



acima

Accelerating Rent-A-Center's long-term growth in virtual lease-to-own

Rent-A-Center's Announced Acquisition of Acima

IMPORTANT NOTICES

Forward-Looking Statements

This communication contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, among others, statements regarding the anticipated benefits of the proposed transaction, the anticipated impact of the proposed transaction on the combined company's business and future financial and operating results, the anticipated closing date for the proposed transaction, other aspects of both companies' operations and operating results, our goals, plans and projections with respect to our operations, financial position and business strategy. Such forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "could," "estimate," "predict," "continue," "should," "anticipate," "believe," or "confident," or the negative thereof or variations thereon or similar terminology. Such forward-looking statements are based on particular assumptions that our management has made in light of its experience and its perception of expected future developments and other factors that it believes are appropriate under the circumstances, and are subject to various risks and uncertainties. Factors that could cause or contribute to material and adverse differences between actual and anticipated results include, but are not limited to, the effect of the announcement of the transaction on the ability of the Company or Acima to retain and hire personnel and maintain relationships with retail partners, consumers and others with whom we and Acima do business; the ability of the parties to consummate the proposed transaction on a timely basis or at all; the satisfaction of the conditions precedent to closing of the transaction, including the ability to secure regulatory approvals on the terms expected, at all or in a timely manner; our ability to obtain the required debt financing pursuant to our commitment letters and, if obtained, the potential impact of the additional debt on our leverage ratio, interest expense and other business and financial impacts and restrictions due to additional debt; our ability to successfully integrate Acima's operations; our ability to successfully implement our plans, forecasts and other expectations with respect to Acima's business after the closing; the impact on our business of the COVID-19 pandemic and related federal, state, and local government restrictions, including adverse changes in such restrictions or the potential re-imposition of such restrictions limiting our ability to operate or that of our retail partners or franchisees, and the continuing economic uncertainty and volatility that has resulted from such matters; and the other risks detailed from time to time in the reports filed by us with the SEC, including our most recently filed Annual Report on Form 10-K, as may be updated by reports on Form 10-Q or Form 8-K filed thereafter. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this communication. Except as required by law, we are not obligated to, and do not undertake to, publicly release any revisions to these forward-looking statements to reflect any events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Use of Non-GAAP Financial Measures

This communication contains certain financial information determined by methods other than in accordance with U.S. Generally Accepted Accounting Principles (GAAP), including Adjusted EBITDA (net earnings before interest, taxes, depreciation and amortization, as adjusted for special items). "Special items" refers to certain gains and charges we view as extraordinary, unusual or non-recurring in nature and which we believe do not reflect our core business activities. Because of the inherent uncertainty related to the special items, management does not believe it is able to provide a meaningful forecast of the comparable GAAP measures or reconciliation to any forecasted GAAP measure without unreasonable effort.

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

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



TODAY'S PARTICIPANTS



Mitch Fadel

*Director, CEO
Rent-A-Center*



Maureen Short

*Executive Vice President, CFO
Rent-A-Center*



Jason Hogg

*Executive Vice President
Preferred Dynamix*



Aaron Allred

*Founder, Chairman
Acima*

EXECUTIVE SUMMARY

Strategic rationale and benefits of the transaction

- Accelerates Rent-A-Center's position as a premier platform across both traditional & virtual lease-to-own ("LTO") solutions
- Further diversification of retail partner base, product verticals and enhanced ability to compete for high-value national retail accounts
- Sophisticated underwriting and decision engine, with expanding digital payment solutions and communication along with a superior back-end infrastructure
- Addition of key leadership and high-performing sales team with proven track record and winning culture; retaining core Acima team and its national sales structure
- Expanded eCommerce platform and effective integration at point-of-sale to support retail partner digital transactions
- Strong synergy potential with both Rent-A-Center and Preferred Lease segments
- Expected to be accretive to Rent-A-Center's consolidated Adj. EBITDA margin
- Expected to be immediately accretive to Adj. EPS; estimated double-digit plus in first full year post-close and significantly more accretive in second year post-close

Key Acima standalone metrics

\$1.25bn

Revenue
(2020E)

\$225mm

Adj. EBITDA
(2020E)¹

89%

Revenue CAGR
(2016-2020E)

174%

Adj. EBITDA CAGR
(2016-2020E)¹

29%

Invoice Volume Growth
(2020E)

18%

Adj. EBITDA
Margin (2020E)¹

Source: Acima estimates

¹ Adjusted earnings before interest, taxes, depreciation and amortization (Adj. EBITDA), includes stock based compensation (SBC) and all G&A expenses; Also excludes items not deemed by management to reflect core business activities



TRANSACTION OVERVIEW

Overview:

- **~\$1.65bn** purchase price representing **~7.3x** Acima's 2020E Adj. EBITDA¹
 - Associated tax step-up provides estimated NPV of \$200mm+, amortized over 15 years

Financing considerations:

- Consideration mix of **77% cash / 23% stock²** on an equity value basis, with cash portion to be funded via mix of new debt and cash on hand³
- Debt to be funded through a new Asset-Based Loan, new Term Loan B, new Secured Bond, and new Unsecured Bond
- Expected net leverage of **~2.5x Adj. EBITDA** post-close, de-leveraging target of <2.0x within 18 months post-close

Pro forma financial impact on Rent-A-Center:

- Acima's Adj. EBITDA margin expected to be accretive to Rent-A-Center's consolidated Adj. EBITDA margin
- Expected to be **immediately accretive** to Adj. Earnings Per Share within first full year after close

Timing and approvals:

- Expected close in the first half of 2021, subject to customary closing conditions, incl. clearance under the Hart-Scott-Rodino Antitrust Improvements Act

¹ Adjusted earnings before interest, taxes, depreciation and amortization (Adj. EBITDA), includes stock based compensation (SBC) and all G&A expenses; Also excludes items not deemed by management to reflect core business activities

² Results in ~10.8mm shares issued

³ Rent-A-Center has obtained financing commitments from J.P. Morgan, Credit Suisse, and HSBC in connection with the transaction, subject to the terms and conditions of the respective commitment letters



ACIMA AT A GLANCE

Summary

- Founded in 2013, Acima is a leading platform offering customers virtual lease-to-own solutions at POS via mobile technology
- Provides virtual lease-to-own solutions for a wide variety of products across both **traditional** and **emerging** lease-to-own verticals



Furniture



Tire & wheel



Mattress



Appliance



Mobile electronics



Jewelry

- Provides flexible payment schedules, early purchase options and “no credit needed” approvals
- Large, diversified retail partner base, with over 15k active locations nationwide
- Minimal merchant concentration risk as ~15% of total lease invoice volume from its top three accounts combined
- eCommerce volume has grown from 1% to 15% of total lease count over the last year
- Serves the ~30% of U.S. consumers in the 300-650 FICO score band, leveraging proprietary risk underwriting technology
- Sophisticated underwriting models optimize approval decisioning to maximize profitability and minimize risk via advanced fraud detection and identity verification

Total revenue



Adj. EBITDA¹



Invoice volume



Source: Acima company information and Acima management projections

¹ Adjusted earnings before interest, taxes, depreciation and amortization (Adj. EBITDA), includes stock based compensation (SBC) and all G&A expenses; Also excludes items not deemed by management to reflect core business activities



ACIMA'S UNIQUE CAPABILITIES

Innovative technology platform ensures an excellent user experience for both consumers and merchants



Application

Application submission through text to apply, in-store or online

Approval

Application to approval in a matter of seconds

Invoice

Invoice creation with limited merchant involvement

Sign & Pay

Lease agreements are delivered to consumers in real time on their mobile device

Funding

Multiple funding options are initiated in real time

Risk decisioning workflow and sophisticated platform driven by machine learning



Several ways to apply that are designed to be fast and easy



Innovative multi-layered approach to verify identity and detect fraud



Custom risk decisioning and internal scoring through extensive 3rd party data



Merchant quality reflected in industry leading ROI and EBITDA margins



Superior technology delivers robust decision to the consumer in seconds

OUR JOURNEY TO GROW THE VIRTUAL LTO BUSINESS



AcceptanceNOW

Merchant's Preferred

Preferred Dynamix

Acima



Foundational
third-party
program



Technology driven
virtual offering and
enhanced back
office infrastructure



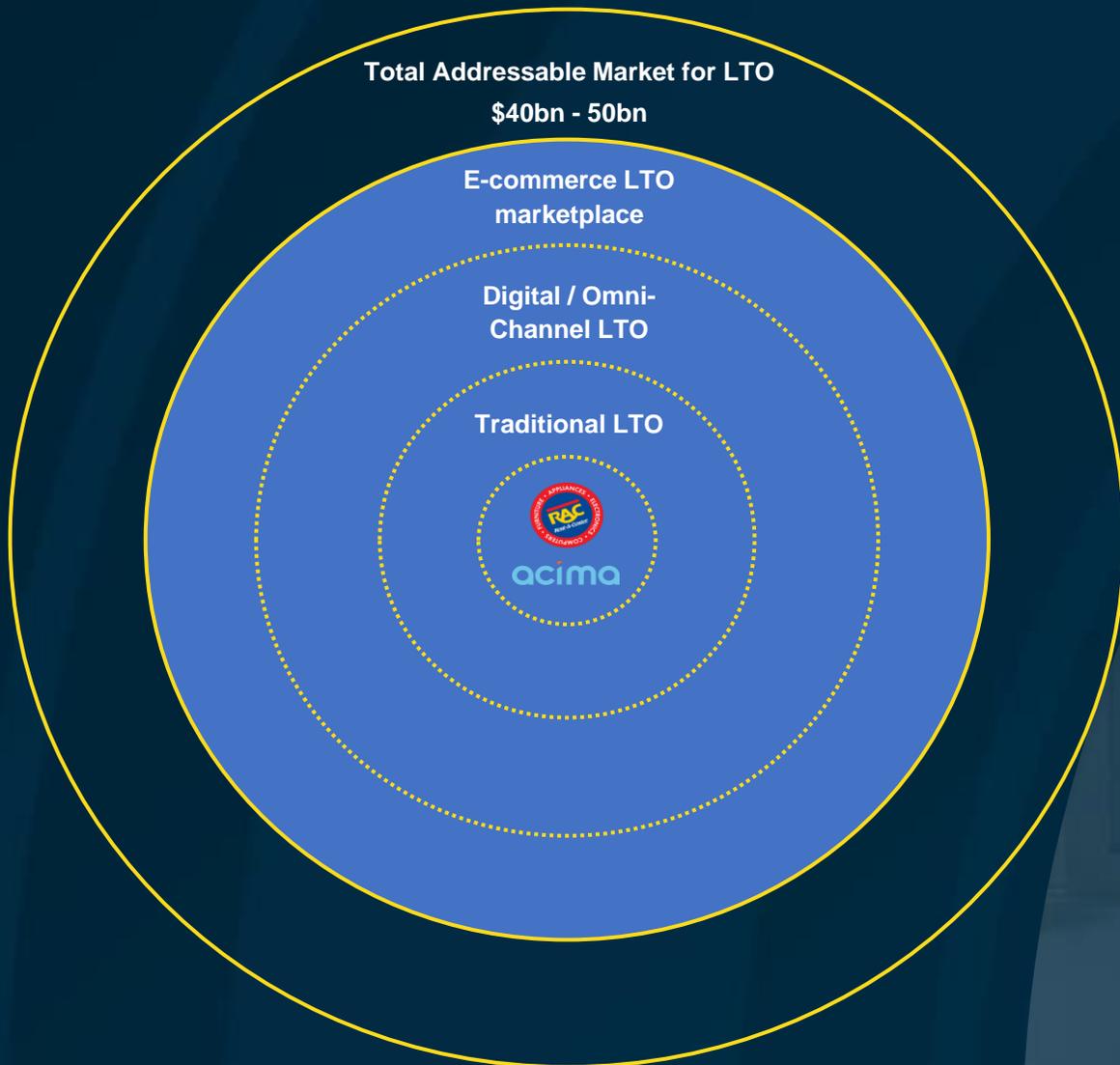
Proprietary platform
transforming the
business from
stores to digital



A leading virtual
platform with superior
technology and scale



POISED TO CAPITALIZE ON A MASSIVE MARKET OPPORTUNITY



New verticals

Expansion into broader merchant verticals at the POS



Ecommerce / marketplace

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



National retailers

Providing LTO solutions to national retailers is a significant untapped opportunity



Partnerships / Integrations

Partnerships / integrations with other POS fintech companies



Growth in existing verticals

Strong growth in new verticals while existing verticals continue to scale



Growth with existing customers

Repeat leases from consumers who are familiar with LTO solutions



ACCELERATED GROWTH THROUGH A PROPRIETARY DIGITAL PLAFTRM



Low-friction third-party LTO program driven by technology



Cutting edge identity verification and fraud detection techniques



Frictionless front-end virtual retail shopping experience



Seamless LTO across mobile, web & store



Diversified merchant base driven by a high performance sales team



Proprietary back-end risk management decisioning



Proprietary platform to facilitate e-commerce



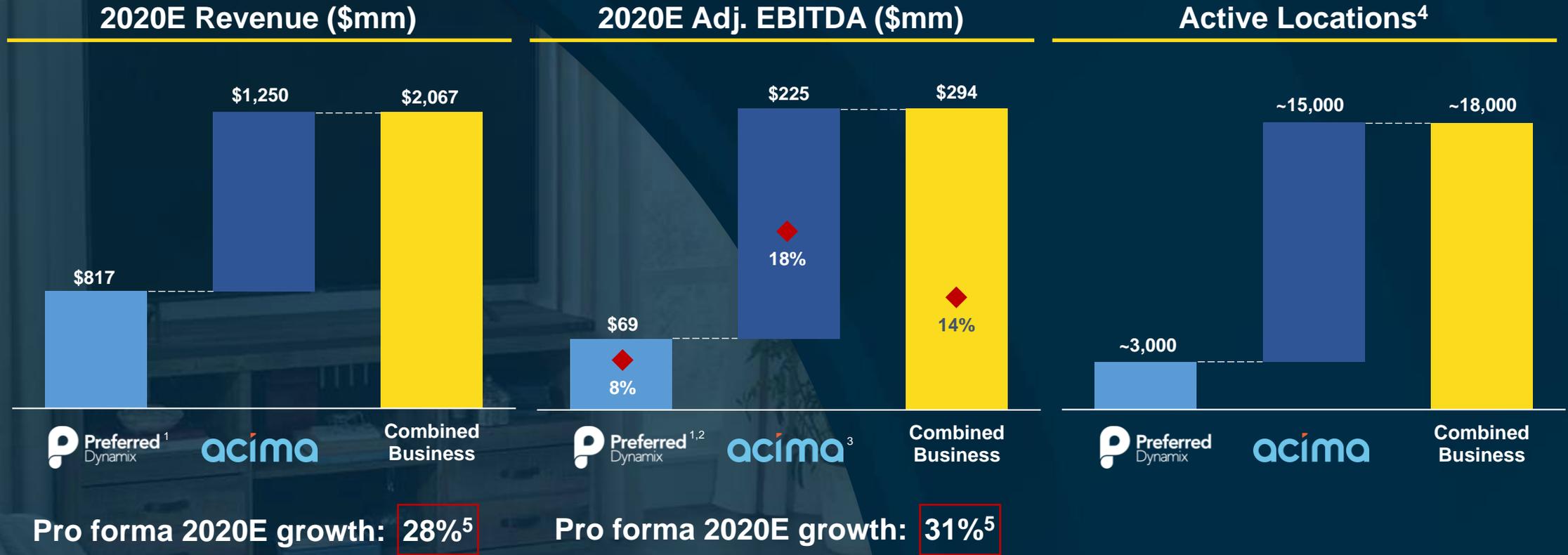
Superior tech platform delivers excellent experience for customer and merchant



Sustained profitable scale



ACIMA RAPIDLY ACCELERATES THE PREFERRED LEASE BUSINESS



Addition of Acima propels Preferred Lease past its 2022E revenue target by FYE 2020E

◆ Adj. EBITDA Margin

¹ Based on midpoint of Rent-A-Center guidance as of 10/28/20, which has not been updated

² Preferred Lease Adj. EBITDA does not include certain G&A expenses captured in the Corporate segment, which may be allocated to the combined Preferred Lease segment post-close

³ Acima adjusted earnings before interest, taxes, depreciation and amortization (Adj. EBITDA), includes stock based compensation (SBC) and all G&A expenses; Also excludes items not deemed by management to reflect core business activities

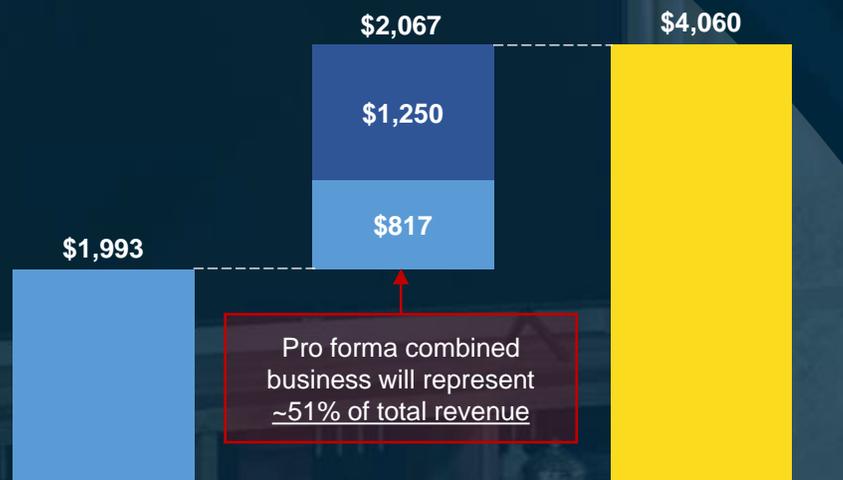
⁴ Locations considered active based on having originated a lease in the last 90 days; As of 12/19/20

⁵ YoY growth based on Preferred Dynamix and Acima 2019 Revenue of \$749mm and \$866mm respectively, and Preferred Dynamix and Acima 2019 Adj. EBITDA of \$85mm and \$139mm respectively



ADDING ACIMA EXPECTED TO SIGNIFICANTLY IMPROVE OUR FINANCIAL PROFILE

2020E Consolidated Revenue (\$mm)



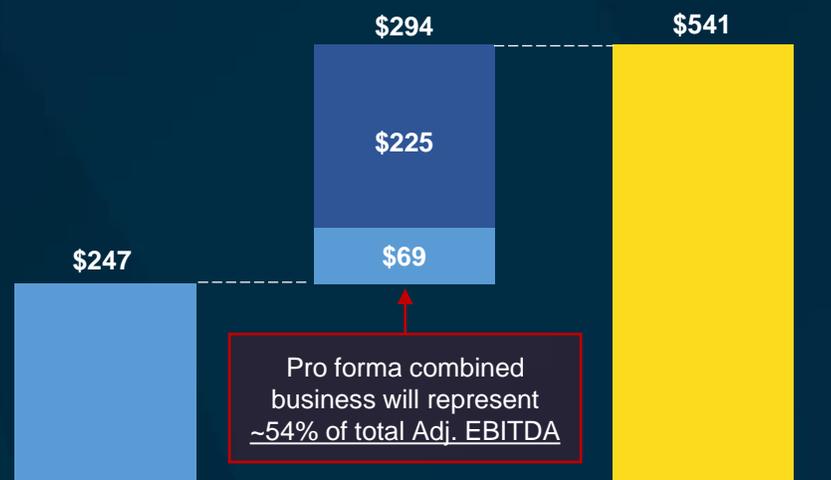
Pro forma combined business will represent ~51% of total revenue



Combined Business

Pro forma 2020E growth: **15%**⁴

2020E Consolidated Adj. EBITDA (\$mm)



Pro forma combined business will represent ~54% of total Adj. EBITDA



Combined Business

Pro forma 2020E growth: **37%**⁴

Acima materially augments both our growth and margin profile going forward

◆ Adj. EBITDA Margin

¹ Based on midpoint of Rent-A-Center guidance as of 10/28/20, which has not been updated

² Adjusted earnings before interest, taxes, depreciation and amortization (Adj. EBITDA), includes stock based compensation (SBC) and all G&A expenses; Also excludes items not deemed by management to reflect core business activities

³ Preferred Lease Adj. EBITDA does not include certain G&A expenses captured in the Corporate segment, which may be allocated to the combined Preferred Lease segment post-close

⁴ YoY growth based on consolidated Rent-A-Center and Acima 2019 Revenue of \$2,670mm and \$866mm respectively, and Consolidated Rent-A-Center and Acima 2019 Adj. EBITDA of \$254mm and \$139mm respectively



BALANCE SHEET & CAPITAL ALLOCATION PRIORITIES POST-CLOSE

#1

Investing in working capital to fuel organic growth of the largely untapped virtual LTO business

#2

Reducing net leverage to <2.0x within 18 months post-close, with a long term leverage target of 1.5x, while maintaining robust liquidity

#3

Driving total shareholder return through dividends and opportunistic share repurchases

COMMUNICATION PLAN

#1

2021 guidance for Rent-A-Center Inc. will be provided when Q4 2020 financials are reported

#2

A Pro Forma combined forecast will be provided following close of transaction
