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

# FORM 8-K/A
**(Amendment No. 1)**

**CURRENT REPORT**

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

**Date of Report**
**(Date of earliest event reported):**
**February 17, 2021**

# RENT-A-CENTER, INC.
**(Exact name of registrant as specified in charter)**

| Delaware | 001-38047 | 45-0491516 |
|---|---|---|
| (State or other jurisdiction of incorporation or organization) | (Commission File Number) | (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 or to be registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock, $0.01 Par Value | RCII | 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. ☐

**Introductory Note**

On February 17, 2021, Rent-A-Center, Inc. (the "Company") filed a Current Report on Form 8-K (the "Original Form 8-K") announcing, among other things, that it had consummated the previously announced acquisition (the "Acquisition") of Acima Holdings, LLC, a Utah limited liability company ("Acima"), pursuant to that certain Agreement and Plan of Merger, dated as of December 20, 2020, by and among the Company, Radalta, LLC, a Utah limited liability company and wholly owned subsidiary of the Company, Acima, and Aaron Allred, solely in his capacity as the Member Representative.

This Amendment No.1 to the Original Form 8-K is being filed solely for the purpose of amending Items 9.01(a) and (b). This Form 8-K/A should be read in conjunction with the Original Form 8-K.

The pro forma financial information included as Exhibit 99.3 to this Form 8-K/A has been presented for illustrative purposes only, as required by Form 8-K, and is not intended to, and does not purport to, represent what the combined company's actual results or financial condition would have been if the transactions had occurred on the relevant date, and is not intended to project the future results or financial condition that the combined company may achieve following the Acquisition.

**Item 9.01. Financial Statements and Exhibits.**

**(a) Financial Statements of Business Acquired.**

The audited consolidated financial statements of Acima as of December 31, 2019, December 31, 2018 and December 31, 2017, and for the years ended December 31, 2019, December 31, 2018 and December 31, 2017, the notes related thereto, and the independent auditor's report are filed as Exhibit 99.1 to this Form 8-K/A and incorporated by reference herein.

The unaudited condensed consolidated financial statements of Acima as of September 30, 2020 and September 30, 2019 and for the nine months ended September 30, 2020 and September 30, 2019 and the notes related thereto, are filed as Exhibit 99.2 to this Form 8-K/A and incorporated by reference herein.

**(b) Pro Forma Financial Information.**

The unaudited pro forma condensed combined financial information of the Company and Acima as of September 30, 2020 and for the year ended December 31, 2019 and the nine months ended September 30, 2020 is filed as Exhibit 99.3 to this Form 8-K/A and incorporated by reference herein.

**(d) Exhibits:**

| Exhibit No. | Description |
|---|---|
| 23.1 | Consent of Tanner LLC. |
| 99.1 | The audited consolidated financial statements of Acima as of December 31, 2019, December 31, 2018 and December 31, 2017, and for the years ended December 31, 2019, December 31, 2018 and December 31, 2017, the notes related thereto and the independent auditor's report. |
| 99.2 | The unaudited condensed consolidated financial statements of Acima as of September 30, 2020 and September 30, 2019 and for the nine months ended September 30, 2020 and September 30, 2019, and the notes related thereto. |
| 99.3 | The unaudited pro forma condensed combined financial information of the Company and Acima as of September 30, 2020 and for the nine months ended September 30, 2020 and for the year ended December 31, 2019. |
| 104 | Cover Page Interactive Data File (formatted in Inline XBRL and included as Exhibit 101) |

## 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.

**RENT-A-CENTER, INC.**

| | | | |
|---|---|---|---|
| Date: | February 23, 2021 | By: | /s/ Bryan Pechersky |
| | | | Bryan Pechersky |
| | | | Executive Vice President, General Counsel and Secretary |

**Exhibit 23.1**

## CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in:

1. Registration Statement (Form S-8 No. 333-32296) pertaining to the Rent-A-Center, Inc. 401 (k) Retirement Savings Plan,

2. Registration Statement (Form S-8 No. 333-40958) pertaining to Amended and Restated Rent-A-Center, Inc. Long-Term Incentive Plan,

3. Registration Statement (Form S-8 No. 333-62582) pertaining to Amended and Restated Rent-A-Center, Inc. Long-Term Incentive Plan,

4. Registration Statement (Form S-8 No. 333-136615) pertaining to Rent-A-Center, Inc. 2006 Long-Term Incentive Plan,

5. Registration Statement (Form S-8 No. 333-139792) pertaining to Rent-A-Center, Inc. 2006 Equity Incentive Plan,

6. Registration Statement (Form S-8 No. 333-145121) pertaining to Rent-A-Center, Inc. Deferred Compensation Plan,

7. Registration Statement (Form S-8 No. 333-171926) pertaining to Rent-A-Center East, Inc. Retirement Savings Plan for Puerto Rico Employees, and

8. Registration Statement (Form S-8 No. 333-211859) pertaining to Rent-A-Center, Inc. 2016 Long-Term Incentive Plan;

of our report dated January 14, 2021, relating to the consolidated financial statements of Acima Holdings, LLC, appearing in this Current Report on Form 8-K of Rent-A-Center, Inc.

/s/ Tanner LLC

Lehi, Utah
February 17, 2021

**Exhibit 99.1**

# ACIMA HOLDINGS, LLC

**Consolidated Financial Statements and Supplementary Information**
**Together with Independent Auditors' Report**
**December 31, 2019**

# INDEPENDENT AUDITORS' REPORT

**To the Board of Members of Acima Holdings, LLC**

We have audited the accompanying consolidated financial statements of Acima Holdings, LLC and subsidiaries (collectively, the Company), which comprise the consolidated balance sheets as of December 31, 2019, 2018, and 2017, the related consolidated statements of operations, equity, and cash flows for the years then ended, and the related notes to consolidated financial statements.

**Management's Responsibility for the Consolidated Financial Statements**
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

**Auditors' Responsibility**
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**
In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Acima Holdings, LLC and subsidiaries as of December 31, 2019, 2018, and 2017, and the consolidated results of their operations and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

**Report on Supplementary Information**
Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Tanner LLC
Lehi, Utah

January 14, 2021

## Consolidated Balance Sheets

| | As of December 31, 2019 | As of December 31, 2018 | As of December 31, 2017 |
|---|---|---|---|
| **Assets** | | | |
| Cash | $ 20,549,626 | $ 12,140,271 | $ 7,970,279 |
| Lease receivables, net | 20,754,248 | 10,547,400 | 5,729,357 |
| Leased assets, net | 268,493,222 | 177,397,432 | 86,764,803 |
| Intangible assets, net | 10,031,075 | 7,350,588 | 5,391,695 |
| Other assets, net | 1,327,738 | 1,386,253 | 1,218,820 |
| Total assets | $ 321,155,909 | $ 208,821,944 | $ 107,074,954 |
| **Liabilities and Equity** | | | |
| Operating liabilities | $ 4,661,525 | $ 3,124,823 | $ 3,484,488 |
| Lease liabilities | 12,412,079 | 8,075,061 | 3,400,419 |
| Income tax distribution payable | 5,900,000 | 1,600,000 | 800,000 |
| Sales tax obligation, net | 3,650,152 | 3,694,583 | 3,557,689 |
| Senior debt | 150,000,000 | 125,000,000 | 63,000,000 |
| Senior debt deferred costs | (313,009) | (1,252,045) | — |
| Junior debt | 2,500,000 | 5,000,000 | 9,765,000 |
| Total liabilities | 178,810,747 | 145,242,422 | 84,007,596 |
| Commitments and contingencies | | | |
| Equity | 142,345,162 | 63,579,522 | 23,067,358 |
| Total liabilities and equity | $ 321,155,909 | $ 208,821,944 | $ 107,074,954 |

## Consolidated Statements of Operations

| | For the Year Ended December 31, 2019 | For the Year Ended December 31, 2018 | For the Year Ended December 31, 2017 |
|---|---|---|---|
| Lease portfolio revenues, net | $ 866,456,698 | $ 488,377,005 | $ 217,676,502 |
| Direct lease portfolio costs: | | | |
| Depreciation of leased assets | 669,076,377 | 389,014,022 | 164,480,927 |
| Direct lease costs | 28,157,142 | 19,764,252 | 10,101,455 |
| Total direct lease portfolio costs | 697,233,519 | 408,778,274 | 174,582,382 |
| Gross profit from lease portfolio | 169,223,179 | 79,598,731 | 43,094,120 |
| Interest costs: | | | |
| Senior debt facility | 12,381,571 | 10,528,284 | 5,372,099 |
| Junior debt | 481,342 | 1,566,260 | 980,877 |
| Total interest costs | 12,862,913 | 12,094,544 | 6,352,976 |
| Net profit from lease portfolio | 156,360,266 | 67,504,187 | 36,741,144 |
| Operating costs: | | | |
| Payroll costs, net | 23,348,588 | 17,214,744 | 11,531,934 |
| Other operating costs | 8,990,956 | 7,604,339 | 4,958,842 |
| Equity-based compensation | 719,824 | 422,674 | 398,532 |
| Total operating costs | 33,059,368 | 25,241,757 | 16,889,308 |
| Net income | $ 123,300,898 | $ 42,262,430 | $ 19,851,836 |

## Consolidated Statements of Equity

| | For the Year Ended December 31, 2019 | For the Year Ended December 31, 2018 | For the Year Ended December 31, 2017 |
|---|---|---|---|
| Beginning equity | $ 63,579,522 | $ 23,067,358 | $ 4,245,282 |
| Equity-based compensation | 719,824 | 422,674 | 398,532 |
| Redemption of equity | (1,062,500) | — | — |
| Distributions | (44,192,582) | (2,172,940) | (1,428,292) |
| Net income | 123,300,898 | 42,262,430 | 19,851,836 |
| Ending equity | $ 142,345,162 | $ 63,579,522 | $ 23,067,358 |

See notes to consolidated financial statements.

## Consolidated Statements of Cash Flows

| | For the Year Ended December 31, 2019 | For the Year Ended December 31, 2018 | For the Year Ended December 31, 2017 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Net income | $ 123,300,898 | $ 42,262,430 | $ 19,851,836 |
| Adjustments to reconcile net income to cash provided by (used in) operating activities: | | | |
| Net change in leased assets: | | | |
| Purchases of leased assets | (758,882,884) | (477,233,853) | (202,573,016) |
| Depreciation of leased assets | 669,076,377 | 389,014,022 | 164,480,927 |
| Capitalized direct lease costs, net | (1,289,283) | (2,412,798) | (861,404) |
| | (91,095,790) | (90,632,629) | (38,953,493) |
| Other amortization: | | | |
| Amortization of intangible assets | 2,581,776 | 1,791,181 | 930,238 |
| Deferred costs on debt | 939,036 | 541,752 | — |
| Equity-based compensation | 719,824 | 422,674 | 398,532 |
| | 4,240,636 | 2,755,607 | 1,328,770 |
| Net changes in other operating accounts: | | | |
| Lease receivables | (10,206,848) | (4,818,043) | (2,460,718) |
| Other assets | 58,515 | (167,433) | (128,022) |
| Operating liabilities | 1,536,702 | (359,665) | 1,431,648 |
| Lease liabilities | 4,337,018 | 4,674,642 | 2,676,643 |
| Sales tax obligation | (44,431) | 136,894 | 4,463,873 |
| | (4,319,044) | (533,605) | 5,983,424 |
| Net cash provided by (used in) operating activities | 32,126,700 | (46,148,197) | (11,789,463) |
| **Cash flows from investing activities:** | | | |
| Investment in intangible assets | (5,262,263) | (3,750,074) | (4,018,269) |
| **Cash flows from financing activities:** | | | |
| Net change in senior debt | 25,000,000 | 62,000,000 | 19,800,000 |
| Net change in junior debt | (2,500,000) | (4,765,000) | (1,005,151) |
| Debt costs paid | — | (1,793,797) | — |
| Redemption of equity | (1,062,500) | — | — |
| Distributions | (39,892,582) | (1,372,940) | (628,292) |
| Net cash provided by (used in) financing activities | (18,455,082) | 54,068,263 | 18,166,557 |
| Net change in cash | 8,409,355 | 4,169,992 | 2,358,825 |
| Beginning cash | 12,140,271 | 7,970,279 | 5,611,454 |
| Ending cash | $ 20,549,626 | $ 12,140,271 | $ 7,970,279 |
| **Supplementary information:** | | | |
| Cash paid for interest | $ 12,862,913 | $ 12,742,846 | $ 6,171,428 |

See notes to consolidated financial statements.

**1. Nature of Business and Summary of Significant Accounting Policies**

***Nature of Business***

Acima Credit, LLC was organized as a limited liability company in the State of Utah on March 8, 2013 (Inception). Until January 2017, Acima Credit, LLC was named Simple RTO, LLC and did business as Simple Finance. Acima Holdings, LLC was organized as a limited liability company in the State of Utah on April 20, 2018 and owns 100% of Acima Credit, LLC, and the former ownership group of Acima Credit, LLC was effectively transferred to Acima Holdings, LLC. Acima Solutions, LLC was organized as a limited liability company in the State of Utah on December 28, 2018 and is also 100% owned by Acima Holdings, LLC.

We are required to present consolidated financial statements that include the accounts of Acima Holdings, LLC, Acima Credit, LLC, and Acima Solutions, LLC (collectively, the Company). All material intercompany accounts and transactions are eliminated in consolidation. Acima Holdings, LLC and Acima Solutions, LLC had essentially no activity since their inception in 2018 and through December 31, 2019.

Headquartered in Salt Lake City, Utah, Acima Credit, LLC offers a lease/purchase program in 46 states to customers of retail stores and merchants as an alternative to traditional financing. Leased assets consist primarily of home furniture, mattresses, appliances, and automobile tires. Under the lease program, lessees enter into a lease agreement, typically with the following basic terms and conditions:

- Periodic payments in fixed amounts
- Lease-to-own term typically approximately twelve months
- Same-as-cash purchase option within 90 days
- Discounted purchase option (65% of unpaid obligation)
- Cancelable anytime

***Use of Estimates***

Management is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The allowance for uncollectable receivables and the reserve for impaired leased assets are significant estimates.

Management estimates the allowance for uncollectable receivables and the reserve for impaired leased assets using statistical methods based on historical payment behaviors, collection trends, and underwriting characteristics. We have long used these methods to underwrite and monitor our lease portfolio and we believe them to be reliable for purposes of determining the necessary allowance and reserve.

For accounts with a regularly scheduled billing that is delinquent by 120 days or more, the related receivables are either charged off as uncollectable or reduced to zero net of the allowance, and the related leased asset is either fully depreciated or reduced to zero net of the reserve.

The *provision for uncollectable receivables* addressed in Note 2 consists of the net change in the allowance for uncollectable receivables and the amount of all lease receivables charged off during the period. The *provision for unrecoverable leased assets* addressed in Note 3 consists of the net change in the reserve for impaired leased assets, which acts to temporarily accelerate depreciation.

***Concentrations of Credit Risk***

The Company is exposed to the credit risk associated with its leases. If the Company's customers quit making payments as contractually provided in their lease arrangements, the related lease receivables may not be collectable, and the related net leased assets may not be recoverable. The Company is also exposed to the credit risk associated with its cash balances that either are not insured or that exceed Federally insured limits.

**1. Nature of Business and Summary of Significant Accounting Policies**
***Continued***

***Lease Portfolio Income Recognition***
Lease portfolio revenues consist of revenues earned from the lease or sale of leased assets. Revenues from the lease of leased assets is earned on a straight-line basis over the term of the lease, commencing once the lessee signs the lease agreement and receives the leased asset and the Company funds the lease, and ending when final payment is made. Revenues from the sale of leased assets (purchase option) is recognized upon receipt of the proceeds from sale.

Scheduled lease payments are considered receivable when billed. Lease payments received in excess of amounts billed are recognized as lessee deposits. For leases where lease revenues earned exceed the amounts billed, the excess is recognized as unbilled revenues earned. For leases where amounts billed exceed the lease revenues earned, the excess is recognized as unearned revenues billed.

The *lease receivables* line item in the consolidated balance sheets consists of billed and uncollected lease payments, unbilled revenues earned, and unearned revenues billed, less the allowance for uncollectable receivables. The *lease liabilities* line item in the consolidated balance sheets consists of lessee deposits, and sales taxes collected and held for remittance.

Servicing fees (e.g., late fees and insufficient-fund fees) and other lease income are recognized upon receipt.

***Leased Assets***
Leased assets are recorded at cost less accumulated depreciation and the reserve for impairment. Leased assets are depreciated on a straight-line basis over the term of the lease (generally twelve months). When leased assets are sold (purchase option) or the related accounts are settled or charged off, the remaining net cost is fully depreciated.

***Direct Lease Costs***
Direct lease costs consist of commissions and sales wages directly related to successful lease originations, plus the portion of processing, audit, and credit reporting costs spent on successful lease originations. Direct lease costs are capitalized with leased assets and amortized in a pattern that mirrors the depreciation of leased assets.

***Intangible Assets***
Intangible assets consist predominantly of the cost of developing internal-use software systems used to manage the Company’s lease operations. The cost of development deemed capitalizable under US generally accepted accounting principles (US GAAP) is capitalized in monthly tranches, and each month’s tranche is amortized on a straight-line basis over five years, which is the estimated average useful life of new systems development before it is superseded by new development. The internal-use software systems are evaluated for impairment. Impairment loss is recognized if the net carrying amount of an internal-use software system exceeds the undiscounted sum of cash flows expected to result from its use and disposition. As of December 31, 2019, no impairment has been recognized.

***Fair Value of Financial Instruments***
Our financial instruments include cash, receivables, payables, senior debt, and junior debt. The carrying amounts of cash, receivables, and payables approximate fair value because of the short maturities of these instruments. The interest rates on the senior debt are variable and so the carrying value approximates fair value. The junior debt is due on demand and so the carrying amount approximates fair value.

***Income Taxes***
As a limited liability company, taxable income or loss from the Company is allocated to its members. Therefore, no provision or liability for income taxes has been included in the financial statements.

**1. Nature of Business and Summary of Significant Accounting Policies**
***Continued***

***Sales Tax***
In jurisdictions that require sales tax to be levied on lease payments received from the lessee, sales tax collected from the lessee is recognized as a liability until remitted, and no sales tax expense is recognized. In jurisdictions that require sales tax to be levied on the purchase of leased assets, sales tax has been capitalized as part of the cost of the leased assets.

Prior to March 1, 2017, sales tax was paid on the purchase of leased assets in all jurisdictions. For any lease executed prior to March 1, 2017 in jurisdictions that instead require sales tax to be levied on lease payments received from the lessee, the Company did not charge the lessee sales tax on lease payments, but has instead chosen to recognize a sales tax obligation, resulting in the recognition of expense.

***Reclassifications***
Certain reclassifications were made to the 2017 and 2018 financial statements to conform to the presentation in the 2019 financial statements.

***Subsequent Events***
The Company has evaluated, for potential accounting and disclosure, events and transactions occurring after December 31, 2019 through January 14, 2021, the date these consolidated financial statements were available to be issued.

**2. Lease Receivables**

Lease receivables consist of the following:

| | As of December 31, 2019 | As of December 31, 2018 | As of December 31, 2017 |
|---|---|---|---|
| Billed lease receivables | $ 42,344,307 | $ 26,685,812 | $ 11,147,104 |
| Unbilled revenues earned | 16,006,720 | 7,886,268 | 3,490,460 |
| Unearned revenues billed | (4,890,503) | (2,863,192) | (1,359,279) |
| Allowance for uncollectability | (32,706,276) | (21,161,488) | (7,548,928) |
| Lease receivables, net | $ 20,754,248 | $ 10,547,400 | $ 5,729,357 |

The provisions for uncollectable receivables totaling $130,272,481, $78,433,305, and $32,804,629 for the years ended December 31, 2019, 2018, and 2017, respectively, were netted against lease portfolio revenues. Lease receivables charged off totaled $118,727,693, $64,820,745, and $31,631,051 for the years ended December 31, 2019, 2018, and 2017, respectively.

**3. Leased Assets**

Leased assets consist of the following:

| | As of December 31, 2019 | As of December 31, 2018 | As of December 31, 2017 |
|---|---|---|---|
| Leased assets | $ 442,537,281 | $ 297,432,595 | $ 140,191,659 |
| Accumulated depreciation | (157,427,451) | (109,119,678) | (50,007,613) |
| Reserve for impairment | (23,220,598) | (16,230,192) | (6,321,152) |
| | 261,889,232 | 172,082,725 | 83,862,894 |
| Direct lease costs | 17,451,113 | 13,736,211 | 7,310,512 |
| Accumulated amortization | (10,847,123) | (8,421,504) | (4,408,603) |
| | 6,603,990 | 5,314,707 | 2,901,909 |
| Leased assets, net | $ 268,493,222 | $ 177,397,432 | $ 86,764,803 |

The reserve for impairment is temporarily provided against unrecoverable leased assets until the leased asset becomes recoverable or fully depreciates. The provisions for unrecoverable leased assets totaling $6,990,407, $9,909,039, and $541,704 for the years ended December 31, 2019, 2018, and 2017, respectively, were added to the depreciation of leased assets.

Direct lease costs consist of the capitalized cost of sales commissions and rebates; sales, processing, and underwriting wages; and consumer credit information. Direct lease costs totaling $17,451,113, $13,736,211, and $7,310,512 were capitalized in the years ended December 31, 2019, 2018, and 2017, respectively.

**4. Intangible Assets**

Intangible assets consist of the following:

| | As of December 31, 2019 | As of December 31, 2018 | As of December 31, 2017 |
|---|---|---|---|
| Internal-use software systems | $ 16,018,154 | $ 10,755,891 | $ 7,005,817 |
| Accumulated amortization | (5,987,079) | (3,405,303) | (1,614,122) |
| Intangible assets, net | $ 10,031,075 | $ 7,350,588 | $ 5,391,695 |

Internal-use software systems consist of the capitalized cost of employed software developers. Development costs totaling $5,262,263, $3,750,074, and $4,018,269 were capitalized in the years ended December 31, 2019, 2018, and 2017, respectively.

**5. Lease Liabilities**

Lease liabilities consist of the following:

| | As of December 31, 2019 | As of December 31, 2018 | As of December 31, 2017 |
|---|---|---|---|
| Customer deposits held | $ 7,356,501 | $ 5,209,295 | $ 1,950,735 |
| Sales tax collected and payable | 5,055,578 | 2,865,766 | 1,449,684 |
| Lease liabilities | $ 12,412,079 | $ 8,075,061 | $ 3,400,419 |

**6. Borrowings**

Senior debt consists of the following:

| | As of December 31, 2019 | As of December 31, 2018 | As of December 31, 2017 |
|---|---|---|---|
| **Senior Debt *** | | | |
| Comvest debt facility, borrowings limited to 69% of eligible receivables** limited to $150 million, interest paid monthly at LIBOR plus 6%, principal and unpaid interest is due April 26, 2021 | $ 150,000,000 | $ 125,000,000 | $ — |
| Keystone debt facility, borrowings limited to 68% of eligible receivables limited to $70 million, interest paid monthly at 11%, the balance paid off in April 2018 | — | — | 63,000,000 |
| Total senior debt | 150,000,000 | 125,000,000 | 63,000,000 |
| Senior debt deferred costs | (313,009) | (1,252,045) | — |
| Net senior debt | $ 149,686,991 | $ 123,747,995 | $ 63,000,000 |

*The senior debt is secured by the Company's leases, its assets, and the members' ownership in the Company. The senior debt is senior in priority to the junior debt. The Company is in compliance with its senior debt covenants.

**Eligible receivables are defined as the sum of the cost of all leased assets originated in the trailing 12 months multiplied by 127.5%, minus the sum of all lease payments received related to the leased assets originated in the trailing 12 months, subject to certain concentration limits.

Junior debt consists of the following:

| | As of December 31, 2019 | As of December 31, 2018 | As of December 31, 2017 |
|---|---|---|---|
| **Junior Debt ***** | | | |
| Note payable to the CEO (and principal owner), interest at 15% paid monthly, and principal is due on demand | $ 2,000,000 | $ 4,000,000 | $ 4,000,000 |
| Notes payable to the CEO (and principal owner), interest at 10% paid monthly, and principal is due on demand | 500,000 | 1,000,000 | 3,750,000 |
| Notes payable to former members | — | — | 2,015,000 |
| Total junior debt | $ 2,500,000 | $ 5,000,000 | $ 9,765,000 |

**6. Borrowings** *Continued*

***All junior debt is unsecured and subordinated to the senior debt. In the event any payment is made on junior debt, the Company must remain in good standing with the senior debt (no event of default).

As of December 31, 2019, total borrowings come due as follows:

| | |
|---|---|
| Junior debt due on demand | $ 2,500,000 |
| Senior debt due April 26, 2021 | 150,000,000 |
| | $ 152,500,000 |

**7. Contingencies**

In the ordinary course of the Company's operations, the Company may be subject to contingent losses as a result of claims or assessments. As of December 31, 2019, management believes no known asserted claim or assessment will have a significant effect on the financial position or operations of the Company. It is too early to determine whether any unasserted claim or assessment will have a significant effect on the financial position or operations of the Company.

**8. Equity and Equity based Compensation**

The Company's equity consists of Class A and Class B Units. There is no meaningful difference between the two classes of equity, in terms of preferences or otherwise, except that Class A Units represent capital interests and Class B Units represent profits interests. Class A Units were issued to founders and investors, and Class B Units were issued to certain key employees. As of December 31, 2019, Class A and Class B Units totaled 197,336,578 and the Company was authorized to issue additional Class B Units totaling 2,263,422.

Equity transactions consist of the following (in units):

| | For the Year Ended December 31, 2019 | For the Year Ended December 31, 2018 | For the Year Ended December 31, 2017 |
|---|---|---|---|
| Class A Units: | | | |
| Number of units | 178,236,600 | 178,236,600 | 178,236,600 |
| Class B Units: | | | |
| Beginning number of units | 20,099,978 | 14,839,978 | 13,512,200 |
| Issuances as incentives | 650,000 | 5,360,000 | 1,550,000 |
| Forfeitures of unvested | (895,834) | (100,000) | (222,222) |
| Redemptions | (754,166) | — | — |
| Ending number of units | 19,099,978 | 20,099,978 | 14,839,978 |
| Total number of units | 197,336,578 | 198,336,578 | 193,076,578 |

As of December 31, 2019, the number of vested Class B Units totaled 16,481,367 with an estimated intrinsic value totaling $78 million.

Equity-based compensation totaled $719,824, $422,674, and $398,532 for the years ended December 31, 2019, 2018, and 2017, respectively. Unrecognized compensation totaling $875,902 from Class B Units outstanding as of December 31, 2019 (and not forfeited as of February 28, 2020) shall be recognized as follows: $507,005 in 2020, $310,611 in 2021, and $58,287 in 2022.

**8. Equity and Equity based Compensation** *Continued*

Class B Units held no intrinsic value on the dates they were individually issued as incentives. However, US GAAP requires that profits interests be valued at fair value, and that the fair value be recognized as compensation on a straight-line basis over the period from the issue date through completion of vesting. Class B Units issued in 2017 were valued at $111,899 in total and vest over 36 months. Class B Units issued in 2018 were valued at $1,847,106 in total and vest over 36 months. Class B Units issued in 2019 were valued at $468,704 in total and vest over 36 months.

The Class B Units issued in 2019, 2018, and 2017 were valued using the Black-Scholes option pricing model, which model is meant to estimate the price the recipients could have received if they sold their profits interests on the date they were issued. The significant inputs for the Black-Scholes option pricing model include (1) the expected volatility of the equity underlying the instrument, (2) the expected life of the instrument, (3) the risk-free interest rate, and (4) the fair value of the Company's Class B units as of the date issued.

Management estimated the expected volatility of the Company's equity (underlying the profits interests), ranging from 43.78% to 46.87%, by applying the actual volatility of certain public companies who do business in the lease-to-own and subprime lending industries. Management estimated the expected life of the instrument to be 2 to 3 years. Management estimated the risk-free interest rate, ranging from 1.47% to 2.60%, by applying the actual interest rate of two-year to three-year constant maturities near the date the profits interests were issued.

**9. Premises Rent**

On February 7, 2020, the Company entered into a lease agreement to rent premises in Draper, Utah for a period of 66 months. On January 21, 2016, the Company entered into a lease arrangement (later amended for additional space) to rent premises in Sandy, Utah for a period of 45 months. Minimum rents come due after December 31, 2019 as follows:

| | Sandy | Draper |
|---|---|---|
| In the years ending December 31: | | |
| 2020 | $ 184,582 | $ 687,405 |
| 2021 | — | 2,131,866 |
| 2022 | — | 2,195,821 |
| 2023 | — | 2,261,688 |
| 2024 | — | 2,329,529 |
| 2025 | — | 1,994,595 |
| | $ 184,582 | $ 11,600,904 |

In February 2016, the Financial Accounting Standards Board issued its new lease accounting guidance in ASU No. 2016-02, Leases (Topic 842). Starting in 2021, this guidance will require the Company to recognize its obligation to make future premises lease payments as a liability, and to recognize its right to use the leased premises as an asset, in the consolidated balance sheets. Currently, no premises lease liability or premises right-of-use asset is presented in the consolidated balance sheets.

Amortization of the premises right-of-use asset shall be patterned such that, when combined with Interest accrued on the premises lease liability, the combined lease cost behaves as a single lease cost recognized on a straight-line basis over the term of the lease. Currently, premises rent is already recognized on a straight-line basis over the term of the lease.

**10. Subsequent Event**

On December 20, 2020, the Company entered into a definitive agreement to be acquired by Rent-A-Center (NASDAQ: RCII). Total consideration consists of $1.273 billion in cash and approximately 10.8 million shares of Rent-A-Center common stock valued at $377 million at the time of signing. Regulatory approval is required before the acquisition is closed. Regulatory approval remains outstanding as of January 14, 2021, the date these consolidated financial statements were available to be issued.

| | For the Year Ended December 31, 2019 | | For the Year Ended December 31, 2018 | | For the Year Ended December 31, 2017 | |
|---|---|---|---|---|---|---|
| Adjusted EBITDA: | | | | | | |
| Net income | $ | 123,300,898 | $ | 42,262,430 | $ | 19,851,836 |
| Interest on senior debt | | 12,381,571 | | 10,528,284 | | 5,372,099 |
| Interest on junior debt | | 481,342 | | 1,566,260 | | 980,877 |
| Amortization of intangible assets | | 2,581,776 | | 1,791,181 | | 930,238 |
| Equity-based compensation | | 719,824 | | 422,674 | | 398,532 |
| Sales tax obligation exposure | | — | | 100,122 | | 1,857,862 |
| Adjusted EBITDA | $ | 139,465,411 | $ | 56,670,951 | $ | 29,391,444 |

| | As of December 31, 2019 | As of December 31, 2018 | As of December 31, 2017 |
|---|---|---|---|
| Senior debt in ratio to junior debt and equity | 1.04 | 1.82 | 1.92 |
| Total liabilities in ratio to equity | 1.26 | 2.28 | 3.64 |
| Debt service coverage ratio | 10.59 | 4.49 | 4.12 |
| Debt and distributions coverage ratio | 2.39 | 3.81 | 3.37 |

EXHIBIT 99.2

# ACIMA HOLDINGS, LLC

**Consolidated Financial Statements (Unaudited)**
**September 30, 2020 and 2019**

## Consolidated Balance Sheets
(Unaudited)

| | As of September 30, 2020 | As of September 30, 2019 |
|---|---|---|
| **Assets** | | |
| Cash | $ 25,407,652 | $ 18,036,364 |
| Lease receivables, net | 19,635,267 | 17,000,142 |
| Leased assets, net | 315,430,446 | 240,563,099 |
| Intangible assets, net | 10,966,109 | 9,399,536 |
| Other assets, net | 2,886,965 | 1,407,934 |
| Total assets | $ 374,326,439 | $ 286,407,075 |
| **Liabilities and Equity** | | |
| Operating liabilities | $ 3,685,042 | $ 3,747,885 |
| Lease liabilities | 17,696,549 | 12,252,003 |
| Income tax distribution payable | 49,900,000 | 3,300,000 |
| Sales tax obligation, net | 3,654,967 | 3,654,707 |
| Senior debt | 150,000,000 | 125,000,000 |
| Senior debt deferred costs | — | (547,768) |
| Junior debt | 2,500,000 | 2,500,000 |
| Total liabilities | 227,436,558 | 149,906,827 |
| Commitments and contingencies | | |
| Equity | 146,889,881 | 136,500,248 |
| Total liabilities and equity | $ 374,326,439 | $ 286,407,075 |

See notes to consolidated financial statements.

## Consolidated Statements of Operations (Unaudited)

| | For the Nine Months Ended September 30, 2020 | For the Nine Months Ended September 30, 2019 |
|---|---|---|
| Lease portfolio revenues, net | $ 914,111,811 | $ 618,927,960 |
| Direct lease portfolio costs: | | |
| Depreciation of leased assets | 692,572,458 | 476,450,131 |
| Direct lease costs | 25,392,503 | 20,383,006 |
| Total direct lease portfolio costs | 717,964,961 | 496,833,137 |
| Gross profit from lease portfolio | 196,146,850 | 122,094,823 |
| Interest costs: | | |
| Senior debt | 8,861,293 | 9,537,909 |
| Junior debt | 259,863 | 391,205 |
| Total interest costs | 9,121,156 | 9,929,114 |
| Net profit from lease portfolio | 187,025,694 | 112,165,709 |
| Operating costs: | | |
| Payroll costs, net | 21,323,426 | 16,763,095 |
| Other operating costs | 8,494,532 | 6,326,754 |
| Equity-based compensation | 995,007 | 532,232 |
| Total operating costs | 30,812,965 | 23,622,081 |
| Net income | $ 156,212,729 | $ 88,543,628 |

See notes to consolidated financial statements.

## Consolidated Statements of Equity
## (Unaudited)

| | For the Nine Months Ended September 30, 2020 | For the Nine Months Ended September 30, 2019 |
|---|---|---|
| Beginning equity | $ 142,345,162 | $ 63,579,522 |
| Equity-based compensation | 995,007 | 532,232 |
| Redemption of equity | (3,235,272) | (62,500) |
| Distributions | (149,427,745) | (16,092,634) |
| Net income | 156,212,729 | 88,543,628 |
| Ending equity | $ 146,889,881 | $ 136,500,248 |

See notes to consolidated financial statements.

## Consolidated Statements of Cash Flows
(Unaudited)

| | For the Nine Months Ended September 30, 2020 | For the Nine Months Ended September 30, 2019 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Net income | $ 156,212,729 | $ 88,543,628 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | |
| Net change in leased assets: | | |
| Purchases of leased assets | (739,365,488) | (538,859,690) |
| Depreciation of leased assets | 692,572,458 | 476,450,131 |
| Capitalized direct lease costs, net | (144,194) | (756,108) |
| | (46,937,224) | (63,165,667) |
| Other amortization: | | |
| Amortization of intangible assets | 2,473,279 | 1,853,493 |
| Deferred costs on debt | 313,009 | 704,277 |
| Equity-based compensation | 995,007 | 532,232 |
| | 3,781,295 | 3,090,002 |
| Net changes in other operating accounts: | | |
| Lease receivables | 1,118,981 | (6,452,742) |
| Other assets | (1,559,227) | (21,681) |
| Operating liabilities | (976,483) | 623,062 |
| Lease liabilities | 5,284,470 | 4,176,942 |
| Sales tax obligation | 4,815 | (39,876) |
| | 3,872,556 | (1,714,295) |
| Net cash provided by (used in) operating activities | 116,929,356 | 26,753,668 |
| **Cash flows from investing activities:** | | |
| Investment in intangible assets | (3,408,313) | (3,902,441) |
| **Cash flows from financing activities:** | | |
| Net change in junior debt | — | (2,500,000) |
| Redemption of equity | (3,235,272) | (62,500) |
| Distributions | (105,427,745) | (14,392,634) |
| Net cash provided by (used in) financing activities | (108,663,017) | (16,955,134) |
| Net change in cash | 4,858,026 | 5,896,093 |
| Beginning cash | 20,549,626 | 12,140,271 |
| Ending cash | $ 25,407,652 | $ 18,036,364 |
| **Supplementary information:** | | |
| Cash paid for interest | $ 9,121,156 | $ 9,929,114 |

See notes to consolidated financial statements.

## 1. Nature of Business and Summary of Significant Accounting Policies

***Nature of Business***
Acima Credit, LLC was organized as a limited liability company in the State of Utah on March 8, 2013 (Inception). Until January 2017, Acima Credit, LLC was named Simple RTO, LLC and did business as Simple Finance. Acima Holdings, LLC was organized as a limited liability company in the State of Utah on April 20, 2018 and owns 100% of Acima Credit, LLC, and the former ownership group of Acima Credit, LLC was effectively transferred to Acima Holdings, LLC. Acima Solutions, LLC was organized as a limited liability company in the State of Utah on December 28, 2018 and is also 100% owned by Acima Holdings, LLC.

Our consolidated financial statements include the accounts of Acima Holdings, LLC, Acima Credit, LLC, and Acima Solutions, LLC (collectively, the Company). All material intercompany accounts and transactions are eliminated in consolidation. Acima Credit, LLC has historically held all lease activity and continues to hold all merchant point-of-sale lease activity. Acima Solutions, LLC took over all merchant ecommerce lease activity in 2020. Acima Holdings, LLC has essentially no activity.

Headquartered in Salt Lake City, Utah, Acima Credit, LLC offers a lease/purchase program in 46 states to customers of retail stores and merchants as an alternative to traditional financing. Leased assets consist primarily of home furniture, mattresses, appliances, and automobile tires. Under the lease program, lessees enter into a lease agreement, typically with the following basic terms and conditions:

- Periodic payments in fixed amounts
- Lease-to-own term typically approximately twelve months
- Same-as-cash purchase option within 90 days
- Discounted purchase option (65% of unpaid obligation)
- Cancelable anytime

***Use of Estimates***
Management is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The allowance for uncollectable receivables and the reserve for impaired leased assets are significant estimates.

Management estimates the allowance for uncollectable receivables and the reserve for impaired leased assets using statistical methods based on historical payment behaviors, collection trends, and underwriting characteristics. We have long used these methods to underwrite and monitor our lease portfolio and we believe them to be reliable for purposes of determining the necessary allowance and reserve.

For accounts with a regularly scheduled billing that is delinquent by 120 days or more, the related receivables are either charged off as uncollectable or reduced to zero net of the allowance, and the related leased asset is either fully depreciated or reduced to zero net of the reserve.

The *provision for uncollectable receivables* addressed in Note 2 consists of the net change in the allowance for uncollectable receivables and the amount of all lease receivables charged off during the period. The *provision for unrecoverable leased assets* addressed in Note 3 consists of the net change in the reserve for impaired leased assets, which acts to temporarily accelerate depreciation.

Concentrations of Credit Risk
The Company is exposed to the credit risk associated with its leases. If the Company's customers quit making payments as contractually provided in their lease arrangements, the related lease receivables may not be collectable, and the related net leased assets may not be recoverable. The Company is also exposed to the credit risk associated with its cash balances that either are not insured or that exceed Federally insured limits.

**1. Nature of Business and Summary of Significant Accounting Policies**
***Continued***

***Lease Portfolio Income Recognition***
Lease portfolio revenues consist of revenues earned from the lease or sale of leased assets. Revenues from the lease of leased assets is earned on a straight-line basis over the term of the lease, commencing once the lessee signs the lease agreement and receives the leased asset and the Company funds the lease, and ending when final payment is made. Revenues from the sale of leased assets (purchase option) is recognized upon receipt of the proceeds from sale.

Scheduled lease payments are considered receivable when billed. Lease payments received in excess of amounts billed are recognized as lessee deposits. For leases where lease revenues earned exceed the amounts billed, the excess is recognized as unbilled revenues earned. For leases where amounts billed exceed the lease revenues earned, the excess is recognized as unearned revenues billed.

The *lease receivables* line item in the consolidated balance sheets consists of billed and uncollected lease payments, unbilled revenues earned, and unearned revenues billed, less the allowance for uncollectable receivables. The *lease liabilities* line item in the consolidated balance sheets consists of lessee deposits, and sales taxes collected and held for remittance.

Servicing fees (e.g., late fees and insufficient-fund fees) and other lease income are recognized upon receipt.

***Leased Assets***
Leased assets are recorded at cost less accumulated depreciation and the reserve for impairment. Leased assets are depreciated on a straight-line basis over the term of the lease (generally twelve months). When leased assets are sold (purchase option) or the related accounts are settled or charged off, the remaining net cost is fully depreciated.

***Direct Lease Costs***
Direct lease costs consist of commissions and sales wages directly related to successful lease originations, plus the portion of processing, audit, and credit reporting costs spent on successful lease originations. Direct lease costs are capitalized with leased assets and amortized in a pattern that mirrors the depreciation of leased assets.

***Intangible Assets***
Intangible assets consist predominantly of the cost of developing internal-use software systems used to manage the Company’s lease operations. The cost of development deemed capitalizable under US generally accepted accounting principles (US GAAP) is capitalized in monthly tranches, and each month’s tranche is amortized on a straight-line basis over five years, which is the estimated average useful life of new systems development before it is superseded by new development. The internal-use software systems are evaluated for impairment. Impairment loss is recognized if the net carrying amount of an internal-use software system exceeds the undiscounted sum of cash flows expected to result from its use and disposition. Through September 30, 2020, no impairment has been recognized.

***Fair Value of Financial Instruments***
Our financial instruments include cash, receivables, payables, senior debt, and junior debt. The carrying amounts of cash, receivables, and payables approximate fair value because of the short maturities of these instruments. The interest rates on the senior debt are variable and so the carrying value approximates fair value. The junior debt is due on demand and so the carrying amount approximates fair value.

**1. Nature of Business and Summary of Significant Accounting Policies**
*Continued*

***Income Taxes***
As a limited liability company, taxable income or loss from the Company is allocated to its members. Therefore, no provision or liability for income taxes has been included in the financial statements.

***Sales Tax***
In jurisdictions that require sales tax to be levied on lease payments received from the lessee, sales tax collected from the lessee is recognized as a liability until remitted, and no sales tax expense is recognized. In jurisdictions that require sales tax to be levied on the purchase of leased assets, sales tax has been capitalized as part of the cost of the leased assets.

Prior to March 1, 2017, sales tax was paid on the purchase of leased assets in all jurisdictions. For any lease executed prior to March 1, 2017 in jurisdictions that instead require sales tax to be levied on lease payments received from the lessee, the Company did not charge the lessee sales tax on lease payments, but has instead chosen to recognize a sales tax obligation, resulting in the recognition of expense.

***Subsequent Events***
The Company has evaluated, for potential accounting and disclosure, events and transactions occurring after September 30, 2020 through January 14, 2021, the date these consolidated financial statements were available to be issued.

**2. Lease Receivables**

Lease receivables consist of the following:

| | As of September 30, 2020 | As of September 30, 2019 |
|---|---|---|
| Billed lease receivables | $ 31,590,700 | $ 36,993,214 |
| Unbilled revenues earned | 18,542,261 | 13,732,133 |
| Unearned revenues billed | (5,324,369) | (4,436,794) |
| Allowance for uncollectability | (25,173,325) | (29,288,411) |
| Lease receivables, net | $ 19,635,267 | $ 17,000,142 |

The provisions for uncollectable receivables totaling $106,871,739 and $88,790,543 for the nine months ended September 30, 2020 and 2019, respectively, were netted against lease portfolio revenues. Lease receivables charged off totaled $114,404,690 and $80,663,620 for the nine months ended September 30, 2020 and 2019, respectively.

**3. Leased Assets**

Leased assets consist of the following:

| | As of September 30, 2020 | As of September 30, 2019 |
|---|---|---|
| Leased assets | $ 501,456,498 | $ 399,214,026 |
| Accumulated depreciation | (176,704,830) | (143,389,888) |
| Reserve for impairment | (16,069,406) | (21,331,854) |
| | 308,682,262 | 234,492,284 |
| Direct lease costs | 19,519,612 | 16,428,156 |
| Accumulated amortization | (12,771,428) | (10,357,341) |
| | 6,748,184 | 6,070,815 |
| Leased assets, net | $ 315,430,446 | $ 240,563,099 |

The reserve for impairment is temporarily provided against unrecoverable leased assets until the leased asset becomes recoverable or fully depreciates. The provisions (recoveries) for unrecoverable leased assets totaling $(7,151,191) and $5,101,664 for the nine months ended September 30, 2020 and 2019, respectively, were added to (subtracted from) the depreciation of leased assets.

Direct lease costs consist of the capitalized cost of sales commissions and rebates; sales, processing, and underwriting wages; and consumer credit information. Direct lease costs totaling $14,545,966 and $12,477,467 were capitalized in the nine months ended September 30, 2020 and 2019, respectively.

**4. Intangible Assets**

Intangible assets consist of the following:

| | As of September 30, 2020 | As of September 30, 2019 |
|---|---|---|
| Internal-use software systems | $ 19,426,467 | $ 14,658,332 |
| Accumulated amortization | (8,460,358) | (5,258,796) |
| Intangible assets, net | $ 10,966,109 | $ 9,399,536 |

Internal-use software systems consist of the capitalized cost of employed software developers. Development costs totaling $3,408,313 and $3,902,441 were capitalized in the nine months ended September 30, 2020 and 2019, respectively.

**5. Lease Liabilities**

Lease liabilities consist of the following:

| | As of September 30, 2020 | As of September 30, 2019 |
|---|---|---|
| Customer deposits held | $ 12,672,248 | $ 7,654,841 |
| Sales tax collected and payable | 5,024,301 | 4,597,162 |
| Lease liabilities | $ 17,696,549 | $ 12,252,003 |

**6. Borrowings**

Senior debt consists of the following:

| | As of September 30, 2020 | As of September 30, 2019 |
|---|---|---|
| **Senior Debt *** | | |
| Comvest debt facility, borrowings limited to 69% of eligible receivables** limited to $150 million, interest paid monthly at LIBOR plus 6%, principal and unpaid interest is due April 26, 2021 | $ 150,000,000 | $ 125,000,000 |
| Senior debt deferred costs | — | (547,768) |
| Net senior debt | $ 150,000,000 | $ 124,452,232 |

*The senior debt is secured by the Company's leases, its assets, and the members' ownership in the Company. The senior debt is senior in priority to the junior debt. The Company is in compliance with its senior debt covenants.

**Eligible receivables are defined as the sum of the cost of all leased assets originated in the trailing 12 months multiplied by 127.5%, minus the sum of all lease payments received related to the leased assets originated in the trailing 12 months, subject to certain concentration limits.

**6. Borrowings**
***Continued***

Junior debt consists of the following:

| | As of September 30, 2020 | As of September 30, 2019 |
|---|---|---|
| **Junior Debt ***** | | |
| Notes payable to the CEO (and principal owner) with principal due on demand: | | |
| Interest at 15% paid monthly | $ 2,000,000 | $ 2,000,000 |
| Interest at 10% paid monthly | 500,000 | 500,000 |
| Total junior debt | $ 2,500,000 | $ 2,500,000 |

***All junior debt is unsecured and subordinated to the senior debt. In the event any payment is made on junior debt, the Company must remain in good standing with the senior debt (no event of default).

As of September 30, 2020, total borrowings come due as follows:

| | |
|---|---|
| Junior debt due on demand | $ 2,500,000 |
| Senior debt due April 26, 2021 | 150,000,000 |
| | $ 152,500,000 |

**7. Contingencies**

In the ordinary course of the Company's operations, the Company may be subject to contingent losses as a result of claims or assessments. As of September 30, 2020, management believes no known asserted claim or assessment will have a significant effect on the financial position or operations of the Company. It is too early to determine whether any unasserted claim or assessment will have a significant effect on the financial position or operations of the Company.

**8. Equity and Equity-Based Compensation**

The Company's equity consists of Class A and Class B Units. There is no meaningful difference between the two classes of equity, in terms of preferences or otherwise, except that Class A Units represent capital interests and Class B Units represent profits interests. Class A Units were issued to founders and investors, and Class B Units were issued to certain key employees. As of September 30, 2020, Class A and Class B Units totaled 198,804,633 and the Company was authorized to issue additional Class B Units totaling 1,195,367.

**8. Equity and Equity-Based Compensation** *Continued*

Equity transactions consist of the following (in units):

| | As of and For the Nine Months Ended September 30, 2020 | As of and For the Nine Months Ended September 30, 2019 |
|---|---|---|
| Class A Units: | | |
| Number of units | 178,236,600 | 178,236,600 |
| Class B Units: | | |
| Beginning number of units | 19,099,978 | 20,099,978 |
| Issuances as incentives | 4,230,000 | 650,000 |
| Forfeitures of unvested | (734,167) | (104,167) |
| Redemptions | (2,027,778) | (45,833) |
| Ending number of units | 20,568,033 | 20,599,978 |
| Total number of units | 198,804,633 | 198,836,578 |

Equity-based compensation totaled $995,007 and $532,232 for the nine months ended September 30, 2020 and 2019, respectively.

**9. Premises Rent**

On February 7, 2020, the Company entered into a lease agreement to rent premises in Draper, Utah for a period of 66 months. Minimum rents come due after September 30, 2020 as follows:

| | |
|---|---|
| In the years ending December 31: | |
| 2020 | $ 155,199 |
| 2021 | 2,131,866 |
| 2022 | 2,195,821 |
| 2023 | 2,261,688 |
| 2024 | 2,329,529 |
| 2025 | 1,994,595 |
| | $ 11,068,698 |

In February 2016, the Financial Accounting Standards Board issued its new lease accounting guidance in ASU No. 2016-02, Leases (Topic 842). Starting for the annual period ending December 31, 2021, this guidance will require the Company to recognize its obligation to make future premises lease payments as a liability, and to recognize its right to use the leased premises as an asset, in the consolidated balance sheets. Currently, no premises lease liability or premises right-of-use asset is presented in the consolidated balance sheets.

Amortization of the premises right-of-use asset shall be patterned such that, when combined with Interest accrued on the premises lease liability, the combined lease cost behaves as a single lease cost recognized on a straight-line basis over the term of the lease. Currently, premises rent is already recognized on a straight-line basis over the term of the lease. The Company has the option to renew the premises lease for an additional five years.

**10. Subsequent Event**

On December 20, 2020, the Company entered into a definitive agreement to be acquired by Rent-A-Center (NASDAQ: RCII). Total consideration consists of $1.273 billion in cash and approximately 10.8 million shares of Rent-A-Center common stock valued at $377 million at the time of signing. Regulatory approval is required before the acquisition is closed. Regulatory approval remains outstanding as of January 14, 2021, the date these consolidated financial statements were available to be issued.

## Unaudited pro forma condensed combined financial information

On February 17, 2021, Rent-A-Center, Inc. ("Rent-A-Center) consummated the acquisition of Acima Holdings, LLC ("Acima") contemplated by the Agreement and Plan of Merger dated December 20, 2020, by and among Rent-A-Center, Radalta, LLC, a Utah limited liability company and wholly owned subsidiary of Rent-A-Center, Acima, and Aaron Allred, solely in his capacity as the Member Representative (the "Merger Agreement"), pursuant to which Radalta, LLC merged with and into Acima, with Acima surviving as a wholly owned subsidiary of Rent-A-Center (the "Merger"). The unaudited pro forma condensed combined financial information and explanatory notes presented below show the impact of such acquisition, together with related financing transactions consummated by Rent-A-Center concurrent therewith (collectively, the "Transactions"), on the historical financial position and results of operations of Rent-A-Center and Acima.

The following unaudited pro forma condensed combined balance sheet as of September 30, 2020 and unaudited pro forma condensed combined statement of operations for the nine months ended September 30, 2020 and the year ended December 31, 2019 are based on the individual historical consolidated financial statements of Rent-A-Center and Acima, respectively, included in Rent-A-Center's Annual Report on Form 10-K for the year ended December 31, 2019 and Quarterly Report on Form 10-Q for the nine months ended September 30, 2020, and the Current Report on Form 8-K filed by Rent-A-Center on February 23, 2021, all of which financial statements are incorporated herein by reference. The unaudited pro forma condensed combined balance sheet gives effect to the Transactions as if they had occurred on September 30, 2020 and the unaudited pro forma condensed combined statement of operations gives effect to the Transactions as if they had occurred on January 1, 2019.

The unaudited pro forma condensed consolidated financial information was prepared in accordance with Article 11 of Regulation S-X as amended by the Securities and Exchange Commission (the "SEC") Final Rule, Release No. 33-10786 "Amendments to Financial Disclosures about Acquired and Disposed Businesses," using the assumptions set forth in the notes to the unaudited pro forma condensed consolidated financial information. The unaudited pro forma condensed consolidated financial information has been adjusted to include accounting policy alignment adjustments, transaction accounting adjustments and other transaction accounting adjustments, which reflect the application of the accounting required by generally accepted accounting principles in the United States ("GAAP"), linking the effects of the Transactions listed below to the pro forma consolidated financial statements.

The pro forma adjustments set forth in the unaudited pro forma condensed combined financial information reflect the following:

- the Transactions and changes in assets and liabilities to record the estimates of their respective fair value in accordance with purchase accounting;

- changes in depreciation and amortization expense resulting from the fair value adjustments to the identifiable net tangible assets and amortizable intangible assets of Acima in the Transactions;

- changes in indebtedness incurred in connection with the Transactions;

- certain transaction fees and debt issuance costs incurred in connection with the Transactions;

- changes in interest expense resulting from the Transactions, including amortization of debt issuance costs;

- changes in stock-based compensation expense resulting from the Transactions;

- estimates of the effect of the above adjustments on deferred income tax assets, liabilities and related expense; and

- the equity impact of the Transactions and the corresponding elimination of historical equity balances of Acima.

The unaudited pro forma adjustments are based upon available information and reflects estimates and certain assumptions that Rent-A-Center believes is reasonable under the circumstances. Actual adjustments may differ materially from the information presented herein. The unaudited pro forma condensed combined financial information is presented for informational purposes only and does not purport to represent what the results of operations or financial condition would have been had the Transactions actually occurred on the dates indicated, nor do they purport to project the results of operations or financial condition for any future period or as of any future date. The unaudited pro forma condensed combined financial information should be read in conjunction with the audited and unaudited historical financial statements and related notes of each of Rent-A-Center and Acima included in the Form 8-K filed on February 23, 2021 or incorporated by reference in this filing. Assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information does not reflect the realization of any expected operating efficiencies or other synergies that may result from the Transactions as a result of planned initiatives following the completion of the Transactions.

## Rent-A-Center
## Unaudited pro forma condensed combined balance sheet
## As of September 30, 2020
(Dollars in thousands)

| | Historical | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Rent-A-Center | Acima as presented [1] | Accounting policy alignment | Note | Transaction accounting adjustments | Note | Other transaction accounting adjustments | Note | Pro forma combined |
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | $ 227,398 | $ 25,408 | $ - | | $(1,242,863) | 4a | $ 1,256,834 | 5l | $ 266,777 |
| Receivables, net of allowance for doubtful accounts | 75,471 | 25,477 | - | | - | | - | | 100,948 |
| Prepaid expenses and other assets | 40,172 | 851 | (202) | 3 | - | | - | | 40,821 |
| Rental merchandise, net | | | | | | | | | |
| On rent | 680,955 | 315,430 | (3,216) | 3 | - | | - | | 993,169 |
| Held for rent | 119,903 | - | - | | - | | - | | 119,903 |
| Merchandise held for installment sale | 4,287 | - | - | | - | | - | | 4,287 |
| Property assets, net of accumulated depreciation | 145,298 | 12,485 | - | | 169,034 | 4b | - | | 326,817 |
| Operating lease right-of-use | 280,845 | - | 9,123 | 3 | - | | - | | 289,968 |
| Deferred tax asset | 14,889 | - | - | | - | | - | | 14,889 |
| Goodwill | 70,217 | - | - | | 307,133 | 4b | - | | 377,350 |
| Other intangible assets, net | 8,130 | - | - | | 440,000 | 4b | - | | 448,130 |
| Total assets | **$1,667,565** | **$ 379,651** | **$ 5,705** | | **$ (326,696)** | | **$ 1,256,834** | | **$2,983,059** |
| LIABILITIES | | | | | | | | | |
| Accounts payable - trade | 176,304 | 1,241 | - | | - | | - | | 177,545 |
| Accrued liabilities | 305,919 | 38,671 | (373) | 3 | 30,400 | 4i | - | | 374,617 |
| Operating lease liabilities | 283,784 | - | 9,294 | 3 | - | | - | | 293,078 |
| Deferred tax liability | 168,622 | - | - | | (111,115) | 4e,4i | - | | 57,507 |
| Senior debt, net | 190,599 | 152,500 | - | | (152,500) | 4f | 1,256,834 | 5l | 1,447,433 |
| Total liabilities | **$1,125,228** | **$ 192,412** | **$ 8,921** | | **$ (233,215)** | | **$ 1,256,834** | | **$2,350,180** |
| STOCKHOLDERS' EQUITY | | | | | | | | | |
| Common stock, $0.01 par value | 1,103 | - | - | | 27 | 4g | - | | 1,130 |
| Additional paid-in capital | 878,965 | - | - | | 120,915 | 4g | - | | 999,880 |
| Retained earnings | 1,051,760 | - | - | | (30,400) | 4i | - | | 1,021,360 |
| Treasury stock at cost | (1,375,541) | - | - | | - | | - | | (1,375,541) |
| Accumulated other comprehensive loss | (13,950) | - | - | | - | | - | | (13,950) |
| Equity | - | 187,239 | (3,216) | 3 | (184,023) | 4h | - | | - |
| Total stockholders' equity | **$ 542,337** | **$ 187,239** | **$ (3,216)** | | **$ (93,481)** | | **$ -** | | **$ 632,879** |
| Total liabilities and stockholders' equity | **$1,667,565** | **$ 379,651** | **$ 5,705** | | **$ (326,696)** | | **$ 1,256,834** | | **$2,983,059** |

(See the accompanying notes.)

**Rent-A-Center**
**Unaudited pro forma condensed combined statement of operations**
**For the nine months ended September 30, 2020**
*(Dollars in thousands)*

| | Historical | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Rent-A-Center [1] | Acima as presented [2] | Accounting policy alignment | Note | Transaction accounting adjustments | Note | Other transaction accounting adjustments | Note | Pro forma combined |
| Revenues | | | | | | | | | |
| Store | | | | | | | | | |
| Rentals and fees | $1,682,310 | $672,539 | $ - | | $ - | | $ - | | $2,354,849 |
| Merchandise sales | 300,693 | 241,573 | - | | - | | - | | 542,266 |
| Installment sales | 48,970 | - | - | | - | | - | | 48,970 |
| Other | 2,341 | - | - | | - | | - | | 2,341 |
| Total store revenues | 2,034,314 | 914,112 | - | | - | | - | | 2,948,426 |
| Franchise | | | | | | | | | |
| Merchandise sales | 49,553 | - | - | | - | | - | | 49,553 |
| Royalty income and fees | 13,833 | - | - | | - | | - | | 13,833 |
| Total revenues | 2,097,700 | 914,112 | - | | - | | - | | 3,011,812 |
| Cost of revenues | | | | | | | | | |
| Store | | | | | | | | | |
| Cost of rentals and fees | 489,606 | 341,284 | - | | - | | - | | 830,890 |
| Cost of merchandise sold | 296,894 | 308,286 | - | | - | | - | | 605,180 |
| Cost of installment sales | 16,830 | - | - | | - | | - | | 16,830 |
| Total cost of store revenues | 803,330 | 649,570 | - | | - | | - | | 1,452,900 |
| Franchise cost of merchandise sold | 49,632 | - | - | | - | | - | | 49,632 |
| Total cost of revenues | 852,962 | 649,570 | - | | - | | - | | 1,502,532 |
| Gross profit | 1,244,738 | 264,542 | - | | - | | - | | 1,509,280 |
| Operating expenses | | | | | | | | | |
| Store expenses | | | | | | | | | |
| Labor | 434,216 | 16,514 | - | | - | | - | | 450,730 |
| Other store expenses | 463,292 | 68,498 | (308) | 3 | - | | - | | 531,482 |
| General and administrative expenses | 113,694 | 11,413 | - | | 103,515 | 4j | - | | 228,622 |
| Depreciation and amortization | 43,071 | 2,783 | - | | 43,503 | 4c,4d | - | | 89,357 |
| Other (gains) and charges | 7,768 | - | - | | - | | - | | 7,768 |
| Total operating expenses | 1,062,041 | 99,208 | (308) | | 147,018 | | - | | 1,307,959 |
| Operating profit | 182,697 | 165,334 | 308 | | (147,018) | | - | | 201,321 |
| Interest expense | 11,958 | 9,121 | - | | - | | 41,106 | 5n | 62,185 |
| Interest income | (561) | - | - | | - | | - | | (561) |
| Earnings before income taxes | 171,300 | 156,213 | 308 | | (147,018) | | (41,106) | | 139,697 |
| Income tax expense (benefit) | 19,485 | - | 39,130 | 3 | (10,876) | 4k | (10,277) | 5o | 37,462 |
| Net earnings | $ 151,815 | $ 156,213 | $ (38,822) | | $ (136,142) | | $ (30,829) | | $ 102,235 |
| | | | | | | | | | |
| Earnings per share: | | | | | | | | | |
| Basic earnings per share | $ 2.80 | | | | | | | | $ 1.70 |
| Diluted earnings per share | $ 2.73 | | | | | | | | $ 1.54 |
| | | | | | | | | | |
| Weighted average number of shares outstanding: | | | | | | | | | |
| Basic | 54,186,000 | | | | | | | | 59,982,254 |
| Diluted | 55,662,000 | | | | | | | | 66,442,185 |

(See the accompanying notes.)

## Rent-A-Center
## Unaudited pro forma condensed combined statement of operations
## For the year ended December 31, 2019

*(Dollars in thousands)*

| | Historical | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Rent-A-Center [1] | Acima as presented [2] | Accounting policy alignment | Note | Transaction accounting adjustments | Note | Other transaction accounting adjustments | Note | Pro forma combined |
| Revenues | | | | | | | | | |
| Store | | | | | | | | | |
| Rentals and fees | $2,224,402 | $668,022 | $ - | | $ - | | $ - | | $2,892,424 |
| Merchandise sales | 304,630 | 198,435 | - | | - | | - | | 503,065 |
| Installment sales | 70,434 | - | - | | - | | - | | 70,434 |
| Other | 4,795 | - | - | | - | | - | | 4,795 |
| Total store revenues | 2,604,261 | 866,457 | - | | - | | - | | 3,470,718 |
| Franchise | | | | | | | | | |
| Merchandise sales | 49,135 | - | - | | - | | - | | 49,135 |
| Royalty income and fees | 16,456 | - | - | | - | | - | | 16,456 |
| Total revenues | 2,669,852 | 866,457 | - | | - | | - | | 3,536,309 |
| Cost of revenues | | | | | | | | | |
| Store | | | | | | | | | |
| Cost of rentals and fees | 634,878 | 355,153 | - | | - | | - | | 990,031 |
| Cost of merchandise sold | 319,006 | 254,893 | - | | - | | - | | 573,899 |
| Cost of installment sales | 23,383 | - | - | | - | | - | | 23,383 |
| Total cost of store revenues | 977,267 | 610,046 | - | | - | | - | | 1,587,313 |
| Franchise cost of merchandise sold | 48,514 | - | - | | - | | - | | 48,514 |
| Total cost of revenues | 1,025,781 | 610,046 | - | | - | | - | | 1,635,827 |
| Gross profit | 1,644,071 | 256,411 | - | | - | | - | | 1,900,482 |
| Operating expenses | | | | | | | | | |
| Store expenses | | | | | | | | | |
| Labor | 630,096 | 18,571 | - | | - | | - | | 648,667 |
| Other store expenses | 617,106 | 88,088 | 500 | 3 | - | | - | | 705,694 |
| General and administrative expenses | 142,634 | 10,720 | - | | 168,420 | 4i,4j | - | | 321,774 |
| Depreciation and amortization | 61,104 | 2,868 | - | | 78,846 | 4c,4d | - | | 142,818 |
| Other (gains) and charges | (60,728) | - | - | | - | | 2,698 | 5n | (58,030) |
| Total operating expenses | 1,390,212 | 120,247 | 500 | | 247,266 | | 2,698 | | 1,760,923 |
| Operating profit | 253,859 | 136,164 | (500) | | (247,266) | | (2,698) | | 139,559 |
| Debt refinancing charges | 2,168 | - | - | | - | | - | | 2,168 |
| Interest expense | 31,031 | 12,863 | - | | - | | 39,020 | 5n | 82,914 |
| Interest income | (3,123) | - | - | | - | | - | | (3,123) |
| Earnings before income taxes | 223,783 | 123,301 | (500) | | (247,266) | | (41,718) | | 57,600 |
| Income tax expense (benefit) | 50,237 | - | 30,700 | 3 | (27,312) | 4k | (10,430) | 5o | 43,195 |
| Net earnings | $ 173,546 | $ 123,301 | $ (31,200) | | $ (219,954) | | $ (31,288) | | $ 14,405 |
| | | | | | | | | | |
| Earnings per share: | | | | | | | | | |
| Basic earnings per share | $ 3.19 | | | | | | | | $ 0.25 |
| Diluted earnings per share | $ 3.10 | | | | | | | | $ 0.22 |
| | | | | | | | | | |
| Weighted average number of shares outstanding: | | | | | | | | | |
| Basic | 54,325,000 | | | | | | | | 56,949,541 |
| Diluted | 55,955,000 | | | | | | | | 66,734,867 |

(See the accompanying notes.)

## Notes to unaudited pro forma condensed combined financial information

### Note 1 - Basis of pro forma presentation

The Merger will be accounted for as an acquisition in accordance with Accounting Standards Codification ("ASC") Topic 805, Business Combinations ("ASC 805") which requires the allocation of purchase consideration to the fair value of the identified assets acquired and liabilities assumed upon consummation of a business combination. The unaudited pro forma condensed combined balance sheet as of September 30, 2020 and unaudited pro forma condensed combined statement of operations for the nine months ended September 30, 2020 and the year ended December 31, 2019 have been derived by aggregating Rent-A-Center's audited and unaudited historical consolidated financial statements and the audited and unaudited historical financial statements of Acima.

The preliminary purchase price for the Merger is listed below, subject to certain closing adjustments. The purchase price includes $1.22 billion in cash, net of cash acquired of $25.4 million, and 2.6 million shares of Rent-A-Center common shares issued in exchange for outstanding Class A and Class B units of Acima. These Rent-A-Center common shares included in the purchase price are issued to non-Acima employees and are subject to certain transfer restrictions post-Merger pursuant to the Lock-up Agreement. These Rent-A-Center shares subject to the Lock-up Agreement will be released from their transfer restrictions over a period of 18 months, in three tranches each in 6-month intervals after the closing date of the Merger. As each tranche of common shares is released based on the terms of the Lock-up Agreement, the fair value of the Rent-A-Center common shares issued at closing of the Merger have been adjusted to reflect the effects of the respective lockup periods. As part of the Transactions, Rent-A-Center issued approximately 8 million shares to Acima employees that are subject to certain vesting conditions over a 36-month period and thus have been excluded from the purchase price and instead are accounted for post-Merger as stock-based compensation expense subject to ASC Topic 718, "*Stock-based Compensation*" ("ASC 718").

The purchase price allocated below has been developed based on preliminary estimates of fair value using the historical financial statements and information of Acima as of September 30, 2020. In addition, the allocation of the purchase price to acquired identifiable assets and assumed liabilities is based on the valuation of the tangible and identifiable intangible assets acquired and liabilities assumed by management to prepare the unaudited pro forma condensed combined financial information. The purchase price and purchase price allocation are presented as follows:

| *(Dollars in thousands)* | Consideration Transferred | Post-Combination Expense | Total |
|---|---|---|---|
| Cash consideration paid to unit holders | $ 1,090,363 | | $ 1,090,363 |
| Cash consideration paid to extinguish Acima historical debt | 152,500 | | 152,500 |
| Equity consideration (subject to lock-up)[1] | | | |
| Equity subject to 6 month lock-up period | 41,717 | | 41,717 |
| Equity subject to 12 month lock-up period | 40,161 | | 40,161 |
| Equity subject to 18 month lock-up period | 39,064 | | 39,064 |
| Equity consideration (subject to restricted stock agreement) | | 414,060 | 414,060 |
| Net of cash acquired | (25,408) | | (25,408) |
| Total | $ 1,338,397 | $ 414,060 | $ 1,752,457 |

[1] The estimated fair value of the equity consideration subject to the Lock-up Agreement has been determined based on the closing price of Rent-A-Center common stock of $51.14 on the closing date of February 17, 2021, discounted to reflect the timing of the release of the shares from the Lock-Up Agreements.

## Purchase price allocation:

| | |
|---|---|
| **Consideration transferred:** | |
| Purchase price (net of cash acquired) | $ 1,338,397 |
| | |
| **Assets acquired:** | |
| Receivables, net of allowance for doubtful accounts | 25,477 |
| Prepaid expenses and other assets | 649 |
| Rental merchandise, net | 312,214 |
| Property assets, net of accumulated depreciation | 181,519 |
| Intangible assets | 440,000 |
| Operating lease right-of-use | 9,123 |
| Total assets acquired | 968,982 |
| **Liabilities assumed:** | |
| Accounts payable – trade | 1,241 |
| Accrued liabilities | 38,298 |
| Operating lease liability | 9,294 |
| Deferred tax liability | (111,115) |
| Total liabilities assumed | (62,282) |
| | |
| Net assets acquired, excluding goodwill | 1,031,264 |
| | |
| Goodwill (consideration transferred above net assets acquired) | $ 307,133 |

Any difference between the fair value of the consideration transferred and the fair values of the assets acquired and liabilities assumed is presented as goodwill.

The unaudited pro forma condensed combined statement of operations also includes certain accounting adjustments related to the Transactions, including items that will impact the combined results, such as amortization expense on acquired intangible assets and stock-based compensation expense for Rent-A-Center shares issued as part of the Transactions.

The final allocation of the purchase price is dependent on a number of factors, including the final valuation of the fair value of tangible and identifiable intangible assets acquired and liabilities assumed as of the closing date of the Transactions, the final valuation of the Rent-A-Center shares issued and included in the purchase price as of the closing date and the resolution of any purchase price adjustments pursuant to the Merger Agreement. Accordingly, the final purchase price allocation and acquisition accounting may change upon the receipt of additional and more detailed information, and such changes could result in a material change to the unaudited pro forma condensed combined financial information. The acquisition accounting and related depreciation and amortization reflected in the unaudited pro forma condensed combined financial statements have been made solely for the purpose of preparing these statements and may change upon the receipt of additional and more detailed information. Such changes could result in a material change to the unaudited pro forma condensed combined financial information.

Additionally, the unaudited pro forma condensed combined statement of operations includes certain financing adjustments related to the Credit Agreement, dated February 17, 2021, among Rent-A-Center, as borrower, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (the “ABL Credit Facility”), the term loan credit agreement, dated February 17, 2021, among Rent-A-Center, as borrower, the lenders party thereto and JPMorgan Chase Bank, N.A. as administrative agent (the “Term Loan Facility”) and the $450,000,000 aggregate principal amount of 6.375% Senior Notes due 2029 issued on February 17, 2021 (the “Unsecured Notes), each of which has an effect on the combined results. The unaudited pro forma condensed combined statement of operations do not include the impacts of any revenue, cost or other operating synergies that may result from the Transactions or any related restructuring costs.

Acima's accounting policies have been conformed to those of Rent-A-Center based upon currently available information and assumptions management believes to be reasonable. The unaudited pro forma condensed combined balance sheet and statement of operations have been adjusted to reflect these changes as further described in Note 3 - Accounting policy alignment adjustments.

We are not aware of any other material differences between the accounting policies of the two companies, except for the adjustments described in Note 3 - Accounting policy alignment adjustments and the adjustments described in Note 2 - Reclassifications to reclassify certain balances presented in the historical financial statements of Acima to conform their presentation to that of Rent-A-Center. Additional differences between the accounting policies of the two companies, when conformed, could have a material impact on these unaudited pro forma condensed combined financial statements.

**Note 2 - Reclassifications**

The unaudited condensed combined pro forma financial statements have been adjusted to reflect certain reclassifications of Acima's financial statements to conform to Rent-A-Center's financial statement presentation.

Financial information presented in the "Acima as presented" column in the unaudited condensed combined pro forma balance sheet as of September 30, 2020 has been reclassified to conform to the presentation of Rent-A-Center as indicated in the table below:

| Presentation in Acima historical financial statements | Presentation in unaudited pro forma combined financial statements | As of September 30, 2020 |
|---|---|---|
| *(Dollars in thousands)* | | |
| Lease receivables, net | Receivables, net of allowance for doubtful accounts | $ 24,960 |
| | Accrued liabilities | 5,324 |
| Leased assets, net | Rental merchandise, net - On rent | 315,430 |
| Intangible asset, net | Property assets, net of accumulated depreciation | 10,966 |
| Other assets, net | Property assets, net of accumulated depreciation | 1,519 |
| | Prepaid expenses and other assets | 850 |
| | Receivables, net of allowance for doubtful accounts | 518 |
| Lease liabilities | Accrued liabilities | 17,697 |
| Operating liabilities | Accounts payable - trade | 1,241 |
| | Accrued liabilities | 2,444 |
| Income tax distributions payable | Equity | 49,900 |
| Sales tax obligation, net | Equity | 9,551 |
| | Accrued liabilities | 13,206 |
| Senior debt | Senior debt, net | 150,000 |
| Junior debt | Senior debt, net | 2,500 |

Financial information presented in the "Acima as presented" column in the unaudited condensed combined pro forma statement of operations for the nine months ended September 30, 2020 and year ended December 31, 2019 have been reclassified to conform to that of Rent-A-Center as indicated in the table below:

| Presentation in Acima historical financial statements | Presentation in unaudited pro forma combined financial statement | Nine months ended September 30, 2020 | Year ended December 30, 2019 |
|---|---|---|---|
| *(Dollars in thousands)* | | | |
| Lease portfolio revenues, net | Rentals and fees | $ 672,539 | $ 668,022 |
| | Merchandise sales | 241,573 | 198,435 |
| Depreciation of leased assets | Cost of rentals and fees | 334,435 | 348,023 |
| | Cost of merchandise sold | 308,286 | 254,893 |
| | Other store expenses | 49,852 | 66,161 |
| Direct lease costs | Other store expenses | 16,070 | 18,446 |
| | Cost of rentals and fees | 6,849 | 7,130 |
| | Depreciation and amortization | 2,473 | 2,582 |
| Senior debt facility | Interest expense | 8,861 | 12,382 |
| Junior debt | Interest expense | 260 | 481 |
| Payroll costs, net | Labor | 16,514 | 18,571 |
| | General and administrative expenses | 4,809 | 4,777 |
| Equity-based compensation | General and administrative expenses | 995 | 720 |
| Other operating costs | General and administrative expenses | 5,609 | 5,223 |
| | Other store expenses | 2,576 | 3,482 |
| | Depreciation and amortization | 310 | 286 |

## Note 3 - Accounting policy alignment adjustments

As stated in Note 1 - *Basis of pro forma presentation*, as part of preparing the unaudited pro forma condensed combined financial information, Rent-A-Center conducted a review of the accounting policies of Acima to determine if differences in accounting policies potentially required recasting of assets or liabilities to conform to Rent-A-Center's accounting policies. Identified accounting policy adjustments are presented below.

*Unaudited condensed combined pro forma balance sheet as of September 30, 2020*

| Presentation in Acima historical financial statements | Presentation in unaudited pro forma combined financial statement | As of September 30, 2020 |
|---|---|---|
| *(Dollars in thousands)* | | |
| Rental merchandise, net - On rent[1] | Equity | $ (3,216) |
| - [2] | Operating lease right-of-use | 9,123 |
| | Accrued liabilities | (373) |
| | Prepaid expenses and other assets | (202) |
| | Operating lease liability | 9,294 |

[1] To reflect the expensing of previously capitalized direct lease cost out of *Rental merchandise, net - On rent* to *Other store expenses*
[2] To reflect the adoption of ASC Topic 842 "*Leases*"

*Unaudited condensed combined pro forma statement of operations for the nine months ended September 30, 2020 and year ended December 31, 2019*

| (Dollars in thousands) | Nine months ended September 30, 2020 | Year ended December 31, 2019 |
|---|---|---|
| Other store expenses[1] | $ (308) | $ 500 |
| Income tax expense (benefit)[2] | 39,130 | 30,700 |

[1] To reflect the expensing of previously capitalized direct lease cost out of *Rental merchandise, net - On rent* to *Other store expenses*
[2] To reflect the change in tax structure of Acima to a taxable entity

## Note 4 - Transaction accounting pro forma adjustments

(a) Reflects the decrease in cash for cash consideration of $1.24 billion transferred as part of the Transactions.

(b) Includes adjustments to record acquired assets at estimated acquisition-date fair values. The estimated fair values of these assets are based on the valuations performed for the preparation of the pro forma financial information and are subject to the final valuations to be performed. The respective net adjustments have been calculated as follows*:*

| (Dollars in thousands) | Receivables | Prepaid expenses and other assets | Rental merchandise, net - On rent | Property assets | Operating lease right-of-use | Other intangible assets |
|---|---|---|---|---|---|---|
| Fair value of acquired assets | $ 25,477 | $ 648 | $ 312,214 | $ 181,519 | $ 9,123 | $ 440,000 |
| Elimination of pre-acquisition assets | 25,477 | 648 | 312,214 | 12,485 | 9,123 | - |
| Net adjustment | $ - | $ - | $ - | $ 169,034 | $ - | $ 440,000 |

| (Dollars in thousands) | Goodwill |
|---|---|
| Goodwill in purchase price allocation | $ 377,350 |
| Elimination of Rent-A-Center's pre-acquisition goodwill | (70,217) |
| Net adjustment | $ 307,133 |

(c) Amounts allocated to *Other intangible assets, net*, as well as the estimated useful lives are based on fair value estimates and are subject to change. The estimated fair value and useful life of *Other intangible assets, net* acquired are as follows:

| Asset class | Estimated fair value | Estimated remaining useful life (in years) |
|---|---|---|
| *(Dollars in thousands)* | | |
| Trade name | $ 40,000 | 7 |
| Merchant relationships | 380,000 | 10 |
| Relationship with existing lessees | 20,000 | 1 |
| Estimated fair value of Other intangible assets, net | $ 440,000 | |

Includes adjustments to amortization expense resulting from the change in the estimated fair value of *Other intangible assets, net* acquired in the Transactions. The net adjustment to amortization expense is presented within the unaudited condensed combined pro forma statements of operations as follows:

| | Nine months ended September 30, 2020 | Year ended December 31, 2019 |
|---|---|---|
| *(Dollars in thousands)* | | |
| Total depreciation and amortization | $ 32,786 | $ 63,714 |
| Elimination of pre-acquisition historical depreciation and amortization | - | - |
| Net adjustment to property assets, net of accumulated depreciation | $ 32,786 | $ 63,714 |

(d) Amounts allocated to *Property assets, net of accumulated depreciation*, as well as the estimated useful lives are based on fair value estimates and are subject to change. The estimated fair value and useful life of *Property assets, net of accumulated depreciation* acquired are as follows:

| Asset Class | Estimated Fair Value | Estimated Remaining Useful Life (in years) |
|---|---|---|
| *(Dollars in thousands)* | | |
| Developed technology | $ 180,000 | 10 |
| Estimated fair value of Property assets, net of accumulated depreciation | $ 180,000 | |

Includes adjustments to depreciation expense resulting from the change in the estimated fair value of *Property assets, net of accumulated depreciation* acquired in the Transactions. The net adjustment to depreciation expense is presented within the unaudited condensed combined pro forma statements of operations as follows:

| | Nine months ended September 30, 2020 | Year ended December 31, 2019 |
|---|---|---|
| *(Dollars in thousands)* | | |
| Total depreciation and amortization | $ 13,500 | $ 18,000 |
| Elimination of pre-acquisition historical Depreciation and amortization | (2,783) | (2,868) |
| Net adjustment to Other intangible assets, net | $ 10,717 | $ 15,132 |

(e) Reflects a $103.5 million decrease to *Deferred tax liability* based on a blended federal and state statutory rate of approximately 25% multiplied by the fair value adjustments related stock-based compensation that qualifies as post combination expense in accordance with ASC 718.

(f) Reflects the extinguishment of the historical Acima debt of $152.5 million that was settled upon the consummation of the Transactions.

(g) Reflects the increase in shares of Rent-A-Center common shares and capital in excess of par resulting from the issuance of shares of Rent-A-Center to Acima unit holders.

(h) Reflects the elimination of Acima's historical equity balances at September 30, 2020 of $184.0 million and property assets of $11.0 million in accordance with the acquisition method of accounting.

(i) Reflects the $30.4 million expense incurred as part of the execution of the Transactions which includes, among others, fees paid for financial advisors, legal services, and professional accounting services, and the related deferred tax asset of $7.6 million at a statutory rate of approximately 25%, which is presented as a decrease to *Deferred tax liability*.

(j) Reflects the pro forma adjustment for stock-based compensation related to the issuance of Rent-A-Center common shares to Class A and Class B Acima employee unit holders, which are subject to vesting over the continued employment, as follows:

| (Dollars in thousands) | Nine months ended September 30, 2020 | Year ended December 31, 2019 |
|---|---|---|
| General and administrative expenses | $ 103,515 | $ 138,020 |

(k) Reflects tax effect of the Transactions accounting pro forma adjustments above at the blended federal and state statutory rate of approximately 25%, as follows:

| | Nine months ended September 30, 2020 | Year ended December 31, 2019 |
|---|---|---|
| Income tax expense (benefit) | $ (10,876) | $ (27,312) |

## Note 5 - Other transaction accounting pro forma adjustments

*Pro Forma Condensed Combined Balance Sheet as of September 30, 2020:*

(l) As part of the acquisition of Acima, Rent-A-Center incurred approximately $1.49 billion in new debt financing. This debt consisted of three individual debt arrangements: (i) the ABL Credit Facility, (ii) the Term Loan Facility and (iii) the Unsecured Notes. Such debt had an assumed blended weighted average interest rate of 5.0% as of February 17, 2021, the closing date of the Merger. These financing arrangements were used to pay the aggregate cash component of the merger consideration, settle Acima's pre-existing debt obligations of $152.5 million, and settle Rent-A-Center's pre-existing debt obligations of $190.6 million, net of unamortized issuance discount and debt issuance costs of $7.4 million.

| (Dollars in thousands) | As of September 30, 2020 |
|---|---|
| Proceeds from the ABL Credit Facility | $ 165,000 |
| Proceeds from the Term Loan Facility | 875,000 |
| Proceeds from the Unsecured Notes | 450,000 |
| Total proceeds from Financing | 1,490,000 |
| Less: Debt issuance costs | (42,567) |
| Less: Elimination of historical debt | (190,599) |
| Net adjustment to Senior debt, net | $ 1,256,834 |

(m) Reflects the increase to debt (net of $42.6 million of debt issuance costs) of the three individual financing arrangements incurred as part of the Transactions, less the effects of refinancing of Rent-A-Center's pre-existing debt obligation of $190.6 million, net of unamortized issuance discount and debt issuance costs, upon consummation of the Transactions.

A sensitivity analysis on incremental interest expense related to the ABL Credit Facility and the Term Loan Facility incurred for purposes of financing the transaction has been performed to assess the effects that a change of 0.125% of the hypothetical assumed interest rate would have on the interest expense related to the financing arrangements. The table below sets forth the impact that a 0.125% increase or decrease in the hypothetical assumed interest rate would have on interest expense for the relevant periods.

| (Dollars in thousands) | Nine months ended September 30, 2020 | Year ended December 31, 2019 |
|---|---|---|
| 1/8% increase | $ 975 | $ 1,300 |
| 1/8% decrease | (155) | (206) |

*Unaudited condensed combined pro forma statement of operations for the nine months ended September 30, 2020 and year ended December 31, 2019*

(n) Reflects the net increase to interest resulting from interest on the new debt incurred to finance the acquisition of Acima, elimination of historical Acima and Rent-A-Center interest expense, loss on extinguishment of Acima's pre-existing debt and the amortization of related debt issuance costs, as follows:

| (Dollars in thousands) | Nine months ended September 30, 2020 | Year ended December 31, 2019 |
|---|---|---|
| Interest expense | $ 41,106 | $ 39,020 |
| Other (gains) and charges | - | 2,698 |
| Total adjustment | $ 41,106 | $ 41,718 |

(o) Reflects tax effect of the Other transaction accounting pro forma adjustments above at the blended federal and state statutory rate of approximately 25% for the impact of the merger on Rent-A-Center, as follows:

| (Dollars in thousands) | Nine months ended September 30, 2020 | Year ended December 31, 2019 |
|---|---|---|
| Income tax expense (benefit) | $ (10,277) | $ (10,430) |