

Aaron's, Inc.

Announces Intent to Separate Into Two Public Companies

July 29, 2020

Aaron's, Inc.

SAFE HARBOR STATEMENT

Forward-Looking Statements

Statement under the Private Securities Litigation Reform Act of 1995: Statements in this presentation 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 "intends," "expected," "planned," "will," "positioned," and similar terminology. These risks and uncertainties include factors such as (a) uncertainties as to the timing of the separation and whether it will be completed; (b) the possibility that various closing conditions for the separation may not be satisfied; (c) failure of the separation to qualify for the expected tax treatment; (d) the risk that the Aaron's Business and Progressive Leasing will not be separated successfully or such separation may be more difficult, time-consuming and/or costly than expected; (e) the possibility that the operational, strategic and shareholder value creation opportunities from the separation may not be achieved; (f) the effects on our business from the COVID-19 pandemic, including its impact on our revenue and overall financial performance and the manner in which we are able to conduct our operations; (g) increases in lease merchandise write-offs and the provision for returns and uncollectible renewal payments in light of the impact of the COVID-19 pandemic; and (h) the other risks and uncertainties discussed under "Risk Factors" in Aaron's, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and in Aaron's, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2020. Statements in this presentation that are "forward-looking" include without limitation statements regarding the planned separation of the Aaron's Business and Progressive Leasing, the timing of any such separation, the expected benefits of the separation, and the future performance of the Aaron's Business and Progressive Leasing if the separation is completed. 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, Aaron's, Inc. undertakes no obligation to update these forward-looking statements to reflect subsequent events or circumstances after the date of this presentation.

Non-GAAP Financial Information

This presentation includes non-GAAP financial measures, such as adjusted EBITDA and free cash flow, that exclude certain items we do not consider reflective of our cash operations and core business performance. We believe that the presentation of these non-GAAP financial measures provides investors with greater transparency and supplemental data relating to our financial condition and results of operations. These non-GAAP financial measures should be considered in context with our GAAP financial results. A reconciliation of each non-GAAP financial measure presented to the nearest equivalent GAAP financial measure appears in the appendix to this presentation.

OVERVIEW

Intends to Separate into Two Independent, Highly-Focused Publicly-Traded Companies



Comprised of Progressive Leasing and Vive Financial



HEADQUARTERS
DRAPER, UT

2019 REVENUE
\$2.2B

Partners With
Thousands of Retail
Partners

Aaron's

Comprised of ~1,400 company-operated and franchised stores in 47 U.S. States & Canada, the e-commerce platform Aarons.com, & Woodhaven Furniture Industries

Aaron's

Aaron's.com

HEADQUARTERS
ATLANTA, GA

2019 REVENUE
\$1.8B

1.2 Million
Customers

Aaron's, Inc.

PROGRESSIVE AT A GLANCE

Key 2019 Highlights**

\$2.2 Billion Revenue 20.2% Growth	\$269 Million Adj. EBITDA 19.6% Growth	\$1.8 Billion Invoice* 23.2% Growth*
Adj. EBITDA Margin of 12.4%	1.1 Million Customers 22.4% Growth	Write-offs* 7.2% of Net Revenue

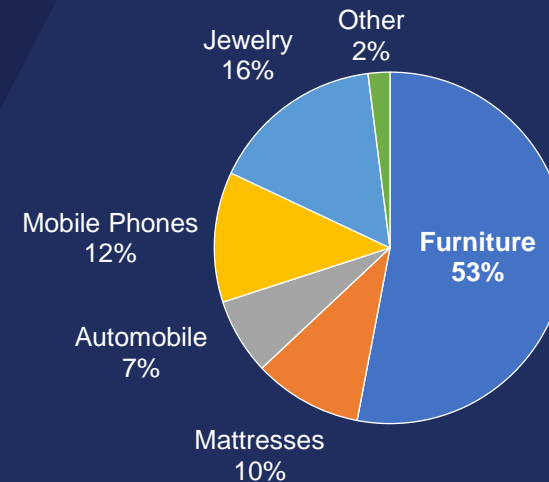
Key Investment Highlights

- 1 Strong Value Proposition: Provides access to quality merchandise at leading retailers, through a simple and easy-to-use process with competitive pricing
- 2 Visibility into Lease Portfolio: Supported by advanced algorithms, additional predictive metrics, and a short average portfolio duration of seven months
- 3 Significant Opportunity in New and Existing Doors: Strong growth in new doors and continued growth in existing doors driven by increased penetration
- 4 Robust Pipeline: Expected future growth with many national and regional retail partners across Progressive's core verticals

Select Merchant Partnerships



Retail Partner Categories* – FY 2019



PROGRESSIVE LEADERSHIP TEAM



STEVE MICHAELS
Chief Executive Officer

- Named Chief Financial Officer and President of Strategic Operations of Aaron's, Inc. in February of 2016
- Oversees several key business functions including analytics, business development and manufacturing
- Previously served as Aaron's President from April 2014 until February 2016, and in that role successfully developed and implemented strategies to strengthen the Aaron's Business and launch the Aaron's e-commerce business
- Holds a BS degree in Finance from the University of Florida and an MBA from Georgia State University



BLAKE WAKEFIELD
President & Chief Revenue Officer

- Named President and Chief Revenue Officer in January of 2015 following the Progressive acquisition by Aaron's
- Joined Progressive in February of 2013 as the Senior Vice President of Sales and Marketing
- Prior to Progressive, served as the Sr. Director of Sales and Marketing in the Americas and EMEA for Seagate Technology
- Holds a Bachelor of Science degree in Marketing and International Business from Brigham Young University, and a Master of Business Administration degree from Portland State University



RAY ROBINSON
Chairman of the Board

- Board Director of Aaron's, Inc. since 2002, and Non-executive Chairman since 2014
- Held several executive positions at AT&T from 1968-2003, including President of the Southern Region
- Extensive technology, banking, communications, strategic and executive leadership and marketing experience, as well as experience serving as a public company director
- Holds a Bachelor of Science degree in Finance and Economics and a Master of Business Administration in Finance from the University of Denver

Full management teams and boards for both companies will be provided in the months leading up to the separation

AARON'S AT A GLANCE

Aaron's offers a compelling customer value proposition and an attractive, recurring revenue business model

Key 2019 Highlights*

\$1.8 Billion Revenue	\$166 Million Adj. EBITDA	SSR of 0%, 136 bps Improvement
E-comm Lease Originations Up 51%	1.2 Million Customers	Vertically Integrated Furniture Manufacturing

Strategic Priorities

Utilize technology to simplify and digitize the customer experience

Optimize store footprint, generating substantial cash flow and a more efficient cost structure

Continue to strengthen the Aaron's brand

Key Investment Highlights

- 1 Large customer opportunity comprising ~30% of the U.S. population
- 2 Compelling customer value proposition driven by competitive pricing, high approval rates and local service advantages
- 3 Digitally-enabled, omni-channel strategy that provides an integrated online and in-store experience
- 4 Opportunity to grow earnings by executing strategic priorities
- 5 Expect attractive financial profile driven by strong cash generation with substantial capital available to return to shareholders

Key Product Categories (% 2019 Revenue)

Furniture (44%)



Home Appliances (27%)



Consumer Electronics¹ (20%)



Computers (6%)



* - See Appendix for reconciliation of Non-GAAP financial measures

¹ Consumer Electronics includes televisions, gaming and audio.

AARON'S BUSINESS LEADERSHIP TEAM



DOUGLAS LINDSAY
Chief Executive Officer

- Served as Aaron's Business President of Sales & Lease Ownership since February 2016
- More than 20 years of experience leading companies in the financial services and real estate industries
- Former CFO and COO of Ace Cash Express
- Holds an M.B.A. from the Cox School of Business at Southern Methodist University and a B.S. in Business Administration and Accounting from Washington and Lee University



STEVE OLSEN
President

- Served as Aaron's Business COO of Sales & Lease Ownership since May 2020
- Joined the company in December 2016 as the Chief Merchandising and Supply Chain Officer and was promoted to the Chief Transformation Officer in 2019
- More than 23 years of experience in leadership positions at multiple retailers including, Total Wine & More, Orchard Supply Hardware and Office Depot
- Started his career with Accenture leading strategy consulting engagements across many retailers
- Holds a B.A. in Organizational Behavior and Management and History from Brown University



JOHN ROBINSON
Chairman of the Board

- CEO and member of the Aaron's, Inc. Board of Directors since November 2014
- Holds a Bachelor of Arts degree from Washington & Lee University, and an MBA from the Tuck School of Business at Dartmouth College

Full management teams and boards for both companies will be provided in the months leading up to the separation

PATHWAY TO COMPLETION

Transaction Structure

- Planned as a tax-free spin-off of the Aaron's Business to the Company's shareholders

Financial Implications

- Until the separation is complete, Aaron's, Inc. expects to continue to pay its regular quarterly cash dividend
- Each company will set its own capital allocation policies after completion of the separation

Timing and Other Matters

- Expected to be completed by the end of 2020, subject to customary closing conditions, including:
 - Effectiveness of a Form 10 registration statement to be filed with the U.S. SEC
 - Receipt of a tax opinion of legal counsel with respect to the tax-free nature of the separation
 - Final approval from the Company's Board of Directors

2019 FINANCIALS

(\$ millions)	Progressive + Vive	Aaron's Business	Consolidated
Total Revenues	\$ 2,163	\$ 1,784	\$ 3,947
YoY Growth	19.6%	-0.5%	9.6%
Adjusted EBITDA*	\$ 269	\$ 166	\$ 435
Adjusted EBITDA Margin*	12.4%	9.3%	11.0%

Full presentations detailing balance sheets and financial and operational characteristics for both companies will be provided prior to separation

* - See Appendix for reconciliation of Non-GAAP financial measures



Aaron's, Inc.

APPENDIX

Reconciliation of Non-GAAP Items: 2018 - 2019 REVENUE BY SEGMENT

(\$ 000s)	Progressive + Vive		Aaron's Business		Consolidated
Year Ending December 31, 2019					
Lease Revenues and Fees	\$	2,128,133	\$	1,570,358	\$ 3,698,491
Retail Sales		-		38,474	38,474
Non-Retail Sales		-		140,950	140,950
Franchise Royalties and Fees		-		33,432	33,432
Interest and Fees on Loans Receivable		35,046		-	35,046
Other		-		1,263	1,263
Total Revenues	\$	2,163,179	\$	1,784,477	\$ 3,947,656
YoY Growth		19.6%		(0.5%)	9.6%
Year Ending December 31, 2018					
Lease Revenues and Fees	\$	1,998,981	\$	1,507,437	\$ 3,506,418
Retail Sales		-		31,271	31,271
Non-Retail Sales		-		207,262	207,262
Franchise Royalties and Fees		-		44,815	44,815
Interest and Fees on Loans Receivable		37,318		-	37,318
Other		-		1,839	1,839
Total Revenues	\$	2,036,299	\$	1,792,624	\$ 3,828,923
Progressive Bad Debt Expense		227,813		-	227,813
Total Revenues, net of Progressive Bad Debt Expense ⁽¹⁾	\$	1,808,486	\$	1,792,624	\$ 3,601,110

(1) "Total Revenues, net of Progressive Bad Debt Expense" for 2018 are a supplemental measure of our performance that are not calculated in accordance with GAAP in place during 2018. The non-GAAP measure assumes that Progressive bad debt expense is recorded as a reduction to lease revenues and fees instead of within operating expenses in 2018 to provide comparability with the financial results we reported beginning in 2019 when ASC 842 became effective and we began reporting Progressive's bad debt expense as a reduction to lease revenues and fees. See Use of Non-GAAP Financial Information within Item 7 of the Company's Form 10-K filed on February 20, 2020 for further details.

Reconciliation of Non-GAAP Items: 2018 - 2019 ADJUSTED EBITDA RECONCILIATION

(\$ 000s)	Progressive + Vive		Aaron's Business		Consolidated	
	<i>Year Ending December 31, 2019</i>					
Net Earnings					\$	31,472
Income Taxes ⁽¹⁾						61,316
Earnings Before Income Taxes	\$	46,057	\$	46,731	\$	92,788
Interest Expense		12,099		4,868		16,967
Depreciation		9,089		60,415		69,504
Amortization		22,263		13,294		35,557
EBITDA	\$	89,508	\$	125,308	\$	214,816
Restructuring Expense		-		39,990		39,990
Acquisition Transaction and Transition Costs		-		735		735
Legal and Regulatory Expenses		179,261		-		179,261
Adjusted EBITDA	\$	268,769	\$	166,033	\$	434,802
Adjusted EBITDA Margin		12.4%		9.3%		11.0%
	<i>Year Ending December 31, 2018</i>					
Net Earnings					\$	196,210
Income Taxes ⁽¹⁾						55,994
Earnings Before Income Taxes	\$	167,521	\$	84,683	\$	252,204
Interest Expense		19,384		(2,944)		16,440
Depreciation		7,143		54,022		61,165
Amortization		22,263		10,722		32,985
EBITDA	\$	216,311	\$	146,483	\$	362,794
Restructuring Expense (Reversals), Net		(10)		1,115		1,105
Acquisition Transaction and Transition Costs		-		21,625		21,625
Legal and Regulatory Expenses		-		1,490		1,490
Gain on Sale of Building		(775)		-		(775)
Adjusted EBITDA	\$	215,526	\$	170,713	\$	386,239
Adjusted EBITDA Margin		11.9%		9.5%		10.7%

(1) Taxes are calculated on a consolidated basis and are not identified by Company segments.

