



## Upbound Group, Inc. Reports Third Quarter 2023 Results

November 2, 2023

**Third Quarter GAAP Diluted Earnings Per Share of \$0.08; Non-GAAP Diluted EPS of \$0.79<sup>1</sup>**

**Outlook for Full Year 2023 Non-GAAP Diluted EPS Improves to \$3.45 - \$3.55 from \$3.25 - \$3.55**

PLANO, Texas--(BUSINESS WIRE)--Nov. 2, 2023-- Upbound Group, Inc. (the "Company" or "Upbound") (NASDAQ:UPBD) today announced its third quarter 2023 results for the period ending September 30, 2023. The earnings news release, financial tables and related materials can be found on the company's investor relations website at <https://investor.upbound.com>.

Today at 9 a.m. ET, Mitch Fadel, Chief Executive Officer, and Fahmi Karam, Chief Financial Officer, will host a conference call to review the financial results and 2023 outlook. The conference call can be accessed via an audio webcast through the investor relations website at [investor.upbound.com](https://investor.upbound.com), under events and presentations. Participants can access the call by phone via this link ([Upbound Group Third Quarter Earnings Call](#)), where the dial-in details will be provided. A replay will also be available on the website.

### **About Upbound Group, Inc.**

Upbound Group, Inc. (NASDAQ: UPBD) is an omni-channel platform company committed to elevating financial opportunity for all through innovative, inclusive, and technology-driven financial solutions that address the evolving needs and aspirations of consumers. The Company's customer-facing operating units include industry-leading brands such as Rent-A-Center® and Acima® that facilitate consumer transactions across a wide range of store-based and digital retail channels, including over 2,400 company branded retail units across the United States, Mexico and Puerto Rico. Upbound Group, Inc. is headquartered in Plano, Texas. For additional information about the Company, please visit our website [Upbound.com](https://upbound.com).

### **Forward Looking Statements**

This press release, and the guidance above and the Company's related conference call contain forward-looking statements that involve risks and uncertainties. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. 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," "maintain," "should," "anticipate," "believe," or "confident," or the negative thereof or variations thereon or similar terminology and including, among others, statements concerning (i) the Company's guidance for 2023 and future outlook, (ii) the impact of ongoing challenging macro-economic conditions on the Company's business operations, financial performance, and prospects, (iii) the future business prospects and financial performance of the Company following the acquisition of Acima Holdings, LLC ("Acima Holdings"), (iv) cost and revenue synergies and other benefits expected to result from the Acima Holdings acquisition, (v) the Company's growth strategies, (vi) the Company's expectations, plans and strategy relating to its capital structure and capital allocation, including any share repurchases under the Company's share repurchase program, and (vii) other statements that are not historical facts. 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 these differences include, but are not limited to: (1) risks relating to the Acima Holdings acquisition, (2) the impact of the COVID-19 pandemic and subsequent post pandemic impacts and related government and regulatory restrictions issued to combat the pandemic, including adverse changes in such restrictions, the expiration of governmental stimulus programs, and impacts on (i) demand for the Company's lease-to-own products offered in the Company's operating segments, (ii) the Company's Acima 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 its merchandise needs and related supply chain disruptions, (v) the Company's employees, including the ability to adequately staff its operating locations, (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, including the availability of credit to the Company's target consumers and to other consumers, impacts from the continued inflation, central bank monetary policy initiatives to address inflation concerns and possible recession or slowdown in economic growth; (4) factors affecting the disposable income available to the Company's current and potential customers; (5) changes in the unemployment rate; (6) capital market conditions, including availability of funding sources for the Company; (7) changes in the Company's credit ratings; (8) difficulties encountered in improving the financial and operational performance of the Company's business segments; (9) risks associated with pricing changes and strategies being deployed in the Company's businesses; (10) the Company's ability to continue to realize benefits from its initiatives regarding cost-savings and other EBITDA enhancements, efficiencies and working capital improvements; (11) the Company's ability to continue to effectively execute its strategic initiatives, including mitigating risks associated with any potential mergers and acquisitions, or refranchising opportunities; (12) the Company's ability to identify potential acquisition candidates, complete acquisitions and successfully integrate acquired companies; (13) failure to manage the Company's store labor and other store expenses, including merchandise losses; (14) disruptions caused by the operation of the Company's store information management systems or disruptions in the systems of the Company's host retailers; (15) 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; (16) the Company's ability to achieve the benefits expected from its integrated virtual and staffed retail partner offering and to successfully grow this business segment; (17) exposure to potential operating margin degradation due to the higher cost of merchandise in the Company's Acima segment and higher merchandise losses than compared to our Rent-A-Center segment; (18) the Company's transition to more readily scalable, "cloud-based" solutions; (19) the Company's ability to develop and successfully implement digital or E-commerce capabilities, including mobile applications; (20) the Company's ability to protect its proprietary intellectual property; (21) the Company's ability or that of the Company's host retailers to protect the integrity and security of customer, employee and host retailer information, which may be adversely affected by hacking, computer viruses, or similar disruptions; (22) impairment of the Company's goodwill or other intangible assets; (23) disruptions in the Company's supply chain; (24) limitations of, or disruptions in, the Company's distribution network; (25) rapid inflation or deflation in the prices of the Company's products and other related costs; (26) allegations of product safety and quality control issues, including recalls; (27) the Company's ability to execute, as well as, the effectiveness of store consolidations, including the Company's ability to retain the revenue from customer accounts merged into another store location as a result of a store consolidation; (28) the Company's available cash flow and its ability to generate sufficient cash flow to continue paying dividends; (29) increased competition from traditional competitors,

virtual lease-to-own competitors, online retailers, Buy-Now-Pay-Later and other fintech companies and other competitors, including subprime lenders; (30) the Company's ability to identify and successfully market products and services that appeal to its current and future targeted customer segments and to accurately estimate the size of the total addressable market; (31) consumer preferences and perceptions of the Company's brands; (32) the Company's ability to effectively provide consumers with additional products and services beyond lease-to-own, including through third party partnerships; (33) the Company's ability to retain the revenue associated with acquired customer accounts and enhance the performance of acquired stores; (34) the Company's ability to enter into new, and collect on its, rental or lease purchase agreements; (35) 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 other 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; (36) the Company's compliance with applicable statutes or regulations governing its businesses; (37) changes in interest rates; (38) changes in tariff policies; (39) adverse changes in the economic conditions of the industries, countries or markets that the Company serves; (40) information technology and data security costs; (41) the impact of any breaches in data security or other disturbances to the Company's information technology and other networks (42) changes in estimates relating to self-insurance liabilities, and income tax and litigation reserves; (43) changes in the Company's effective tax rate; (44) fluctuations in foreign currency exchange rates; (45) the Company's ability to maintain an effective system of internal controls; (46) litigation or administrative proceedings to which the Company is or may be a party to from time to time; and (47) 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, 2022 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.

### **Non-GAAP Financial Measures**

This release and the Company's related conference call contain certain financial information determined by methods other than in accordance with U.S. Generally Accepted Accounting Principles (GAAP), including (1) Non-GAAP diluted earnings per share (net earnings or loss, as adjusted for special items (as defined below), net of taxes, divided by the number of shares of our common stock on a fully diluted basis) and (2) other non-GAAP financial measures explained in the Company's other quarterly earnings disclosures. "Special items" refers to certain gains and charges we view as extraordinary, unusual or non-recurring in nature or which we believe do not reflect our core business activities. For the periods presented herein, these special items are described in the quantitative reconciliation table included below in this release. Because of the inherent uncertainty related to these 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. Consolidated Adjusted EBITDA is also used as part of our incentive compensation program for our executive officers and others. 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, GAAP financial measures 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.

### **Exhibit 1 - Reconciliation of diluted earnings per share to Non-GAAP diluted earnings per share**

<u>Three Months Ended September 30, 2023</u>	<u>Diluted Earnings per Share</u>
<b>GAAP Results</b>	<b>\$0.08</b>
Plus: Special Items	
Acima equity consideration vesting	\$0.47
Acima acquired assets depreciation and amortization (1)	\$0.22
Accelerated software depreciation	\$0.06
Legal settlements	—
Other <sup>(2)</sup>	(\$0.04)
Discrete income tax items	—
<b>Non-GAAP Adjusted Results</b>	<b>\$0.79</b>

1) Includes amortization of approximately \$14.3 million related to the total fair value of acquired intangible assets and incremental depreciation of approximately \$4.0 million.

2) Represents interest income on tax refunds for prior years received in 2023.

<sup>1</sup> Non-GAAP financial measure. Refer to the explanations and reconciliations elsewhere in this release.

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