Aaron's, Inc.

Company Overview

July 2020

SAFE HARBOR STATEMENT

Safe Harbor Statement:

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Statements in this presentation regarding our business that are not historical facts are "forward looking statements" that involve risks and uncertainties which could cause actual results to differ materially from those contained in the forward-looking statements. Such forward-looking statements generally can be identified by the use of forward-looking terminology, such as "will,“ "outlook," "believe," "expect," "continue," "guidance," "expectations," and "trends" and similar terminology. These risks and uncertainties include factors such as (i) the impact of the COVID-19 pandemic and related measures taken by governmental or regulatory authorities to combat the pandemic and its adverse economic impacts, and whether there will be any additional federal stimulus payments and/or supplemental unemployment benefits, and the nature, amounts and timing of any such benefits, including the impact of the pandemic and such measures, or lack of or reduced additional federal stimulus or supplemental unemployment benefits, on: (a) demand for the lease-to-own products offered by our Progressive Leasing and Aaron’s Business segments, (b) Progressive Leasing’s retail partners, (c) our customers, including their ability and willingness to satisfy their obligations under their lease agreements, (d) our suppliers’ ability to provide us with the merchandise we need to obtain from them, (e) our employees and labor needs, including our ability to adequately staff our operations, (f) our financial and operational performance, and (g) our liquidity; (ii) changes in the enforcement of existing laws and regulations and the adoption of new laws and regulations that may unfavorably impact our businesses; (iii) the effects on our business and reputation resulting from Progressive’s announced settlement and related consent order with the FTC, including the risk of losing existing retail partners or being unable to establish new partnerships with additional retailers, and of any follow-on regulatory and/or civil litigation arising therefrom; (iv) other types of legal and regulatory proceedings and investigations, including those related to customer privacy, third party and employee fraud and information security; (v) the risks associated with our business transformation strategy for our Aaron’s Business not being successful, including our e-commerce and real estate repositioning and optimization initiatives (including the risk that the costs associated with these initiatives exceeds our expectations); (vi) risks associated with the challenges faced by our Aaron’s Business, including the commoditization of consumer electronics and the high fixed-cost operating model of the Aaron’s Business; (vii) increased competition from traditional and virtual lease-to-own competitors, as well as from traditional and on-line retailers and other competitors; (viii) financial challenges faced by our franchisees, which we believe may be exacerbated by the COVID-19 pandemic and related governmental or regulatory measures to combat the pandemic; (ix) increases in lease merchandise write-offs for our Aaron’s Business and increases in lease merchandise write-offs and the provision for returns and uncollectible renewal payments for Progressive Leasing, especially in light of the COVID-19 pandemic; and the other risks and uncertainties discussed under "Risk Factors" in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and in the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2020. Statements in this press release that are “forward-looking” include without limitation statements about our operating and economic advantages, and the benefits we expect to obtain from them; revenue and cash flow visibility; the strength of our balance sheet and our liquidity; the sustainability of our growth platforms; our capital allocation priorities and strategies; our ability to expand Progressive’s retail partners, drive its total invoice volume, enhance its decisioning through technology improvements, and grow its EBITDA; and our ability to execute our growth strategy and business transformation initiatives for the Aaron’s Business, and the benefits we expect therefrom.. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. Except as required by law, the Company undertakes no obligation to update these forward-looking statements to reflect subsequent events or circumstances after the date of this press release.

USE OF NON-GAAP INFORMATION

Use of Non-GAAP Financial Information:

This presentation contains financial information in a format not in accordance with generally accepted accounting principles in the United States ("GAAP"). Management believes that presentation of these non-GAAP items is useful because it gives investors supplemental information to evaluate and compare the Company's underlying operating performance from period to period. Non-GAAP financial measures, however, should not be used as a substitute for, or be considered superior to, measures of financial performance prepared in accordance with GAAP. Please refer to our prior earnings releases on Forms 8-K dated February 18, 2016, February 17, 2017, February 15, 2018, February 14, 2019, February 20, 2020, May 7, 2020, and July 29, 2020 provided in the Investor Relations section of our website for further information on our use of non-GAAP financial measures and for a reconciliation of GAAP to non-GAAP items.

Aaron's, Inc.

Headquarters: Atlanta, GA.

Founded: 1955

Ownership: Public (NYSE: AAN)

President and CEO: John W. Robinson III

AARON’S, INC. IS A LEADING OMNICHANNEL PROVIDER OF LEASE-PURCHASE SOLUTIONS

With over $4.0 Billion in TTM Revenues and Over Two Million Customers, Aaron’s, Inc. Serves a Large Addressable Market Through Multiple Channels and Products

FURNITURE

ELECTRONICS

APPLIANCES

TV BUNDLES

JEWELRY

MOBILE/OTHER

Aaron's, Inc.

LARGE ADDRESSABLE MARKET

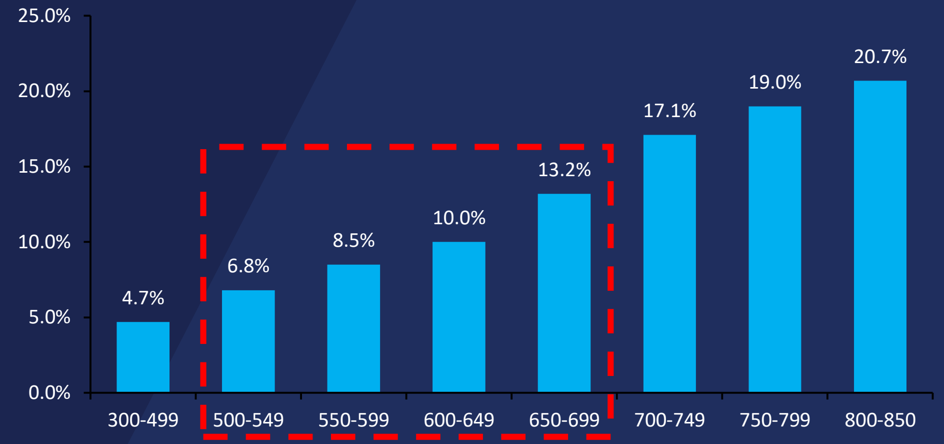
Total addressable market includes 25-35% of the U.S. population

< 700 FICO has consistently accounted for approximately 40%+ of U.S. population*

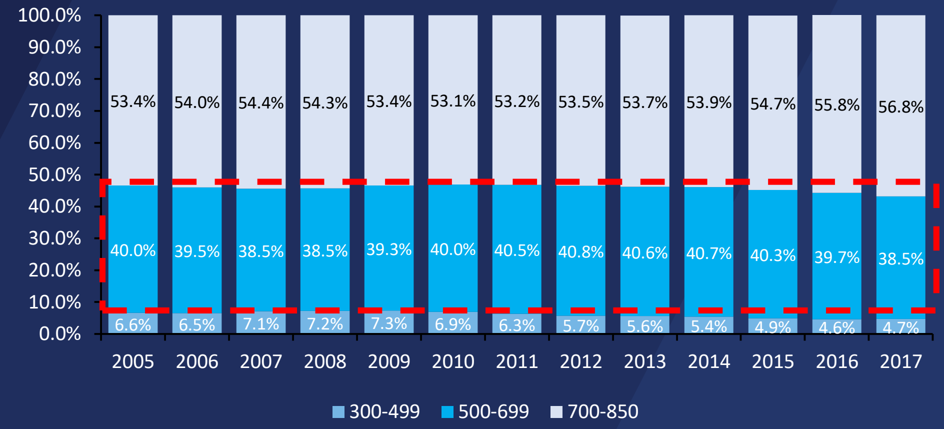
We estimate total U.S. Lease-to-Own market to be $25 to $35 billion

*Harris Poll for Career Builder 2017 and FICO Banking Analysis

CURRENT U.S. FICO SCORE DISTRIBUTION



U.S. POPULATION BY FICO SCORE



Aaron's, Inc.

Aaron’s, Inc. Serves a Large Addressable Market Through Multiple Channels and Products

VIRTUAL LEASE-TO-OWN

Progressive Leasing™

Virtual lease-to-own model serves retail partners in categories including furniture, mattress, jewelry, mobile & electronics

LEASE-TO-OWN STORES

Aaron's®

Lease-to-own stores serve customers for furniture, electronics, appliances & computers

E-COMMERCE

Aaron's®.com

Aarons.com, launched in 2015 and updated in 2018, serves as part of our omnichannel strategy for lease-to-own programs

SECOND-LOOK FINANCING

VIVE FINANCIAL™

Vive Financial, acquired in 2015, operates in the “secondary” financing market

Sources: Management Estimates, FICO Banking Analytics, Experian, Wall Street Journal

COMPELLING VALUE FOR OUR CUSTOMERS

- **Attractive ownership rates**
- **90/120 day buyout**
- **Maximum flexibility**
- **Omnichannel model (stores & e-com)**

40%+ of the US population is considered to have a subprime FICO score.*

Millennials are Credit Averse
Young Millennials are averse to traditional banking and 44% say they have no interest in using credit cards as a primary method of payment.*

78% of Americans live Paycheck to Paycheck*
Studies show that no matter how much you earn, getting by is still a struggle for most people.

*Harris Poll for Career Builder 2017 and FICO Banking Analysis

COMPELLING VALUE FOR OUR SHAREHOLDERS

OPERATING ADVANTAGES

Customer analytics and decisioning

Customer "Life cycle" management

Last mile logistics and reverse logistics

Strong regulatory compliance infrastructure and integrity

Large installed base of strong retail partners

ECONOMIC ADVANTAGES

High revenue/cash flow visibility

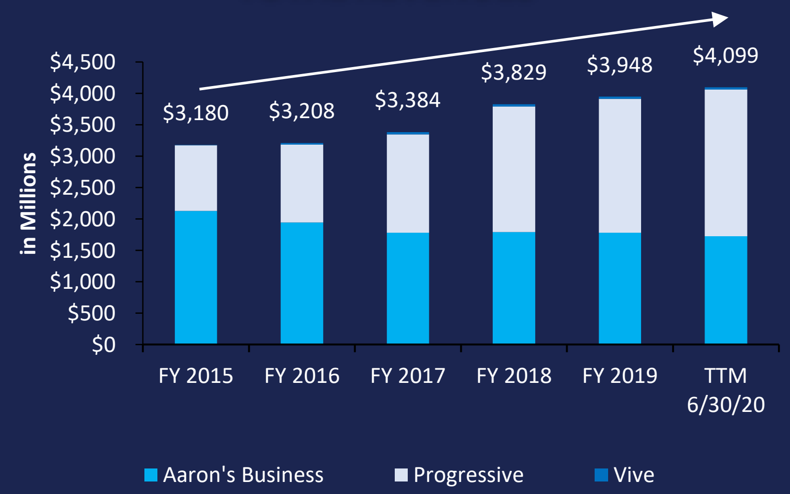
Strong balance sheet/ Low leverage/ $500 million revolving LOC

Sustainable growth platform

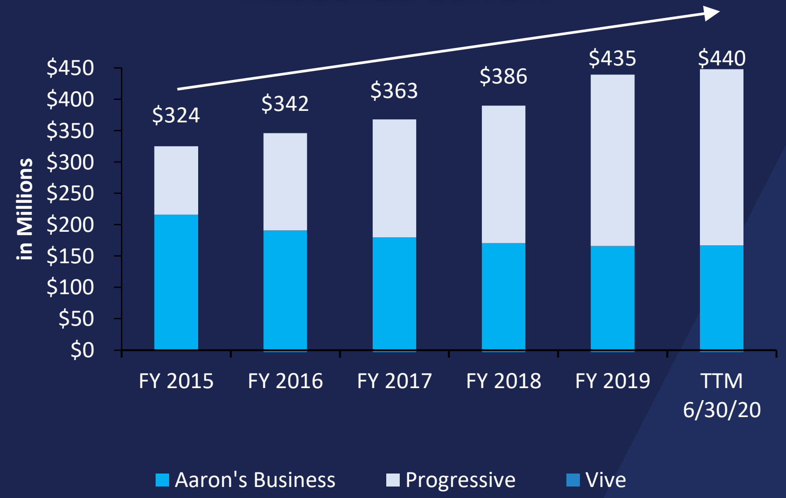
Shareholder friendly capital allocation

STRONG FINANCIAL TRACK RECORD

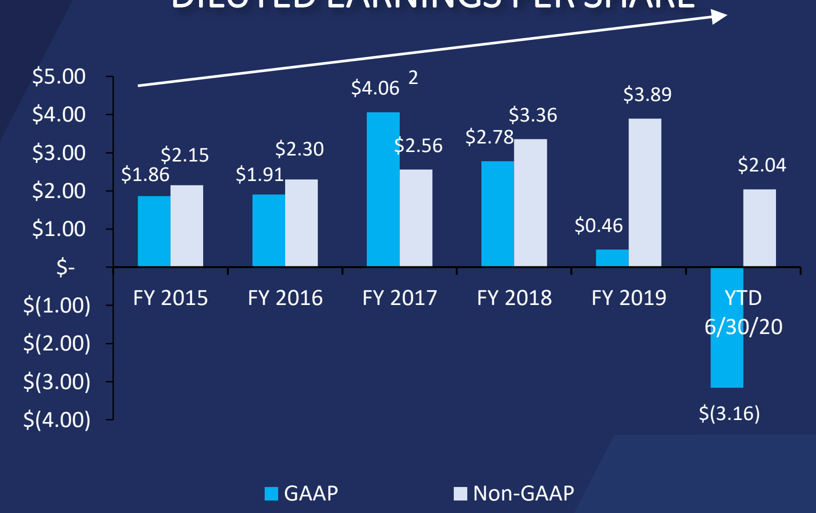
TOTAL REVENUES [3]



ADJUSTED EBITDA [1]



DILUTED EARNINGS PER SHARE [1]



STRONG BALANCE SHEET

- Total liquidity of ~$799MM at 6/30/20
- Net debt to Adjusted EBITDA of (0.1)x
- Ended the second quarter with $313.1MM in cash
- Debt-to-equity ratio of 0.79 for the period

1 Adjusted EBITDA and Non-GAAP Diluted Earnings Per Share are Non-GAAP financial measures. See “Safe Harbor Statement & Use of Non-GAAP Items” disclosure.
2 FY 2017 GAAP Diluted Earnings Per Share includes net provisional tax benefits from the Tax and Jobs Act of 2017 of $1.90 per share.
3 Progressive revenue figures have been adjusted to reflect the FASB issued ASU 2016-02 lease standard (“ASC 842”).

Operational Highlights from the Second Quarter Ended June 30, 2020

TOTAL COMPANY

$1,030.1MM in Revenues
+6.4% YoY Growth

$129.8MM of Adjusted EBITDA[1]

1.8MM Customers Served
-4.9% YoY Decrease

Generated **$133.0MM** in cash from operations during Q2'20

-1.5% Net Debt to Capitalization
vs. **11.3%** in Q2'19

PROGRESSIVE BUSINESS SEGMENT

$589.7MM in Revenues
+14.2% YoY Growth

$70.7MM of EBITDA[1]

902K Customers Served
-0.8% YoY Decrease

19,000 Active Doors

$394.3MM Invoice Volume
-2.2% YoY Decrease

AARON'S BUSINESS SEGMENT

$431.0MM in Revenues
-2.8% YoY Decrease
Same Store Revenues Up 1.4%

$57.1MM of Adjusted EBITDA[1]

1,098 Company Stores

316 Franchised Stores

Note: All data is as of or for the three months ending June 30, 2020 unless otherwise noted
[1] EBITDA and Adjusted EBITDA are Non-GAAP financial measures. See "Safe Harbor Statement & Use of Non-GAAP Items" disclosure.

Aaron's, Inc.

AARON'S INC. GROWTH STRATEGY

OUR GOAL:

Operate a sustainable business model that helps our customers gain access to a wide variety of high-quality products in a transparent, flexible and affordable way.

Grow Progressive Leasing:

- Investing ahead of revenue growth and future retail partner pipeline conversions
- Emphasis on regulatory compliance

Strengthen Aaron's Business

- Continue with promising business transformation investments to drive customer engagement, experience and traffic

Capital Allocation / Investment

- Leverage unique assets and competencies in adjacent markets (ongoing customer and retailer relationships, analytics and decisioning, customer and partner servicing platforms, last mile delivery and return logistics, furniture manufacturing)
- Maintain conservative capital structure and return capital to shareholders (in the absence of a significant acquisition)

Progressive Business Segment

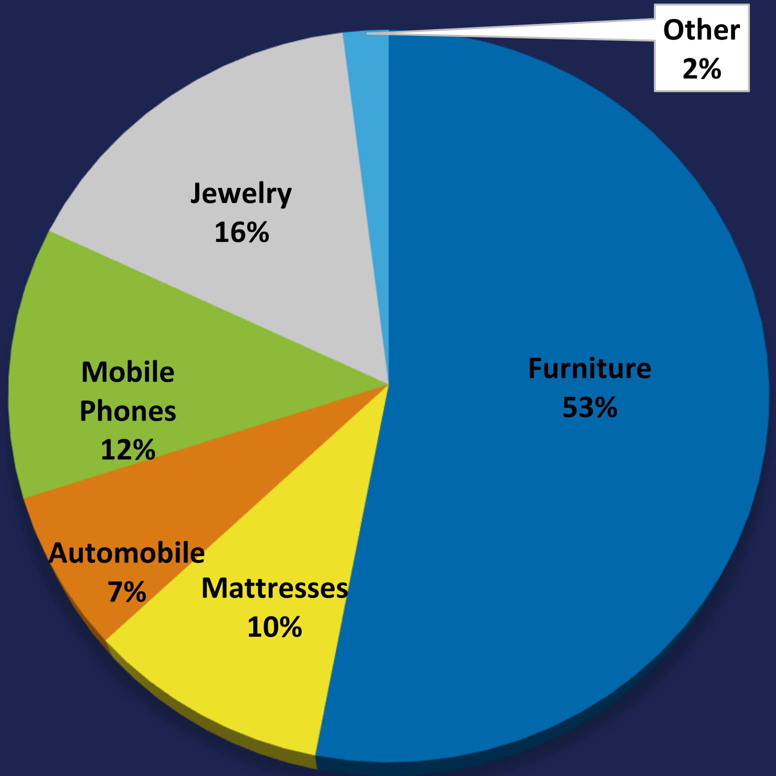
Progressive Leasing

A Leader in Virtual Lease-to-Own

Mission:
Provide simple and affordable purchase options for credit challenged consumers

Vision:
Create a better future for all people with imperfect credit by providing the best purchase experience

RETAIL PARTNER CATEGORIES – FY 2019



Note: Category % represents Progressive Leasing revenue attributable to different retail partner categories.

FINANCIAL STRENGTH & SCALE TO GROW

- Strong Value Proposition – Progressive's speed and ease of use for customers and retail partners is driving exceptional growth – TECHNOLOGY is leading the way
- Solid Visibility into Lease Portfolio – Supported by advanced algorithms, additional predictive metrics, and a short average lease life of seven months
- Significant Opportunity in New and Existing Doors – Strong growth in new doors and continued growth in existing doors driven by adoption rate and changes in product mix
- Robust Pipeline – Experiencing growth with many national and regional retail partners across all of Progressive's product verticals

Source: Aaron's, Inc. 10-K dated February 20, 2020

Progressive Leasing

PROGRESSIVE LEASING:

GROW REVENUE AND EBITDA

Expand retail partners

Drive total invoice volume (active doors, invoice per active door)

Technology investments to further enhance decisioning

Grow EBITDA

Aaron’s Business Segment

Aaron's®

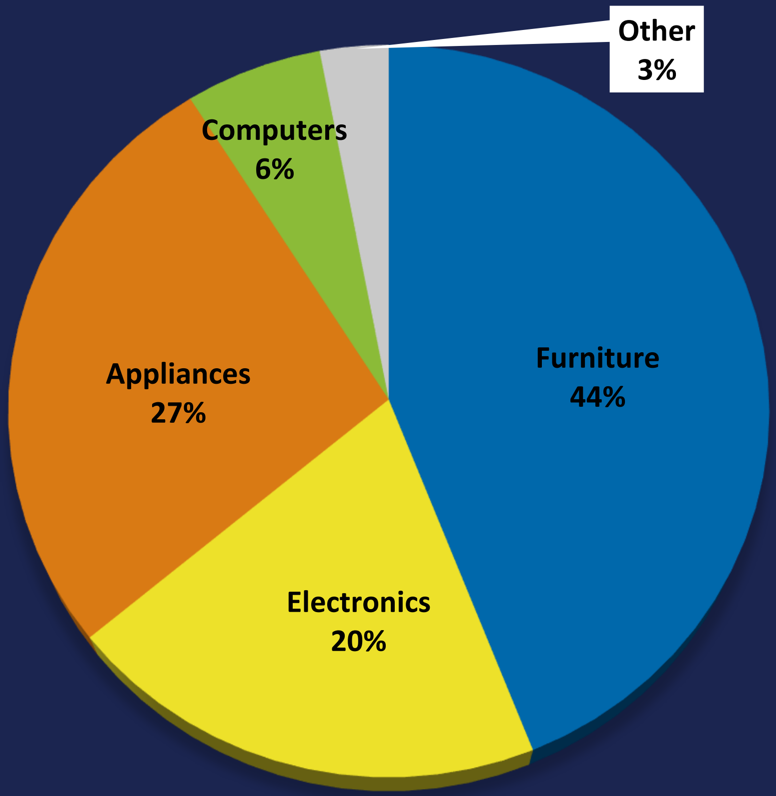
Easy. Beautiful. Affordable.

Blueprint For Success:

- Profitably Grow our Stores
- Accelerate our Omnichannel Platform
- Promote Communication, Coordination & Integration
- Champion Compliance

AARON'S BUSINESS: A LEADER IN OMNI-CHANNEL LEASE TO OWN

MERCHANDISE CATEGORIES – FY 2019



FINANCIAL STRENGTH & SCALE TO GROW

Business Transformation Initiatives – Gaining Traction and Driving Improvement:

- Next Generation E-Commerce
- Pricing and Promotion Discipline
- Broader Product Assortment
- Procurement Efficiencies
- Inventory Mix Optimization
- Rapid Customer Onboarding

We remain committed to increasing the long-term value of the Aaron's Business by:

- Enhancing Aaron's omni-channel platform to drive revenue and operate more efficiently
- Investing in customer-facing programs to support growth
- Remaining opportunistic regarding acquisitions

Source: Aaron's, Inc. 10-K dated February 20, 2020

Appendix

REGULATORY INQUIRIES

- In July 2018, the Company received civil investigative demands ("CIDs") from the Federal Trade Commission (the "FTC") regarding disclosures related to lease-to-own and other financial products offered by the Company through the Aaron's Business and Progressive and whether such disclosures violate the FTC Act
- December 2019 - Progressive reached an agreement in principle with the FTC with respect to a tentative settlement to resolve the FTC inquiry, with Progressive undertaking to make a lump-sum payment of $175.0MM to the FTC
- January 2020 - Progressive and the FTC agree on the terms of a related consent order
- Agreement requires Progressive to undertake certain compliance-related activities
- The Company recognized a charge during the fourth quarter 2019 of $179.3MM, including ~$4.3MM of legal fees
- April 2020 – the Company paid $175.0MM to satisfy its settlement with the FTC

NON-GAAP RECONCILIATIONS

Reconciliation of Net Earnings (Loss) and Earnings (Loss) Per Share Assuming Dilution to Non-GAAP Net Earnings and Earnings Per Share Assuming Dilution
(In thousands, except per share)

	(Unaudited) Three Months Ended June 30,		(Unaudited) Six Months Ended June 30,	
	2020	2019	2020	2019
Net Earnings (Loss)	$ 68,377	$ 42,650	$ (211,628)	$ 98,728
Add: Progressive Leasing-Related Intangible Amortization Expense (1)(2)	4,260	4,069	8,229	8,420
Add: Franchisee-Related Intangible Amortization Expense(3)(4)	1,130	2,971	2,291	6,216
Add: Restructuring Expenses, net (5)(6)	5,494	14,065	22,221	24,866
Add: Acquisition Transaction and Transition Costs(7)	—	150	—	243
Add: Sales and Marketing Early Contract Termination Fees(8)	—	—	11,129	—
Add: Holding Company Legal and Accounting Fees(9)	1,982	—	1,914	—
Add: Impairment of Goodwill(10)	—	—	339,191	—
Less: NOL Carryback Revaluation	(1,350)	—	(35,540)	—
Non-GAAP Net Earnings	$ 79,893	$ 63,905	$ 137,807	$ 138,473
Earnings (Loss) Per Share Assuming Dilution(10)	$ 1.01	$ 0.62	$ (3.16)	$ 1.44
Add: Progressive Leasing-Related Intangible Amortization Expense (1)(2)	0.06	0.06	0.12	0.12
Add: Franchisee-Related Intangible Amortization Expense(3)(4)	0.02	0.04	0.03	0.09
Add: Restructuring Expenses, net(5)(6)	0.08	0.20	0.33	0.36
Add: Acquisition Transaction and Transition Costs(7)	—	—	—	—
Add: Sales and Marketing Early Contract Termination Fees(8)	—	—	0.16	—
Add: Holding Company Legal and Accounting Fees(9)	0.03	—	0.03	—
Add: Impairment of Goodwill(10)	—	—	5.01	—
Less: NOL Carryback Revaluation	(0.02)	—	(0.53)	—
Non-GAAP Earnings Per Share Assuming Dilution(11)(12)	$ 1.18	$ 0.93	$ 2.04	$ 2.01
Weighted Average Shares Outstanding Assuming Dilution	67,523	68,793	67,694	68,784

(1) Net of taxes of $1,161 and $2,613 for the three and six months ended June 30, 2020 calculated using the estimated tax rates of 21.4% and 24.1% for the respective periods.

(2) Net of taxes of $1,352 and $2,422 for the three and six months ended June 30, 2019 calculated using the effective tax rate for the respective periods.

(3) Net of taxes of $308 and $727 for the three and six months ended June 30, 2020 calculated using the estimated tax rates of 21.4% and 24.1% for the respective periods.

(4) Net of taxes of $987 and $1,788 for the three and six months ended June 30, 2019 calculated using the effective tax rate for the respective periods.

(5) Net of taxes of $1,497 and $7,056 for the three and six months ended June 30, 2020 calculated using the estimated tax rates of 21.4% and 24.1% for the respective periods.

(6) Net of taxes of $4,673 and $7,153 for the three and six months ended June 30, 2019 calculated using the effective tax rate for the respective periods.

(7) Net of taxes of $50 and $70 for the three and six months ended June 30, 2019 calculated using the effective tax rate for the respective periods.

(8) Net of taxes of $3,534 for the six months ended June 30, 2020 calculated using the estimated tax rates of 21.4% and 24.1% for the respective periods.

(9) Net of taxes of $540 and $608 for the three and six months ended June 30, 2020 calculated using the estimated tax rates of 21.4% and 24.1% for the respective periods.

(10) Net of taxes of $107,702 for the six months ended June 30, 2020 calculated using the estimated tax rate of 21.4% for the period.

(11) For the six months ended June 30, 2020, the GAAP Weighted Average Shares Outstanding Assuming Dilution was 66,959 and the Non-GAAP Weighted Average Shares Outstanding Assuming Dilution was 67,694.

(12) In some cases, the sum of individual EPS amounts may not equal total non-GAAP EPS calculations due to rounding.

Source: Aaron's, Inc. second quarter earnings release dated July 29, 2020