**Aaron’s Business**

The Aaron's Business segment offers furniture, home appliances, consumer electronics and accessories to consumers through a lease-to-own agreement through the Company’s Aaron’s-branded stores in the United States, Canada and Puerto Rico, as well as through its e-commerce platform. This operating segment also supports franchisees of its Aaron’s-branded stores. In addition, the Aaron’s Business segment includes the operations of Woodhaven Furniture Industries ("Woodhaven"), which manufactures and supplies the majority of the bedding and a significant portion of the upholstered furniture leased and sold in Company-operated and franchised stores.

Progressive Leasing is a virtual lease-to-own company that provides lease-purchase solutions in 46 states and the District of Columbia. It does so by purchasing merchandise from third-party retailers desired by those retailers' customers and, in turn, leasing that merchandise to the customers through a cancelable lease-to-own transaction. Progressive Leasing consequently has no stores of its own, but rather offers lease-purchase solutions to the customers of traditional and e-commerce retailers

**The separation of Progressive Leasing and Aaron’s Business enables substantial value creation opportunities.**

The separation is planned as a tax-free spin-off of Aaron's to the Company's shareholders and is expected to be completed by the end of the year. The move enhances Aaron’s strategic focus, market-leading position, and strong free cash flow generation potential.

1. **What will shareholders receive?**

**Metrics for AAN**

1. Lease Portfolio Performance
   1. Aaron's Branded Stores 1,098
   2. Franchised Stores 1,171
      1. Franchise Royalties and Fees The Company has no current plans to franchise additional Aaron's stores. Franchisees have historically paid an ongoing royalty fee of 6% of the weekly cash revenue collections, which is recognized as the fees become due. In response to the COVID-19 pandemic, the Company temporarily suspended, as opposed to deferring, the royalty fee obligation in March 2020, effectively forgiving the franchisee royalty payments that otherwise would have been due during the suspension period. The Company reinstated the requirement that franchisees make royalty payments during the second quarter of 2020, but there can be no assurance that the Company will not implement another suspension or a deferral of franchisee royalty payments in future periods, such as, for example, in response to our franchisees experiencing financial difficulty due to a resurgence of COVID-19 cases.
   3. Systemwide Stores 316,357
2. **New Lease Origination**
   1. Pandemic has led to significant market disruption and adverse impacts on New Lease Origination. Aaron’s conservative approach to lease decisions will likely put downward pressure on acquiring new leases and should be a cause for concern.
3. Same-Store Revenue
   1. Expectations of Same-Store Revenue to increase from 4% to 6% (Q3 Outlook)

**Future Outlook - What to Look for**

1. Execute its strategic priorities, including its real estate repositioning and digitally-enabled omnichannel strategies
2. Provide compelling customer value proposition driven by competitive pricing, high approval rates and local servicing advantages
3. Maintain an attractive financial profile including future earnings growth and positive free cash flow
4. What will shareholders receive from offloading Progressive’s?
5. Will Aaron’s reinstate Franchise Royalities?
6. How to combat New Lease Origination headwinds