# Rent-A-Center Enters Into Definitive Agreement to Acquire Acima to Create Leading Virtual Lease-to-Own Platform, Accelerate Long-Term Growth

December 21, 2020

*Acima operates in over 15,000 active retail partner locations and e-commerce platforms with approximately $1.25 billion in revenue and $225 million in adjusted EBITDA expected for 2020*

*$1.65 billion cash and stock transaction that expands Rent-A-Center's position as a premier fintech platform in both the traditional and virtual LTO segments*

*Combination has strong synergy potential and results in estimated pro forma 2020E revenue of approximately $4.1 billion and $540 million in adjusted EBITDA, improving long-term outlook for revenue, profitability and cash flow generation*[1]

PLANO, Texas--(BUSINESS WIRE)--Dec. 20, 2020-- Rent-A-Center, Inc. (the "Company" or "Rent-A-Center") (NASDAQ: RCII) today announced that it has entered into a definitive agreement to acquire Acima Holdings LLC, a leading provider of virtual lease-to-own solutions. Total consideration consists of $1.273 billion in cash and approximately 10.8 million shares of Rent-A-Center common stock currently valued at $377 million. The transaction is expected to close in the first half of 2021 subject to customary closing conditions, including clearance under the Hart-Scott-Rodino Antitrust Improvements Act. Further details regarding the Acima acquisition will be discussed in a conference call with investors tomorrow at 8:30am ET and more information is available at investor.rentacenter.com.

Acima is a fast growing, profitable LTO fintech company with a national presence in retail partner stores and e-commerce platforms, and a broad range of product verticals. Founded in 2013 in Salt Lake City, Utah, Acima has grown annual revenues from $97 million in 2016 to an expected $1.25 billion in 2020. Acima will continue to operate out of Salt Lake City and will incorporate the complementary Preferred Dynamix platform to create a frictionless LTO experience for consumers and retail partners. Upon the closing of the transaction, the current Acima management team will report to Preferred Dynamix Executive Vice President Jason Hogg, and the combined business will be reported in the Preferred Lease segment.

"We're excited to welcome Acima to the Rent-A-Center family," said Mitch Fadel, Chief Executive Officer, Rent-A-Center. "Founder Aaron Allred and his team have created a leading virtual LTO solution for retailers and consumers. We all share a common vision to expand the virtual LTO offering across a broader set of retail partners and to meet the needs of more customers through an integrated omnichannel strategy. Acima will help us strengthen our organization, accelerate growth and increase our virtual partner base, allowing us to better serve more consumers with the flexibility of LTO."

Jason Hogg, Executive Vice President, Preferred Dynamix, added: "This combination marries Acima's advanced decisioning with Preferred Dynamix's complementary and proprietary digital platform. The resulting set of fintech capabilities will support faster innovation, allowing us to bring aspirational brands to consumers across a broader set of e-commerce and retail partners."

The Company has provided a presentation on investor.rentacenter.com outlining the transaction.

**Strategic Rationale and Benefits of the Transaction**

- Accelerates Rent-A-Center's position as a premier fintech platform across both traditional and virtual lease-to-own 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 to support customer and LTO partner needs.
- The addition of key leadership and high-performing sales team with a proven track record and winning culture; the Company will retain core Acima management including its national sales structure.
- Expanded e-commerce 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.

"We're thrilled to be part of a Rent-A-Center team that's modernizing LTO to serve the estimated over 60 million unbanked and underbanked consumers in the United States," said Mr. Allred. "We share Mitch and Jason's vision to create the most dynamic LTO omni-channel shopping experience in the industry."

Rent-A-Center has obtained $1.825 billion in debt financing commitments from J.P. Morgan Securities LLC, Credit Suisse and HSBC Securities (USA) Inc., in connection with the transaction, subject to the terms and conditions of the respective commitment letters.

J.P. Morgan Securities LLC is serving as lead financial advisor; Credit Suisse is serving as an additional financial advisor and Sullivan & Cromwell LLP is serving as legal counsel to Rent-A-Center. FT Partners is serving as sole strategic and financial advisor and Wachtell, Lipton, Rosen & Katz is serving as legal counsel to Acima.

**Webcast Information**

Rent-A-Center, Inc. will host a conference call to discuss the Definitive Agreement to Acquire Acima, transaction details and other operational matters on the morning of Monday, December 21, 2020, at 8:30am ET. For a live webcast of the call, visit https://investor.rentacenter.com. Certain financial and other statistical information that will be discussed during the conference call will also be provided on the same website. Residents of the United States and Canada can listen to the call by dialing (800) 399-0012. International participants can access the call by dialing (404) 665-9632.

**About Rent-A-Center, Inc.**

Rent-A-Center, Inc. (NASDAQ: RCII) is an industry leading omni-channel lease-to-own provider for the credit constrained customer. The Company focuses on improving the quality of life for its customers by providing access and the opportunity to obtain ownership of high-quality, durable products via small payments over time under a flexible lease-purchase agreement and no long-term debt obligation. Preferred Lease provides virtual and staffed lease-to-own solutions to retail partners in stores and online enabling our partners to grow sales by expanding their customer base utilizing our differentiated offering. The Rent-A-Center Business and Mexico segments provide lease-to-own options on products such as furniture, appliances, consumer electronics, and computers in approximately 1,950 Rent-A-Center stores in the United States, Mexico, and Puerto Rico and on its e-commerce platform, Rentacenter.com. The Franchising segment is a national franchiser of approximately 460 franchise locations. Rent-A-Center is headquartered in Plano, Texas. For additional information about the Company, please visit our website at Rentacenter.com or Investor.rentacenter.com.

**About ACIMA**

Acima's proprietary technology LTO-driven point-of-sale solution is designed to be a fast and easy solution for both merchants and consumers while its online decision engine provides merchant partners and retail customers with an automatic approval decision within a matter of seconds. For more information, please visit www.acima.com.

**Rent-A-Center's Cautionary Note Regarding Forward-Looking Statements**

This press release and the associated investor presentation and webcast contain forward-looking statements that involve risks and uncertainties. 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 and include, among others, statements concerning 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, and our goals, plans and projections with respect to our operations, financial position and business strategy. However, there can be no assurance that such expectations will occur. The Company's actual future performance could differ materially and adversely from such statements. Factors that could cause or contribute to such material and adverse differences include, but are not limited to: (1) risks relating to the proposed transaction, including (i) the inability to obtain regulatory approvals required to consummate the transaction with Acima on the terms expected, at all or in a timely manner, (ii) the ability of the Company to obtain the required debt financing pursuant to its commitment letters and, if obtained, the potential impact of the additional debt on the Company's leverage ratio, interest expense and other business and financial impacts and restrictions due to the additional debt, (iii) the failure of other conditions to closing the transaction and the ability of the parties to consummate the proposed transaction on a timely basis or at all, (iv) the failure of the transaction to deliver the estimated value and benefits expected by the Company, (v) the incurrence of unexpected future costs, liabilities or obligations as a result of the transaction, (vi) 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 the Company and Acima do business, (vii) the ability of the Company to successfully integrate Acima's operations, (viii) the ability of the Company to successfully implement its plans, forecasts and other expectations with respect to Acima's business after the closing and (ix) other risks and uncertainties inherent in a transaction of this size, (2) the impact of the COVID-19 pandemic and related government and regulatory restrictions issued to combat the pandemic, including adverse changes in such restrictions, and impacts on (i) demand for the Company's lease-to-own products, (ii) the Company's retail partners, (iii) the Company's customers and their willingness and ability to satisfy their lease obligations, (iv) the Company's suppliers' ability to satisfy merchandise needs, (v) the Company's coworkers, (vi) the Company's financial and operational performance, and (vii) the Company's liquidity; (3) the general strength of the economy and other economic conditions affecting consumer preferences and spending; (4) factors affecting the disposable income available to the Company's current and potential customers; (5) the appeal of the Company's new Preferred Dynamix platform to retail partners and consumers; (6) risks related to the Company's virtual lease-to-own business, including the Company's ability to continue to develop and successfully implement the necessary technologies; (7) exposure to potential operating margin degradation due to the higher cost of merchandise in the Company's Preferred Lease offering and potential for higher merchandise losses; (8) the Company's ability to protect its proprietary intellectual property; (9) increased competition from traditional competitors, virtual lease-to-own competitors, online retailers and other competitors, including subprime lenders; (10) the Company's ability to identify and successfully market products and services that appeal to its current and future targeted customer segments; (11) consumer preferences and perceptions of the Company's brands; (12) changes in the enforcement of existing laws and regulations and the enactment of new laws and regulations adversely affecting the Company's business, including any legislative or regulatory enforcement efforts that seek to re-characterize store-based or virtual lease-to-own transactions as credit sales and to apply consumer credit laws and regulations to the Company's business; (13) the Company's compliance with applicable statutes or regulations governing its businesses; (14) information technology and data security costs; (15) the impact of any breaches in data security or other disturbances to the Company's information technology and other networks and the Company's ability to protect the integrity and security of individually identifiable data of its customers and employees; and (16) the other risks detailed from time to time in the Company's SEC reports, including but not limited to, its Annual Report on Form 10-K for the year ended December 31, 2019 and in its subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Except as required by law, the Company is not obligated to publicly release any revisions to these forward-looking statements to reflect the events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

**Use of Non-GAAP Financial Measures**

This press release and the associated investor presentation and webcast contain 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.

[1] 2020 estimates based on the midpoint of Rent-A-Center's guidance as of October 28, 2020

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