superior to, and they should be read together with, our consolidated financial statements prepared in accordance with GAAP. Further, because non-GAAP financial measures are not standardized, it may not be possible to compare such measures to the non-GAAP financial measures presented by other companies, even if they have the same or similar names.

Note that all sources in this presentation are from Company reports and Company estimates unless otherwise noted.

# Agenda

10:00 am – 1:00 pm

**1** Upbound  
*Mitch Fadel, Sudeep Gautam, Brendan Metrano*

**2** Rent-A-Center  
*Anthony Blasquez*

Break

**3** Acima  
*Tyler Montrone*

**4** Finance Overview  
*Fahmi Karam*

**5** Q&A



# upbound



Mitch Fadel

# Key Investment Highlights

**1****Industry leader within a large and underserved market**

Leader in LTO space with retail and virtual lease-to-own capabilities  
Estimated \$45-\$55 billion market with 106 million non-prime core consumers

**2****Resilient business model that performs well under various macroeconomic scenarios**

Proven model with 50 years at RAC and 10 years at Acima  
Ability to shift target consumer base depending on traditional lender's risk appetite

**3****Key competitive differentiators**

Local presence with fleet of vehicles for last-mile delivery  
Proprietary technology and data analytics  
Ability to offer multiple growth avenues with a single partner across both operating platforms RAC and Acima

**4****Growth opportunities to expand into adjacent products and services**

Recently announced partnership with Genesis Financial Solutions  
Ability to add products to our platform to meet additional needs of underserved consumers

**5****Strong liquidity and free cash flow generation that supports growth and shareholder value**

Stable and robust cash flow generation with an estimated \$650-\$850 million accumulated FCF 2024-2026  
Robust dividend yield with track record of returning capital to shareholders

**6****Leadership has a strong track record in the industry and in key strategic functions**

Long tenured, seasoned RTO/LTO operators  
Key positions filled over the past 12-months with robust functional expertise



Upbound

# Elevating Financial Opportunity for **All**

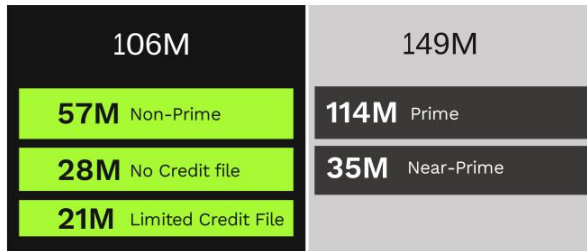
Upbound provides consumers access to financial growth and confidence.

Our platform creates value by seamlessly connecting consumers with the products they want and need.



# A Solutions Platform for the Financially Underserved

## U.S. Adult Population

**58%**

Have less than \$1,000 in savings, while 26% have no savings

**64%**

Living paycheck to paycheck

**63%**

Consumers earning <\$75k that feel financially anxious

**33%**

Consumers who haven't checked credit score in last 12 months

**Traditional financial solutions are not available for all**

Sources: Oliver Wyman Study, LendingTree, Pymnts.com, FinHealth Network, GoBankingRates.com, and FINRA GFLEC.

# Led with Deep Market Knowledge and Strong Functional Expertise



**Mitch Fadel**  
Director & Chief Executive Officer

Operating Unit Leaders



**Anthony Blasquez**  
Head of Rent-A-Center



**Tyler Montrone**  
Head of Acima



**Fahmi Karam**  
Chief Financial Officer



**Sudeep Gautam**  
Chief Technology & Digital Officer



**Ann Davids**  
Chief Customer & Marketing Officer



**Mike Bagull**  
Business Development & Partnerships

**upbound**  
Shared Services Leaders



**Bryan Pechersky**  
General Counsel & Corporate Secretary



**Tran Taylor**  
Chief Human Resources & Diversity Officer



**Tiffany Watson**  
Enterprise Business Operations

## We Employ a True Omni-Channel Model



~2,400 corporate and franchise stores in the communities we serve

~25% of revenue from e-commerce

Operations in all 50 states, Mexico and Puerto Rico

Final mile capabilities

Strong customer relationships & retention



>31k retail partners in 46 states

Serving lease to own customers in several diverse industries

Proprietary technology

Differentiated staffed, virtual, omni, and unintegrated partnerships

# Long History of Serving Our Customers

**50 years**

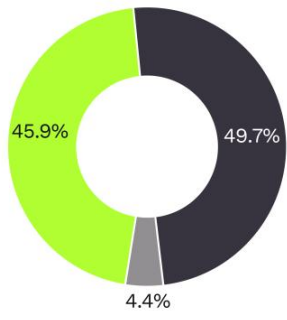
Our established operations are strongly-rooted in our communities, with deep customer and retailer relationships that help provide consumers with access to the products they want and need



1. Based on revenue, profits, and customers.

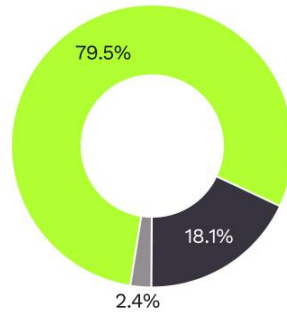
# Strong Financial Profile

**Diversified Revenue Mix (2022)**



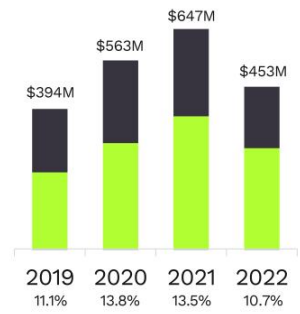
■ Rent-A-Center ■ Acima ■ Other

**Steady Revenue Stream (2022)**



■ Rental & Fees ■ Merchandise Sales ■ Other

**Adjusted EBITDA & Margin<sup>1,2</sup>**



■ Rent-A-Center ■ Acima ■ Other

**\$4.2 Billion**

FY 2022 Consolidated Revenues

**\$407 Million**

FY 2022 Free Cash Flow<sup>1</sup>

1. Free cash flow and Adjusted EBITDA are non-GAAP financial measures; see Non-GAAP reconciliations in the appendix. 2021 and 2022 are presented excluding stock-based compensation.  
2. 2019–2021 Adjusted EBITDA and Margin are shown on a pro-forma basis for the 2021 Acima acquisition. Prior to 2022, we did not exclude stock-based compensation in our adjusted EBITDA.

# Offering a Solutions Platform

Making Challenging Commerce Possible



# upbound at work

## Upbound Partner Touchpoints – a Differentiator

1 RAC retail purchases

2 Acima Marketplace

3 Acima on Partner Website

4 Acima In-store POS (Virtual & Staffed)

5 Second Look Credit



### Furniture

- RAC Retail Inventory Purchases
- Extended Aisle for Rent-A-Center
- Acima Staffed Ashley Locations
- Acima Virtual & Online (Ashley.com)
- Upbound Marketing

**Targeted** Need a new sofa to enjoy that new TV on?  
**Promotional** Low initial lease payment



### Technology Big Box

- Extended Aisle on Rent-A-Center
- Acima MarketPlace – Virtual Lease Card Enabled
- Acima Mobile App
- Upbound Marketing

**Targeted** Need a TV to watch from that new sofa?  
**Promotional** Low initial lease payment





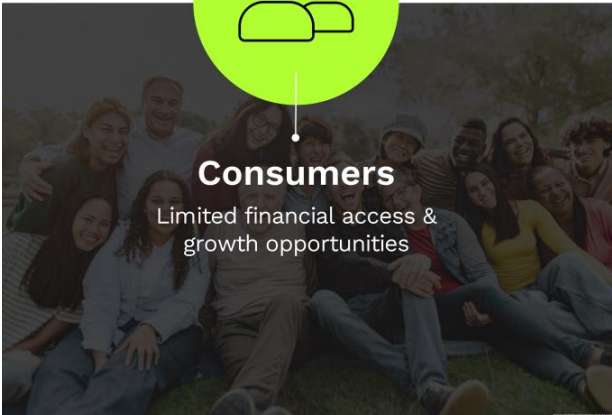
# Our Industry & Opportunity

## We Serve Two Large Stakeholders



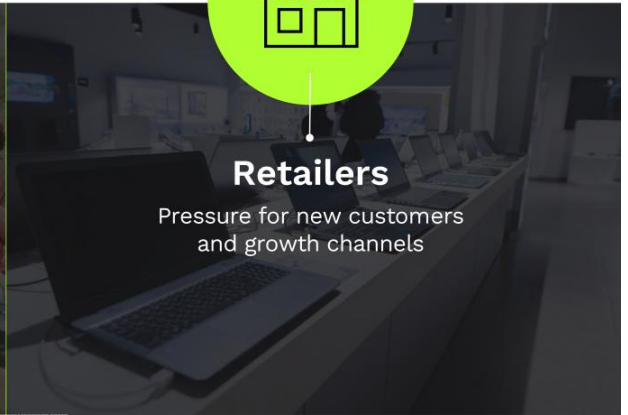
### Consumers

Limited financial access & growth opportunities

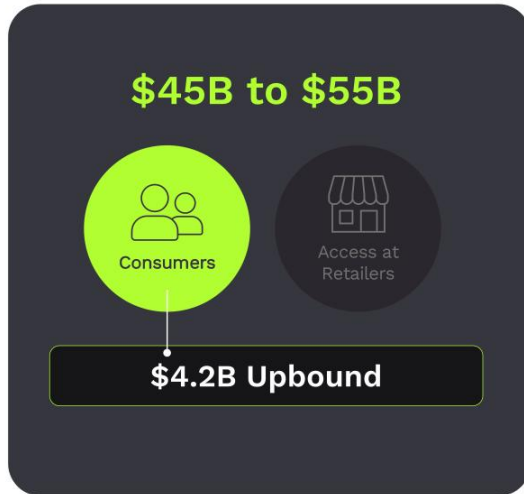


### Retailers

Pressure for new customers and growth channels



## Lease / Rent-to-Own Industry



## Our Customers

<b>Income</b>	\$48k Average Income   Acima \$37k Average Income   RAC
<b>Age</b>	Trending Younger 65% Gen Z & Millennial
<b>Gender</b>	48% Male 52% Female
<b>Household</b>	53% Family Households
<b>Addressable Expenditure Share</b>	~8% Expenditures on Durable Goods

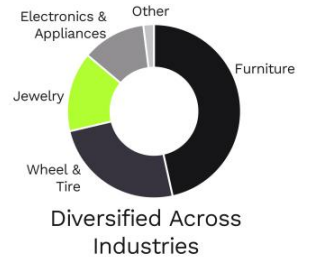
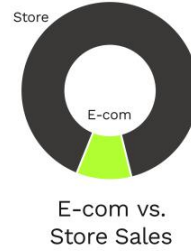
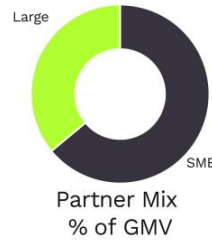
Sources: Oliver Wyman Financial Inclusion and Access to Credit, Upbound Internal Data, and Upbound Customer Research.

## Lease / Rent-to-Own Industry



Note: Charts and data represent Acima segment only, merchant data from 2022 U.S. Business Census.

## Our Retailers



## Expanding Our Offerings = Enabling Growth in Two Channels



**We are well positioned to efficiently increase market share while also expanding the addressable market and adding to our customer and retailer value proposition**



# Strategic Priorities

# Upbound Strategic Priorities

**1**

## Invest in Our Platform



Improve our core business, while creating a foundation for sustained future growth

**2**

## Expand Offerings and Financial Access



Add new products that create more financial access that benefit consumers and retailers

**3**

## Optimize Offerings



Provide consumers a personalized journey through the Upbound platform to generate highest lifetime value. Enable our partners to access our customer base to grow sales

# 1 Invest in Our Platform



## Core Growth

Improve our core solutions through Omni-channel enablement, customer loyalty, and expansion of products and retail relationships



## Systems

Further develop integrated technologies to better meet current and future retailer and consumer demands



## Talent

Investment in new and existing talent to enable synergies across current and new lines of business

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## 2 Expand Offerings and Financial Access

### New Financial Solutions

Adjacent and complementary products to increase customer opportunity through expanded access

### Elevate Consumer Opportunity

Platform that continuously engages customers, provides financial options, and customer loyalty



# Expanding Offering Beyond Lease-to-Own



Increase Financial Solutions Options  
Expand Addressable Market Beyond Durable Goods



## General Purpose Credit Card

- Offered to qualified Upbound customers
- Enable everyday spending for underserved consumers
- Elevate access to traditional financing solutions
- Increase customer loyalty and retention

<b>UPBD Economics</b>	Upfront fee per account + % share of balances
<b>UPBD Capital</b>	None
<b>UPBD Credit Risk</b>	None
<b>Opportunity</b>	Millions of active and former UPBD customers

## Retail Credit & Lease Solution

- Grow retailers' sales and attract more customers
- Allow expansion beyond durable goods
- Single integration with combined product offering
- Increase customer and retailer retention

<b>UPBD Economics</b>	Fee based on % of purchase volume
<b>UPBD Capital</b>	None
<b>UPBD Credit Risk</b>	None
<b>Opportunity</b>	~31K existing SMB retailers and new retailers

Summary terms refer to the retail credit offering only, not LTO

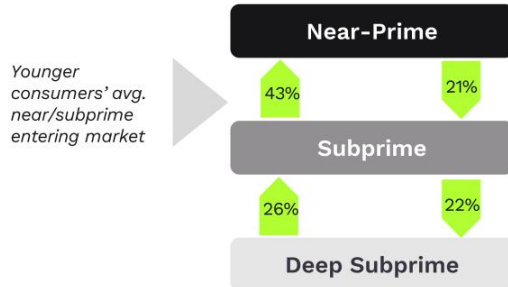
**Estimated \$25-\$40 million of incremental EBITDA on a run-rate annualized basis**  
**White-label launch expected late 2023 or early 2024**

### 3 Optimize Offerings

#### Consumers

Become consumers product of choice to reach the next step in their financial journey; provide opportunity when circumstances change

##### Consumer Movement (YoY Change)



Source: CFPB Office of Research: Credit Score Transitions.

#### Retailers

Develop solutions that better enable our retailers to access our customers & customers to shop at our retailers

- Repeat Purchases
- Retail Store Sales
- Online Sales
- Marketing & Promotions

# TECHNOLOGY

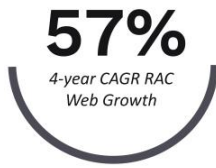
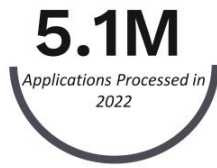
ENABLING THE POWER OF CHOICE

SPEED . SCALE . STABILITY



Sudeep Gautam

# Our Digital Footprint has Delivered Exceptional Results

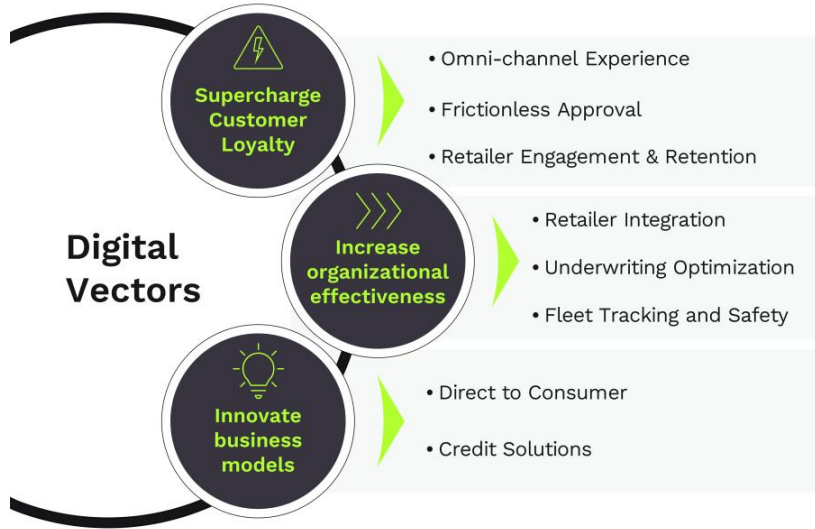


## Digital Product Portfolio



# And We are Just Getting Started

Winning beyond the core with hyper-personalization



## Expected Outcomes

- 5%** reduction in negative lease outcomes
- 6-10%** improvement in application completion rate
- Low double digit GMV growth annually
- 70%** reduction in fulfillment time
- 3-4%** RAC & **6-8%** Acima  
Reduce losses by segment to target levels
- 10-15%** reduction in auto-claims
- 2x** Acima MarketPlace GMV
- \$25 - \$40M** EBITDA on Annualized run rate

# Creating Expanded Gateways to Unlock the Power Of Choice

Financial Access | Deeper Engagements | Growth



## Technology Domains



**Data & Intelligence**  
Ubiquitous, Trustworthy, & Secure



**Software Engineering Excellence**  
Speed, Productivity, & Quality



**Platform Oriented Architecture**  
Modular, API Driven, & Reusable



**Professionalized Product Management**  
Digital as a Source of Distinction



**Resilient Digital Infrastructure**  
Availability, Performance, & Security



**Insight Driven Automation**  
Support, Decision Making, & Minimize Risk



Anthony Blasquez



# Leading Dedicated Lease-to-Own Retail Platform



## Established Leader in Financial Access

- 50-year history
- 98% of transactions are LTO
- Minimal info required, flexible payment, and agreement terms



## Access to Top Quality, Durable Goods Brands



## Large Market Presence

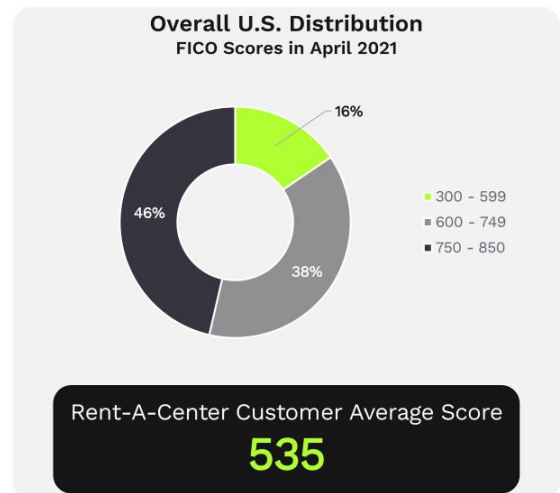
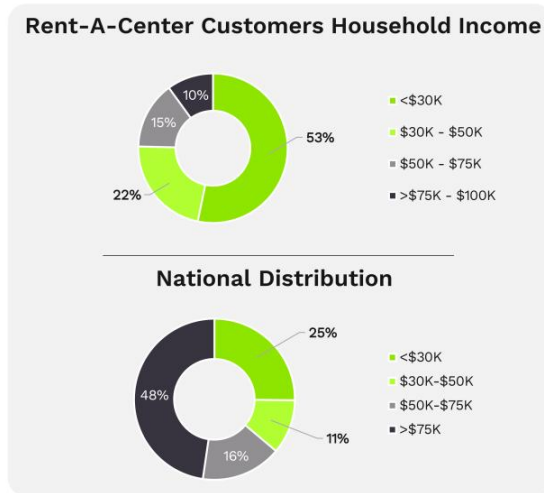
- ~2,300 retail locations with strong local presence in U.S. and 126 MX locations
- Growing digital business



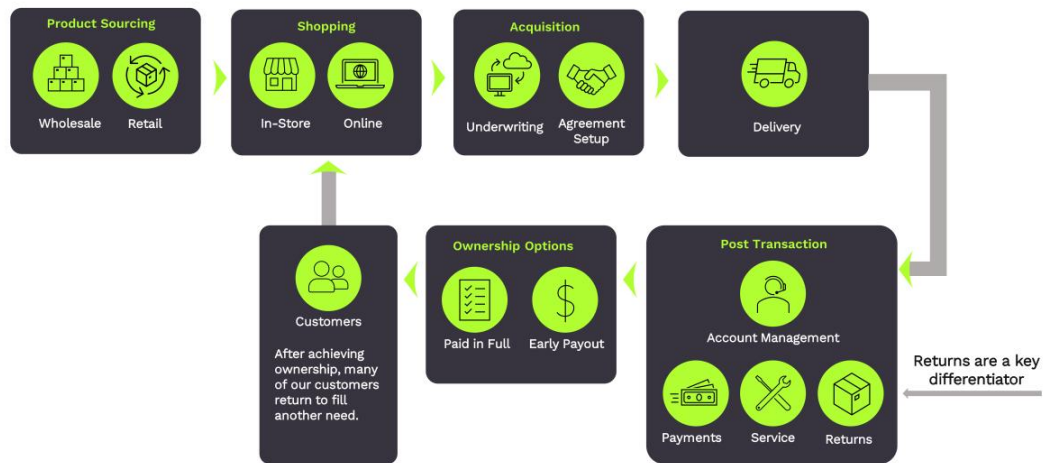
## Strong Customer Value Proposition

- Quality products
- No credit needed
- Lifetime reinstatement
- Free delivery & service

# Serving a Set of Consumers with Specific Needs



# A Differentiated Business Model to Meet Consumers' Needs



# Our Local Store Base and Co-Workers are a Key Strategic Asset

## Last Mile & Service

### Product Deliveries, Returns, and Service

- Enables quick, flexible, and reliable delivery, pickups, and service
- Ease of returns allows for deeper underwriting of customers

## Sales & Marketing

### Brand Awareness & Sales Performance

- Enhances search engine optimization
- Local "touch" elevates web and non-web sales conversion
- Local showrooms for products

## Account Management

### Customer Payments & Local Collections

- ~50% of payments made via store
- Local in-person identity verification
- Encourages on-time payments and limits fraud

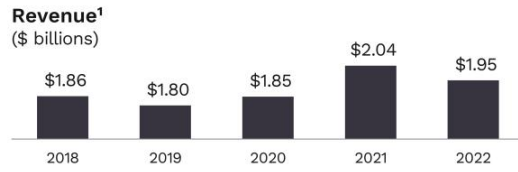


**~2,400 Stores**  
Across 50 States, Puerto Rico, and Mexico



**~9,000 Coworkers**    **2,800 Vehicles**

# History of Stable Revenues & Strong Profits and Cash Generation



1. Includes only Rent-A-Center Business segment.  
2. Adjusted EBITDA is a non-GAAP financial measure, see Non-GAAP reconciliations in the appendix.

- 1973** Rent-A-Center Founded
- 1998** Renter's Choice acquires Rent-A-Center to form the largest Rent-to-Own company in the U.S. with ~3,000 stores. Adopts the Rent-A-Center name
- 2008 to 2009** Rent-A-Center topline trends outperform overall U.S. retail sales by 900 bps during Global Financial Crisis
- 2015 to 2017** Rent-A-Center undergoes a period of challenging results following leadership changes
- 2018 to 2020** Performance rebounds and is on an upward trajectory prior to the pandemic
- 2020 to 2021** Company delivers strong revenue and profit growth during the Covid-19 Pandemic

# Macro Impact on Profits is Normalizing

Adjusted EBITDA<sup>1</sup> (\$ millions)  
 — EBITDA Margin



	Pre-Pandemic Stability	Stimulus Driven Boost to Business	Inflation Weighs on Consumer	Normalizing
Portfolio	Q1'20 \$118.0M	Q4'21 \$150.0M (Peak)	Q4'22 \$142.8M	Q1'23 \$140.2M
Skip/Stolen	3.9%	4.0%	5.8%	4.8%

1. Adjusted EBITDA is a non-GAAP measure, see Non-GAAP reconciliations in the appendix.

# Snapshot of the Business

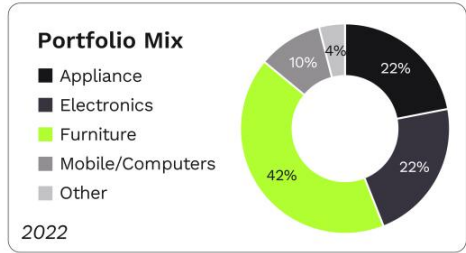
**\$1.7B**  
Annualized Portfolio Value  
2022



**1.2M**  
Average Agreements on Rent  
2022



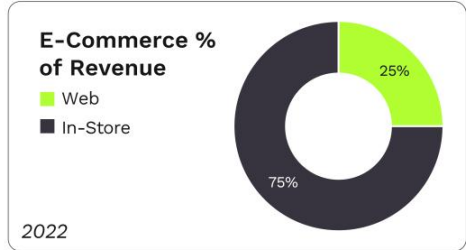
**1M**  
Unique Customers Transacting  
2022



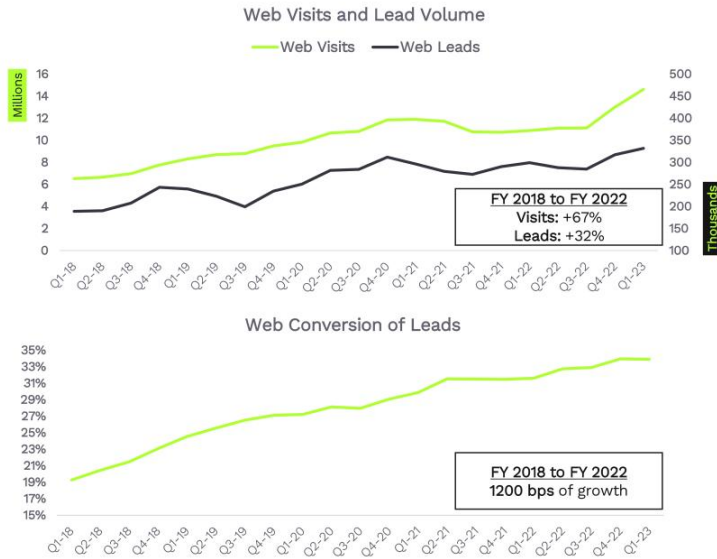
**3.6%**  
Rolling five-year Average of Skip/Stolen Loss  
2022








**54M**  
Web Visits  
**18M**  
Shopping Visits  
2022



# Strong E-Commerce Growth



### Key Initiatives

-  Website Optimizations
-  Centralized Decisioning
-  Full Online Transactions
-  Extended Aisle
-  Pre-rented Products



# Our Opportunity to Drive Growth

## Significant Internal Opportunities

*Five-year look-back*

**5.1M**

Unique web customer leads



**3.3M**

Unique customers served



## Large Untapped Addressable Market

**>40M**

Customers



# Strategic Priorities

Efficiently grow customers and lifetime value

- 1 Grow Customers**  
*Convert more customers & attract new prospects*
- 2 Increase Customer Lifetime Value**  
*Retain more customers & upsell and cross-sell*
- 3 Improve Operational Efficiencies**  
*Increase productivity, while progressing underwriting capabilities*

## RAC Omni-Channel



# 1 Grow Customers



## Conversion

### Increase E-Commerce Throughput

*Make meaningful web enhancements to reduce friction & boost throughput*

### Central Sales Support

*Expand central sales function to lift sales conversion capacity at all levels*

### Strengthen Local Presence

*Drive store sales results via elevated talent and technology investments*



## Attract New Prospects

### Marketing

*Drive new prospects to the web and stores*

### New Products & Sourcing

*Attract new customers through diverse product offering*

### Partnerships & Synergies

*Create new customer access points by leveraging the full Upbound ecosystem*

## 2 Increase Customer Lifetime Value



### Retention

#### Enhance Our Value Proposition

*Increase customer loyalty through new program flexibility and gamification*

#### Personalize Offers

*Increase customer agreement longevity via surgical pricing optimization and offers*

#### Improve Customer Experience

*Reduce customer journey friction points and empower customers by evolving the Omni-channel*



### Upsell & Cross-Sell

#### Personalized Digital Sales

*Increase lifetime agreements per customer via journey-based digital personalization*

#### Customer Relationship Sales

*Leverage high-touch, local store presence to upsell and cross-sell active customers*

#### New Products and Services

*Introduce unique new products and services to our existing customers*

### 3 Improvement of Operational Efficiencies



#### Increase Productivity

##### Centralize & Digitize

Enable sales and collections activities across the Omni-channel to improve capacity and experience

##### Launch New Technology

Implement and evolve new in-store and logistics technology to optimize, lift capacity, and experience

##### Test New Operational Concepts

Experiment with new concepts of our store operations while testing new systems & processes



#### Underwriting & Losses

##### Introduce New Tools

Explore and launch new tools to enhance underwriting accuracy to prevent fraud and lower losses

##### Expand Predictive Behavioral Modeling

Build additional advanced predictive modeling capabilities to improve collections

## Key Takeaways

High value proposition for customers creates a resilient business with strong profitability and cash flow generation

-  **Proven, stable track record of sustained profits**
-  **Evolved through pandemic with larger e-commerce presence**
-  **Performance normalizing from macro headwinds in 2022**
-  **Opportunities to grow and support margins**

### Estimated Business Growth 2023 – 2026 (CAGR)

	Low	High
Revenue Growth	2%	4%
Adjusted EDITDA	3%	6%
Adjusted EBITDA Margin	Mid-to-High Teens	



# acima

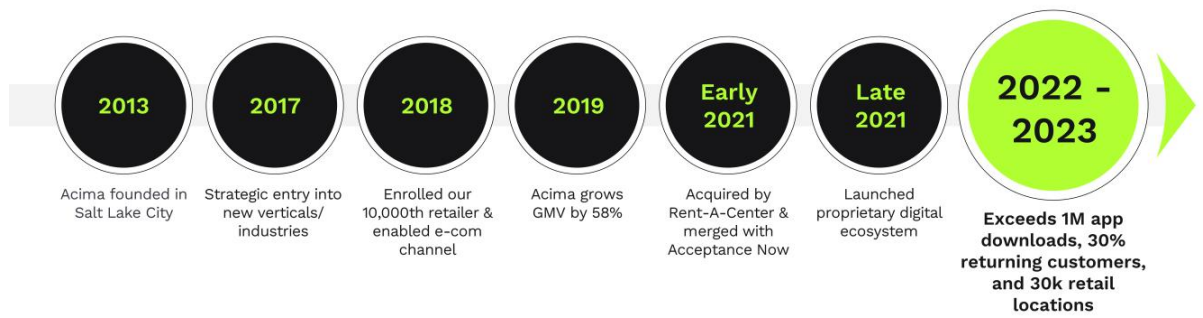
Leasing™



Tyler Montrone



# Our History



## What We Do

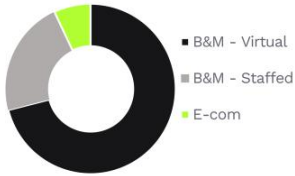
Provide a seamless, transparent, and repeatable Omni-channel lease-to-own **platform** preferred by *retailers* and non-prime *consumers*

# A Leading Fintech Platform

Delivering high growth in the Virtual Lease-to-Own Market for a decade

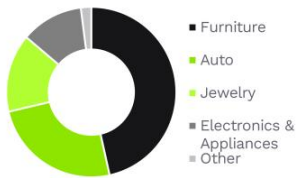
**\$1.6B**

2022 GMV Generated



**1.5M**

2022 Customers Served



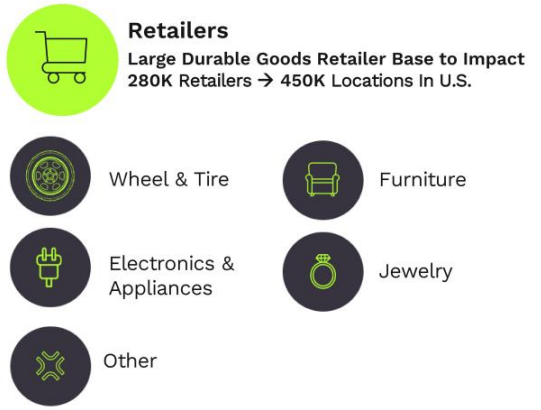
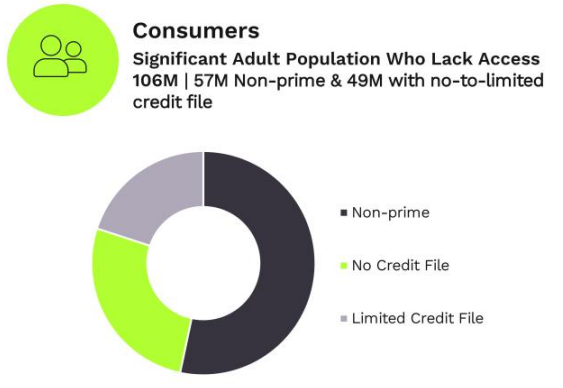
**>31,000**

Retail Locations Powered with Acima



# Serving Two Large Sets of Customers with Unmet Needs

\$45-\$55B Total Addressable Market Accessed Through Two Channels



Sources: 2022 U.S. Census, Oliver Wyman Financial Inclusion and Access to Credit, Upbound Internal Data, and 2023 Upbound Customer Research.

# Platform that Enables Consumers & Retailer Commerce



# Our Platform and Products

Technology developed to seamlessly allow our retailers and customers to transact

### For Our Customers

Online

- ✓ Shop
- ✓ Apply
- ✓ Checkout
- ✓ Service

In-Store

Mobile/ App

### For Our Retailers

Support Models: Virtual, Hybrid, Staff, Online

E-commerce Plug-ins: Shopify, Magento, BigCommerce, WooCommerce, API

Waterfall Partners: Charge After, Versatile Credit, Storis

MarketPlace: acima Marketplace, Mobile App, Virtual Lease Card


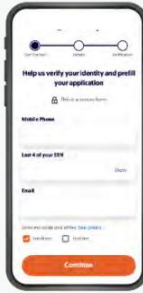

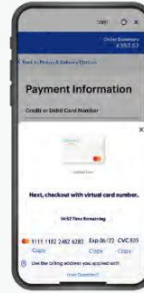

Sales Support: Custom In-Store Marketing Catalogue, Digital Content & Media Support

Support | Payments | Underwriting | Communications | Pricing & Promotions





# Customer Experience

Simple • Intuitive • Flexible

Shop >30k Locations	Apply	Approved	Checkout	Manage
 <ul style="list-style-type: none"> <li>• On Our Site</li> <li>• Our Partners' Site</li> <li>• Our App</li> <li>• In-store</li> </ul>	 <ul style="list-style-type: none"> <li>• On your device</li> <li>• Stores device</li> <li>• Minutes</li> </ul>	 <ul style="list-style-type: none"> <li>• Use Online</li> <li>• Use Instore</li> <li>• Seconds</li> </ul>	 <ul style="list-style-type: none"> <li>• Make Initial Payment</li> <li>• Sign Lease Agreement</li> <li>• Pickup or Get Delivered</li> </ul>	 <ul style="list-style-type: none"> <li>• Make Payments</li> <li>• Return Products</li> <li>• View history</li> </ul>

# Flexible Transaction Value

 Flexible Lease Options
  Credit Card



\$1,000 at Furniture Store






Take it home with a low initial payment

Own	<input checked="" type="checkbox"/> 90 Days Option <b>#1 Customer Option</b> <b>\$1,075</b> Anytime before 90 days	→ <b>\$1,061<sup>1</sup></b> Cost at 90 days
	<input checked="" type="checkbox"/> Early Purchase <b>\$1,650</b> 8 months – Pay 65% of remaining payments	
	<input checked="" type="checkbox"/> Pay Over Full Lease Term <b>\$2,050</b> Total of all payments outlined in Lease Agreement – less initial payment	→ <b>\$2,761<sup>2</sup></b> Making minimum payments
Return	<input checked="" type="checkbox"/> Pay for the time you used Return anytime; no penalty	

1. Three equal monthly payments at 30% interest, and includes monthly prorated amount of \$100 annualized fee.  
 2. Assumes making minimum payments at 30% interest rate with minimum payment being interest +1% of balance.

# Merchant Experience

Simple • Intuitive • Flexible

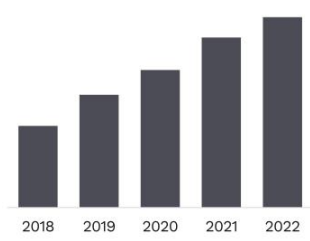
Engage Customers	Attract Customers	Convert Customers	Transact	Re-Engage
 <p data-bbox="347 663 491 703">Easy to understand value proposition</p>	 <p data-bbox="561 663 746 703">Highlighted on Acima.com &amp; Mobile App</p>	 <p data-bbox="815 663 948 703">Materials to make engagement easy</p>	 <p data-bbox="1034 663 1193 703">Track Pipeline of All Interested Customers</p>	 <p data-bbox="1251 663 1437 703">Marketing Journey to Encourage Another Lease</p>



# We Have Delivered Strong Growth

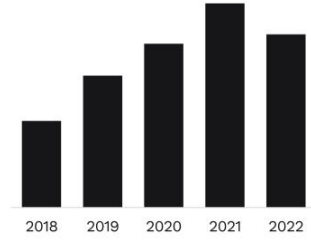
## Retailer Expansion

23.6%  
CAGR



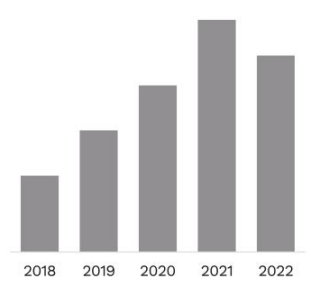
## Customer Growth

19.0%  
CAGR



## GMV Growth

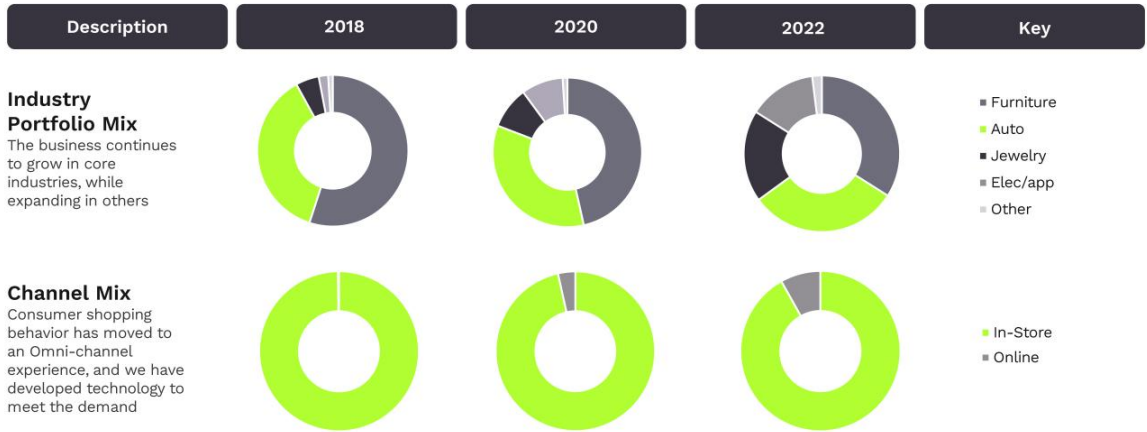
26.6%  
CAGR



Growing our retail network has been the primary historical driver of growth for our business

Note: Excludes legacy ANOW Business.

# Diversified Into New Products and Channels



We have continued to strengthen the business through diversifying channels, industries, and retailers

Note: Excludes legacy ANOW Business.

# Underwriting at the Center of Our Platform

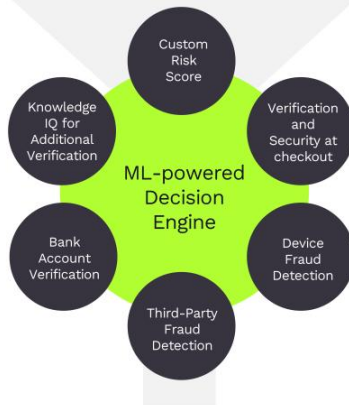
## Fast

Aggregates thousands of data points from dozens of sources to render a decision in seconds

## Proprietary

Internally developed fraud and scoring model

Data from more than 10+ million customers guides underwriting



Adaptive Decisioning

## Granular

Customer behavior allows Acima to tailor the risk profile for retailers, driving optimal outcomes at an industry level

## Governed

The model and its outcomes are overseen by a committee with substantial deep subprime experience

# Return to Growth 2H'2023

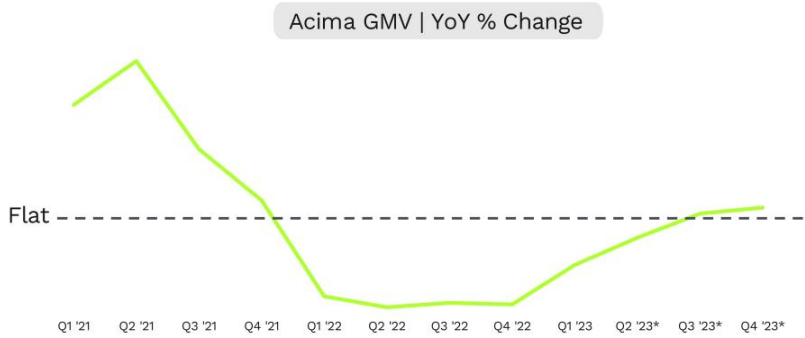
Headwinds that drove a 23% decrease in GMV for 2022 should continue to abate in the second half of 2023

Merchant and Product Diversification Outpacing Demand Pressure

Cycling Past Substantial Tightening in Underwriting

Diminishing Impact of Pull Forward Demand

Acima GMV | YoY % Change



Pull Forward & End of Stimulus | Tightening Started | Merchant Growth Maintains Stability | Demand Still Suppressed | Continued Normalization

Note\* Company Estimates

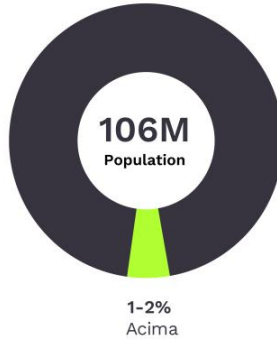
# Significant Long-Term Growth Opportunities

Our estimated market share measured across our industry & consumer bases remains underpenetrated

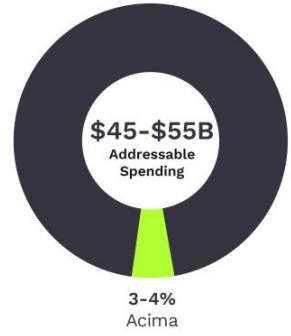
**Merchant Locations that Offer Consumer Durable Goods**



**U.S. Adult Population that Could Use Lease-to-Own Solution**



**Estimated Annual Addressable Lease & Rent-to-Own Market**



## Strategic Priorities to Enable Growth

**1**

### Grow Retailer Base



Enhance our network of retailers and create innovative ways to shop

**2**

### Increase Lifetime Value



Increase the lifetime value of customers and retailers

**3**

### Improve Profitability



Continuously improve our operations in order to deliver customer, retailer, and shareholder value



# Grow Retailer Base

## Retailer Expansion

Expand our retailer base to provide more choice across the Acima network



Improve market share in our core verticals



Expand Acima in new verticals



Expand strategic partnerships to enable Acima in more places

## Consumer Choice

Develop solutions that put shopping power and choice in the hands of consumers – attracting more retailers



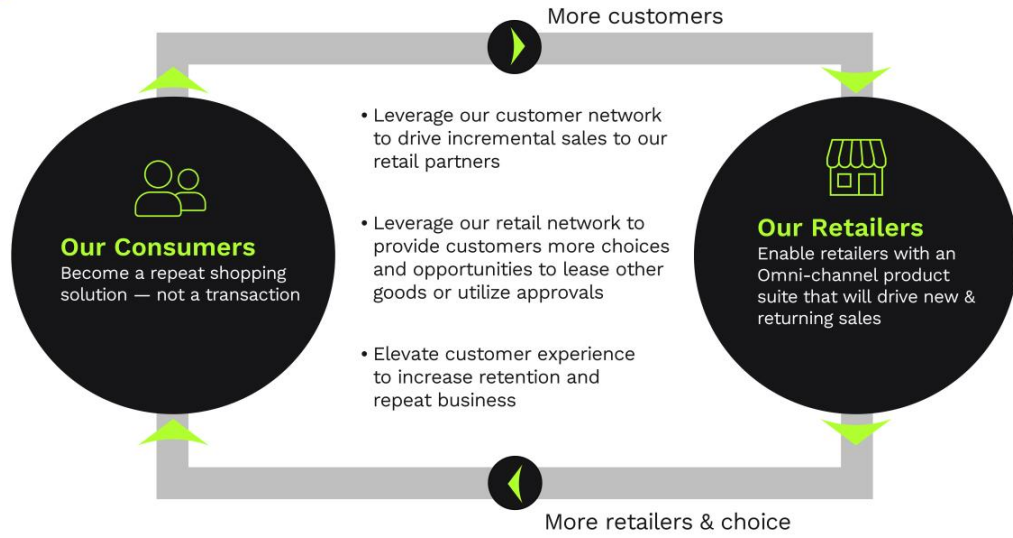
Grow LeasePay technology that enables customers to shop beyond Acima partners



Improve new and returning customers approval process, and identify retailers where they can use their Acima Approval online & in-store



# Increase Lifetime Value







# Improve Profitability

## Risk

Continuously improve risk & underwriting, while also leveraging Upbound assets and data



Leverage data across all business lines to enhance decisioning



Invest in solutions that will continue to reduce fraud in an increasing digital business



Leverage Upbound people, process, and strategies for efficient call center operations

## Operations

Create efficiencies and execute on synergies across the Upbound business to maintain strong margins



Enable automation and process efficiency



Expand the use of the RAC fleet to aid in pick-ups and collections for Acima segment



Continue to execute cost containment and synergies

## + Additional Opportunities

### SMB Integrated Offering (Credit + Leasing)

#### Retailer Value

- Single integration with two products
- Higher conversion rates
- Increase loyalty & repeat business

#### Customer Value

- Access to traditional financing supported by past payment history
- Opportunity to improve financial position
- Create options

### Enterprise Partnerships

#### Increased Interest

- Macro-environment is increasing interest in customer & sales growth
- Acima helps unlock benefits for partners

#### Build on Our Portfolio



## Key Takeaways

Scalable platform with a diversified approach to enable sustainable growth



**Large, untapped market opportunity focused on two large stakeholders: Consumers and Retailers**



**Platform emphasizing customer and merchant experience with a strategic underwriting process**



**Robust opportunities to invest in growth initiatives and optimize margins**

### Estimated Business Growth 2023 – 2026 (CAGR)

	Low	High
<b>GMV</b>	10%	12%
<b>Revenue Growth</b>	10%	12%
<b>Adjusted EBITDA</b>	8%	12%
<b>Adjusted EBITDA Margin</b>	Low-Mid Teens	

Top Line Opportunities not Included: Retail Credit Partnership with Genesis and Enterprise Relationships

# upbound

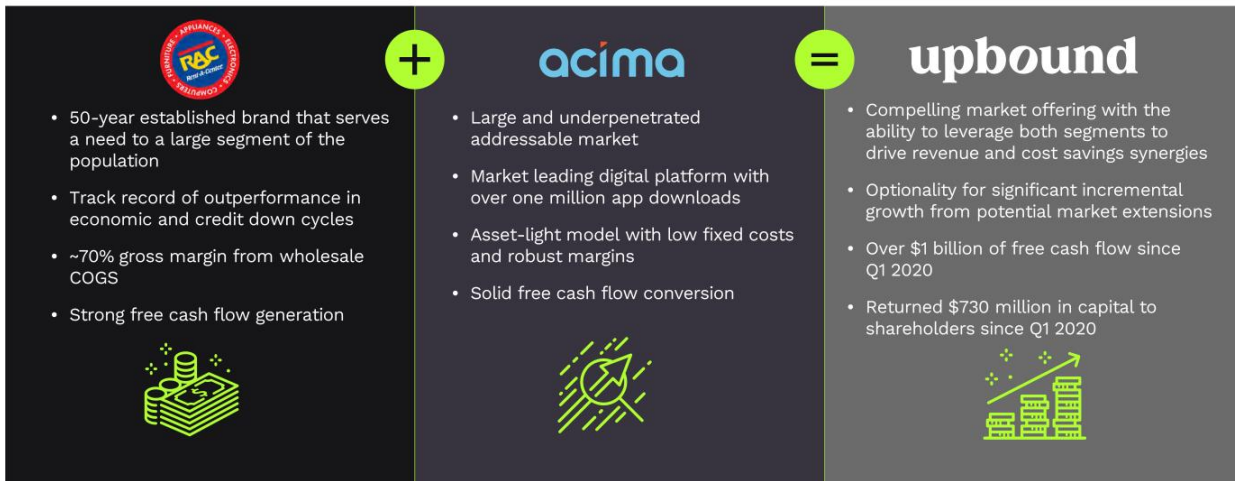
Financial Overview



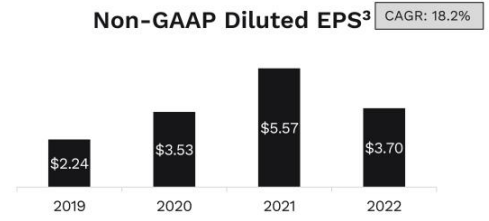
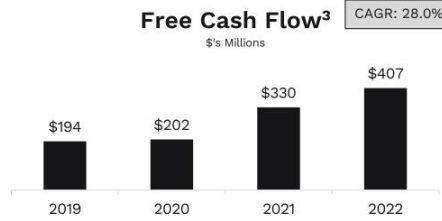
Fahmi Karam

## Proven and Scalable Business Model to Capture Opportunity

Two core business segments with complementary commercial and financial attributes that generate a stable and strong stream of free cash flow, with significant opportunity for long-term growth



# Strong Growth, Profitability, and Cash Flow<sup>1</sup>



1. Revenue and adjusted EBITDA are presented on a pro-forma basis for the acquisition of Acima in February 2021. Free Cash Flow and EPS are presented as reported.  
 2. Consolidated revenue in FY21 lower by \$55M year-over-year due to the impact of refranchising approximately 100 RAC locations in December 2020.  
 3. Non-GAAP financial measure, see reconciliations in the appendix. Prior to 2022, we did not exclude stock-based compensation in our adjusted EBITDA.

# Driven by Solid Underlying Unit Economics

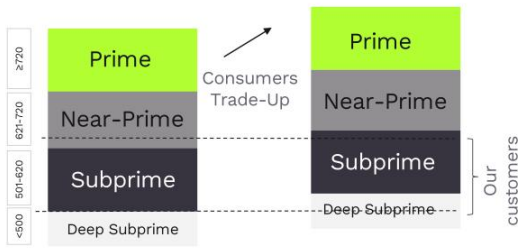
Most customers opt to exercise a purchase option, either by Same-as-Cash (SAC) or Early Payout Option (EPO). On average, RAC covers wholesale costs in all scenarios. SAC is the most likely outcome at Acima which drives overall level of profitability.



Note: Rent-A-Center yields include the effect of re-renting returned merchandise. Over the trailing four quarters, returns are 58% of delivered items; most returns are re-rented.

# Resilient Business Model that Performs Well Across Cycles

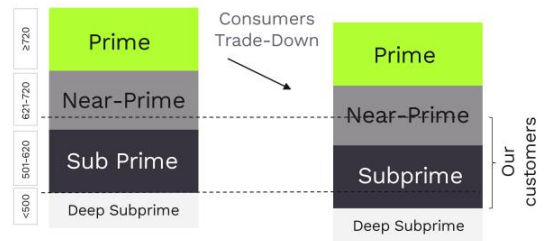
**Normal vs. Strong Macroeconomic Conditions**



Acquire new customers who have "traded up" due to improving macroeconomic conditions.

Note: Cut-off and target customers for illustrative purposes only.

**Normal vs. Weak Macroeconomic Conditions**

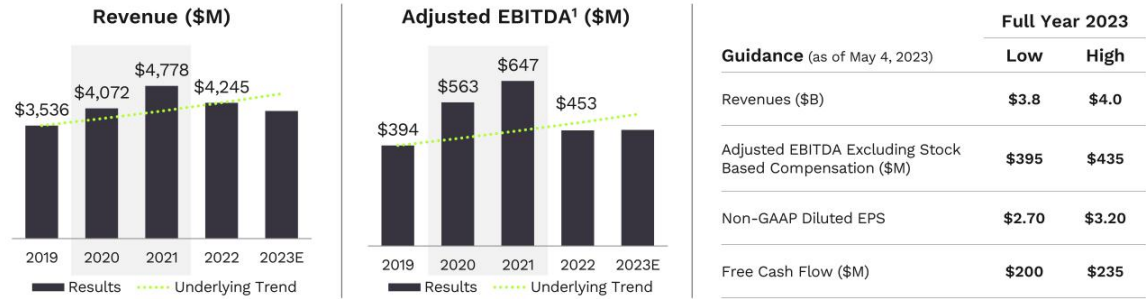


Acquire new customers who have "traded-down" while maintaining optionality to expand our customer base.



## 2023 Should Be a Normalized Base for Growth

Pandemic-related stimulus drove high portfolio values and revenue, as well as low loss rates, in 2020 and 2021. 2022 benefited from large portfolio, however inflation took a toll on consumer demand and performance. After underwriting actions, Q1 2023 indicated that customer patterns and losses were normalizing. We believe 2023 will set up growth for 2024 and beyond.



All figures are presented on a pro-forma basis.

1. Non-GAAP financial measure. See reconciliation included in the appendix. Prior to 2022, we did not exclude stock-based compensation in our adjusted EBITDA.

# Underwriting Improvements

Continuous improvements to underwriting, fraud protection, and risk management increase efficiency and returns

## Underwriting

- Granular decisioning framework enables risk identification and ability to assess loss/volume trade-offs
- Optimizing approve/decline and lease assignment strategy with continuous testing
- Leveraging data and risk insights across the enterprise

## Fraud

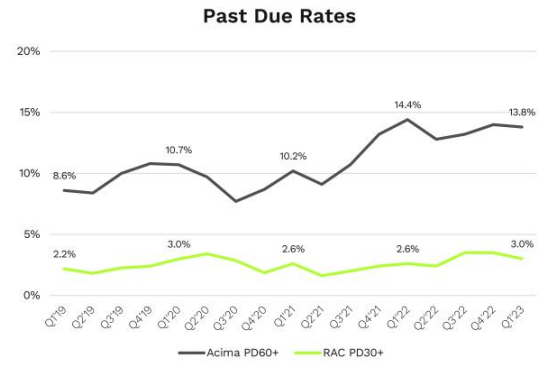
- New fraud solutions reduce frictions
- Machine learning fraud models improve e-commerce returns
- Fraud management frameworks detect and take real-time action

## Risk Management

- Established KPI-based thresholds to optimize lease originations by individual segments
  - Continuous monitoring of key metrics enables targeted corrective action
  - Underwriting decisioning based on profitability and risk resilience
-

# Risk Indicators Demonstrate Positive Trends

Disciplined underwriting produced significant improvement in delinquencies and losses



Note: Skip Stolen Loss Rate (SSL) = Skip Stolen Losses as a % of revenue.  
 Note: Acima SSL for 2019 only includes the ANOW business.  
 Note: Access to rates for Virtual SSL begins Q1'20.

# We Have Levers to Support Profitability

## Productivity



Grow GMV and portfolio



Shared Services Model  
and Centralize Account Management



Grow E-Commerce



Fleet Optimization

## Synergy



Adopt RAC's Best Practices  
for Product Returns at Acima



Share Customer Risk Data  
Across Business Units



Launch New Credit Products



Leverage Economies of Scale to  
Optimize Purchasing Power for  
Inventory

# Strong Financial Position

## Solid Credit Profile

- Liquidity of \$560M at Q1 2023
- \$1.4 billion outstanding debt
  - \$90 million ABL (2.00%+SOFR)
  - \$818 million TLB (3.25%+Libor)
  - \$450 million Senior Notes (6.375%)

- Ample free cash flow to support debt levels
  - Leverage ratio: 2.6x at the end of Q1 2023
  - Interest coverage ratio: 3.3x at end of Q1 2023
  - Fixed charge coverage ratio: 1.2x at the end of Q1 2023
  - Credit ratings: Moody's Ba2 and S&P BB-

## Ample Liquidity

- Operational cash flows sufficient to fund inventory purchases, without relying on capital markets
- Ended Q1 2023 with \$172 million of cash and \$397 million available under a \$550 million asset-based lending facility

### Staggered Maturity Schedule



# Capital Allocation to Drive Shareholder Value

Disciplined capital allocation strategy with a focus on optimizing long-term shareholder value

1 Reinvest in the business

2 Pay dividends

3 Reduce debt

4 M&A opportunities

5 Share repurchases

## Optimizing Shareholder Value

\$ millions	2021	2022	2023 Q1
Operating Cash Flow	\$ 392	\$ 469	\$ 105
Uses of Cash Flow			
Capex	(62)	(61)	(10)
Dividends	(72)	(79)	(26)
Debt Reduction (post-Acima acquisition)	0	(209)	(42)
Share Repurchases	(390)	(75)	-

- Reinvestment in the business, Capex of \$55-\$65M or 1.5% of revenue
- Returned ~\$490M of capital to shareholders through share repurchases from Q1 '20 –Q1 '23
- Strong dividend yield of 4.3% as of 5/19/23

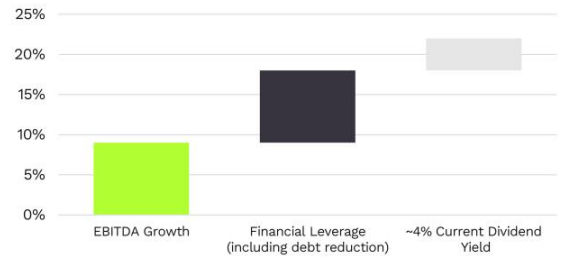
# Shareholder Value Creation Algorithm 2023-2026

## Estimated Business Growth 2023 – 2026 (CAGR)

	Low	High
<b>Consolidated Revenue</b>	<b>6.0%</b>	<b>8.0%</b>
Rent-A-Center	2.0%	4.0%
Acima	10.0%	12.0%
<b>Consolidated Adjusted EBITDA</b>	<b>8.0%</b>	<b>10.0%</b>
Rent-A-Center	3.0%	6.0%
Acima	10.0%	12.0%

1. TSR is for illustrative purposes and not a company projection. Assumes annual dividend payments of ~\$75 million, no share repurchases, and all remaining cash flow used to pay down debt at ~7% interest rate.

## Annual Total Shareholder Return Illustration<sup>1</sup> TSR Algorithm Mid-Point 2023 – 2026



**High Teens – Low 20% Annual TSR**

**Estimated \$650-\$850 million of cumulative free cash flow generation**

# upbound

Closing Remarks



Mitch Fadel



# Key Investment Highlights

**1****Industry leader within a large and underserved market**

Leader in LTO space with retail and virtual lease-to-own capabilities  
Estimated \$45-\$55 billion market with 106 million non-prime core consumers

**2****Resilient business model that performs well under various macroeconomic scenarios**

Proven model with 50 years at RAC and 10 years at Acima  
Ability to shift target consumer base depending on traditional lender's risk appetite

**3****Key competitive differentiators**

Local presence with fleet of vehicles for last-mile delivery  
Proprietary technology and data analytics  
Ability to offer multiple growth avenues with a single partner across both operating platforms RAC and Acima

**4****Growth opportunities to expand into adjacent products and services**

Recently announced partnership with Genesis Financial Solutions  
Ability to add products to our platform to meet additional needs of underserved consumers

**5****Strong liquidity and free cash flow generation that supports growth and shareholder value**

Stable and robust cash flow generation with an estimated \$650-\$850 million accumulated FCF 2024-2026  
Robust dividend yield with track record of returning capital to shareholders

**6****Leadership has a strong track record in the industry and in key strategic functions**

Long tenured, seasoned RTO/LTO operators  
Key positions filled over the past 12 months with robust functional expertise

**Thank you**

**upbound**



HomeChoice

Get It Now!

Transit Management, Inc.

RENTAL BUSINESS SERVICES

Accounting NOW!

**acima**  
Leasing



# Appendix Upbound

## Reconciliation of Net Earnings Excluding Special Items and Non-GAAP Diluted Earnings Per Share

(In thousands)	Twelve Months Ended December 31, 2022					
	Gross Profit	Operating Profit	Earnings Before Income Tax	Tax Expense	Net Earnings	Diluted Earnings per Share
GAAP Results	\$ 2,079,532	\$ 148,538	\$ 61,471	\$ 49,114	\$ 12,357	\$ 0.21
Plus: Special Items (Extraordinary, Unusual or Non-Recurring Gains or Charges)						
Acima equity consideration vesting	-	143,210	143,210	15,431	127,779	2.16
Acima acquired assets depreciation and amortization <sup>(1)</sup>	(2,853)	77,939	77,939	8,397	69,542	1.18
IT Asset disposals	-	5,808	5,808	626	5,182	0.09
Cost savings initiatives	-	1,726	1,726	186	1,540	0.03
Store closure costs	-	1,368	1,368	147	1,221	0.02
Retail partner conversion losses	-	1,169	1,169	126	1,043	0.02
State tax audit assessment reserves	-	1,165	1,165	126	1,039	0.02
Legal settlement	-	(831)	(831)	(90)	(741)	(0.01)
Legal settlement reserve	-	650	650	70	580	0.01
Hurricane impacts	-	249	249	27	222	-
Other	-	(210)	(210)	(23)	(187)	-
Acima Transaction costs	-	187	187	20	167	-
Discrete income tax items	-	-	-	1,532	(1,532)	(0.03)
<b>Non-GAAP Adjusted Results</b>	<b>\$ 2,076,679</b>	<b>\$ 380,968</b>	<b>\$ 293,901</b>	<b>\$ 75,689</b>	<b>\$ 218,212</b>	<b>\$ 3.70</b>

<sup>(1)</sup> Includes amortization of approximately \$64.9 million related to the total fair value of acquired intangible assets, incremental depreciation of approximately \$15.9 million related to the fair value increase over net book value for acquired software assets, and a depreciation credit adjustment of approximately \$22.9 million related to a step-down of estimated fair value below net book value for acquired lease merchandise.

## Reconciliation of Net Earnings Excluding Special Items and Non-GAAP Diluted Earnings Per Share

(In thousands)	Twelve Months Ended December 31, 2021						
	Gross Profit	Operating Profit	Earnings Before Income Tax	Tax Expense	Net Earnings	Diluted Earnings per Share	
GAAP Results	\$ 2,235,012	\$ 280,539	\$ 194,304	\$ 59,364	\$ 134,940	\$ 2.02	
Plus: Special Items (Extraordinary, Unusual or Non-Recurring Gains or Charges)							
Acima equity consideration vesting	-	127,060	127,060	-	127,060	1.90	
Acima acquired assets depreciation and amortization <sup>(1)</sup>	(14,265)	100,694	100,694	24,241	76,453	1.14	
Acima Transaction costs	-	17,680	17,680	4,256	13,424	0.20	
Legal settlement reserves	-	17,500	17,500	4,213	13,287	0.20	
Acima integration costs	-	10,305	10,305	2,481	7,824	0.12	
Hurricane impacts	-	1,424	1,424	343	1,081	0.02	
Store closure costs	-	531	531	128	403	0.01	
COVID-19 testing	-	293	293	71	222	-	
State tax audit assessment reserves	-	161	161	39	122	-	
Debt refinancing charges	-	-	15,582	3,751	11,831	0.18	
Discrete income tax items	-	-	-	14,316	(14,316)	(0.22)	
<b>Non-GAAP Adjusted Results</b>	<b>\$ 2,220,747</b>	<b>\$ 556,187</b>	<b>\$ 485,534</b>	<b>\$ 113,203</b>	<b>\$ 372,331</b>	<b>\$ 5.57</b>	

<sup>(1)</sup> Includes amortization of approximately \$101.7 million related to the total fair value of acquired intangible assets, incremental depreciation of approximately \$33.2 million related to the fair value increase over net book value for acquired software assets, and a depreciation credit adjustment of approximately \$(14.2) million related to a step-down of estimated fair value below net book value for acquired lease merchandise.

## Reconciliation of Net Earnings Excluding Special Items and Non-GAAP Diluted Earnings Per Share

(In thousands)	Twelve Months Ended December 31, 2020					
	Gross Profit	Operating Profit	Earnings Before Income Tax	Tax Expense	Net Earnings	Diluted Earnings per Share
GAAP Results	\$ 1,672,152	\$ 237,336	\$ 222,779	\$ 14,664	\$ 208,115	\$ 3.73
Plus: Special Items (Extraordinary, Unusual or Non-Recurring Gains or Charges)						
California refranchise store sale	-	16,600	16,600	4,430	12,170	0.22
Legal settlement reserves	-	7,900	7,900	2,108	5,792	0.10
Acima Transaction costs	-	6,400	6,400	1,708	4,692	0.08
Legal settlement	-	(2,800)	(2,800)	(747)	(2,053)	(0.04)
Store closure costs	-	2,089	2,089	557	1,532	0.03
Asset disposals	-	1,804	1,804	481	1,323	0.02
Cost savings initiatives	-	1,583	1,583	422	1,161	0.02
State tax audit assessment reserves	-	1,225	1,225	327	898	0.02
COVID-19 impacts	-	1,153	1,153	308	845	0.02
Nationwide protest impacts	-	942	942	251	691	0.01
Insurance reimbursement proceeds	-	(341)	(341)	(91)	(250)	-
Discrete income tax items	-	-	-	37,986	(37,986)	(0.68)
<b>Non-GAAP Adjusted Results</b>	<b>\$ 1,672,152</b>	<b>\$ 273,891</b>	<b>\$ 259,334</b>	<b>\$ 62,404</b>	<b>\$ 196,930</b>	<b>\$ 3.53</b>

## Reconciliation of Net Earnings Excluding Special Items and Non-GAAP Diluted Earnings Per Share

(In thousands)	Twelve Months Ended December 31, 2019					
	Gross Profit	Operating Profit	Earnings Before Income Tax	Tax Expense	Net Earnings	Diluted Earnings per Share
GAAP Results	\$ 1,644,071	\$ 253,859	\$ 223,783	\$ 50,237	\$ 173,546	\$ 3.10
Plus: Special Items (Extraordinary, Unusual or Non-Recurring Gains or Charges)						
Vintage Merger termination settlement	-	(92,500)	(92,500)	(21,330)	(71,170)	(1.26)
Headquarters sale	-	(21,819)	(21,819)	(5,031)	(16,788)	(0.30)
Legal and professional fees	-	21,429	21,429	4,941	16,488	0.29
Legal settlements	-	12,896	12,896	2,974	9,922	0.18
Cost savings initiatives	-	10,234	10,234	2,360	7,874	0.14
Store closures	-	7,358	7,358	1,697	5,661	0.10
State tax audit assessments	-	2,381	2,381	549	1,832	0.03
Insurance reimbursement proceeds	-	(1,147)	(1,147)	(264)	(883)	(0.02)
Legal settlement reserves	-	440	440	101	339	0.01
Debt refinancing charges	-	-	2,168	698	1,470	0.03
Discrete income tax items	-	-	-	3,194	(3,194)	(0.06)
<b>Non-GAAP Adjusted Results</b>	<b>\$ 1,644,071</b>	<b>\$ 193,131</b>	<b>\$ 165,223</b>	<b>\$ 40,126</b>	<b>\$ 125,097</b>	<b>\$ 2.24</b>

## Reconciliation of Operating Profit to Adjusted EBITDA (Consolidated and by Segment)

	Twelve Months Ended December 31, 2022					
(in thousands)	Rent-A-Center Business	Acima	Mexico	Franchising	Corporate	Consolidated
<b>GAAP Operating Profit (Loss)</b>	<b>\$ 334,525</b>	<b>\$ 151,301</b>	<b>\$ 6,267</b>	<b>\$ 19,124</b>	<b>\$ (362,679)</b>	<b>\$ 148,538</b>
Plus: Amortization, Depreciation	20,526	1,928	711	146	29,768	53,079
Plus: Stock-based compensation	-	-	-	-	19,399	19,399
Plus: Special Items	-	-	-	-	-	-
Acima equity consideration vesting	-	-	-	-	143,210	143,210
Acima acquired assets depreciation and amortization <sup>(1)</sup>	-	62,052	-	-	15,887	77,939
IT Asset disposals	-	-	-	-	5,808	5,808
Cost savings initiatives	118	(384)	-	-	1,992	1,726
Store closure costs	1,368	-	-	-	-	1,368
Retail partner conversion losses	-	1,169	-	-	-	1,169
State tax audit assessment reserves	-	1,165	-	-	-	1,165
Legal settlement	-	-	-	-	(831)	(831)
Legal settlement reserve	-	-	-	-	650	650
Hurricane impacts	249	-	-	-	-	249
Other	-	77	-	-	(287)	(210)
Acima Transaction costs	-	-	-	-	187	187
<b>Adjusted EBITDA</b>	<b>\$ 356,786</b>	<b>\$ 217,308</b>	<b>\$ 6,978</b>	<b>\$ 19,270</b>	<b>\$ (146,896)</b>	<b>\$ 453,446</b>

<sup>(1)</sup> Includes amortization of approximately \$64.9 million related to the total fair value of acquired intangible assets, incremental depreciation of approximately \$15.9 million related to the fair value increase over net book value for acquired software assets, and a depreciation credit adjustment of approximately \$(2.9) million related to a step-down of estimated fair value below net book value for acquired lease merchandise.



## Reconciliation of Operating Profit to Adjusted EBITDA (Consolidated and by Segment)

	Twelve Months Ended December 31, 2021					
(In thousands)	Rent-A-Center Business	Acima	Mexico	Franchising	Corporate	Consolidated
<b>GAAP Operating Profit (Loss)</b>	<b>\$ 448,905</b>	<b>\$ 176,496</b>	<b>\$ 7,858</b>	<b>\$ 20,321</b>	<b>\$ (373,041)</b>	<b>\$ 280,539</b>
Plus: Amortization, Depreciation	18,588	2,122	511	93	33,516	54,830
Plus: Stock-based compensation	-	-	-	-	20,494	20,494
Plus: Special Items						
Acima equity consideration vesting	-	-	-	-	127,060	127,060
Acima acquired assets depreciation and amortization <sup>1)</sup>	-	87,455	-	-	13,239	100,694
Acima Transaction costs	-	-	-	-	17,680	17,680
Legal settlement reserves	-	-	-	-	17,500	17,500
Acima integration costs	14	6,849	-	-	3,442	10,305
Hurricane impacts	1,276	148	-	-	-	1,424
Store closure costs	528	-	3	-	-	531
COVID-19 testing	293	-	-	-	-	293
State tax audit assessment reserves	-	-	-	-	161	161
<b>Adjusted EBITDA</b>	<b>\$ 469,604</b>	<b>\$ 273,070</b>	<b>\$ 8,372</b>	<b>\$ 20,414</b>	<b>\$ (139,949)</b>	<b>\$ 631,511</b>

<sup>1)</sup> Includes amortization of approximately \$101.7 million related to the total fair value of acquired intangible assets, incremental depreciation of approximately \$12.2 million related to the fair value increase over net book value for acquired software assets, and a depreciation credit adjustment of approximately \$(14.2) million related to a step-down of estimated fair value below net book value for acquired lease merchandise.

## Reconciliation of Operating Profit to Adjusted EBITDA (Consolidated and by Segment)

	Twelve Months Ended December 31, 2020					
(in thousands)	Rent-A-Center Business	Acima	Mexico	Franchising	Corporate	Consolidated
<b>GAAP Operating Profit (Loss)</b>	<b>\$ 333,379</b>	<b>\$ 57,847</b>	<b>\$ 5,798</b>	<b>\$ 12,570</b>	<b>\$ (172,258)</b>	<b>\$ 237,336</b>
Plus: Amortization, Depreciation	19,912	2,066	413	40	34,227	56,658
Plus: Stock-based compensation	-	-	-	-	12,299	12,299
Plus: Special Items						
California refranchise store sale	16,600	-	-	-	-	16,600
Legal settlement reserves	-	-	-	-	7,900	7,900
Acima Transaction costs	-	-	-	-	6,400	6,400
Legal settlement	-	-	-	-	(2,800)	(2,800)
Store closure costs	2,052	-	37	-	-	2,089
Asset disposals	531	4	-	-	1,269	1,804
Cost savings initiatives	577	193	-	-	813	1,583
State tax audit assessment reserves	261	400	-	-	564	1,225
COVID-19 impacts	883	115	-	-	155	1,153
Nationwide protest impacts	942	-	-	-	-	942
Insurance reimbursement proceeds	(341)	-	-	-	-	(341)
<b>Adjusted EBITDA</b>	<b>\$ 374,796</b>	<b>\$ 60,625</b>	<b>\$ 6,248</b>	<b>\$ 12,610</b>	<b>\$ (111,431)</b>	<b>\$ 342,848</b>

## Reconciliation of Operating Profit to Adjusted EBITDA (Consolidated and by Segment)

	Twelve Months Ended December 31, 2019					
(in thousands)	Rent-A-Center Business	Acima	Mexico	Franchising	Corporate	Consolidated
<b>GAAP Operating Profit (Loss)</b>	<b>\$ 235,964</b>	<b>\$ 83,066</b>	<b>\$ 5,357</b>	<b>\$ 7,205</b>	<b>\$ (77,733)</b>	<b>\$ 253,859</b>
Plus: Amortization, Depreciation	20,822	1,533	401	45	38,303	61,104
Plus: Special Items						
Vintage Merger termination settlement	-	-	-	-	(92,500)	(92,500)
Headquarters sale	-	-	-	-	(21,819)	(21,819)
Legal and professional fees	-	-	-	-	21,429	21,429
Legal settlements	-	-	-	-	12,896	12,896
Cost savings initiatives	8,141	500	-	-	1,593	10,234
Store closures	7,222	-	136	-	-	7,358
State tax audit assessments	-	-	-	-	2,381	2,381
Insurance reimbursement proceeds	(1,147)	-	-	-	-	(1,147)
Legal settlement reserves	-	-	-	-	440	440
<b>Adjusted EBITDA</b>	<b>\$ 271,002</b>	<b>\$ 85,099</b>	<b>\$ 5,894</b>	<b>\$ 7,250</b>	<b>\$ (115,010)</b>	<b>\$ 254,235</b>

## Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow

(in thousands)	Twelve Months Ended December 31,				
	2022	2021	2020	2019	2018
Net cash provided by operating activities	\$ 468,460	\$ 392,298	\$ 236,502	\$ 215,416	\$ 227,505
Purchase of property assets	(61,387)	(62,450)	(34,545)	(21,157)	(27,962)
Free cash flow	\$ 407,073	\$ 329,848	\$ 201,957	\$ 194,259	\$ 199,543

