

REFINITIV

DELTA REPORT

10-Q

AARONS COMPANY, INC.
10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	2803
CHANGES	331
DELETIONS	1794
ADDITIONS	678

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED **MARCH 31, JUNE 30, 2024**
OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM _____ TO _____
COMMISSION FILE NUMBER 1-39681

THE AARON'S COMPANY, INC.

(Exact name of registrant as specified in its charter)

Georgia
(State or other jurisdiction of
incorporation or organization)
400 Galleria Parkway SE Suite 300 Atlanta Georgia
(Address of principal executive offices)
(678) 402-3000
(Registrant's telephone number, including area code)

85-2483376
(I. R. S. Employer
Identification No.)
30339-3182
(Zip Code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.50 Par Value	AAN	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title of Each Class	Shares Outstanding as of May August 2, 2024
Common Stock, \$0.50 Par Value	30,625,548 30,712,772

THE AARON'S COMPANY, INC.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

THE AARON'S COMPANY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	March 31, 2024	
	March 31, 2024	
	March 31, 2024	December 31, 2023
	June 30, 2024	
	June 30, 2024	
	June 30, 2024	December 31, 2023

(In Thousands, Except Share Data)

ASSETS:

Cash and Cash Equivalents
Cash and Cash Equivalents

Cash and Cash Equivalents

Accounts Receivable (net of allowances of \$7,632 at March 31, 2024 and \$9,029 at December 31, 2023)

Lease Merchandise (net of accumulated depreciation and allowances of \$406,430 at March 31, 2024 and \$411,641 at December 31, 2023)

Accounts Receivable (net of allowances of \$9,203 at June 30, 2024 and \$9,029 at December 31, 2023)

Lease Merchandise (net of accumulated depreciation and allowances of \$410,185 at June 30, 2024 and \$411,641 at December 31, 2023)

Merchandise Inventories, Net

Property, Plant and Equipment, Net

Operating Lease Right-of-Use Assets

Goodwill

Other Intangibles, Net

Income Tax Receivable

Prepaid Expenses and Other Assets

Total Assets

LIABILITIES & SHAREHOLDERS' EQUITY:

Accounts Payable and Accrued Expenses

Accounts Payable and Accrued Expenses

Accounts Payable and Accrued Expenses

Deferred Tax Liabilities

Customer Deposits and Advance Payments

Operating Lease Liabilities

Debt

Total Liabilities

Commitments and Contingencies (Note 5)

Commitments and
Contingencies (Note 5)

Commitments and
Contingencies (Note 5)

SHAREHOLDERS' EQUITY:

Common Stock, Par Value \$0.50 Per Share: Authorized: 112,500,000 Shares at March 31, 2024 and December 31, 2023; Shares Issued: 37,094,782 at March 31, 2024 and 36,656,650 at December 31, 2023

Common Stock, Par Value \$0.50 Per Share: Authorized: 112,500,000 Shares at March 31, 2024 and December 31, 2023; Shares Issued: 37,094,782 at March 31, 2024 and 36,656,650 at December 31, 2023

Common Stock, Par Value \$0.50 Per Share: Authorized: 112,500,000 Shares at March 31, 2024 and December 31, 2023; Shares Issued: 37,094,782 at March 31, 2024 and 36,656,650 at December 31, 2023

Common Stock, Par Value \$0.50 Per Share: Authorized: 112,500,000 Shares at June 30, 2024 and December 31, 2023; Shares Issued: 37,189,351 at June 30, 2024 and 36,656,650 at December 31, 2023

Common Stock, Par Value \$0.50 Per Share: Authorized: 112,500,000 Shares at June 30, 2024 and December 31, 2023; Shares Issued: 37,189,351 at June 30, 2024 and 36,656,650 at December 31, 2023

Common Stock, Par Value \$0.50 Per Share: Authorized: 112,500,000 Shares at June 30, 2024 and December 31, 2023; Shares Issued: 37,189,351 at June 30, 2024 and 36,656,650 at December 31, 2023

Additional Paid-in Capital

Retained Earnings

Accumulated Other Comprehensive Loss

819,574

Treasury Shares at Cost: 6,469,234 Shares at March 31, 2024 and 6,295,216 Shares at December 31, 2023

806,797

Treasury Shares at Cost: 6,476,579 Shares at June 30, 2024 and 6,295,216 Shares at December 31, 2023

Total Shareholders' Equity

Total Liabilities & Shareholders' Equity

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

THE AARON'S COMPANY, INC. CONDENSED CONSOLIDATED STATEMENTS OF (LOSS) EARNINGS

(Unaudited)

						Three Months Ended March 31,
						Three Months Ended March 31,
						Three Months Ended March 31,
						Three Months Ended March 31,
						Three Months Ended June 30,
						Six Months Ended June 30,

OPERATING EXPENSES:	
OPERATING EXPENSES:	
OPERATING EXPENSES:	
Personnel Costs	
Personnel Costs	
Personnel Costs	
Other Operating Expenses, Net	
Other Operating Expenses, Net	
Other Operating Expenses, Net	
Provision for Lease Merchandise Write-Offs	
Provision for Lease Merchandise Write-Offs	
Provision for Lease Merchandise Write-Offs	
Restructuring Expenses, Net	
Restructuring Expenses, Net	
Restructuring Expenses, Net	
Separation Costs	
Separation Costs	
Separation Costs	
Acquisition-Related Costs	
Acquisition-Related Costs	
Acquisition-Related Costs	
	286,305
	286,305
	286,305
OPERATING (LOSS) PROFIT	
OPERATING (LOSS) PROFIT	
	284,363
OPERATING (LOSS) PROFIT	
Interest Expense	
Interest Expense	
Interest Expense	
Other Non-Operating Income, Net	
Other Non-Operating Income, Net	
Other Non-Operating Income, Net	
(LOSS) EARNINGS BEFORE INCOME TAXES	
(LOSS) EARNINGS BEFORE INCOME TAXES	
(LOSS) EARNINGS BEFORE INCOME TAXES	
INCOME TAX BENEFIT	
INCOME TAX BENEFIT	
INCOME TAX BENEFIT	
NET (LOSS) EARNINGS	
NET (LOSS) EARNINGS	
INCOME TAX (BENEFIT) EXPENSE	
NET (LOSS) EARNINGS	
(LOSS) EARNINGS PER SHARE	
(LOSS) EARNINGS PER SHARE	
(LOSS) EARNINGS PER SHARE	
(LOSS) EARNINGS PER SHARE ASSUMING DILUTION	
(LOSS) EARNINGS PER SHARE ASSUMING DILUTION	
(LOSS) EARNINGS PER SHARE ASSUMING DILUTION	

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

THE AARON'S COMPANY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(Unaudited)

(In Thousands)	Three Months Ended	
	March 31,	
	2024	2023
Net (Loss) Earnings	\$ (14,181)	\$ 12,798
Other Comprehensive Income (Loss):		
Unrealized Gain (Loss) on Derivative Instruments, net of Tax ¹	1,155	(990)
Foreign Currency Translation Adjustment, net of Tax ¹	(118)	324
Total Other Comprehensive Income (Loss)	1,037	(666)
Comprehensive (Loss) Income	\$ (13,144)	\$ 12,132

(In Thousands)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Net (Loss) Earnings	\$ (11,903)	\$ 6,517	\$ (26,084)	\$ 19,315
Other Comprehensive Income:				
Unrealized Gain on Derivative Instruments, net of Tax ¹	137	1,685	1,292	695
Foreign Currency Translation Adjustment, net of Tax ²	(76)	180	(194)	504
Total Other Comprehensive Income	61	1,865	1,098	1,199
Comprehensive (Loss) Income	\$ (11,842)	\$ 8,382	\$ (24,986)	\$ 20,514

¹ The Unrealized Gain on Derivative Instruments is presented net of tax expense of \$0.4 million and for the six months ended June 30, 2024 compared to being presented net of a tax benefit expense of \$0.3 million \$0.2 million in the comparable period of 2023, respectively. The tax impact on Derivative Instruments was not significant for the three months ended March 31, 2024 and June 30, 2024, compared to a tax expense of \$0.5 million in the comparable period of 2023, respectively.

² The Foreign Currency Translation Adjustment is presented net of a tax benefit of \$0.1 million for the six months ended June 30, 2024, compared to being presented net of a tax benefit of \$0.3 million for in the three months ended March 31, 2023, comparable period of 2023, respectively. The tax component for the Foreign Currency Translation Adjustment for the three months ended March 31, 2024 June 30, 2024 was insignificant, insignificant, compared to tax expense of \$0.1 million in the comparable period of 2023, respectively.

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

THE AARON'S COMPANY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended		Six Months Ended	
	March 31,		June 30,	
	2024	2024	2024	2023
	(In Thousands)			

OPERATING ACTIVITIES:

Net (Loss) Earnings

Net (Loss) Earnings

Net (Loss) Earnings

Adjustments to Reconcile Net (Loss) Earnings to Cash (Used in) Provided by Operating Activities:

Depreciation of Lease Merchandise

Depreciation of Lease Merchandise

Depreciation of Lease Merchandise

Other Depreciation and Amortization

Provision for Lease Merchandise Write-Offs

Accounts Receivable Provision

Stock-Based Compensation

Deferred Income Taxes
Impairment of Assets
Non-Cash Lease Expense
Other Changes, Net
Changes in Operating Assets and Liabilities:
Lease Merchandise
Lease Merchandise
Lease Merchandise
Merchandise Inventories
Accounts Receivable
Prepaid Expenses and Other Assets
Income Tax Receivable
Operating Lease Right-of-Use Assets and Liabilities
Accounts Payable and Accrued Expenses
Customer Deposits and Advance Payments
Cash (Used in) Provided by Operating Activities
INVESTING ACTIVITIES:
Purchases of Property, Plant, and Equipment
Purchases of Property, Plant, and Equipment
Purchases of Property, Plant, and Equipment
Proceeds from Dispositions of Property, Plant, and Equipment
Proceeds from Other Investing-Related Activities
Cash Used in Investing Activities
FINANCING ACTIVITIES:
Repayments on Swing Line Loans, Net
Repayments on Swing Line Loans, Net
Repayments on Swing Line Loans, Net
Borrowings (Repayments) on Swing Line Loans, Net
Borrowings (Repayments) on Swing Line Loans, Net
Borrowings (Repayments) on Swing Line Loans, Net
Proceeds from Revolver and Term Loan
Repayments on Revolver and Term Loan
Dividends Paid
Acquisition of Treasury Stock
Issuance of Stock Under Stock Option Plans
Shares Withheld for Tax Payments
Debt Modification Costs
Cash Provided by (Used in) Financing Activities
EFFECT OF EXCHANGE RATE CHANGES ON CASH, CASH EQUIVALENTS, AND RESTRICTED CASH
(Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash
Cash, Cash Equivalents, and Restricted Cash at Beginning of Period
Cash and Cash Equivalents at End of Period:
Cash and Cash Equivalents
Cash and Cash Equivalents
Cash and Cash Equivalents
Restricted Cash included in Prepaid Expenses and Other Assets
Total Cash, Cash Equivalents, and Restricted Cash at End of Period

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

THE AARON'S COMPANY, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For a discussion of trends that we believe have affected our business during the periods covered by these financial statements, see Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations", including the "Highlights," "Consolidated Results of Operations" and "Liquidity and Capital Resources", below, and Part I, Item 1A. "Risk Factors" of our Annual Report on Form 10-K, filed with the United States Securities and Exchange Commission ("SEC") on February 29, 2024 (the "2023 Annual Report").

Description of Business

The Company is a leading, technology-enabled, omni-channel provider of lease-to-own ("LTO") and retail purchase solutions of furniture, electronics, appliances, and other home goods across its brands: Aaron's, BrandsMart U.S.A., BrandsMart Leasing, and Woodhaven Furniture Industries ("Woodhaven").

As of **March 31, 2024** **June 30, 2024**, the Company's operating and reportable segments are the Aaron's Business and BrandsMart, each as described below.

The Aaron's Business segment is comprised of (i) Aaron's branded Company-operated and franchise operated stores; (ii) aarons.com e-commerce platform ("aarons.com"); (iii) Woodhaven; and (iv) BrandsMart Leasing (collectively, the "Aaron's Business").

The operations of BrandsMart U.S.A. (excluding BrandsMart Leasing) comprise the BrandsMart segment (collectively, "BrandsMart").

Aaron's Business Segment

Since its founding in 1955, Aaron's has been committed to serving the overlooked and underserved customer with a dedication to inclusion and improving the communities in which it operates. Through a portfolio of approximately **1,220** **1,210** stores and its aarons.com e-commerce platform, Aaron's, together with its franchisees, provide consumers with LTO and retail purchase solutions for the products they need and want, with a focus on providing its customers with unparalleled customer service, high approval rates, lease plan flexibility, and an attractive value proposition, including competitive monthly payments and total cost of ownership, as compared to other LTO providers.

Woodhaven manufactures and supplies a significant portion of the upholstered furniture leased and sold in Company-operated and franchised Aaron's stores.

Launched in 2022, BrandsMart Leasing offers LTO purchase solutions to customers of BrandsMart U.S.A.

BrandsMart Segment

Founded in 1977, BrandsMart U.S.A. is one of the leading appliance and consumer electronics retailers in the southeast United States and one of the largest appliance retailers in the country with **11** **12** stores in Florida and Georgia and a growing e-commerce presence on brandsmartusa.com. The operations of BrandsMart U.S.A. (other than BrandsMart Leasing) comprise the BrandsMart segment.

Basis of Presentation

The accompanying condensed consolidated financial statements of the Company and its wholly-owned subsidiaries for the three **and six** months ended **March 31, 2024** **June 30, 2024** and comparable prior year period reflect the historical results of operations, financial position and cash flows of the Company in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). Intercompany balances and transactions between consolidated entities have been eliminated and reflect the historical results of operations, financial position and cash flows of the Company in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

The accompanying unaudited condensed consolidated financial statements do not include all information required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included in the accompanying unaudited condensed consolidated financial statements. These financial statements should be read in conjunction with the financial statements and notes thereto included in the 2023 Annual Report. The results of operations for the three **and six** months ended **March 31, 2024** **June 30, 2024** are not necessarily indicative of operating results that may be achieved for any other interim period or for the full year.

THE AARON'S COMPANY, INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Agreement and Plan of Merger with IQVentures

On June 16, 2024, The Aaron's Company, Inc., a Georgia corporation (the "Company"), entered into an Agreement and Plan of Merger (the "Merger Agreement") with IQVentures Holdings, LLC, an Ohio limited liability company ("Parent" or "IQVentures"), and Polo Merger Sub, Inc., a newly formed Georgia corporation and a wholly owned subsidiary of Parent ("Merger Sub"). The Merger Agreement provides for the acquisition of the Company by Parent by means of a merger of Merger Sub with and into the Company (the "Merger"), with the Company surviving the Merger as a wholly owned subsidiary of Parent.

At the time the Merger becomes effective (the "Effective Time"), each share of the Company's common stock, par value \$0.50 per share issued and outstanding immediately prior to the Effective Time (other than dissenting shares, treasury shares and shares owned by Parent or any direct or indirect wholly owned subsidiary of Parent), will be converted automatically into the right to receive \$10.10 in cash, without interest. The Company's Board of Directors has approved the Merger Agreement, but completion of the Merger is subject to certain other customary conditions, including approval by the Company's shareholders.

The Merger Agreement contains customary termination rights for the Company and Parent, including the payment of termination fees under specified circumstances. The Merger Agreement also contains customary representations, warranties and covenants of the Company, including covenants to conduct its business in the ordinary course during the interim period between the execution of the Merger Agreement and the consummation of the Merger and not to engage in certain types of transactions during this interim period without the prior written consent of Parent. The consummation of the Merger is not subject to any financing condition. Under the terms of the Merger Agreement, the Company is permitted to continue to pay its regular quarterly dividend, not in excess of \$0.125 per share.

For further information on the Merger and the Merger Agreement, refer to the Company's Form 8-K filed with the SEC on June 17, 2024.

Other than transaction-related expenses associated with the proposed Merger of \$7.5 million for the three and six months ended June 30, 2024, which are included within acquisition-related costs in the condensed consolidated statements of (loss) earnings, the terms of the Merger Agreement did not impact the Company's consolidated financial statements.

See Note 1 to the consolidated financial statements in the 2023 Annual Report for an expanded discussion of accounting policies and estimates.

Prior to the three months ended June 30, 2024, acquisition-related costs had been comprised of costs associated with the acquisition of BrandsMart U.S.A in April 2022. The Company began incurring acquisition-related costs related to the planned merger with IQVentures during the three months ended June 30, 2024.

For the three and six months ended June 30, 2024, the Company incurred acquisition-related costs associated with the acquisition of BrandsMart U.S.A. of \$0.5 million and \$1.4 million, which were primarily comprised of consulting, legal expenses, and retention bonuses. For the three months ended June 30, 2024, the Company incurred \$7.5 million in acquisition-related costs comprised primarily of advisory and legal fees related to the merger with IQVentures.

(Loss) earnings per share is computed by dividing net (loss) earnings by the weighted average number of shares of common stock outstanding during the period. The computation of (loss) earnings per share assuming dilution includes the dilutive effect of stock options, RSUs, RSAs, PSUs and other awards issuable under the Company's **ESPP Employee Stock Purchase Program** (collectively, "share-based awards") as determined under the treasury stock method, unless the inclusion of such awards would be anti-dilutive.

The following table shows the calculation of weighted-average shares outstanding assuming dilution:

		Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,	
(Shares In Thousands)							
(Shares In Thousands)							
		Three Months Ended June 30,		Six Months Ended June 30,			
(Shares In Thousands)	(Shares In Thousands)	2024	2023		2024	2023	
Weighted Average Shares Outstanding							
Weighted Average Shares Outstanding							
Weighted Average Shares Outstanding							
Dilutive Effect of Share-Based Awards ¹							
Dilutive Effect of Share-Based Awards ¹							
Dilutive Effect of Share-Based Awards ¹							
Weighted Average Shares Outstanding Assuming Dilution							
Weighted Average Shares Outstanding Assuming Dilution							
Weighted Average Shares Outstanding Assuming Dilution							

¹ There was no dilutive effect of share-based awards for the three and six months ended March 31, 2024 June 30, 2024 due to the net loss incurred in the period. those periods.

Approximately 1.2 million weighted-average share-based awards were excluded from the computation of earnings per share assuming dilution during the three and six months ended March 31, 2023 June 30, 2023, as the awards would have been anti-dilutive for the period.

The Company provides lease and retail merchandise, consisting of appliances, electronics, furniture, and other home goods to its customers for lease under certain terms agreed to by the customer and through retail sales. The Company's Aaron's stores, aaron's.com e-commerce platform, and BrandsMart Leasing component of the Aaron's Business segment offer leases with flexible ownership plans lease agreements that can be generally renewed weekly, bi-weekly, semi-monthly, or monthly up grant customers an option to purchase the leased merchandise by either renewing the lease agreement a specified number of times, 12, 18 or 24 months, times, for up to 30 days each time, or by exercising an early purchase option. The Aaron's Business segment also earns revenue from the sale of merchandise to customers and Aaron's franchisees, and earns ongoing revenue from Aaron's franchisees in the form of royalties and through advertising efforts that benefit the franchisees.

The Company's BrandsMart U.S.A. stores and related brandsmartusa.com e-commerce platform offer the sale of merchandise directly to its customers via retail sales.

See Note 4 to these condensed consolidated financial statements for further information regarding the Company's revenue recognition policies and disclosures.

The Company expenses advertising costs as incurred. Advertising production costs are initially recognized as a prepaid advertising asset and are expensed when an advertisement appears for the first time. The prepaid advertising asset was \$4.8 million, \$0.2 million, and \$0.1 million at March 31, 2024, June 30, 2024, and December 31, 2023, respectively, and is reported within prepaid expenses and other assets on the condensed consolidated balance sheets.

Total advertising costs are classified within other operating expenses, net in the condensed consolidated statements of (loss) earnings. These advertising costs are presented net of cooperative advertising considerations received from vendors, which represents reimbursement of specific, identifiable and incremental costs incurred in selling those vendors' products, and are recorded as a reduction of advertising costs.

THE AARON'S COMPANY, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The following table shows total advertising costs, net of cooperative advertising consideration:

		Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,	
(In Thousands)	(In Thousands)	Three Months Ended June 30,		Six Months Ended June 30,			
(In Thousands)	(In Thousands)	2024	2023		2024		2023
Advertising Costs, Gross							
Advertising Costs, Gross							
Advertising Costs, Gross							
Less: Cooperative Advertising Considerations							
Less: Cooperative Advertising Considerations							
Less: Cooperative Advertising Considerations							
Advertising Costs, Net							
Advertising Costs, Net							
Advertising Costs, Net							

Accounts Receivable

Accounts receivable consist of receivables due from customers on lease agreements, corporate receivables incurred during the normal course of business (primarily for vendor consideration and third-party warranty providers), and franchisee obligations.

Accounts receivable, net of allowances, consist of the following:

(In Thousands)	(In Thousands)	March 31, 2024	December 31, 2023	(In Thousands)	June 30, 2024	December 31, 2023
Customers						
Corporate						
Franchisee						
	\$					

The Company maintains an accounts receivable allowance for the Aaron's Business customer lease agreements, under which its policy is to record a provision for returns and uncollectible contractually due renewal payments based on historical payments experience, which is recognized as a reduction of lease revenues and fees within the condensed consolidated statements of (loss) earnings. Other qualitative factors are considered in estimating the allowance, such as current and forecasted business

THE AARON'S COMPANY, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

trends. The Company writes off customer lease receivables for its Aaron's Business operations that are 60 days or more past due on pre-determined dates twice monthly. The Company writes off customer lease receivables for its BrandsMart Leasing operations that are 90 days or more past due on pre-determined dates twice monthly.

The Company also maintains an allowance for outstanding franchisee accounts receivable. The Company's policy is to estimate future losses related to certain franchisees that are deemed to have a higher risk of non-payment and record an allowance for these estimated losses. The estimated allowance on franchisee accounts receivable includes consideration of the financial position of each franchisee and qualitative consideration of potential losses associated with uncertainties impacting the franchisee's ability to satisfy their obligations. Uncertainties include inflationary and other economic pressures in the current macroeconomic environment. Accordingly, actual accounts receivable write-offs could differ from the allowance. The provision for uncollectible franchisee accounts receivable is recorded as bad debt expense in other operating expenses, net within the condensed consolidated statements of (loss) earnings.

The allowance related to corporate receivables is not significant as of March 31, 2024, June 30, 2024 and December 31, 2023.

The following table shows the components of the accounts receivable allowance:

(In Thousands)	Three Months Ended March 31,	
	2024	2023
Beginning Balance	\$ 9,029	\$ 8,895
Accounts Written Off, net of Recoveries	(10,239)	(9,895)
Accounts Receivable Provision	8,842	6,908
Ending Balance	\$ 7,632	\$ 5,908

THE AARON'S COMPANY, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(In Thousands)	Six Months Ended June 30,	
	2024	2023
Beginning Balance	\$ 9,029	\$ 8,895
Accounts Written Off, net of Recoveries	(20,168)	(22,108)
Accounts Receivable Provision	20,342	21,111
Ending Balance	\$ 9,203	\$ 7,898

The following table shows the components of the accounts receivable provision, which includes amounts recognized for bad debt expense and the provision for returns and uncollected payments:

	Three Months Ended			Six Months Ended		
		March 31,			June 30,	
(In Thousands)	(In Thousands)	2024	2023	(In Thousands)	2024	2023
Bad Debt Expense						
Bad Debt (Reversal) Expense						
Provision for Returns and Uncollectible Renewal Payments						
Accounts Receivable Provision						

Lease Merchandise

The Company's lease merchandise is recorded at the lower of depreciated cost, including overhead costs from our distribution centers, or net realizable value. The cost of merchandise manufactured by our Woodhaven operations is recorded at cost and includes overhead from production facilities, shipping costs and warehousing costs. The Company begins depreciating furniture and appliances at the earlier of the lease date or 24 months and one day from its purchase, while all other lease merchandise begins depreciating at the earlier of the lease date or 12 months and one day from its purchase. Lease merchandise fully depreciates over the lease agreement period when on lease, generally 12 to 24 months, and generally 36 months when not on lease. Depreciation is accelerated upon early payout.

The following is a summary of lease merchandise, net of accumulated depreciation and allowances:

(In Thousands)	(In Thousands)	March 31, 2024	December 31, 2023	(In Thousands)	June 30, 2024	December 31, 2023
Merchandise on Lease, net of Accumulated Depreciation and Allowances						
Merchandise Not on Lease, net of Accumulated Depreciation and Allowances ¹						
Lease Merchandise, net of Accumulated Depreciation and Allowances						

¹ Includes Woodhaven's inventory, which is primarily comprised of raw materials, that has been classified within lease merchandise in the condensed consolidated balance sheets of \$9.2 million, \$12.6 million and \$8.7 million as of March 31, 2024, June 30, 2024 and December 31, 2023, respectively.

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(Unaudited)

The Aaron's store-based operations' policies require weekly merchandise counts at its store-based operations, which include write-offs for unsalable, damaged, or missing merchandise inventories. Monthly cycle counting procedures are performed at both the Aaron's distribution centers and Woodhaven manufacturing facilities. Physical inventories are also taken at the manufacturing facilities annually. The Company also monitors merchandise levels and mix by division, store, and distribution center, as well as the average age of merchandise on hand. If obsolete merchandise cannot be returned to vendors, its carrying amount is adjusted to its net realizable value or written off. Generally, all merchandise not on lease is available for lease or sale. On a monthly basis, all damaged, lost or unsalable merchandise identified is written off and is included as a component of the provision for lease merchandise write-offs in the accompanying condensed consolidated statements of (loss) earnings.

The Company records a provision for write-offs using the allowance method, which is included within lease merchandise, net within the condensed consolidated balance sheets. The allowance method for lease merchandise write-offs estimates the merchandise losses incurred but not yet identified by management as of the end of the accounting period based primarily on historical write-off experience. Other qualitative factors are considered in estimating the allowance, such as seasonality and the impacts of uncertainty surrounding inflationary and other economic pressures in the current macroeconomic environment. Therefore, actual lease merchandise write-offs could differ from the allowance. The provision for write-offs is included in provision for lease merchandise write-offs in the accompanying condensed consolidated statements of (loss) earnings. The Company writes off lease merchandise on lease agreements that are 60 days or more past due on pre-determined dates twice monthly. The Company writes off lease merchandise on lease agreements for its BrandsMart Leasing operations that are 90 days or more past due on pre-determined dates twice monthly.

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The following table shows the components of the allowance for lease merchandise write-offs:

(In Thousands)	(In Thousands)	Three Months Ended		(In Thousands)	Six Months Ended	
		2024	March 31, 2023		2024	June 30, 2023
Beginning Balance						
Merchandise Written off, net of Recoveries						
Provision for Write-offs						
Ending Balance						

Merchandise Inventories

The Company's merchandise inventories are stated at the lower of weighted average cost or net realizable value and consist entirely of merchandise held for sale by the BrandsMart segment. In-bound freight-related costs from vendors, net of allowances and vendor rebates, are included as part of the net cost of merchandise inventories. Costs associated with storing and transporting merchandise inventories to our retail stores are expensed as incurred and included within retail cost of sales in the condensed consolidated statements of (loss) earnings.

The Company periodically evaluates aged and distressed inventory and establishes an inventory markdown which represents the excess of the carrying value over the amount the Company expects to realize from the ultimate sale of the inventory. Markdowns establish a new cost basis for the inventory and are recorded within retail cost of sales within the condensed consolidated statement of (loss) earnings. The write-offs of merchandise inventories associated with the Company's cycle and physical inventory count processes are also included within retail cost of sales in the condensed consolidated statement of (loss) earnings. The Company records an inventory reserve for the anticipated loss associated with selling inventories below cost. This reserve is based on management's current knowledge with respect to inventory levels, sales trends, and historical experience selling or disposing of aged or obsolete inventory.

The following is a summary of merchandise inventories, net of allowances:

(In Thousands)	March 31, 2024		December 31, 2023	
Merchandise Inventories, gross	\$	83,879	\$	91,093
Reserve for Merchandise Inventories		(867)		(921)
Merchandise Inventories, net	\$	83,012	\$	90,172

The following table shows the components of the reserve for merchandise inventories:

(In Thousands)	Three Months Ended		Three Months Ended	
	March 31, 2024		March 31, 2023	
Beginning Balance	\$	921	\$	981
Merchandise Written off		(94)		—
Provision for Write-offs		40		(76)
Ending Balance	\$	867	\$	905

(In Thousands)	June 30, 2024		December 31, 2023	
Merchandise Inventories, gross	\$	89,884	\$	91,093
Reserve for Merchandise Inventories		(1,367)		(921)
Merchandise Inventories, net	\$	88,517	\$	90,172

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	Six Months Ended	
	June 30,	
(In Thousands)	2024	2023
Beginning Balance	\$ 921	\$ 981
Merchandise Written off	(102)	—
Provision for Write-offs	548	(60)
Ending Balance	\$ 1,367	\$ 921

Prepaid expenses and other assets consist of the following:

1 Amounts as of **March 31, 2024** **June 30, 2024** and December 31, 2023 included restricted cash of \$1.6 million held as collateral for BrandsMart U.S.A.'s workers' compensation and general liability insurance policies.

2 Amounts included **\$2.5** **\$1.9** million and \$0.9 million as of **March 31, 2024** **June 30, 2024** and December 31, 2023, respectively, of certain properties classified as held for sale. Assets held for sale are recorded at the lower of their carrying value or fair value less estimated cost to sell and are classified within prepaid expenses and other assets in the consolidated balance sheets. Depreciation is suspended on assets upon classification as held for sale. The highest and best use of these assets is as real estate land parcels for development or real estate properties for use or lease, though the Company has chosen not to develop or use these properties, and plans to sell them to third parties as quickly as practicable.

During the **three six** months ended **March 31, 2024 June 30, 2024**, the Company entered into two sale and leaseback transactions related to four Company-owned Aaron's store properties. Net proceeds from the sales were \$5.4 million, all of which was received during the **three six** months ended **March 31, 2024 June 30, 2024**. Such proceeds are presented within proceeds from dispositions of property, plant and equipment in the condensed consolidated statements of cash flows. The Company recognized a gain of \$3.3 million associated with these transactions during the **three six** months ended **March 31, 2024 June 30, 2024**, which was classified within other operating expenses, net in the condensed consolidated statements of (loss) earnings.

Interest Rate Swap

In March 2023, the Company entered into a non-speculative interest rate swap agreement for an aggregate notional amount of \$100.0 million with an effective date of April 28, 2023 and a termination date of March 31, 2027. The purpose of this hedge is to limit the Company's exposure of its variable interest rate debt by effectively converting it to fixed interest rate debt. Under the terms of the agreement, the Company will receive a floating interest rate based on 1-month Chicago Mercantile Exchange ("CME") Term Secured Overnight Financing Rate ("SOFR") and pay a fixed interest rate of 3.87% on the notional amount. The interest rate swap is designated as a cash flow hedge. Changes in the fair value of the interest rate swap are recorded quarterly, net of income tax, and included as a component of accumulated other comprehensive loss in the Company's condensed consolidated balance sheets.

During the three and six months ended March 31, 2024, the Company reclassified \$0.4 million and \$0.7 million of net gains from accumulated other comprehensive loss to interest expense, compared to \$0.2 million of net gains reclassified from accumulated other comprehensive loss to interest expense in the same period of the prior year. See Note 2 to these condensed consolidated financial statements for further information regarding the fair value determination of the Company's interest rate swap agreement.

Accounts payable and accrued expenses consist of the following:

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Estimated Claims Liability Costs

Estimated claims liability costs are accrued primarily for workers compensation and vehicle liability at the Aaron's Business segment, as well as general liability and group health insurance benefits provided to team members. These liabilities are recorded within estimated claims liability costs within accounts payable and accrued expenses in the condensed consolidated balance sheets. Estimates for these claims liabilities are made based on actual reported but unpaid claims and actuarial analysis of the projected claims run off for both reported and incurred but not reported claims. This analysis is based upon an assessment of the likely outcome or historical experience and considers a variety of factors, including the actuarial loss forecasts, company-specific development factors, general industry loss development factors and third-party claim administrator loss estimates of individual claims. The Company makes periodic prepayments to its insurance carriers to cover the projected claims run off for both reported and incurred but not reported claims, considering its retention or stop loss limits. In addition, we have prefunding balances on deposit and other insurance receivables with the insurance carriers which are recorded within prepaid expenses and other assets in our condensed consolidated balance sheets.

Goodwill

Goodwill represents the excess of the purchase price paid over the fair value of the identifiable net tangible and intangible assets acquired in connection with business acquisitions. BrandsMart and BrandsMart Leasing are the only reporting units with goodwill as of March 31, 2024, June 30, 2024 and December 31, 2023. Impairment occurs when the reporting unit's carrying value exceeds its fair value. The Company's goodwill is not amortized but is subject to an impairment test at the reporting unit level annually as of October 1 and more frequently if events or circumstances indicate that an impairment may have occurred. Such events or circumstances include a sustained decline in the Company's stock price, prolonged negative industry or economic trends and significant underperformance relative to historical results, projected future operating results, or the Company failing to successfully execute on one or more elements of Company's strategic plans.

We may be required to recognize material impairments to the BrandsMart or BrandsMart Leasing goodwill balances in the future if: (i) we fail to successfully execute on one or more elements of the BrandsMart strategic plan; (ii) actual results are unfavorable to our estimates and assumptions used to calculate fair value; (iii) the BrandsMart or BrandsMart Leasing carrying values increase without an associated increase in fair value; and/or (iv) BrandsMart or BrandsMart Leasing is materially impacted by further deterioration of macroeconomic conditions, including inflation and rising interest rates.

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The Company completed its annual goodwill impairment test for BrandsMart and BrandsMart Leasing as of October 1, 2023, and concluded that no impairment had occurred. The Company determined that there were no events or circumstances that occurred during the three months ended March 31, 2024, June 30, 2024, that would more likely than not reduce the fair value of BrandsMart or BrandsMart Leasing below their carrying amounts. Goodwill allocated to the BrandsMart and BrandsMart Leasing reporting units on March 31, 2024, June 30, 2024 and December 31, 2023 was \$29.2 million and \$26.5 million, respectively.

Stockholders' Equity

Changes in stockholders' equity for the three and six months ended March 31, 2024, June 30, 2024 and 2023 are as follows:

(In Thousands, Except Per Share)	Treasury Stock		Common Stock					Treasury Stock			Common Stock							
	(In Thousands, Except Per Share)	Shares	Amount	Shares	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	Amount	(In Thousands, Except Per Share)	Shares	Amount	Shares	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	A
Balance, December 31, 2023																		
Cash Dividends, \$0.125 per share																		
Stock-Based Compensation																		
Issuance of Shares under Equity Plans																		
Net Loss																		
Net Loss																		
Net Loss																		
Unrealized Gain on Derivative Instruments, net of tax																		

Unrealized
Gain on
Derivative
Instruments,
net of Tax
Foreign
Currency
Translation
Adjustment,
net of tax

Balance,
March 31,
2024

Cash
Dividends,
\$0.125 per
share

Stock-Based
Compensation

Issuance of
Shares under
Equity Plans

Net Loss

Net Loss

Net Loss

Unrealized
Gain on
Derivative
Instruments,
net of Tax

Foreign
Currency
Translation
Adjustment,
net of tax

Balance, June
30, 2024

(In Thousands, Except Per Share)	Treasury Stock		Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Shares	Amount	Shares	Amount				
Balance, December 31, 2022	(5,480)	\$ (138,753)	36,100	\$ 18,050	\$ 738,428	\$ 79,073	\$ (1,396)	\$ 695,402
Cash Dividends, \$0.125 per share	—	—	—	—	—	(3,966)	—	(3,966)
Stock-Based Compensation	—	—	—	—	2,874	—	—	2,874
Issuance of Shares Under Equity Plans	(207)	(2,539)	496	248	(248)	—	—	(2,539)
Net Earnings	—	—	—	—	—	12,798	—	12,798
Unrealized (Loss) on Derivative Instruments, net of tax	—	—	—	—	—	—	(990)	(990)
Foreign Currency Translation Adjustment	—	—	—	—	—	—	324	324
Balance, March 31, 2023	(5,687)	\$ (141,292)	36,596	\$ 18,298	\$ 741,054	\$ 87,905	\$ (2,062)	\$ 703,903

THE AARON'S COMPANY, INC.
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(Unaudited)

(In Thousands, Except Per Share)	Treasury Stock		Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Shares	Amount	Shares	Amount				

Balance, December 31, 2022	(5,480)	\$	(138,753)	36,100	\$	18,050	\$	738,428	\$	79,073	\$	(1,396)	\$	695,402
Cash Dividends, \$0.125 per share	—		—	—		—		—		(3,966)		—		(3,966)
Stock-Based Compensation	—		—	—		—		2,874		—		—		2,874
Issuance of Shares Under Equity Plans	(207)		(2,539)	496		248		(248)		—		—		(2,539)
Net Earnings	—		—	—		—		—		12,798		—		12,798
Unrealized Loss on Derivative Instruments, net of tax	—		—	—		—		—		—		(990)		(990)
Foreign Currency Translation Adjustment	—		—	—		—		—		—		324		324
Balance, March 31, 2023	(5,687)	\$	(141,292)	36,596	\$	18,298	\$	741,054	\$	87,905	\$	(2,062)	\$	703,903
Cash Dividends, \$0.125 per share	—		—	—		—		—		(3,874)		—		(3,874)
Stock-Based Compensation	—		—	—		—		2,913		—		—		2,913
Issuance of Shares Under Equity Plans	—		—	24		12		48		—		—		60
Acquisition of Treasury Stock	(66)		(804)	—		—		—		—		—		(804)
Net Earnings	—		—	—		—		—		6,517		—		6,517
Unrealized Gain on Derivative Instruments, net of Tax	—		—	—		—		—		—		1,685		1,685
Foreign Currency Translation Adjustment, net of Tax	—		—	—		—		—		—		180		180
Balance, June 30, 2023	(5,753)	\$	(142,096)	36,620	\$	18,310	\$	744,015	\$	90,548	\$	(197)	\$	710,580

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measures, the following hierarchy prioritizes the inputs to valuation methodologies used to measure fair value:

Level 1—Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2—Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3—Valuations based on unobservable inputs reflecting the Company's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

The fair values of the Company's assets and liabilities as of June 30, 2024 and December 31, 2023 are further described in Note 2 to these condensed consolidated financial statements.

THE AARON'S COMPANY, INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

The fair values of the Company's assets and liabilities as of March 31, 2024 and December 31, 2023 are further described in Note 2 to these condensed consolidated financial statements.

Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss by component for the three six months ended March 31, 2024 June 30, 2024 and March 31, 2023 June 30, 2023 are summarized below:

(In Thousands)	Three Months Ended March 31, 2024				Six Months Ended June 30, 2024			
	(In Thousands)	Derivative Instruments	Foreign Currency	Total	(In Thousands)	Derivative Instruments	Foreign Currency	Total
Balance at December 31, 2023								
Other Comprehensive Income (Loss), net of Tax								
Balance at March 31, 2024								
Balance at June 30, 2024								

(In Thousands)	Three Months Ended March 31, 2023		
	Derivative Instruments	Foreign Currency	Total
Balance at December 31, 2022	\$ (17)	\$ (1,379)	\$ (1,396)
Other Comprehensive (Loss) Income, net of Tax	(990)	324	(666)

Balance at March 31, 2023	\$	(1,007) \$	(1,055) \$	(2,062)
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(In Thousands)	Six Months Ended June 30, 2023		
	Derivative Instruments	Foreign Currency	Total
Balance at December 31, 2022	\$ (17) \$	(1,379) \$	(1,396)
Other Comprehensive Income, net of Tax	695	504	1,199
Balance at June 30, 2023	\$ 678 \$	(875) \$	(197)

Recent Accounting Pronouncements

Effective in Future Periods

In October 2023, the Financial Accounting Standards Board ("FASB") issued an accounting pronouncement (ASU 2023-06) related to disclosure or presentation requirements for various subtopics in the FASB's Accounting Standards Codification ("Codification"). The amendments in the update are intended to align the requirements in the Codification with the U.S. Securities and Exchange Commission's ("SEC") regulations and facilitate the application of GAAP for all entities. The effective date for each amendment is the date on which the SEC removal of the related disclosure requirement from Regulation S-X or Regulation S-K becomes effective, or if the SEC has not removed the requirements by June 30, 2027, this amendment will be removed from the Codification and will not become effective for any entity. Early adoption is prohibited. We do not expect this update to have a material impact on our consolidated financial statements.

In November 2023, the FASB issued an accounting pronouncement (ASU 2023-07) related to the disclosure of incremental segment information on an annual and interim basis. This update is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, and requires retrospective application to all prior periods presented in the financial statements. We plan to adopt this pronouncement beginning with our fiscal year ended December 31, 2024, and we do not expect it to have a material effect on our consolidated financial statements.

In December 2023, the FASB issued an accounting pronouncement (ASU 2023-09) related to income tax disclosures. The amendments in this update are intended to enhance the transparency and decision usefulness of income tax disclosures primarily through changes to the rate reconciliation and income taxes paid information. This update is effective for annual periods beginning after December 15, 2024, though early adoption is permitted. We plan to adopt this pronouncement for our fiscal year beginning January 1, 2025, and we do not expect it to have a material effect on our consolidated financial statements.

THE AARON'S COMPANY, INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

NOTE 2. FAIR VALUE MEASUREMENT

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table summarizes financial liabilities measured at fair value on a recurring basis:

(In Thousands)	(In Thousands) March 31, 2024			December 31, 2023		(In Thousands) June 30, 2024			December 31, 2023				
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	
Deferred Compensation Liability													
Interest Rate Swap Asset (Liability)													

The Company maintains The Aaron's Company, Inc. Deferred Compensation Plan, which is an unfunded, nonqualified deferred compensation plan for a select group of management, highly compensated employees and non-employee directors. The liability represents benefits accrued for plan participants and is valued at the quoted market prices of the participants' investment elections, which consist of equity and debt "mirror" funds. As such, the Company has classified the deferred compensation liability as a Level 2 liability, which is recorded in accounts payable and accrued expenses in the condensed consolidated balance sheets.

In March 2023, the Company entered into an interest rate swap agreement for an aggregate notional amount of \$100.0 million which is further described in Note 1 to these condensed consolidated financial statements. The fair value of the interest rate swap agreement is derived by using widely accepted valuation techniques and reflects the contractual terms of the interest rate swap including the period to maturity and uses observable market-based inputs, including interest rate curves. The fair value associated with the interest rate swap is recorded within prepaid expenses and other assets (when the resulting fair value is an asset) or accounts payable and accrued expenses (when the resulting fair value is a liability) within the Company's condensed consolidated balance sheets.

Non-Financial Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

The following table summarizes non-financial assets measured at fair value on a nonrecurring basis:

(In Thousands)	(In Thousands) March 31, 2024			December 31, 2023		(In Thousands) June 30, 2024			December 31, 2023					
	Level 1	Level 1	Level 2	Level 3	Level 1		Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets Held for Sale														

Assets classified as held for sale are recorded at the lower of carrying value or fair value less estimated costs to sell, and any adjustment is recorded in other operating expenses, net or restructuring expenses, net (if the asset is a part of the Company's restructuring programs as described in Note 6 to these condensed consolidated financial statements) in the condensed consolidated statements of (loss) earnings. The highest and best use of the primary components of assets held for sale are as real estate land parcels for development or real estate properties for use or lease; however, the Company has chosen not to develop or use these properties, and plans to sell the properties to third parties as quickly as practicable.

THE AARON'S COMPANY, INC.
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NOTE 3. INDEBTEDNESS

The following is a summary of the Company's debt, net of unamortized debt issuance costs as applicable:

(In Thousands)	(In Thousands)	March 31, 2024	December 31, 2023	(In Thousands)	June 30, 2024	December 31, 2023
Revolving Facility						
Term Loan, Due in Installments through April 2027 ¹						
Total Debt						
Less: Current Maturities						
Long-Term Debt						

¹ Includes unamortized debt issuance costs of \$0.5 million and \$0.6 million as of March 31, 2024, June 30, 2024 and December 31, 2023. The Company has included \$2.1 \$2.0 million and \$2.2 million of debt issuance costs as of March 31, 2024, June 30, 2024 and December 31, 2023, respectively, related to the amended revolving credit facility, within prepaid expenses and other assets in the condensed consolidated balance sheets.

Revolving Credit Facility and Term Loan

On April 1, 2022 the Company entered into an unsecured credit facility (the "Credit Facility") that provided for a \$175 million term loan (the "Term Loan") and a \$375 million revolving credit facility (the "Revolving Facility"), which included (i) a \$35 million sublimit for the issuance of letters of credit on customary terms, and (ii) a \$35 million sublimit for swing line loans on customary terms. The Company pays a commitment fee on unused balances related to the revolving facility, which ranges from 0.20% to 0.30% as determined by the Company's ratio of total net debt to EBITDA (as defined by in the agreement) credit agreement governing the Credit Facility).

On February 23, 2024, the Company amended its Credit Facility to, among other things: (i) decrease the Revolving Facility commitment from \$375 million to \$275 million, (ii) include require the execution and delivery of a Security Agreement consisting providing for the granting of a first priority lien (subject to Permitted Liens) on certain agreed upon substantially all of the assets of the Borrowers and Guarantors (excluding real property), including, subject to customary exceptions, a pledge of the capital stock of all existing and future Material Subsidiaries domestic subsidiaries and Holdings excluding Real Property, 66% of the capital stock of each first tier foreign subsidiary, and (iii) amend the existing Fixed Charge Coverage ratio to lower the required minimum threshold.

As a result of the amendment, during the three six months ended March 31, 2024, June 30, 2024, the Company incurred \$0.6 \$0.7 million in creditor and third-party fees. These fees were capitalized and included within prepaid expenses and other assets in the condensed and consolidated balance sheets, and will be amortized over the remaining life of the Revolving Facility. The Company expensed \$0.6 million of unamortized debt issuance costs due to the reduction in the borrowing capacity of its Revolving Facility.

As of March 31, 2024, June 30, 2024, \$168.4 million \$167.3 million and \$45.0 million \$48.9 million remained outstanding under the Term Loan and Revolving Facility, respectively, compared to \$169.5 million and \$25.0 million outstanding at December 31, 2023. Amounts outstanding under the letters of credit, which reduce availability under the Revolving Facility, were \$19.0 million as of March 31, 2024, June 30, 2024 and December 31, 2023, respectively. The Company expects that future additional borrowings under the Revolving Facility will be used to provide for working capital and capital expenditures, to finance future permitted acquisitions and for other general corporate purposes.

Borrowings under the Revolving Facility and the Term Loan bear interest at a rate per annum equal to, at the option of the Company, (i) the forward-looking term rate based on SOFR plus an applicable margin ranging between 1.50% and 2.25%, based on the Company's Total Net Debt to EBITDA Ratio, or (ii) the base rate (as defined in the Credit Facility) plus an applicable margin, which is 1.00% lower than the applicable margin for SOFR loans.

The loans and commitments under the Revolving Facility mature or terminate on April 1, 2027. The Term Loan amortizes in quarterly installments, commencing on December 31, 2022, in an aggregate annual amount equal to (i) 2.50% of the original principal amount of the Term Loan during the first and second years after the closing date, (ii) 5.00% of the original principal amount of the Term Loan during the third, fourth and fifth years after the closing date, with the remaining principal balance of the Term Loan to be due and payable in full on April 1, 2027.

Franchise Loan Facility

On April 1, 2022, the Company also entered into a \$12.5 million unsecured franchise loan facility (the "Franchise Loan Facility"), which operates as a guarantee by the Company of certain debt obligations of certain Aaron's franchisees (the "Borrower") under a franchise loan program.

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In the event these franchisees are unable to meet their debt service payments or otherwise experience an event of default, the Company would be unconditionally liable for the outstanding balance of the franchisees' debt obligations under the Franchise Loan Facility, which would be due in full within 90 days of such event of default. Borrowings under the Franchise Loan Facility bear interest at a rate per annum equal to SOFR plus an applicable margin ranging between 1.50% and 2.25%, based on the Company's Total Net Debt to EBITDA Ratio (as defined in the Franchise Loan Facility). The Franchise Loan Facility is available for a period of 364 days commencing on April 1, 2022, and permits the Borrower to request extensions for additional 364-day periods.

On February 23, 2024, the Company amended its Franchise Loan Facility to conform to the changes resulting from the amendment to its Credit Facility (described above), and to extend the maturity date from March 30, 2024 to March 29, 2025. As of March 31, 2024, the Franchise Loan Facility had a total commitment amount of \$10.0 million. On April 12, 2024, pursuant to the terms of the Franchise Loan Facility, the Company voluntarily reduced the commitment amount to \$3.5 million. As of June 30, 2024, the Franchise Loan Facility had a total commitment amount of \$3.5 million.

Financial Covenants

The Credit Facility and the Franchise Loan Facility contain customary financial covenants including (a) a maximum Total Net Debt to EBITDA Ratio of 2.75 to 1.00 and, (b) a minimum Fixed Charge Coverage Ratio of 1.30 to 1.00.

If the Company fails to comply with these covenants, the Company will be in default under these agreements, and all borrowings outstanding could become due immediately. Under the Credit Facility and Franchise Loan Facility, the Company may pay cash dividends in any year so long as, after giving pro forma effect to the dividend payment, the Company maintains compliance with its financial covenants and no event of default has occurred or would result from the payment. The Company is in compliance with all covenants under the Credit Facility at **March 31, 2024** **June 30, 2024**.

NOTE 4. REVENUE RECOGNITION

The following table disaggregates revenue by source:

		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
(In Thousands)					
(In Thousands)					
		Three Months Ended June 30,		Six Months Ended June 30,	
(In Thousands)	(In Thousands)	2024	2023	2024	2023
Lease Revenues and Fees					
Lease Revenues and Fees					
Lease Revenues and Fees					
Retail Sales					
Retail Sales					
Retail Sales					
Non-Retail Sales					
Non-Retail Sales					
Non-Retail Sales					
Franchise Royalties and Fees					
Franchise Royalties and Fees					
Franchise Royalties and Fees					
Other					
Other					
Other					
Total Revenues ₁					
Total Revenues ₁					
Total Revenues ₁					

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All of Aaron's penalty. Therefore, our customer lease agreements including BrandsMart Leasing, are considered accounted for as operating leases. The Company maintains ownership leases within the scope of the lease merchandise until all payment obligations are satisfied under lease agreements. ASC 842, Leases.

Initial direct costs related to customer agreements are expensed as incurred and have been classified as other operating expenses, net in the condensed consolidated statements of (loss) earnings. The condensed consolidated statement of (loss) earnings effects of expensing the initial direct costs as incurred are not materially different from amortizing initial direct costs over the lease ownership plan.

Substantially all Lease revenues related to the leasing of merchandise and Aaron's Club membership fees are recognized as revenue in the month they are earned. Payments received prior to the month earned are recorded as deferred lease revenue, and this amount is included in customer deposits and advance payments in the accompanying condensed consolidated balance sheets. Lease

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payments due but not received prior to month end are recorded as accounts receivable in the accompanying condensed consolidated balance sheets. Lease revenues are recorded net of a provision for returns and fees were within the scope of ASC 842, uncollectible renewal payments.

Leases, during the three months ended March 31, 2024 and 2023. Included in lease revenues and fees above, the The Company had \$6.2 million \$6.3 million and \$6.3 million \$12.5 million of other revenue during the three and six months ended March 31, 2024 June 30, 2024, respectively, compared to \$6.2 million and 2023, \$12.5 million, respectively, in the same periods of the prior year, within the scope of ASC 606, Revenue from Contracts with Customers, which is included in lease revenues and fees above in the accompanying condensed consolidated statements of (loss) earnings.

Retail Sales

All retail sales revenue is within the scope of ASC 606, Revenue from Contracts with Customers, during the three and six months ended March 31, 2024 June 30, 2024 and 2023.

Aaron's Business

Revenues from the retail sale of lease merchandise to individual consumers are recognized at the point of sale and are recorded within retail sales in the accompanying condensed consolidated statements of (loss) earnings. Generally, the transfer of control occurs near or at the point of sale for retail sales. Aaron's Business retail sales are not subject to a returns policy.

BrandsMart

Revenues from the retail sale of merchandise inventories are recorded within retail sales in the accompanying condensed consolidated statement statements of (loss) earnings and are recognized at a point in time that the Company has satisfied its performance obligation and transferred control of the product to the respective customer. Revenues associated with retail sales transactions for which control has not transferred are deferred and are recorded within customer deposits and advance payments within the accompanying consolidated balance sheets.

Retail sales at the BrandsMart segment, both in store and online, are subject to the segment's 30-day return policy. Accordingly, an allowance, based on historical returns experience, for sales returns is recorded as a component of retail sales in the period in which the related sales are recorded as well as an asset for the returned merchandise. The return asset and allowance for sales returns as of March 31, 2024 June 30, 2024 was \$2.0 \$1.9 million and \$2.6 \$2.5 million, respectively, compared to \$2.5 million and \$3.4 million as of December 31, 2023, respectively. The return asset and allowance for sales returns was recorded within prepaid and other assets and accounts payable and accrued expenses within the accompanying consolidated balance sheets, respectively.

Additional protection plans can be purchased by BrandsMart U.S.A. customers that provides extended warranty coverage on their product purchases, with payment being due for this protection at the point of sale. A third-party underwriter assumes the risk associated with the coverage and is primarily responsible for fulfillment. The Company is an agent to the contract and records the fixed commissions within retail sales in the accompanying condensed consolidated statements of (loss) earnings on a net basis.

Non-Retail Sales

Revenues for the non-retail sale of merchandise to Aaron's franchisees are recognized when control transfers to the franchisee, which is upon delivery of the merchandise and are recorded within non-retail sales in the accompanying condensed consolidated statements of (loss) earnings. All non-retail sales revenue is within the scope of ASC 606, Revenue from Contracts with Customers, during the three and six months ended March 31, 2024 June 30, 2024 and 2023.

Franchise Royalties and Fees

We have existing agreements with our current Aaron's franchisees to govern the operations of franchised stores. Our standard agreement is for a term of ten years, with one ten-year renewal option. Franchisees are obligated to remit to us royalty payments of 6% of the weekly cash revenue payments received, which is recognized as the fees become due.

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The Company guarantees certain debt obligations of some of the franchisees and receives guarantee fees based on the outstanding debt obligations of such franchisees. Refer to Note 5 to these condensed consolidated financial statements for additional discussion of the franchise-related guarantee obligation. The Company also charges fees for advertising efforts that benefit the franchisees, which are recognized at the time the advertising takes place.

Substantially all franchise royalties and fee revenue is within the scope of ASC 606, *Revenue from Contracts with Customers*. Of the franchise royalties and fees, \$4.5 million and \$4.8 million during the three and six months ended March 31, 2024 June 30, 2024, \$4.4 million and 2023, \$8.9 million, respectively, is related to franchise royalty income that is recognized as the fees become due. due, compared to \$4.4 million and \$9.2 million, respectively, during the same periods of the prior year. The remaining revenue is primarily related to advertising fees charged to franchisees. Franchise royalties and fees are recorded within franchise royalties and other revenues in the accompanying condensed consolidated statements of (loss) earnings.

NOTE 5. COMMITMENTS AND CONTINGENCIES

Guarantees

The Company has guaranteed certain debt obligations of some of its Aaron's franchisees under a franchise loan program (the "Franchise Loan Facility") as described in further detail in Note 3 to these condensed consolidated financial statements. The Company has recourse rights to franchisee assets securing the debt obligations, which consist primarily of lease merchandise and fixed assets. Since the inception of the franchise loan program in 1994, the Company's losses associated with the program have been insignificant. However, the Company could incur losses that could be significant in a future period due to potential adverse trends in the liquidity and/or financial performance of Aaron's franchisees resulting in an event of default or impending defaults by franchisees.

On April 1, 2022, the Company entered into a Franchise Loan Facility agreement, which has been amended twice since that date. The most recent amendment, which occurred on February 23, 2024, amended the Franchise Loan Facility to conform to the changes resulting from the amendment to its Credit Facility described in Note 3, and to extend the maturity date to March 29, 2025. As of March 31, 2024, the Franchise Loan Facility has a total commitment amount of \$10.0 million, and the maximum amount that the Company would be obligated to repay in the event franchisees defaulted was \$2.3 million. On April 12, 2024, pursuant to the terms of the Franchise Loan Facility, the Company voluntarily reduced the commitment amount to \$3.5 million. As of June 30, 2024, the Franchise Loan Facility had a total commitment amount of \$3.5 million, and the maximum amount that the Company would be obligated to repay in the event franchisees defaulted was \$2.1 million.

The Company is subject to financial covenants under the Franchise Loan Facility as detailed in Note 3 to these condensed consolidated financial statements. At March 31, 2024 June 30, 2024, the Company was in compliance with all covenants under the Franchise Loan Facility agreement.

The Company records a liability related to estimated future losses from repaying the franchisees' outstanding debt obligations upon any possible future events of default. This liability is included in accounts payable and accrued expenses in the condensed consolidated balance sheets and was \$0.5 million \$0.2 million and \$1.0 million at March 31, 2024 June 30, 2024 and December 31, 2023, respectively. The balances at March 31, 2024 June 30, 2024 and December 31, 2023 included qualitative consideration of potential losses associated with uncertainties impacting the operations and liquidity of our franchisees. Such uncertainties include inflationary and other economic pressures in the current macroeconomic environment.

Legal Proceedings

From time to time, the Company is party to various legal and regulatory proceedings arising in the ordinary course of business, certain of which have been described below. The Company establishes an accrued liability for legal and regulatory proceedings when it determines that a loss is both probable and the amount of the loss can be reasonably estimated. The Company continually monitors its litigation and regulatory exposure and reviews the adequacy of its legal and regulatory reserves on a quarterly basis. The amount of any loss ultimately incurred in relation to matters for which an accrual has been established may be higher or lower than the amounts accrued for such matters due to the inherent uncertainty in litigation, regulatory and similar adversarial proceedings, and substantial losses from these proceedings or the costs of defending them could have a material adverse impact upon the Company's business, financial position, and results of operations.

At March 31, 2024 June 30, 2024 and December 31, 2023, the Company had accrued \$1.1 million \$1.0 million and \$0.7 million, respectively, for pending legal and regulatory matters for which it believes losses are probable and is management's best estimate of its exposure to loss. The Company records these liabilities in accounts payable and accrued expenses in the condensed consolidated balance sheets.

THE AARON'S COMPANY, INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

In *Jacob Atkinson v. Aaron's, LLC dba Aaron's Sales & Lease Ownership, LLC et al.*, Civil Action No. 2:23-cv-01742-BJR (W.D. Wash. NO. 23-2-19649-0 (King Cnty. Sup Ct.)), filed on October 11, 2023, currently before the United States District Court for the Western District of Washington, plaintiff alleges that the Company violated Washington's Equal Pay and Opportunity Act, RCW 49.58.110, because certain of the Company's job postings did not include a wage scale or salary range. Because the statute is new, issues including standing, applicability as to who it covers, and the constitutionality of the statutory penalty have not been determined. Plaintiff seeks injunctive and declaratory relief and also seeks certification of a putative class. On November 14, 2023, the Company removed the lawsuit to federal court in the United States District Court for the Western District of Washington. On January 22, 2024, the Company filed a motion to dismiss the lawsuit. On April 30, 2024, the Company's motion to dismiss was granted by the district court without prejudice and with leave to amend. On May 8, 2024, and on June 26, 2024, the district court granted in part motions for partial reconsideration filed by plaintiff and the Company, respectively. As a result, the district court remanded the proceeding to the King County Superior Court in Washington state and also struck part of the initial order granting the Company's motion to dismiss. The Company has not yet answered or otherwise responded to the complaint.

The assessment as to whether a loss is probable or reasonably possible, and as to whether such loss or a range of such losses is estimable, often involves significant judgment about future events, and the outcome of litigation is inherently uncertain. The Company's estimates for legal and regulatory accruals, aggregate probable loss amounts and reasonably possible loss amounts, are all subject to the uncertainties and variables described above. Other than as described above, there is no material pending or threatened litigation against the Company that remains outstanding as of March 31, 2024 June 30, 2024.

Other Contingencies

Management regularly assesses the Company's insurance deductibles, monitors litigation and regulatory exposure with the Company's attorneys, and evaluates its loss experience. The Company also enters into various contracts in the normal course of business that may subject it to risk of financial loss if counterparties fail to perform their contractual obligations.

NOTE 6. RESTRUCTURING

As management continues to execute on its long-term strategic plan, additional benefits and charges are expected to result from our restructuring programs. The extent of any future charges related to our restructuring programs are not currently estimable and depend on various factors including the timing and scope of future cost optimization initiatives.

Operational Efficiency and Optimization Restructuring Program

During the third quarter of 2022, the Company initiated the Operational Efficiency and Optimization Restructuring Program intended to strengthen operational efficiencies and reduce the Company's overall costs. Management believes that this restructuring program will help the Company sharpen its operational focus, optimize its cost profile, allocate capital resources towards long-term strategic objectives, and generate incremental value for shareholders through investments in technological capabilities, and fulfillment center logistics competencies. Since initiation, the program resulted in the closure or consolidation of 57 65 Company-operated Aaron's stores through March 31, 2024 June 30, 2024. This program also includes the Hub and Showroom model to optimize labor and other operating expenses in markets, store labor realignments, rationalization of the Company's supply chain, the centralization and restructuring of store support center, operations, and multi-unit store oversight functions, as well as other real estate and third party spend costs reductions.

Total net restructuring expenses under the Operational Efficiency and Optimization Restructuring Program related to the initiatives described above were \$5.3 million \$2.0 million and \$2.9 million \$7.3 million during the three and six months ended March 31, 2024 June 30, 2024, respectively, compared to \$1.6 million and 2023, \$4.4 million, respectively, in the same periods of the prior year, and were recorded within the Unallocated Corporate category for segment reporting. For both periods presented, ended June 30, 2024, these expenses were comprised mainly of severance charges resulting from headcount reductions at its store support center to more closely align with current business conditions, continuing variable occupancy costs incurred related to closed stores, and operating lease right-of-use asset and fixed asset impairment charges. charges and net losses on the sale of store properties and related assets. For the prior year periods, these expenses were comprised mainly of professional advisory fees in the three months ended June 30, 2023 and severance charges in the three months ended March 31, 2023 relating to the Company's January 2023 headcount reduction. We also incurred continuing variable occupancy costs related to closed stores, operating lease right-of-use asset impairment charges and fixed asset impairment charges throughout the six months ended June 30, 2023. We expect future restructuring expenses (reversals) due to potential future early buyouts of leases with landlords, as well as continuing variable occupancy costs related to closed stores.

Since inception of the Operational Efficiency and Optimization Restructuring Program, the Company has incurred charges of \$23.3 million \$25.4 million under the plan. These cumulative charges are primarily comprised of operating lease right-of-use asset and fixed

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impairment charges, continuing variable occupancy costs incurred related to closed stores, professional advisory fees, and severance related to reductions in its store support center and Aaron's Business store oversight functions.

Real Estate Repositioning and Optimization Restructuring Program

During the first quarter of 2020, the Company initiated a real estate repositioning and optimization restructuring program. This program includes a strategic plan to remodel, reposition, and consolidate our Company-operated Aaron's store footprint over the next two to three years. We believe that such strategic actions will allow Aaron's to continue to successfully serve our markets while continuing to utilize our growing aarons.com platform. Management expects that this strategy, along with our increased use of technology, will enable us to reduce store count while retaining a significant portion of our existing customer relationships as well as attract new customers. Since initiation, the program has resulted in the closure, consolidation, or relocation of 260 262 Company-operated stores through March 31, 2024 June 30, 2024. This program also resulted in the closure of one

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administrative store support building, a further rationalization of our store support center staff, which included a reduction in employee headcount in those areas to more closely align with current business conditions. As of March 31, 2024, we have identified approximately 2 remaining stores for closure, consolidation, or relocation that have not yet been closed and vacated, which are expected to close over the course of the next twelve months.

Total net restructuring expenses under the real estate repositioning and optimization restructuring program were \$2.6 million \$0.9 million and \$2.4 million \$3.5 million during the three and six months ended March 31, 2024 June 30, 2024, compared to \$3.3 million and 2023, \$5.7 million, respectively, in the same periods of the prior year, and are recorded within the Unallocated Corporate category for segment reporting. For both periods presented, ended June 30, 2024, these expenses were comprised mainly of continuing variable occupancy costs incurred related to closed stores, and operating lease right-of-use asset and fixed asset impairment charges related to with the vacancy or planned vacancy of stores identified for closure. The three months six month period ended March 31, 2024 June 30, 2024 also includes including a \$1.1 million \$1.2 million net loss on the sale of store properties and related assets.

Since inception of the real estate repositioning and optimization program, the Company has incurred charges of \$73.4 million \$74.3 million under the program. These cumulative charges are primarily comprised of operating lease right-of-use asset and fixed impairment charges, losses recognized related to contractual lease obligations, and severance related to reductions in store support center and field support staff headcount. We expect future restructuring expenses (reversals) due to potential future early buyouts of leases with landlords, as well as continuing variable occupancy costs related to closed stores.

The following table summarizes total restructuring charges for the three and six months ended March 31, 2024 June 30, 2024 and 2023, respectively, under the Company's two restructuring programs described above:

	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,
(In Thousands)	
(In Thousands)	

	Three Months Ended June 30,		Three Months Ended June 30,		Six Months Ended June 30,	
	Three Months Ended June 30,		Three Months Ended June 30,		Six Months Ended June 30,	
(In Thousands)	(In Thousands)	2024	2023		2024	2023
Right-of-Use Asset Impairment						
Right-of-Use Asset Impairment						
Right-of-Use Asset Impairment						
Operating Lease Charges						
Operating Lease Charges						
Operating Lease Charges						
Fixed Asset Impairment						
Fixed Asset Impairment						
Fixed Asset Impairment						
Severance						
Severance						
Severance						
Severance ¹						
Net Loss (Gain) on Sale of Store Properties and Related Assets						
Net Loss (Gain) on Sale of Store Properties and Related Assets						
Net Loss (Gain) on Sale of Store Properties and Related Assets						
Other Expenses						
Other Expenses						
Other Expenses						
Other Expenses ²						
Total Restructuring Expenses, Net						
Total Restructuring Expenses, Net						
Total Restructuring Expenses, Net						

¹ During the three months ended June 30, 2023, the Company had a partial reversal of severance charges that were originally estimated in connection with the Company's January 2023 headcount reduction.

² Includes professional advisory fees.

The following table summarizes the corresponding accrual balances as of June 30, 2024 and December 31, 2023 for the restructuring programs:

(In Thousands)	Severance	Operating Lease Charges ¹	Professional Advisory Fees
Balance at December 31, 2023	\$ 171	\$ 849	\$ 4
Restructuring Charges	2,737	(212)	598
Payments	(2,908)	—	(498)
Balance at June 30, 2024	\$ —	\$ 637	\$ 104

¹ Operating lease charges payable at June 30, 2024 relate to accrued maintenance charges at various properties vacated in conjunction with the restructuring programs discussed herein. These liabilities are included within accounts payable and

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accrued expenses in the consolidated balance sheets. All other operating lease charges incurred during the six months ended June 30, 2024 were expensed as incurred and are not reflected in this table as they do not impact the restructuring accrual.

NOTE 7. SEGMENTS

Segment Reporting

The Aaron's Business segment provides consumers with LTO and retail purchase solutions through the Company's Aaron's stores, along with its franchisees, in the United States and Canada and the aarons.com e-commerce platform. In addition, the Aaron's Business segment includes the operations of BrandsMart Leasing, which offers a lease-to-own

solution to customers of BrandsMart U.S.A., and Woodhaven, which manufactures and supplies a significant portion of the upholstered furniture leased and sold in Company-operated and franchised Aaron's stores.

The BrandsMart segment includes the operations of BrandsMart U.S.A. (other than BrandsMart Leasing), which is one of the leading appliance and consumer electronics retailers in the southeastern United States and one of the largest appliance retailers in the country with 1112 stores in Florida and Georgia and a growing e-commerce presence on brandsmartusa.com.

Measurement of Segment Profit or Loss and Segment Assets

The Company evaluates segment performance based primarily on revenues and earnings (loss) from operations before unallocated corporate costs, which are evaluated on a consolidated basis and not allocated to the Company's business segments. Intersegment sales between BrandsMart and the Aaron's Business pertaining to BrandsMart Leasing, are recognized at retail prices. Since the intersegment profit affects cost of goods sold, depreciation and lease merchandise valuation, they are adjusted when intersegment profit is eliminated in consolidation. The Company determines earnings (loss) before income taxes for all reportable segments in accordance with U.S. GAAP.

Unallocated Corporate costs are presented separately and generally include unallocated costs associated with the following: equity-based compensation, interest income and expense, information security, executive compensation, legal and compliance, corporate governance, accounting and finance, human resources and other corporate functions. The Unallocated Corporate category also includes acquisition-related costs, restructuring charges and separation costs for which the individual operating segments are not being evaluated.

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The Company does not evaluate performance or allocate resources based on segment asset data, and therefore total segment assets are not presented.

	Three Months Ended March 31, 2024
	Three Months Ended March 31, 2024
	Three Months Ended March 31, 2024
	Three Months Ended June 30, 2024
	Three Months Ended June 30, 2024
	Three Months Ended June 30, 2024

(In Thousands)

(In Thousands)

(In Thousands)

Lease Revenues and Fees
Lease Revenues and Fees
Lease Revenues and Fees
Retail Sales
Retail Sales
Retail Sales
Non-Retail Sales
Non-Retail Sales
Non-Retail Sales
Franchise Royalties and Fees
Franchise Royalties and Fees
Franchise Royalties and Fees
Other
Other
Other
Total Revenues
Total Revenues
Total Revenues

	Three Months Ended March 31, 2024						Three Months Ended June 30, 2024				
	(In	Aaron's		Unallocated		(In	Aaron's		Unallocated		
(In Thousands)	Thousands)	Business	BrandsMart	Corporate ¹	Elimination Total	Thousands)	Business	BrandsMart	Corporate ¹	Elimination	Total
Gross Profit											

Earnings (Loss) Before Income
Taxes

Other Depreciation and
Amortization²

Capital Expenditures

¹ The loss before income taxes for the Unallocated Corporate category during the three months ended **March 31, 2024** **June 30, 2024** was impacted by restructuring charges of **\$7.9 million** **\$2.9 million**, and **BrandsMart U.S.A.** acquisition-related costs of **\$0.9 million** **\$8.0 million**.

² Excludes depreciation of lease merchandise, which is not included in the chief operating decision maker's measure of depreciation and amortization.

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(In Thousands)	Three Months Ended June 30, 2023			
	Aaron's Business	BrandsMart	Elimination of Intersegment Revenues	Total
Lease Revenues and Fees	\$ 353,751	\$ —	\$ —	353,751
Retail Sales	6,615	143,776	(2,345)	148,046
Non-Retail Sales	22,800	—	—	22,800
Franchise Royalties and Fees	5,588	—	—	5,588
Other	187	—	—	187
Total Revenues	\$ 388,941	\$ 143,776	\$ (2,345)	530,372

(In Thousands)	Three Months Ended June 30, 2023				
	Aaron's Business	BrandsMart	Unallocated Corporate ¹	Elimination	Total
Gross Profit	\$ 246,839	\$ 35,569	\$ —	\$ (136)	282,272
Earnings (Loss) Before Income Taxes	30,840	1,083	(23,833)	(88)	8,002
Other Depreciation and Amortization ²	18,655	3,390	222	—	22,267
Capital Expenditures	15,629	4,293	1,434	—	21,356

¹ The loss before income taxes for the Unallocated Corporate category during the three months ended June 30, 2023 was impacted by restructuring charges of \$4.8 million, and acquisition-related costs of \$0.5 million.

² Excludes depreciation of lease merchandise, which is not included in the chief operating decision maker's measure of depreciation and amortization.

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(In Thousands)	Three Months Ended March 31, 2023			
	Aaron's Business	BrandsMart	Elimination of Intersegment Revenues	Total
Lease Revenues and Fees	\$ 373,795	\$ —	\$ —	373,795
Retail Sales	8,318	144,158	(1,930)	150,546
Non-Retail Sales	23,935	—	—	23,935
Franchise Royalties and Fees	5,898	—	—	5,898
Other	187	—	—	187
Total Revenues	\$ 412,133	\$ 144,158	\$ (1,930)	554,361

Three Months Ended March 31, 2023				

(In Thousands)	Aaron's Business ¹		BrandsMart	Unallocated Corporate ²		Elimination	Total
Gross Profit	\$	260,706	\$	35,135	\$	—	\$ (147) 295,694
Earnings (Loss) Before Income Taxes		35,859		(888)		(25,971)	(108) 8,892
Other Depreciation and Amortization ³		18,703		3,644		223	— 22,570
Capital Expenditures		18,029		916		1,264	— 20,209

Six Months Ended June 30, 2024						
(In Thousands)	Aaron's Business		BrandsMart	Elimination of Intersegment Revenues		Total
Lease Revenues and Fees	\$	681,667	\$	—	\$	— 681,667
Retail Sales		12,291		267,943		(3,756) 276,478
Non-Retail Sales		44,704		—		— 44,704
Franchise Royalties and Fees		11,392		—		— 11,392
Other		381		—		— 381
Total Revenues	\$	750,435	\$	267,943	\$	(3,756) 1,014,622

	Six Months Ended June 30, 2024							
(In Thousands)	Aaron's Business		BrandsMart	Unallocated Corporate:		Elimination	Total	
Gross Profit	\$	482,883	\$	63,440	\$	—	(422) \$	545,901
Earnings (Losses) Before Income Taxes		36,009		(10,445)		(57,916)	(217)	(32,569)
Other Depreciation and Amortization ²		38,053		7,577		405	—	46,035
Capital Expenditures		32,249		6,559		1,467	—	40,275

¹ The loss before income taxes for the Unallocated Corporate category during the six months ended June 30, 2024 was impacted by restructuring charges of \$10.8 million, and acquisition-related costs of \$8.9 million.

² Excludes depreciation of lease merchandise, which is not included in the chief operating decision maker's measure of depreciation and amortization.

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Six Months Ended June 30, 2023						
(In Thousands)	Aaron's Business		BrandsMart	Elimination of Intersegment Revenues		Total
Lease Revenues and Fees	\$	727,546	\$	—	\$	— 727,546
Retail Sales		14,933		287,934		(4,275) 298,592
Non-Retail Sales		46,735		—		— 46,735
Franchise Royalties and Fees		11,486		—		— 11,486
Other		374		—		— 374
Total Revenues	\$	801,074	\$	287,934	\$	(4,275) 1,084,733

	Six Months Ended June 30, 2023							
(In Thousands)	Aaron's Business ¹		BrandsMart	Unallocated Corporate ²		Elimination	Total	
Gross Profit	\$	507,545	\$	70,704	\$	—	\$ (283)	577,966
Earnings (Loss) Before Income Taxes		66,699		195		(49,804)	(196)	16,894
Other Depreciation and Amortization ³		37,358		7,035		444	—	44,837
Capital Expenditures		33,658		5,209		2,698	—	41,565

¹ The earnings before income taxes for the Aaron's Business during the **three** six months ended **March 31, 2023** June 30, 2023 includes a \$3.8 million receipt from the settlement of a class action lawsuit related to alleged anti-competitive conduct by several manufacturers of cathode ray tubes.

² The loss before income taxes for the Unallocated Corporate category during the **three** **six** months ended **March 31, 2023** **June 30, 2023** was impacted by restructuring charges of **\$5.3 million** **\$10.1 million**, BrandsMart U.S.A. acquisition-related costs of **\$1.8 million** **\$2.4 million** and separation-related costs of \$0.1 million.

³ Excludes depreciation of lease merchandise, which is not included in the chief operating decision maker's measure of depreciation and amortization.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*Special Note Regarding Forward-Looking Information: Except for historical information contained herein, the matters set forth in this Form 10-Q are forward-looking statements. These statements are based on management's current expectations and plans, which involve risks and uncertainties. Such forward-looking statements generally can be identified by the use of forward-looking terminology such as "believe," "expect," "expectation," "anticipate," "may," "could," "should," "intend," "belief," "estimate," "plan," "target," "project," "likely," "will," "forecast," "future," "outlook," and similar expressions. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the filing date of this Quarterly Report on Form 10-Q for the fiscal quarter ended **March 31, 2024** **June 30, 2024** ("Quarterly Report") and which involve risks and uncertainties that may cause actual results to differ materially from those expressed in or implied by these statements. These risks and uncertainties include (i) changes in the enforcement of existing laws and regulations and the adoption of new laws and regulations that may unfavorably impact our business, and failures to comply with existing or new laws or regulations, including those related to consumer protection, as well as an increased focus on our industry by federal and state regulatory authorities; (ii) our ability to execute on our multi-year strategic plan and achieve the benefits and outcomes we expect, including improving our business, centralizing key processes such as customer lease decisioning and payments, real estate optimization, enhancing our e-commerce platform and digital acquisition channels, enhancing and growing BrandsMart, and optimizing our cost structure; (iii) our ability to attract and retain key **personnel**; **personnel and maintain their productivity, including due to the impact of the pending Merger**; (iv) our ability to manage cybersecurity risks, disruptions or failures in our information technology systems and to protect the security of personal information of our customers and employees; (v) weakening general market and economic conditions, especially as they may affect retail sales, increased interest rates, unemployment and consumer confidence; (vi) the concentration of our stores in certain regions or limited markets; (vii) the current inflationary environment could result in increased labor, raw materials or logistics costs that we are unable to offset or accelerating prices that result in lower lease volumes; (viii) business disruptions due to political and economic instability resulting from global conflicts such as the Russia-Ukraine conflict and related economic sanctions and the conflict in Israel, Palestine and surrounding areas, as well as domestic civil unrest; (ix) any future potential pandemics, as well as related measures taken by governmental or regulatory authorities to combat the pandemic; (x) challenges faced by our business, including commoditization of consumer electronics, our high fixed-cost operating model and the ongoing labor shortage; (xi) increased competition from direct-to-consumer and virtual lease-to-own competitors, as well as from traditional and online retailers and other competitors; (xii) increases in lease merchandise write-offs; (xiii) any failure to realize the benefits expected from the acquisition of BrandsMart, including projected synergies; (xiv) the acquisition of BrandsMart may create risks and uncertainties which could materially and adversely affect our business and results of operations; (xv) our ability to successfully acquire and integrate businesses and to realize the projected results and expected benefits of acquisitions or strategic transactions; (xvi) our ability to maintain or improve market share in the categories in which we operate despite heightened competitive pressure; (xvii) our ability to improve operations and realize cost savings; (xviii) **impacts on our existing business relationships with customers, suppliers, franchisees and (xviii) others as a result of the pending Merger; (xix) diversion of management attention away from ongoing business concerns in order to focus on completion of the Merger; (xx) restrictions on the conduct of our business prior to the completion of the Merger; (xxi) our ability to complete the Merger including meeting the outstanding closing conditions to the Merger, including obtaining shareholder approval; and (xxii) the other risks and uncertainties discussed under "Risk Factors" in the Company's 2023 Annual Report. Statements in this Quarterly Report that are "forward-looking" include without limitation statements about: (i) the execution of our key strategic priorities; (ii) the growth and other benefits we expect from executing those priorities; (iii) our financial performance outlook; and (iv) the Company's goals, plans, expectations, and projections regarding the expected benefits of the BrandsMart **acquisition**, **acquisition**; and (v) the expected timing of, and other considerations related to, consummation of the Merger.** You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this news release. Except as required by law, the Company undertakes no obligation to update these forward-looking statements to reflect subsequent events or circumstances after the filing date of this Quarterly Report.*

The following discussion should be read in conjunction with the condensed consolidated financial statements as of and for the three **and six** months ended **March 31, 2024** **June 30, 2024** and 2023, including the notes to those statements, appearing elsewhere in this report, as well as management's discussion and analysis and the consolidated financial statements included in our 2023 Annual Report.

Business Overview

The Company is a leading, technology-enabled, omni-channel provider of lease-to-own ("LTO") and retail purchase solutions of furniture, electronics, appliances, and other home goods across its brands: Aaron's, BrandsMart U.S.A., BrandsMart Leasing, and Woodhaven Furniture Industries ("Woodhaven").

As of **March 31, 2024** **June 30, 2024**, the Company's operating and reportable segments are the Aaron's Business and BrandsMart, each as described below.

The Aaron's Business segment is comprised of (i) Aaron's branded Company-operated and franchise-operated stores; (ii) its e-commerce platform ("aaron's.com"); (iii) Woodhaven; and (iv) BrandsMart Leasing (collectively, the "Aaron's Business").

The operations of BrandsMart U.S.A. (excluding BrandsMart Leasing) comprise the BrandsMart segment (collectively, "BrandsMart").

Aaron's Business Segment

Since its founding in 1955, Aaron's has been committed to serving the overlooked and underserved customer with a dedication to inclusion and improving the communities in which it operates. Through a portfolio of approximately **1,220** **1,210** stores and its aaron's.com e-commerce platform, Aaron's, together with its franchisees, provide consumers with LTO and retail purchase solutions for the products they need and want, with a focus on providing its customers with unparalleled customer service, high approval rates, lease plan flexibility, and an attractive value proposition, including competitive monthly payments and total cost of ownership, as compared to other LTO providers.

Woodhaven manufactures and supplies a significant portion of the upholstered furniture leased and sold in Company-operated and franchised Aaron's stores.

Launched in 2022, BrandsMart Leasing offers LTO purchase solutions to customers of BrandsMart U.S.A.

BrandsMart Segment

Founded in 1977, BrandsMart U.S.A. is one of the leading appliance and consumer electronics retailers in the southeast United States and one of the largest appliance retailers in the country with **11** **12** stores in Florida and Georgia and a growing e-commerce presence on brandsmartusa.com. The operations of BrandsMart U.S.A. (other than BrandsMart Leasing) comprise the BrandsMart segment.

Restructuring Programs

As management continues to execute on its long-term strategic plan, additional benefits and charges are expected to result from our restructuring programs. The extent of any future charges related to our restructuring programs are not currently estimable and depend on various factors including the timing and scope of future cost optimization initiatives.

Real Estate Repositioning and Optimization Restructuring Program

During the first quarter of 2020, the Company initiated a real estate repositioning and optimization program to optimize our Company-operated Aaron's store portfolio via our GenNext store concept, which features larger showrooms and/or re-engineered store layouts, increased product selection, technology-enabled shopping and checkout, and a refined operating model. We expect that this strategy, together with our aarons.com e-commerce platform and increased use of technology to better serve our customers, will enable us to reduce store operating costs while continuing to better serve our existing markets, as well as attract new customers and expand into new markets in the future.

Since initiation, the program has resulted in the closure, consolidation, or relocation of 260 262 Company-operated Aaron's stores through March 31, 2024 June 30, 2024. This program also resulted in the closure of one administrative store support building and a further rationalization of our store support center staff, which included a reduction in employee headcount in those areas to more closely align with current business conditions.

During the first second quarter of 2024, the Company opened 11 6 new GenNext locations and closed 2 GenNext locations. Combined with the 254 265 locations open at the beginning of the quarter, total GenNext stores contributed approximately 33.4% 34.9% of total lease revenues and fees and retail revenues for the Aaron's Business segment during the three six months ended March 31, 2024 June 30, 2024. As of March 31, 2024, we have identified approximately 2 remaining stores for closure, consolidation, or relocation that have not yet been closed and vacated, which are generally expected to close in 2024. We will continue to evaluate our Company-operated Aaron's store portfolio to determine how to best rationalize and reposition our store base to better align with marketplace demand.

While not all specific locations have been identified under the real estate repositioning and optimization restructuring program, the Company's current strategic plan is to remodel, reposition and consolidate our Company-operated Aaron's store footprint over the next two to three years. We believe that such strategic actions will allow the Company to continue to successfully serve our markets while continuing to utilize our growing aarons.com shopping and servicing platform. Management expects that this strategy, along with our increased use of technology, will enable us to reduce store count while retaining a significant portion of our existing customer relationships and attract new customers.

Since inception of the real estate repositioning and optimization program, the Company has incurred charges of \$73.4 million \$74.3 million under the plan. These cumulative charges are primarily comprised of operating lease right-of-use asset and fixed impairment charges, losses recognized related to contractual lease obligations, and severance related to reductions in store support center and field support staff headcount. We expect future restructuring expenses (reversals) due to potential future early buyouts of leases with landlords, as well as continuing variable occupancy costs related to closed stores.

Operational Efficiency and Optimization Restructuring Program

During the third quarter of 2022, the Company initiated the Operational Efficiency and Optimization Restructuring Program intended to reduce the Company's overall costs. Management believes that implementing this restructuring program will help the Company sharpen its operational focus, optimize its cost profile, allocate capital resources towards long-term strategic objectives, and generate incremental value for shareholders through investments in technological capabilities, and fulfillment center and logistics competencies. The program resulted in the closure or consolidation of 57 65 Company-operated Aaron's stores through March 31, 2024 June 30, 2024. This program also includes the Hub and Showroom model to optimize labor in markets, store labor realignments, optimization of the Company's supply chain, the centralization and optimization of store support center, operations, and multi-unit store oversight functions, as well as other real estate and third party spend costs reductions.

Since inception of the Operational Efficiency and Optimization Restructuring Program, the Company has incurred charges of \$23.3 million \$25.4 million under the plan. These cumulative charges are primarily comprised of operating lease right-of-use asset and fixed impairment charges, continuing variable occupancy costs incurred related to closed stores, professional advisory fees, and severance related to reductions in its store support center and Aaron's Business store oversight functions.

Operating Segment Performance

As discussed above, the Company conducts its operations through two primary operating business segments: the Aaron's Business and BrandsMart, along with an Unallocated Corporate category for remaining unallocated costs including equity-based compensation, interest income and expense, information security, executive compensation, legal and compliance, corporate governance, accounting and finance, human resources and other corporate functions. The Unallocated Corporate category also includes acquisition-related costs, restructuring charges, goodwill impairment charges, and separation costs for which the individual operating segments are not being evaluated.

The Company evaluates segment performance based primarily on revenues and earnings (loss) from operations before unallocated corporate costs, which are evaluated on a consolidated basis and not allocated to the Company's business segments. Intersegment sales between BrandsMart and the Aaron's Business pertaining to BrandsMart Leasing, are completed at retail prices. Since the intersegment profit affects cost of goods sold, depreciation and lease merchandise valuation, they are adjusted when intersegment profit is eliminated in consolidation.

The discussion of the results of operations for segment performance measures within the "Segment Performance" sections throughout this Management's Discussion and Analysis do not include unallocated corporate expenses.

Highlights

We have been actively monitoring the impact of the current challenging macroeconomic environment, including inflation, rising interest rates, the slowing of consumer demand, labor shortages, and business disruptions due to political or economic instability, including global conflicts such as the Russia-Ukraine conflict and related economic sanctions and the conflict in Israel, Palestine and surrounding areas, on all aspects of our business. We anticipate that demanding market conditions, including reduced consumer demand and elevated levels of inflation, will continue throughout 2024 and beyond. We anticipate that these headwinds will be partially mitigated by our cost cutting and real estate repositioning and optimization strategies further described above.

The following summarizes significant financial highlights from the three months ended March 31, 2024 June 30, 2024:

- Consolidated revenues were \$511.5 million \$503.1 million in the first second quarter of 2024, a decrease of 7.7% 5.1% compared to the first second quarter of 2023.
- Total revenues for the Aaron's Business were \$381.1 million \$369.4 million in the first second quarter of 2024 compared to \$412.1 million \$388.9 million in the first second quarter of 2023, a decrease of 7.5% 5.0%. This decrease is was primarily driven by a lower average lease portfolio size during the quarter, lower lease renewal rate in the quarter, lower exercise of early purchase options and lower retail sales.
- The lease portfolio size, excluding BrandsMart Leasing, began 2024 at \$117.7 million, down 7.0% compared to the beginning of 2023, and ended the first second quarter of 2024 at \$116.1 million, \$117.2 million, down 4.8% 2.0% compared to the end of the first second quarter of 2023.

- E-commerce revenues for the Aaron's Business, (excluding excluding BrandsMart Leasing) Leasing, increased 20.8% 34.7% compared to the prior year quarter and were 24.0% 25.3% and 17.9% of lease revenues during the three months ended March 31, 2024 June 30, 2024 and 2023, respectively. E-commerce product revenues for BrandsMart decreased 13.6% 3.1% during the three months ended March 31, 2024 June 30, 2024 compared to the prior year quarter and were 8.7% 8.5% and 9.2% 8.1% of total product revenues during the three months ended March 31, 2024 June 30, 2024 and 2023, respectively.
- During the first second quarter of 2024, the Company opened 11 6 new GenNext locations and closed 2 GenNext locations. Combined with the 254 265 GenNext locations open at the beginning of the quarter, total GenNext stores contributed approximately 33.4% 34.9% of total lease revenues and fees and retail revenues for the Aaron's Business during the three months ended March 31, 2024 June 30, 2024.
- Loss before income taxes was \$16.3 million in the first second quarter of 2024 compared to earnings before income taxes of \$8.9 million \$8.0 million in the first second quarter of 2023. Loss before income taxes for the first second quarter of 2024 was negatively impacted by restructuring charges of \$7.9 million \$2.9 million and BrandsMart U.S.A. acquisition-related costs of \$0.9 million \$8.0 million. Earnings before income taxes for the first second quarter of 2023 was negatively impacted by restructuring charges of \$5.3 million \$4.8 million, BrandsMart and acquisition-related costs of \$1.8 million, and separation-related costs of \$0.1 million \$0.5 million.
- Net loss for the first second quarter of 2024 was \$14.2 million \$11.9 million compared to net earnings of \$12.8 million \$6.5 million in the prior year period. Diluted loss per share for the first second quarter of 2024 was \$0.46 \$0.39 compared with diluted earnings per share of \$0.41 \$0.21 in the prior year period.

Agreement and Plan of Merger with IQVentures

On June 16, 2024, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with IQVentures Holdings, LLC, an Ohio limited liability company ("Parent" or "IQVentures"), and Polo Merger Sub, Inc., a newly formed Georgia corporation and a wholly owned subsidiary of Parent ("Merger Sub"). The Merger Agreement provides for the acquisition of the Company by Parent by means of a merger of Merger Sub with and into the Company (the "Merger"), with the Company surviving the Merger as a wholly owned subsidiary of Parent.

At the time the Merger becomes effective (the "Effective Time"), each share of the Company's common stock, par value \$0.50 per share issued and outstanding immediately prior to the Effective Time (other than dissenting shares, treasury shares and shares owned by Parent or any direct or indirect wholly owned subsidiary of Parent), will be converted automatically into the right to receive \$10.10 in cash, without interest. The Company's Board of Directors has approved the Merger Agreement, but completion of the Merger is subject to certain other customary conditions, including approval by the Company's shareholders.

The Merger Agreement contains customary termination rights for the Company and Parent, including the payment of termination fees under specified circumstances. The Merger Agreement also contains customary representations, warranties and covenants of the Company, including covenants to conduct its business in the ordinary course during the interim period between the execution of the Merger Agreement and the consummation of the Merger and not to engage in certain types of transactions during this interim period without the prior written consent of Parent. The consummation of the Merger is not subject to any financing condition. Under the terms of the Merger Agreement, the Company is permitted to continue to pay its regular quarterly dividend, not in excess of \$0.125 per share.

For further information on the Merger and Merger Agreement, refer to the Company's Form 8-K filed with the SEC on June 17, 2024.

Other than transaction-expenses associated with the proposed Merger of \$7.5 million for the three and six months ended June 30, 2024, the terms of the Merger Agreement did not impact the Company's consolidated financial statements.

Key Metrics

The following table presents store count by ownership type:

Stores as of March 31	2024	2023
Stores as of June 30	2024	2023
Company-operated Aaron's Stores:		
GenNext (included in Company-Operated)		
Franchisee-operated Aaron's Stores		
BrandsMart U.S.A. Stores:		
Systemwide Stores		

The following table presents Company-operated Aaron's stores by type:

Company-operated Aaron's Store Types as of March 31, 2024	GenNext	Legacy	Total
Company-operated Aaron's Store Types as of June 30, 2024	GenNext	Legacy	Total
Store			
Hub			
Showroom			
Total			

¹ The typical layout for a Company-operated Aaron's store is a combination of showroom, customer service and warehouse space, generally comprising 6,000 to 15,000 square feet. Certain Company-operated Aaron's stores consist solely of a showroom.

² BrandsMart U.S.A. stores average approximately 96,000 square feet.

Aaron's Business

Lease Portfolio Size. Our lease portfolio size for the Aaron's Business, excluding BrandsMart Leasing, represents the total balance of collectible lease payments for the next month derived from our aggregate outstanding customer lease agreements at a point in time. As of the end of any month, the lease portfolio size is calculated as the lease portfolio size at

the beginning of the period plus collectible lease payments for the next month derived from new lease agreements originated in the period less the reduction in collectible lease payments for the next month primarily as a result of customer agreements that reach full ownership, customer early purchase option exercises, lease merchandise returns, and write-offs. Lease portfolio size provides management insight into expected future collectible lease payments. The Company ended the first second quarter of 2024 with a lease portfolio size for all Company-operated Aaron's stores of \$116.1 million \$117.2 million, a decrease of 4.8% 2.0% compared to the lease portfolio size as of March 31, 2023 June 30, 2023.

Lease Renewal Rate. Our lease renewal rate for the Aaron's Business, excluding BrandsMart Leasing, for any given period represents the weighted average of the monthly lease renewal rates for each month in the period. The monthly lease renewal rate for any month is calculated by dividing (i) the lease revenues collected or renewed related to leased merchandise for such month by (ii) the lease portfolio size as of the beginning of such month. The lease renewal rate provides management insight into the Company's success in retaining current customers within our customer lease portfolio over a given period and provides visibility into expected future customer lease payments and the related lease revenue. The lease renewal rate for the first second quarter of 2024 was 87.4% 86.8%, compared to 88.5% 88.2% in the first second quarter of 2023.

BrandsMart

Comparable Sales. We believe that changes in comparable sales is a key performance indicator for the BrandsMart operating segment as it provides management insight into the performance of existing stores and e-commerce business by measuring the change in sales for a particular period over the comparable prior period. Comparable sales includes retail sales generated at BrandsMart stores (including retail sales to BrandsMart Leasing), e-commerce sales initiated on the website or app, warranty revenue, gift card breakage, and sales of merchandise to wholesalers and dealers, as applicable. Comparable sales excludes service center related revenues.

For the three month period ended March 31, 2024 June 30, 2024, BrandsMart comparable sales decreased 9.4% 7.3%. We calculated this amount by comparing BrandsMart retail sales for the comparable period in 2023 for all BrandsMart stores open for the entire 15-month period ended March 31, 2024 June 30, 2024 as well as the remaining revenue components noted above.

Seasonality

Our revenue mix for the Aaron's Business is moderately seasonal. The first quarter of each year generally has higher lease renewal rates and corresponding lease revenues than any other quarter. Our customers also more frequently exercise the early purchase option on their existing lease agreements or purchase merchandise during the first quarter of the year. We believe that each of these trends is primarily due to the receipt by our customers in the first quarter of federal and state income tax refunds. In addition, lease portfolio size typically increases gradually in the fourth quarter as a result of the holiday season. We expect these trends to continue in future periods.

Due to the seasonality of the Aaron's Business, as well as the extent of the impact of inflationary and other economic pressures on our customers, results for any quarter or period are not necessarily indicative of the results that may be achieved for any interim period or a full fiscal year.

Similarly, the BrandsMart business generates the highest quarterly revenues during the fourth quarter of each year, which includes the holiday shopping season. Due to such seasonality, in addition to inflationary and other economic pressures, results for any quarter or period are not necessarily indicative of the results that may be achieved for any interim period or a full fiscal year.

Key Components of (Loss) Earnings Before Income Taxes

In this management's discussion and analysis section, we review our condensed consolidated results. The financial statements for the three and six months ended March 31, 2024 June 30, 2024 and comparable prior year period are condensed consolidated financial statements of the Company and its subsidiaries, each of which is wholly-owned, and is based on the financial position and results of operations of the Company.

For the three and six months ended March 31, 2024 June 30, 2024 and the comparable prior year period, some of the key revenue, cost and expense items that affected (loss) earnings before income taxes were as follows:

Revenues. We separate our total revenues into four components: (a) lease revenues and fees; (b) retail sales; (c) non-retail sales; and (d) franchise royalties and other revenues. Lease revenues and fees primarily include all revenues derived from lease agreements at both our Aaron's and BrandsMart Leasing brands and fees from our Aaron's Club program. Lease revenues and fees are recorded net of a provision for uncollectible accounts receivable related to lease renewal payments from lease agreements with customers. Retail sales primarily include the sale of merchandise inventories from our BrandsMart operations and the related warranty revenues, as well as the sale of both new and pre-leased merchandise from our Company-operated Aaron's stores. Like many retailers, this business is seasonal with the highest quarterly revenues for retail sales generated in the fourth quarter due to the holiday season. Non-retail sales primarily represent new merchandise sales to our Aaron's franchisees and, to a lesser extent, sales of Woodhaven manufactured products to third-party retailers. Franchise royalties and other revenues primarily represent fees from the sale of franchise rights and royalty payments from franchisees, as well as other related income from our franchised stores. Franchise royalties and other revenues also include revenues from leasing Company-owned real estate properties to unrelated third parties, as well as other miscellaneous revenues.

Depreciation of Lease Merchandise and Other Lease Revenue Costs. Depreciation of lease merchandise and other lease revenue costs is comprised of the depreciation expense associated with depreciating merchandise held for lease and leased to customers by our Company-operated Aaron's stores, aarons.com and BrandsMart Leasing, as well as the costs associated with the Aaron's Club program.

Retail Cost of Sales. Retail cost of sales includes cost of merchandise inventories sold through our BrandsMart U.S.A. stores and the depreciated cost of merchandise sold through our Company-operated Aaron's stores.

Non-Retail Cost of Sales. Non-retail cost of sales primarily represents the cost of merchandise sold to our Aaron's franchisees and, to a lesser extent, the cost of Woodhaven's manufactured products sold to third-party retailers.

Personnel Costs. Personnel costs represents total compensation costs incurred for services provided by team members of the Company with the exception of compensation costs that are eligible for capitalization.

Other Operating Expenses, Net. Other operating expenses, net includes occupancy costs (including rent expense, store maintenance and depreciation expense related to non-manufacturing facilities), shipping and handling, advertising and marketing, intangible asset amortization expense, professional services expense, bank and credit card related fees,

and other miscellaneous expenses. Other operating expenses, net also includes gains or losses on sales of Company-operated stores and delivery vehicles, fair value adjustments on assets held for sale and gains or losses on other transactions involving property,

plant and equipment. Other operating expenses, net excludes costs that have been capitalized or that are a component of the Company's restructuring programs.

Provision for Lease Merchandise Write-Offs. Provision for lease merchandise write-offs represents charges incurred related to estimated lease merchandise write-offs.

Restructuring Expenses, Net. Restructuring expenses, net are primarily comprised of professional advisory fees, severance charges, closed store operating lease right-of-use asset impairment and operating lease charges and fixed asset impairment charges. Such costs are recorded within the Unallocated Corporate category of segment reporting. Refer to Note 6 of the accompanying condensed consolidated financial statements for further discussion of restructuring expenses, net.

Separation Costs. Separation costs represent employee-related expenses associated with the spin-off transaction (as described in the 2023 Annual Report), including employee-related costs, incremental stock-based compensation expense associated with the conversion and modification of unvested and unexercised equity awards and other one-time expenses incurred by the Company to begin to operate as an independent, standalone public entity. Such costs are recorded within the Unallocated Corporate category of segment reporting.

Acquisition-Related Costs. Acquisition-related Prior to the three months ended June 30, 2024, acquisition-related costs primarily represent third-party consulting, banking and legal expenses had been comprised entirely of costs associated with the acquisition of BrandsMart U.S.A. in April 2022. Such As of June 30, 2024, acquisition-related costs are recorded within also include costs related to the Unallocated Corporate category planned Merger with IQVentures. Refer to Note 1 of segment reporting. the accompanying condensed consolidated financial statements for further detail.

Interest Expense. Interest expense consists primarily of interest on the Company's variable rate borrowings, commitment fees on unused balances of the Credit Facility (as defined below), as well as the amortization of debt issuance costs. Such costs are recorded within the Unallocated Corporate category of segment reporting.

Other Non-Operating Income, Net. Other non-operating income, net includes the impact of foreign currency remeasurement, as well as gains and losses resulting from changes in the cash surrender value of Company-owned life insurance related to the Company's deferred compensation plan. This activity also includes earnings on cash and cash equivalent investments.

Consolidated Results of Operations – Three months ended March 31, 2024 June 30, 2024 and 2023

	Three Months Ended March 31,				Change			Three Months Ended June 30,				Change	
(In Thousands)	(In Thousands)	2024	2023		\$		%	(In Thousands)	2024	2023			
REVENUES:													
Lease Revenues and Fees													
Lease Revenues and Fees													
Lease Revenues and Fees	\$346,009	\$	\$373,795	\$	\$(27,786)	(7.4)	(7.4)	% \$	335,658	\$	\$353,751	\$	
Retail Sales													
Non-Retail Sales													
Franchise Royalties and Other Revenues													
	511,497												
	503,125												
COSTS OF REVENUES													
Depreciation of Lease Merchandise and Other Lease Revenue Costs													
Depreciation of Lease Merchandise and Other Lease Revenue Costs													
Depreciation of Lease Merchandise and Other Lease Revenue Costs													
Retail Cost of Sales													

[illegible]

NET (LOSS) EARNINGS

NET (LOSS) EARNINGS	\$ (14,181)	\$	\$ 12,798	\$	\$ (26,979)	nfm	nfm	(11,903)	\$	\$	6,517	\$
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Revenues. Total consolidated revenues were \$511.5 million \$503.1 million during the three months ended March 31, 2024 June 30, 2024, a \$42.9 million \$27.2 million decrease compared to the prior year period. This decrease was driven by a \$31.1 million \$19.6 million decrease in revenues in the Aaron's Business segment and a \$11.6 million \$8.4 million decrease in revenue at the BrandsMart segment during the three months ended March 31, 2024 June 30, 2024, as discussed further in the "Segment Performance" section below.

Gross Profit. Consolidated gross profit for the Company was \$273.9 million \$272.0 million during the three months ended March 31, 2024 June 30, 2024, a \$21.8 million \$10.3 million decrease compared to the prior year period. This decrease was primarily driven by a \$16.1 million \$8.6 million decrease in gross profit at the Aaron's Business segment, as well as a \$5.7 million \$1.6 million decrease in gross profit at the BrandsMart segment during the three months ended March 31, 2024 June 30, 2024, as discussed further in the "Segment Performance" section below.

As a percentage of total consolidated revenues, consolidated gross profit increased to 53.5% 54.1% during the three months ended March 31, 2024 June 30, 2024 compared to 53.3% 53.2% for the comparable period in the prior year primarily due to higher gross profit margin on lease revenue and fees and retail sales in the Aaron's Business partially offset by lower as well as higher gross profit margin on retail sales at the BrandsMart segment, segment, as discussed in the Segment Performance section below.

Operating Expenses

Personnel Costs. Personnel Costs decreased increased by \$6.4 million \$1.4 million during the first second quarter of 2024 compared to the same period of the prior year, due primarily to higher performance-based incentive compensation at the Aaron's Business and increased workers compensation and health insurance expense at both the Aaron's Business and BrandsMart segments, partially offset by the optimization of store labor, store support, and operational oversight functions at the Aaron's Business and BrandsMart segments. Business.

Other Operating Expenses, Net. Information about certain significant components of other operating expenses, net for the consolidated Company is as follows:

Other Operating Expenses, Net: Information about certain significant components of other operating expenses, net for the consolidated company is as follows:																
		Three Months Ended March 31,						Change		Three Months Ended June 30,						Change
(In Thousands)	(In Thousands)	2024		2023			\$		%	(In Thousands)	2024		2023		\$	%
Occupancy Costs	Occupancy Costs	\$ 57,252	\$	\$ 56,279	\$	\$ 973	1.7	1.7	%	Occupancy Costs	\$ 56,357	\$	\$ 55,778	\$	\$ 579	1.0
Other Miscellaneous Expenses, net																
Shipping and Handling																
Advertising Costs																
Shipping and Handling																
Bank and Credit Card Related Fees																
Professional Services																
Intangible Amortization																
Gains on Dispositions of Store-Related Assets, net	Gains on Dispositions of Store-Related Assets, net	(3,731)	(823)	(823)	(2,908)	(2,908)	nmf	nmf								
Other Operating Expenses, net	Other Operating Expenses, net	\$131,935	\$	\$124,145	\$	\$7,790	6.3	6.3	%	Other Operating Expenses, net	\$126,563	\$	\$121,670	\$	\$4,893	4.0

As a percentage of total revenues, other operating expenses, net increased to 25.8% 25.2% for the first second quarter of 2024 from 22.4% 22.9% in the same period in 2023.

Other miscellaneous expenses, net primarily represent represents the depreciation of IT-related property, plant and equipment, software licensing expenses, franchisee-related reserves, and other expenses. The increase decrease in this category is primarily due to lower inventory-related operating expenses and a reduction to franchisee-related reserves at the receipt in January 2023 of a \$3.8 million settlement of a class action lawsuit related Aaron's Business segment, partially offset by higher general liability expense at both the Aaron's Business and BrandsMart segments.

Shipping and handling costs decreased during the three months ended June 30, 2024 compared to alleged anti-competitive conduct the prior year period primarily due to lower fuel and maintenance, partially offset by several manufacturers of cathode ray tubes. higher automotive liability expense at the Aaron's Business.

Advertising costs increased due to a planned increase in marketing spend in both business segments.

Gains on dispositions of store-related assets, net increased decreased primarily due to a \$3.3 million gain related reduction in the number and gains attributable to a sale and leaseback transaction of four Company-owned Aaron's store properties recorded during Business vehicle sales in the three months ended March 31, 2024. current quarter compared to the same period in 2023.

Provision for Lease Merchandise Write-Offs. The provision for lease merchandise write-offs as a percentage of lease revenues and fees for the Aaron's Business increased to 5.9% 6.1% for the three months ended March 31, 2024 June 30, 2024 compared to 5.4% in the same period of 2023. This increase was primarily driven by lower lease revenues and fees in the three months ended March 31, 2024 June 30, 2024, and an increasing mix of e-commerce agreements written into the portfolio.

Restructuring Expenses, Net. Restructuring activity for the three months ended **March 31, 2024** **June 30, 2024** resulted in expenses of **\$7.9 million** **\$2.9 million**, which were mainly comprised of **\$2.5 million in severance relating \$1.3 million of continuing variable occupancy costs incurred related to a headcount reduction at the store support center to more closely align with current business conditions, \$2.0 million previously closed stores, \$0.5 million of operating lease right-of-use asset and fixed asset impairment for Company-operated stores identified for closure, \$1.8 million of continuing variable occupancy costs incurred related to previously closed stores, and a \$1.1 million \$0.4 million net loss on the sale of store properties and related assets.** Restructuring activity for the three months ended **March 31, 2023** **June 30, 2023** resulted in expenses of **\$5.3 million** **\$4.8 million**, which were mainly comprised of **\$2.2 million of severance charges primarily relating to a headcount reduction of its store support center and Aaron's Business store oversight functions, \$1.9 million \$2.7 million of continuing variable occupancy costs incurred related to previously closed stores and \$0.9 million of operating lease right-of-use asset and fixed asset impairment for Company-operated stores identified for closure.**

Acquisition-Related Costs. Acquisition-related costs recognized during **Prior to the three months ended March 31, 2024 and 2023** primarily represent third-party consulting, banking and legal expenses **June 30, 2024**, acquisition-related costs had been comprised entirely of costs associated with the acquisition of BrandsMart U.S.A. in April 2022. For the three months ended **June 30, 2024**, acquisition-related costs, which totaled \$8.0 million, also included \$7.5 million of expenses, primarily comprised of professional advisory and legal fees, related to the planned Merger with IQVentures.

Operating Profit

Interest Expense. Interest Expense increased to **\$4.5 million** **\$4.2 million** for the three months ended **March 31, 2024** **June 30, 2024** from **\$4.4 million** **\$3.9 million** for the three months ended **March 31, 2023** **June 30, 2023**. Interest expense for both the three months ended **March 31, 2024** **June 30, 2024** and 2023 consists primarily of interest on the Company's variable rate borrowings under the Credit Facility and commitment fees on unused balances, as well as the amortization of debt issuance costs. **As a result of the debt amendment entered into on February 23, 2024, interest expense for the three months ended March 31, 2024 also included write-off of \$0.6 million of unamortized debt issuance costs due to the reduction in the borrowing capacity of its Revolving Facility.** Please refer to Note 3 to these condensed consolidated financial statements for further details.

Other non-operating income, net. Other non-operating income, net includes (a) net gains and losses resulting from changes in the cash surrender value of Company-owned life insurance related to the Company's deferred compensation plan; (b) the impact of foreign currency remeasurement; and (c) earnings on cash and cash equivalent investments. The changes in the cash surrender value of Company-owned life insurance resulted in net gains of **\$0.2 million and \$0.6 million** during the three months ended **March 31, 2024** **June 30, 2024** and 2023, respectively. Foreign currency remeasurement net gains resulting from changes in the value of the U.S. dollar against the Canadian dollar and earnings on cash and cash equivalent investments were not significant during the three months ended **March 31, 2024** **June 30, 2024** or 2023.

Income Tax Benefit (Benefit) Expense

The Company recorded a net income tax benefit of **\$2.1 million** **\$4.3 million** during the three months ended **March 31, 2024** **June 30, 2024** compared to an income tax benefit expense of **\$3.9 million** **\$1.5 million** for the same period in 2023. The effective tax rate increased to **13.1%** **26.8%** for the three months ended **March 31, 2024** **June 30, 2024** compared to **(43.9)%** **18.6%** for the same period in 2023. The tax rate increase in 2024 is primarily due to the loss before income taxes of \$16.3 million during the three months ended **June 30, 2024** and the impact of permanent differences on the loss before income taxes.

Segment Performance – Three months ended June 30, 2024 and 2023

Aaron's Business Segment Results

Revenues. The following table presents revenue by source for the Aaron's Business segment for the three months ended June 30, 2024 and 2023:

(In Thousands)	Three Months Ended				
	June 30,			Change	
	2024	2023	\$	%	
Lease Revenues and Fees	\$ 335,658	\$ 353,751	\$ (18,093)	(5.1)%	
Retail Sales	5,804	6,615	(811)	(12.3)	
Non-Retail Sales	22,062	22,800	(738)	(3.2)	
Franchise Royalties and Fees	5,663	5,588	75	1.3	
Other	193	187	6	3.2	
Total Revenues - Aaron's Business	\$ 369,380	\$ 388,941	\$ (19,561)	(5.0)%	

The decrease in lease revenues and fees during the three months ended June 30, 2024 were primarily driven by a 3.9% lower average lease portfolio size, which contributed to a \$12.4 million decline in lease revenues and fees and a 1.4% decline in lease renewal rate which contributed to a \$4.9 million decline in lease revenues and fees compared to the prior year period.

The decrease in retail sales during the three months ended June 30, 2024 were driven primarily by lower demand compared to the prior year period, and the net reduction of 54 store locations.

E-commerce revenues (excluding BrandsMart Leasing) increased 34.7% compared to the prior year quarter and were 25.3% and 17.9% of lease revenues during the three months ended June 30, 2024 and 2023, respectively.

The decrease in non-retail sales is primarily due to lower price-point and close-out sale purchases by outside retailers during the three months ended June 30, 2024, compared to the same period of the prior year.

Gross Profit and Earnings Before Income Taxes.

	Three Months Ended		Change
	June 30,		

(In Thousands)	2024	2023	\$	%
Gross Profit	\$ 238,252	\$ 246,839	\$ (8,587)	(3.5)%
Earnings Before Income Taxes	17,275	30,840	(13,565)	(44.0)

As a percentage of total revenues, gross profit for the Aaron's Business improved to 64.5% during the three months ended June 30, 2024 compared to 63.5% for the comparable period in 2023. The factors impacting the change in gross profit are discussed below.

Gross profit for lease revenues and fees for the Aaron's Business was \$227.2 million and \$236.0 million during the three months ended June 30, 2024 and 2023, respectively. The lower average lease portfolio contributed \$8.6 million to the decline in gross profit and the lower lease renewal rate contributed \$4.9 million to the decline of the gross profit compared to the prior year period. This was partially offset by \$1.9 million of lower idle inventory and \$1.9 million in lower inventory costs compared to the prior year period. The increase in gross profit margin is primarily due to a decreasing mix of lower margin early payout revenue compared to the prior year period.

Gross profit for retail sales for the Aaron's Business was \$1.7 million during the three months ended June 30, 2024 and 2023, respectively, which represented a gross profit margin of 29.4% and 25.3% for the respective periods. The increase in gross profit margin is primarily due to lower cost of inventory during the three months ended June 30, 2024.

Gross profit for non-retail sales for the Aaron's Business was \$3.5 million and \$3.4 million during the three months ended June 30, 2024 and 2023, respectively, which represented a gross profit margin of 16.0% and 14.8% for the respective periods. The increase in gross profit is due to lower cost of inventory during the three months ended June 30, 2024.

Earnings before income taxes for the Aaron's Business segment decreased by \$13.6 million during the three months ended June 30, 2024 primarily due to lower revenues, higher personnel costs, higher other operating expense, and a higher provision for lease merchandise write-offs.

BrandsMart Segment Results

The following table presents revenue for the BrandsMart segment for the three months ended June 30, 2024 and 2023:

(In Thousands)	Three Months Ended June 30,		Change	
	2024	2023	\$	%
Retail Sales	\$ 135,420	\$ 143,776	\$ (8,356)	(5.8)%
Gross Profit	33,964	35,569	(1,605)	(4.5)
(Loss) Earnings Before Income Taxes	(4,024)	1,083	(5,107)	nmf

The decrease in retail sales for the three months ended June 30, 2024 compared to the same period of the prior year was primarily due to a 7.3% decrease in comparable sales for the three months ended June 30, 2024, driven primarily by ongoing weaker customer traffic and customer trade down to lower priced products across major categories.

E-commerce product sales were 8.5% and 8.1% of product sales during the three months ended June 30, 2024 and 2023, respectively, and in total were down 3.1% during the three months ended June 30, 2024 compared to the same period of the prior year. This was primarily due to weaker customer traffic and customer trade down to lower priced products.

As a percentage of total revenues, gross profit for the BrandsMart segment was 25.1% during the three months ended June 30, 2024 compared to 24.7% for the comparable period in 2023.

Loss before income taxes was \$4.0 million during the three months ended June 30, 2024, compared to earnings before income taxes of \$1.1 million for the comparable period in 2023 primarily due to a \$1.6 million decrease in gross profit as well as higher personnel costs and higher other operating expense.

Consolidated Results of Operations – Six months ended June 30, 2024 and 2023

(In Thousands)	Six Months Ended June 30,		Change	
	2024	2023	\$	%
REVENUES				
Lease Revenues and Fees	\$ 681,667	\$ 727,546	\$ (45,879)	(6.3)%
Retail Sales	276,478	298,592	(22,114)	(7.4)
Non-Retail Sales	44,704	46,735	(2,031)	(4.3)
Franchise Royalties and Other Revenues	11,773	11,860	(87)	(0.7)
	1,014,622	1,084,733	(70,111)	(6.5)
COSTS OF REVENUES				
Depreciation of Lease Merchandise and Other Lease Revenue Costs	220,815	242,541	(21,726)	(9.0)
Retail Cost of Sales	210,272	224,813	(14,541)	(6.5)
Non-Retail Cost of Sales	37,634	39,413	(1,779)	(4.5)
	468,721	506,767	(38,046)	(7.5)
GROSS PROFIT	545,901	577,966	(32,065)	(5.5)
Gross Profit %	53.8%	53.3%		
OPERATING EXPENSES				

Personnel Costs	251,394	256,390	(4,996)	(1.9)
Other Operating Expenses, Net	258,498	245,815	12,683	5.2
Provision for Lease Merchandise Write-Offs	41,072	39,161	1,911	4.9
Restructuring Expenses, Net	10,826	10,124	702	6.9
Separation Costs	17	129	(112)	(86.8)
Acquisition-Related Costs	8,861	2,394	6,467	nmf
	570,668	554,013	16,655	3.0
OPERATING (LOSS) PROFIT	(24,767)	23,953	(48,720)	nmf
Interest Expense	(8,695)	(8,268)	(427)	(5.2)
Other Non-Operating Income, Net	893	1,209	(316)	(26.1)
(LOSS) EARNINGS BEFORE INCOME TAXES	(32,569)	16,894	(49,463)	nmf
INCOME TAX BENEFIT	(6,485)	(2,421)	4,064	nmf
NET (LOSS) EARNINGS	\$ (26,084)	\$ 19,315	\$ (53,527)	nmf

nmf—Calculation is not meaningful

Revenues. Total consolidated revenues were \$1.01 billion during the six months ended June 30, 2024, a \$70.1 million decrease compared to the prior year period. This decrease was primarily driven by a \$50.6 million decrease in revenues in the Aaron's Business segment and a \$20.0 million decrease in revenue at the BrandsMart segment during the six months ended June 30, 2024, as discussed further in the "Segment Performance" section below.

Gross Profit. Consolidated gross profit for the Company was \$545.9 million during the six months ended June 30, 2024, a \$32.1 million decrease compared to the prior year period. This decrease was primarily driven by a \$24.7 million decrease in gross profit at the Aaron's Business segment, as well as a \$7.3 million decrease in gross profit at the BrandsMart segment during the six months ended June 30, 2024, as discussed further in the "Segment Performance" section below.

As a percentage of total revenues, gross profit increased to 53.8% during the six months ended June 30, 2024 compared to 53.3% for the comparable period in 2023 primarily due to higher gross profit margin on lease revenue and fees and retail sales in the Aaron's Business, partially offset by lower gross profit on retail sales at the BrandsMart segment.

Operating Expenses

Personnel Costs. Personnel costs decreased by \$5.0 million during the six months ended June 30, 2024 compared to the prior year period, due primarily to the optimization of store labor, store support, and operational oversight functions at both business segments, partially offset by an increase in incentive-based compensation.

Other Operating Expenses, Net. Information about certain significant components of other operating expenses, net for the consolidated Company is as follows:

(In Thousands)	Six Months Ended		Change	
	June 30,			
	2024	2023	\$	%
Occupancy Costs	\$ 113,609	\$ 112,058	\$ 1,551	1.4 %
Other Miscellaneous Expenses, net	58,643	54,948	3,695	6.7
Shipping and Handling	31,229	32,617	(1,388)	(4.3)
Advertising Costs	30,551	19,567	10,984	56.1
Bank and Credit Card Related Fees	15,735	16,037	(302)	(1.9)
Professional Services	7,902	7,582	320	4.2
Intangible Amortization	4,982	5,241	(259)	(4.9)
Gains on Dispositions of Store-Related Assets, net	(4,153)	(2,235)	(1,918)	(85.8)
Other Operating Expenses, net	\$ 258,498	\$ 245,815	\$ 12,683	5.2 %

As a percentage of total revenues, other operating expenses, net was 25.5% and 22.7% for the six months ended June 30, 2024, and 2023, respectively.

Other miscellaneous expenses, net primarily represent the depreciation of IT-related property, plant and equipment, software licensing expenses, franchisee-related reserves, and other expenses. The increase in this category during the six months ended June 30, 2024 compared to the same period in the prior year is primarily due to the receipt in January 2023 of a \$3.8 million settlement of a class action lawsuit related to alleged anti-competitive conduct by several manufacturers of cathode ray tubes. The remaining expenses within this category did not fluctuate significantly on an individual basis versus the prior year.

Shipping and handling costs decreased during the six months ended June 30, 2024 compared to the prior year period primarily due to lower fuel and maintenance, partially offset by higher automotive liability expense at the Aaron's Business during the six months ended June 30, 2023.

Advertising costs increased during the six months ended June 30, 2024, as compared to the same period of the prior year primarily due to a planned increase in marketing spend in both business segments.

Gains on dispositions of store-related assets, net increased compared to the prior year period primarily due to gains of \$3.3 million recognized during the six months ended June 30, 2024, related to sale and leaseback transactions for four Company-owned Aaron's store properties partially offset by lower gains on vehicle sales in the same period. There were no sale and leaseback transactions during the six months ended June 30, 2023.

Provision for Lease Merchandise Write-Offs. The provision for lease merchandise write-offs as a percentage of lease revenues and fees for the Aaron's Business increased to 6.0% for the six months ended June 30, 2024 compared to 5.4% for the comparable period in 2023. This increase was primarily driven by lower lease revenues and fees during six months ended June 30, 2024, and an increasing mix of e-commerce agreements written into the portfolio.

Restructuring Expenses, Net. Restructuring activity for the six months ended June 30, 2024 resulted in expenses of \$10.8 million, which were primarily comprised of \$3.1 million of continuing variable occupancy costs incurred related to previously closed stores, \$2.7 million of severance charges primarily related to headcount reduction at the store support center to align with current business conditions, and \$2.5 million of operating lease right-of-use asset and fixed asset impairments. Restructuring activity for the six months ended June 30, 2023 resulted in expenses of \$10.1 million, which were primarily comprised of \$4.6 million of continuing variable occupancy costs incurred related to previously closed stores, \$1.8 million of operating lease right-of-use asset and fixed asset impairments, and \$1.8 million in severance charges related to reduction in store support center staff.

Separation Costs. Separation costs for the six months ended June 30, 2024 and 2023 primarily represent incremental stock-based compensation expense associated with the conversion and modification of unvested and unexercised equity awards, employee-related expenses associated with the spin-off transaction (as described in the 2023 Annual Report) and other one-time expenses incurred by the Company in order to operate as an independent, standalone public entity.

Acquisition-Related Costs. Prior to the three months ended June 30, 2024, acquisition-related costs had been comprised entirely of costs associated with the acquisition of BrandsMart U.S.A. in April 2022. For the six months ended June 30, 2024, acquisition-related costs, which totaled \$8.9 million, also included \$7.5 million of expenses, primarily comprised of professional advisory and legal fees, related to the planned Merger with IQVentures.

Operating Profit

Interest Expense. Interest Expense increased to \$8.7 million for the six months ended June 30, 2024 from \$8.3 million for the six months ended June 30, 2023. Interest expense for the six months ended June 30, 2024 and 2023 consists primarily of interest on the Company's variable rate borrowings under the Credit Facility and commitment fees on unused balances, as well as the amortization of debt issuance costs.

Other non-operating income, net. Other non-operating income, net includes (a) net gains and losses resulting from changes in the cash surrender value of Company-owned life insurance related to the Company's deferred compensation plan; (b) the impact of foreign currency remeasurement; and (c) earnings on cash and cash equivalent investments. The changes in the cash surrender value of Company-owned life insurance resulted in net gains of \$0.9 million and \$1.2 million for the six months ended June 30, 2024 and 2023, respectively. Foreign currency remeasurement net gains resulting from changes in the value of the U.S. dollar against the Canadian dollar and earnings on cash and cash equivalent investments were not significant during the six months ended June 30, 2024 or 2023.

Income Tax Benefit

The Company recorded a net income tax benefit of \$6.5 million during the six months ended June 30, 2024 compared to an income tax benefit of \$2.4 million for the same period in 2023. The effective tax rate increased to 19.9% for the six months ended June 30, 2024 compared to (14.3)% for the same period in 2023. The net income tax benefit recognized in 2024 and resulting increase in the effective tax rate was primarily due to the loss before income taxes of \$32.6 million, and the impact of discrete tax expense of \$1.2 \$1.3 million related to stock-based compensation vesting that occurred during the three six months ended March 31, 2024 June 30, 2024. The net income tax benefit recognized in 2023 and resulting effective tax rate was primarily due to a deferred income tax benefit of \$6.6 million generated by the remeasurement of state deferred tax assets in connection with a change in the expected state apportionment percentages related to the election to treat Aaron's, Aaron's, LLC, a subsidiary of the Company, as a corporation for income tax purposes effective January 1, 2023.

Segment Performance – Three Six months ended March 31, 2024 June 30, 2024 and 2023

Aaron's Business Segment Results

Revenues. The following table presents revenue by source for the Aaron's Business segment for the three six months ended March 31, 2024 June 30, 2024 and 2023:

	Three Months Ended March 31,						Six Months Ended June 30,					
			Change						Change			
(In Thousands)	(In Thousands)	2024	2023	\$	%		(In Thousands)	2024	2023	\$	%	
Lease Revenues and Fees	Lease Revenues and Fees	\$ 346,009	\$ \$373,795	\$ \$(27,786)	(7.4)	(7.4)%	Lease Revenues and Fees	\$681,667	\$ \$727,546	\$ \$(45,879)	(6.3)	(6.3)%
Retail Sales												
Non-Retail Sales												
Franchise Royalties and Fees												
Other												
Total Revenues - Aaron's Business	Total Revenues - Aaron's Business	\$ 381,055	\$ \$412,133	\$ \$(31,078)	(7.5)	(7.5)%	Total Revenues - Aaron's Business	\$750,435	\$ \$801,074	\$ \$(50,639)	(6.3)	(6.3)%

The decreases decrease in lease revenues and fees during the six months ended June 30, 2024 were primarily driven by a 4.9% lower average lease portfolio which contributed \$31.6 million to the decline in lease revenues and fees, a 1.2% lower lease renewal rate which contributed \$8.5 million to the decline in lease revenues and fees and approximately \$3.6 million in lower early purchase options during the six months ended June 30, 2024 as compared to the same period of the prior year.

The decrease in retail sales during the three six months ended March 31, 2024 June 30, 2024 were driven primarily due to a smaller average lease portfolio size during the period, by lower lease renewal rate, fewer exercises of early purchase options, and lower retail sales demand compared to the prior year period, and the net reduction of 84 store

locations.

E-commerce revenues (excluding BrandsMart Leasing) increased 20.8% 27.4% compared to the prior year quarter period and were 24.0% 24.6% and 17.9% of total lease revenues and fees during the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively.

The decrease in non-retail sales is due primarily due to lower lease merchandise inventory lower-price point and close-out sale purchases by Aaron's franchisees in outside retailers during the first quarter of 2024 six months ended June 30, 2024, compared to the first quarter same period of 2023. Non-retail sales also decreased due to the reduction of two franchised Aaron's stores during the 15-month period ended March 31, 2024. prior year.

The decrease in franchise royalties and fees is primarily the result of a lower average lease portfolio size and lower lease renewal rate at Aaron's franchisees during the period, due in part to the reduction of two franchised Aaron's stores during the 15-month period ended March 31, 2024, lower retail sales, and lower early payouts.

Gross Profit and Earnings Before Income Taxes.

(In Thousands)	Three Months Ended				Six Months Ended June 30,			
	(In Thousands)	2024	2023	Change	(In Thousands)	2024	2023	Change
Gross Profit	Gross Profit	\$ 244,631	\$ 260,706	\$ \$(16,075) (6.2)	Gross Profit	\$ 482,883	\$ 507,545	\$ \$(24,662) (4.9) (4.9)%

Earnings Before Income Taxes

As a percentage of total revenues, gross profit for the Aaron's Business improved increased to 64.2% 64.3% during the three six months ended March 31, 2024 June 30, 2024 compared to 63.3% 63.4% for the comparable period in 2023. The factors impacting the change in gross profit are discussed below.

Gross profit for lease revenues and fees for the Aaron's Business was \$233.3 million \$460.4 million and \$248.4 million \$484.4 million during the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively. respectively, which represented a gross profit margin of 67.5% and 66.6% for the respective periods. The lower average lease portfolio contributed \$22.0 million to the decline in gross profit is primarily driven by a lower average lease portfolio size and a the lower lease renewal rate contributed \$8.5 million to the decline in gross profit compared to the prior year period. Gross profit margin This was 67.4% and 66.5% for the respective periods. The increase in gross profit margin is primarily due to a decreasing mix partially offset by \$3.8 million of lower margin early payout revenue idle inventory and \$3.6 million in lower inventory costs compared to the prior year period.

Gross profit for retail sales for the Aaron's Business was \$1.9 million \$3.6 million and \$2.3 million \$4.0 million during the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively, which represented a gross profit margin of 29.3% and 27.5% 26.5% for the respective periods. The increase in gross profit margin is primarily due to implemented pricing actions that aimed lower inventory costs in 2024 compared to improve gross margin during the three months ended March 31, 2024. 2023.

Gross profit for non-retail sales for the Aaron's Business was \$3.5 million \$7.1 million and \$3.9 million \$7.3 million during the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively, which represented a gross profit margin of 15.6% 15.8% and 16.5% 15.7% for the respective periods. The decrease in gross profit is due to higher inventory costs related to outside sales.

Earnings before income taxes for the Aaron's Business segment decreased by \$17.1 million \$30.7 million during the three six months ended March 31, 2024 June 30, 2024 compared to the prior year period primarily due to the \$24.7 million decrease in gross profit, higher other operating expense, and a higher provision for lease merchandise write-offs, partially offset by lower revenues. personnel costs.

BrandsMart Segment Results

(In Thousands)	Six Months Ended June 30,				Change	
	2024	2023	\$	%		
Retail Sales	\$ 267,943	\$ 287,934	\$ (19,991)	(6.9)%		
Gross Profit	63,440	70,704	(7,264)	(10.3)		
(Loss) Earnings Before Income Taxes	(10,445)	195	(10,640)	nmf		

The following table presents revenue for the Revenues. BrandsMart segment for revenues, entirely comprised of retail sales were \$267.9 million during the three six months ended March 31, 2024 and 2023: June 30, 2024, compared to \$287.9 million during the six months ended June 30, 2023.

Gross Profit.

(In Thousands)	Three Months Ended				Change	
	2024	2023	\$	%		
Retail Sales	\$ 132,523	\$ 144,158	\$ (11,635)	(8.1)%		
Gross Profit	29,476	35,135	(5,659)	(16.1)		
Loss Before Income Taxes	(6,421)	(888)	(5,533)	nmf		

The decrease in Gross profit for retail sales for the three months ended March 31, 2024 was primarily due to a 9.4% decrease in comparable sales for the three months ended March 31, 2024, driven primarily by ongoing weaker customer traffic and customer trade down to lower priced products across major categories.

E-commerce product sales were 8.7% of product sales, down from 9.2% in the prior year quarter, primarily due to increased trade down to lower priced products and a change in category mix.

As a percentage of total revenues, gross profit for the BrandsMart segment was 22.2% \$63.4 million and \$70.7 million during the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively, which represented a gross profit margin of 23.7% and 24.6% for the respective periods.

(Loss) Earnings before Income Taxes. The BrandsMart segment reported a loss before income taxes of \$10.4 million during the six months ended June 30, 2024, compared to 24.4% earnings before income taxes of \$0.2 million for the comparable period in 2023. This decrease was primarily due to inventory related reserve adjustments that took place during the three months ended March 31, 2023.

Loss before income taxes was \$6.4 million during the three months ended March 31, 2024, compared to a loss before income taxes of \$0.9 million for the comparable period in 2023 is primarily due to the \$7.3 million decrease in comparable sales and a decrease in margin rate, gross profit, higher other operating expense, partially offset by lower personnel costs.

Overview of Financial Position

The major changes in the condensed consolidated balance sheet from December 31, 2023 to March 31, 2024 June 30, 2024 include:

- Cash and cash equivalents decreased \$18.0 million \$24.9 million to \$41.0 million \$34.2 million at March 31, 2024 June 30, 2024. For additional information, refer to the "Liquidity and Capital Resources" section below.
- Other intangibles decreased \$2.5 million \$5.0 million due to amortization expense recognized during the three six months ended March 31, 2024 June 30, 2024.
- Debt increased \$19.0 million \$21.8 million primarily due to higher purchases of lease merchandise to support growth in lease merchandise deliveries in our Aaron's Business segment during the three six months ended March 31, 2024 June 30, 2024 in addition to costs associated with the opening of a new BrandsMart store. Refer to the "Liquidity and Capital Resources" section below for further details regarding the Company's financing arrangements.

Liquidity and Capital Resources

General

Our primary uses of capital have historically consisted of (a) buying merchandise; (b) personnel expenditures; (c) purchases of property, plant and equipment, including leasehold improvements for our new store concept and operating model; (d) expenditures related to corporate operating activities; (e) income tax payments; and (f) expenditures for acquisitions. The Company also periodically repurchases common stock and pays quarterly cash dividends. In 2024, uses of capital have included purchases of lease merchandise to support growth in lease merchandise deliveries in our Aaron's Business segment, and ongoing costs associated with the opening of a new BrandsMart store.

We currently expect to finance our primary capital requirements through cash flows from operations, and as necessary, borrowings under our Revolving Facility. The Credit Facility provides for a \$175 million term loan (the "Term Loan") and a \$275 million revolving credit facility (the "Revolving Facility"), which includes (i) a \$35 million sublimit for the issuance of letters of credit on customary terms, and (ii) a \$35 million sublimit for swing line loans on customary terms.

As of March 31, 2024 June 30, 2024, the Company had \$41.0 million \$34.2 million of cash and \$211.0 million \$207.1 million of availability under its \$275.0 million Revolving Facility which is further described in Note 3 to the condensed consolidated financial statements statements.

Cash (Used in) Provided by Operating Activities

Cash used in operating activities was \$18.5 million \$6.9 million during the three six months ended March 31, 2024 June 30, 2024, compared to cash provided by operating activities of \$61.0 \$114.4 million during the three six months ended March 31, 2023 June 30, 2023, respectively. The decrease in operating cash flows was primarily driven by lower consolidated earnings results during the three six months ended March 31, 2024 June 30, 2024 compared to the same period in the prior year, as well as higher lease merchandise purchases to support the growth in new agreement lease merchandise deliveries at the Aaron's Business. Other changes in cash provided by operating activities are discussed above in our discussion of results for the three six months ended March 31, 2024 June 30, 2024.

Cash Used in Investing Activities

Cash used in investing activities was \$12.7 million \$30.1 million and \$18.1 million \$36.7 million during the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively. The \$5.4 million \$6.6 million decrease in investing cash outflows was primarily due to \$4.5 million \$3.3 million higher proceeds from the sale of property, plant and equipment, as well as \$1.6 million \$2.0 million in proceeds received during the three six months ended March 31, 2024 June 30, 2024 in other investing-related activities, activities, which includes proceeds from the sale of stores and benefits received from Company-owned life insurance contracts related to the deferred compensation plan. The overall decrease was partially offset by \$0.7 million higher \$1.3 million lower cash outflows for purchases of property, plant and equipment primarily related to GenNext initiatives, during the three six months ended March 31, 2024 June 30, 2024 compared to the prior year period.

Cash Provided by (Used in) Financing Activities

Cash provided by financing activities was \$13.2 million \$12.2 million during the three six months ended March 31, 2024 June 30, 2024 compared to cash used in financing activities of \$26.3 million \$67.0 million during the three six months ended March 31, 2023 June 30, 2023. The \$39.5 million \$79.2 million change in financing cash flows during the three six months ended March 31, 2024 June 30, 2024 was primarily due to a \$39.2 million \$78.2 million decrease in net repayments on the Company's borrowings under its Credit Facility, partially offset by \$0.6 million \$0.7 million in debt modification costs incurred during the three six months ended March 31, 2024 June 30, 2024 as a result of the debt amendment further described in Note 3 to these condensed consolidated financial statements.

Share Repurchases

During the three six months ended March 31, 2024 June 30, 2024, the Company did not repurchase any shares of its common stock. The Company's remaining share repurchase authorization was \$127.0 million as of March 31, 2024 June 30, 2024.

Dividends

In February May 2024, the Board approved a quarterly dividend of \$0.125 per share, which was paid on April 3, 2024 July 3, 2024. Aggregate dividend payments for the three six months ended March 31, 2024 June 30, 2024 were \$3.8 million \$7.6 million, compared to \$3.4 million \$7.3 million in the same period of the prior year. We expect to continue paying

this quarterly cash dividend, subject to further approval from our Board. Although we expect to continue to pay a quarterly cash dividend, the timing, declaration, amount and payment of future dividends to shareholders falls within the discretion of our Board. We cannot guarantee that we will pay a dividend in the future or continue to pay any dividend.

Debt Financing

As of **March 31, 2024** **June 30, 2024**, the total available credit under the Credit Facility (defined below) was **\$211.0 million** **\$207.1 million**, which reflects borrowings of **\$168.4 million** **\$167.3 million** under the Term Loan, **\$45.0 million** **\$48.9 million** of outstanding borrowings under the Revolving Facility and approximately \$19.0 million for our outstanding letters of credit.

On April 1, 2022, the Company entered into an unsecured credit facility (the "Credit Facility") which provides for a \$175 million Term Loan and a \$375 million Revolving Facility, which includes (i) a \$35 million sublimit for the issuance of letters of credit on customary terms, and (ii) a \$35 million sublimit for swing line loans on customary terms.

On February 23, 2024, the Company amended its Credit Facility to, among other things: decrease the Revolving Facility commitment from \$375 million to \$275 million, (ii) include a Security Agreement consisting of a first priority lien (subject to Permitted Liens) on certain agreed upon assets of the Borrowers and Guarantors, including a pledge of the capital stock of all existing and future Material Subsidiaries and Holdings excluding Real Property, and (iii) amend the existing Fixed Charge Coverage ratio to lower the required minimum threshold.

As a result of the amendment, during the **three six** months ended **March 31, 2024** **June 30, 2024**, the Company incurred **\$0.6** **\$0.7** million in creditor and third-party fees. These fees were capitalized and included within prepaid expenses and other assets in the condensed and consolidated balance sheets, and will be amortized over the remaining life of the Revolving Facility. The Company expensed \$0.6 million of unamortized debt issuance costs due to the reduction in the borrowing capacity of its Revolving Facility.

Borrowings under the Revolving Facility and the Term Loan bear interest at a rate per annum equal to, at the option of the Company, (i) the forward-looking term rate based on the Secured Overnight Financing Rate ("SOFR") plus an applicable margin ranging between 1.50% and 2.25%, based on the Company's Total Net Debt to EBITDA Ratio (as defined in the Credit Facility agreement), or (ii) the base rate plus an applicable margin, which is 1.00% lower than the applicable margin for SOFR loans.

The loans and commitments under the Revolving Facility mature or terminate on April 1, 2027. The Term Loan amortizes in quarterly installments, commencing on December 31, 2022, in an aggregate annual amount equal to (i) 2.50% of the original principal amount of the Term Loan during the first and second years after the closing date, (ii) 5.00% of the original principal amount of the Term Loan during the third, fourth and fifth years after the closing date, with the remaining principal balance of the Term Loan to be due and payable in full on April 1, 2027.

The Credit Facility and the Franchise Loan Facility contain customary financial covenants including (a) a maximum Total Net Debt to EBITDA Ratio of 2.75 to 1.00 and, (b) a minimum Fixed Charge Coverage Ratio of 1.30 to 1.00.

If we fail to comply with these covenants, we will be in default under these agreements, and all borrowings outstanding could become due immediately. Under the Credit Facility and the Franchise Loan Facility (as defined below), we may pay cash dividends in any year so long as, after giving pro forma effect to the dividend payment, we maintain compliance with our financial covenants and no event of default has occurred or would result from the payment. We are in compliance with all covenants under the Credit Facility at **March 31, 2024** **June 30, 2024**.

Commitments

Income Taxes

During the **three six** months ended **March 31, 2024** **June 30, 2024**, we made net income tax payments of **\$0.1** **\$1.0** million. Within the next **nine six** months, we anticipate making estimated cash payments of **\$6.0** **\$2.0** million for federal income taxes and **\$1.0** million for state **income taxes**, and **\$0.1** million for Canadian income taxes.

The Tax Cuts and Jobs Act of 2017, which was enacted in December 2017, provides for 100% expense deduction of certain qualified depreciable assets, including lease merchandise inventory, purchased by the Company after September 27, 2017 (but would be phased down starting in 2023). Because the majority of our revenues come from the sales and lease ownership model in our Aaron's Business segment, in which the Company remains the owner of merchandise on lease, we benefit more from bonus depreciation, relatively, than traditional furniture, electronics and appliance retailers.

We estimate the deferred tax liability associated with bonus depreciation from the Tax Act and the prior tax legislation is approximately \$118.0 million as of December 31, 2023, of which approximately 70% is expected to reverse as a deferred income tax benefit in 2024 and most of the remainder during 2025. These amounts exclude bonus depreciation the Company will receive on qualifying expenditures after December 31, 2023. There is no expected impact to net income tax expense (benefit) due to the temporary nature of this adjustment.

Franchise Loan Guaranty

We have guaranteed the borrowings of certain independent franchisees under a franchise loan agreement (the "Franchise Loan Facility") with a bank that is a party to our Revolving Facility.

As further described in Note 3 to the accompanying condensed consolidated financial statements, the Company entered into a Franchise Loan Facility agreement on April 1, 2022 that has been amended twice since that date. The most recent amendment, which occurred on February 23, 2024, amended the Franchise Loan Facility to conform to the changes resulting from the amendment to its Credit Facility described in Note 3, and to extend the maturity date to March 29, 2025. **As of March 31, 2024, the Franchise Loan Facility has a total commitment amount of \$10.0 million, and the maximum amount that the Company would be obligated to repay in the event franchisees defaulted was \$2.3 million, which would be due in full within 75 days of the event of default.** On April 12, 2024, pursuant to the terms of the Franchise Loan Facility, the Company voluntarily reduced the commitment amount to \$3.5 million. **As of June 30, 2024, the Franchise Loan Facility has a total commitment amount of \$3.5 million, and the maximum amount that the Company would be obligated to repay in the event franchisees defaulted was \$2.1 million, which would be due in full within 75 days of the event of default.**

We are able to request an additional 364-day extension of our Franchise Loan Facility, as long as we are not in violation of any of the covenants under that facility or our Revolving Facility, and no event of default exists under those agreements, until such time as our Revolving Facility expires. We currently expect to include a franchise loan facility as part of any extension or renewal of our Revolving Facility thereafter.

Since the inception of the franchise loan program in 1994, losses associated with the program have been insignificant. However, such losses could be significant in a future period due to potential adverse trends in the liquidity and/or financial performance of the Company's franchisees resulting in an event of default or impending defaults by franchisees. The Company records a liability related to estimated future losses from repaying the franchisees' outstanding debt obligations upon any possible future events of default. This liability is included in accounts payable and accrued expenses in the consolidated balance sheets and was **\$0.5 million** **\$0.2 million** and \$1.0 million as of **March 31, 2024** **June 30, 2024** and

December 31, 2023, respectively. The liability for both periods included qualitative consideration of potential losses, including uncertainties impacting the operations and liquidity of our franchisees. Uncertainties include inflationary pressures in the macroeconomic environment.

Contractual Obligations and Commitments

As part of our ongoing operations, we enter into various arrangements that obligate us to make future payments, including debt agreements, operating leases, and other purchase obligations. The future cash commitments owed under these arrangements generally fluctuate in the normal course of business as we, for example, borrow on or pay down our revolving lines of credit, make scheduled payments on leases or purchase obligations, and renegotiate arrangements or enter into new arrangements. There were no material changes outside the normal course of business in our material cash commitments and contractual obligations from those reported in the 2023 Annual Report.

Critical Accounting Estimates

Refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Estimates" in the 2023 Annual Report.

Recent Accounting Pronouncements

Refer to Note 1 to the condensed consolidated financial statements for a discussion of recently issued accounting pronouncements, including pronouncements that were adopted in the current year.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of **March 31, 2024** **June 30, 2024**, the Company had **\$213.4 million** **\$216.2 million** of borrowings outstanding under the Credit Facility, further described in Note 3 to the accompanying consolidated financial statements. Borrowings under the Credit Facility bear interest at a rate per annum equal to, at the option of the Company, (i) the forward-looking term rate based on the SOFR plus an applicable margin ranging between 1.50% and 2.25%, based on the Company's Total Net Debt to EBITDA Ratio, or (ii) the base rate plus an applicable margin, which is 1.00% lower than the applicable margin for SOFR loans. The variable rates associated with these facilities exposes us to the risk of increased costs if interest rates rise while we have outstanding borrowings tied to variable rates.

In March 2023, the Company entered into a non-speculative interest rate swap agreement for an aggregate notional amount of \$100.0 million with a forward effective date of April 28, 2023 and a termination date of March 31, 2027. The purpose of this hedge is to limit the Company's exposure of its variable interest rate debt by effectively converting it to fixed interest rate debt. Based on the Company's variable-rate debt outstanding as of **March 31, 2024** **June 30, 2024**, a hypothetical 10% increase or decrease in interest rates would increase or decrease interest expense by approximately \$0.8 million on an annualized basis.

We do not use any other significant market risk sensitive instruments to hedge commodity, foreign currency or other risks, and hold no market risk sensitive instruments for trading or speculative purposes.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

An evaluation of the effectiveness of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act"), was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as of the end of the period covered by this report. Based on management's evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures were not effective as of **March 31, 2024** **June 30, 2024**, as a result of a previously identified material weakness in our internal control over financial reporting, as described below.

Material Weakness in Internal Control Over Financial Reporting

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

As previously disclosed in Item 9A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, management identified a material weakness in internal control over financial reporting in the BrandsMart segment. The design of information technology general controls ("ITGCs") related to user access, program change or appropriate segregation of duties for certain IT applications within the segment was not effective. This ineffective design impacted controls over the completeness and accuracy of information used in the segment's business process controls resulting in the impacted controls also being deemed ineffective.

Remediation Efforts

As previously disclosed, the Company has commenced implementing a remediation plan to address the material weakness described above. Management continues to evaluate the design and operating effectiveness of ITGCs for key applications at BrandsMart. During the **first quarter** **six months** ended **March 31, 2024** **June 30, 2024**, access rights and assigned job responsibilities were modified to resolve instances of inappropriate user access capabilities, program changes, and segregation of duties conflicts where needed. The material weakness will not be considered remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

There were no material errors in the financial results or balances identified as a result of the control deficiencies, and there were no restatements of prior period financial statements and no changes in previously released financial results were required as a result of these control deficiencies.

Changes in Internal Control Over Financial Reporting

Other than the remediation efforts described above with respect to the identified material weakness, there were no changes in the Company's internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act, during the **three** **six** months ended **March 31, 2024** **June 30, 2024** that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In *Jacob Atkinson v. Aaron's, LLC dba Aaron's Sales & Lease Ownership, LLC et al.*, Civil Action No. 2:23-cv-01742-BJR (W.D. Wash. NO. 23-2-19649-0 (King Cnty. Sup Ct.)), filed on October 11, 2023, currently before the United States District Court for the Western District of Washington, plaintiff alleges that the Company violated Washington's Equal Pay and Opportunity Act, RCW 49.58.110, because certain of the Company's job postings did not include a wage scale or salary range. Because the statute is new, issues including standing, applicability as to who it covers, and the constitutionality of the statutory penalty have not been determined. Plaintiff seeks injunctive and declaratory relief and also seeks certification of a putative class. On November 14, 2023, the Company removed the lawsuit to federal court in the United States District Court for the Western District of Washington. On January 22, 2024, the Company filed a motion to dismiss the lawsuit. On April 30, 2024, the Company's motion to dismiss was granted by the district court without prejudice and with leave to amend. On May 8, 2024, and on June 26, 2024, the district court granted in part motions for partial reconsideration filed by plaintiff and the Company, respectively. As a result, the district court remanded the proceeding to the King County Superior Court in Washington state and also struck part of the initial order granting the Company's motion to dismiss. The Company has not yet answered or otherwise responded to the complaint.

The assessment as to whether a loss is probable or reasonably possible, and as to whether such loss or a range of such losses is estimable, often involves significant judgment about future events, and the outcome of litigation is inherently uncertain. Other than as described above, there is no material pending or threatened litigation against the Company that remains outstanding as of March 31, 2024 June 30, 2024. For further information, see Note 5 to the condensed consolidated financial statements under the heading "Legal Proceedings," which discussion is incorporated by reference in response to this Item 1.

ITEM 1A. RISK FACTORS

The In addition to the information set forth in this report, you should carefully consider the following risk factors related to the Merger as well as the risk factors that affect our business and financial results that are discussed in Part I, Item 1A, of the 2023 Annual Report. There

Risks Related to our Agreement and Plan of Merger with IQVentures

A failure to complete the Merger on the terms reflected in the Merger Agreement or at all could have a material and adverse effect on our business, results of operations, financial condition, cash flows, and stock price.

Completion of the Merger is not assured and is subject to risks, including the risk that approval of the transaction by the Company's shareholders or by governmental agencies will not be obtained or that certain other closing conditions will not be satisfied. If the Merger is not completed, our ongoing business may be adversely affected and we will be subject to several risks, including:

- having to pay expenses relating to the Merger without receiving the benefits of the Merger, including, expenses incurred in connection with any litigation that may result from the announcement or pendency of the Merger, and in certain circumstances, a termination fee of \$12.5 million to Parent;
- the market's perception of the Company's continuing business and future prospects could adversely affect the Company's relationships with employees, customers, supplier, franchisees, vendors, purchasing agents and other business partners; and
- the market price of the Company's shares may decline based on a number of factors including (1) the reason for which the Merger Agreement was terminated and whether such termination results from factors adversely affecting the Company, (2) the possibility that the marketplace would consider the Company to be an unattractive acquisition candidate, (3) the possible sale of shares by short-term investors following an announcement of the termination of the Merger Agreement, and (4) the extent that the current market prices reflect an assumption by the market that the Merger will be completed.

Until the Merger is completed, we are subject to business uncertainties and contractual restrictions that could harm our business relationships, financial condition, operating results, cash flows and business.

Uncertainty about the effect of the Merger on employees, customers, suppliers, franchisees and other parties may have an adverse effect on us. The pending Merger may impair our ability to attract, retain and motivate key personnel, and could cause customers, suppliers, franchisees and others to seek to change existing business relationships with us. Preparing for the completion of the Merger may also require substantial management time and effort. Any significant diversion of management attention away from ongoing business concerns could affect our financial results.

In addition, the Merger Agreement contains certain restrictions on the conduct of the Company's business prior to the completion of the Merger. These restrictions may delay or prevent the Company from pursuing otherwise attractive business opportunities and making other changes to its business prior to completion of the Merger or termination of the Merger Agreement.

The Merger Agreement contains provisions that limit the Company's ability to pursue alternatives to the Merger, which could discourage a potential acquirer of the Company from making an alternative transaction proposal and, in certain circumstances, could require the Company to pay Parent a significant termination fee.

Under the Merger Agreement, the Company is restricted, subject to limited exceptions, from entering into alternative transactions in lieu of the Merger. In general, unless and until the Merger Agreement is terminated, the Company is restricted from, among other things, soliciting, initiating, knowingly encouraging or facilitating a competing acquisition proposal from any person. The Company's board of directors is limited in its ability to change its recommendation to shareholders with respect to the Merger. The Company may terminate the Merger Agreement and enter into an agreement with respect to a superior proposal only if specified conditions have been no satisfied, including compliance with the non-solicitation provisions of the Merger Agreement. These provisions could discourage a third party that may have an interest in acquiring all or a significant part of the Company from considering or proposing such an acquisition, even if such third party were prepared to pay consideration with a higher per share cash or market value than the consideration proposed to be received or realized in the Merger, or might result in a potential competing acquirer proposing to pay a lower price than it would otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances. Under the Merger Agreement, in the event the Company terminates the Merger Agreement to accept a superior proposal, or under certain other circumstances, the Company would be required to pay a termination fee of \$12.5 million to Parent.

Completion of the Merger is subject to conditions and if these conditions are not satisfied or waived, the Merger will not be completed.

The obligations of the Company and Parent to complete the Merger are subject to satisfaction or waiver of a number of conditions. The obligations of the Company and Parent are each subject to, among other conditions: (i) the approval of the Merger Agreement by the affirmative vote of the holders of a majority of all outstanding shares entitled to vote at a meeting of the shareholders of the Company called for the purposes of considering and taking action upon the adoption of the Merger Agreement and the Merger; (ii) the receipt of required regulatory approvals; and (iii) the absence of any applicable law or order, judgment, ruling, injunction or determination of a governmental entity prohibiting the consummation of the transactions contemplated by the Merger Agreement. The waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended,

expired on July 29, 2024. Each party's obligation to consummate the Merger is also subject to certain additional conditions that include the accuracy of the other party's representations and warranties contained in the Merger Agreement (subject to certain materiality qualifiers), the other party's compliance with its covenants and agreements contained in the Merger Agreement in all material changes respects and there not have occurring any Company Material Adverse Effect (as defined in the Merger Agreement). The consummation of the Merger is not subject to any financing condition.

Many of the conditions to completion of the Merger are not within either the Company's and Parent's control, and neither company can predict when or if these conditions will be satisfied. Although the Company, Parent and Merger Sub have agreed in the Merger Agreement to use their respective reasonable best efforts, subject to certain limitations, to complete the Merger as promptly as practicable, these and other conditions to the completion of the Merger may fail to be satisfied.

Subject to certain limitations, at any time prior to shareholder approval of the Merger, the Company's board of directors may withdraw or change its recommendation of the Merger in response to a Company Superior Proposal (as defined in the Merger Agreement) and the Company may terminate the Merger Agreement in order to enter into a definitive agreement with respect to such Company Superior Proposal, provided the Company has given Parent an opportunity to present revised terms that would cause such superior proposal to no longer constitute a Company Superior Proposal and subject to the payment by the Company to Parent of a termination fee of \$12,500,000. Such termination fee may also be payable in connection with other terminations of the Merger Agreement pursuant to the terms thereof.

The Company may also terminate the Merger Agreement if (i) all of the conditions to closing have been satisfied (other than the conditions to the obligations of the Company contained in Section 7.3 of the Merger Agreement and those conditions that are to be satisfied by actions taken at the closing), (ii) the Company provides written notice to Parent that the Company is ready, willing and able to consummate the Merger and (iii) Parent fails to consummate the Merger within two business days of such notice and the Company remained ready, willing and able to consummate the Merger through such two business day period. In the event of such termination, Parent is required to pay to the Company a termination fee of \$22,000,000.

In addition, and subject to certain limitations, either party may terminate the Merger Agreement if (1) the Merger is not consummated by November 30, 2024 or (2) any laws are enacted, enforced or adopted or final governmental order is issued enjoining or otherwise prohibiting the consummation of the Transactions. If the Merger Agreement is so terminated by either party, and subject to certain additional terms, Parent is required to pay to the Company a termination fee of \$12,500,000.

Satisfying the conditions to and completion of the Merger may take longer, and could cost more, than the Company and Parent expect. Furthermore, the requirements for obtaining the required clearances and approvals could delay the completion of the Merger for a significant period of time or prevent it from occurring. Any delay in completing the Merger could cause the Company and Parent not to realize some or all of the benefits that the parties expect to achieve if the Merger is successfully completed within its expected time frame. Further, there can be no assurance that the conditions to the closing of the Merger will be satisfied or waived or that the Merger will be completed. See the risk factors previously disclosed, nor factor entitled "A failure to complete the Merger on the terms reflected in the Merger Agreement or at all could have we identified any previously undisclosed risks that could materially adversely affect a material and adverse effect on our business, results of operations, financial condition, cash flows, and financial results, stock price," above.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table presents our share repurchase activity for the three months ended March 31, 2024 June 30, 2024:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased	Maximum Dollar Value of Shares
			as Part of Publicly Announced Plans or Programs	that May Yet Be Purchased Under the Plans or Programs ¹
January April 1, 2024 through January 31, 2024 April 30, 2024	—	—	—	\$ 127,017,800
February May 1, 2024 through February 29, 2024 May 31, 2024	—	—	—	127,017,800
March June 1, 2024 through March 31, 2024 June 30, 2024	—	—	—	127,017,800
Total	—	—	—	—

¹ Share repurchases are conducted under authorizations made from time to time by our Board. The most recent authorization was publicly announced on March 2, 2022, which increased the Company's share repurchase authorization amount to \$250.0 million from the previous authorized amount of \$150.0 million, and extended the maturity date by one year to December 31, 2024. Subject to the terms of our Board's authorization, the Merger Agreement and applicable law, repurchases may be made at such times and in such amounts as the Company deems appropriate through December 31, 2024. Repurchases may be discontinued at any time.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

Securities Trading Plans of Directors and Officers

During the three months ended March 31, 2024 June 30, 2024, no director or officer (as defined in Rule 16a-1(f) of the Exchange Act) of the Company adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

ITEM 6. EXHIBITS

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
10.12.1†	First Amendment to Credit Agreement, dated as Agreement and Plan of February 23, 2024 Merger, dated June 16, 2024, by and among Aaron's, IQVentures Holdings, LLC, as the borrower, Polo Merger Sub, Inc. and The Aaron's Aaron's Company, Inc., the other Guarantors (as defined therein) party thereto, the several banks and other financial institutions party thereto and Truist Bank, in its capacity as administrative agent Inc., (incorporated by reference to Exhibit 10.1 2.1 of the Company's the Company's Current Report on Form 8-K filed with the SEC on February 26, 2024 June 17, 2024).
10.210.1#	Second Amendment to Loan Facility Agreement The Aaron's Company, Inc. Amended and Guaranty, dated as of February 23, 2024, among Aaron's, LLC, as the sponsor, The Aaron's Company, Inc., the other Guarantors (as defined therein) party thereto, the several banks Restated 2020 Equity and other financial institutions party thereto and Truist Bank, in its capacity as servicer (incorporated Incentive Plan (incorporated by reference to Exhibit 10.2 4.3 of the Company's Current Report Registration Statement on Form 8-K S-8 filed with the SEC on February 26, 2024 May 16, 2024).
10.3.1#* 10.2*#	Form of Stock Option Transaction Success Bonus Letter Agreement (for CEO by and CFO) between The Aaron's Company, with Good Reason, under The Aaron's Company, Inc. Amended and Restated 2020 Equity and Incentive Plan.
10.3.2#*	Form C. Kelly Wall, dated as of Stock Option Agreement under The Aaron's Company, Inc. Amended and Restated 2020 Equity and Incentive Plan.
10.4.1#*	Form of Performance Share and Performance Unit Award Agreement (for CEO and CFO), with Good Reason, under The Aaron's Company, Inc. Amended and Restated 2020 Equity and Incentive Plan June 28, 2024.
10.4.2#* 10.3*#	Form of Performance Share Transaction Success Bonus Letter Agreement by and Performance Unit Award Agreement under between The Aaron's Aaron's Company, Inc. Amended and Restated 2020 Equity and Incentive Plan.
10.5#*	Form of Executive Performance Share Award Agreement Rac (for CEO and CFO) hel G. George, with Good Reason, under The Aaron's Company, Inc. Amended and Restated 2020 Equity and Incentive Plan.
10.6#*	Form dated as of Restricted Stock Award Agreement under The Aaron's Company, Inc. Amended and Restated 2020 Equity and Incentive Plan June 28, 2024.
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page from this Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 June 30, 2024, formatted in Inline XBRL (included in Exhibit 101)

*Filed herewith.

†Certain schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish supplementally to the U.S. Securities and Exchange Commission a copy of any omitted schedule or exhibit upon request.

#Management contract, compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE AARON'S COMPANY, INC.

(Registrant)

Date: May 6, August 5, 2024

By: /s/ C. Kelly Wall

C. Kelly Wall

Chief Financial Officer

(Principal Financial Officer)

Date: May 6, August 5, 2024

By: /s/ Douglass L. Noe

Douglass L. Noe

Vice President, Corporate Controller

(Principal Accounting Officer)

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THE AARON'S COMPANY, INC.

AMENDED AND RESTATED

2020 EQUITY AND INCENTIVE PLAN June 28, 2024

Kelly Wall

STOCK OPTION AWARD AGREEMENT Subject: Transaction Success Bonus

THIS AGREEMENT (the "Agreement") is made Dear Kelly,

We consider your contributions and entered into as of [Agreement Date], by and between THE AARON'S COMPANY, INC. (the "Company") and the individual identified below (the "Grantee").

WITNESSETH:

WHEREAS, the Company maintains dedication to The Aaron's Company, Inc. Amended (the "Company") essential to our business. In recognition of your commitment to the Company during a time in which your hard work and Restated 2020 Equity and Incentive Plan impact are crucial to the Company's continued success, we are extending to you the opportunity to earn a Transaction Success Bonus (the "Plan" "Bonus"), and which would be payable within 30 days after the Grantee has been selected by the Compensation Committee successful completion of the Board (the "Committee") to receive an Option Award under the Plan, a "Change in Control", as defined below, subject to the terms and conditions set forth in this letter agreement (this "Letter Agreement").

The Bonus will be a lump sum payment in an amount equal to \$135,000.

The Bonus:

- Represents compensation for your continued employment through the completion of the Plan and this Agreement; any Change in Control;

NOW, THEREFORE, IT IS AGREED, by and between: Shall not be earned until the Company and the Grantee, as follows:

completion of any Change in Control;

Grantee: [Participant Name] Requires that you continue to perform your responsibilities in a satisfactory manner;

- Is no longer valid if a Change in Control has not occurred on or before December 31, 2024 (the "Expiration Date");

Number of Shares: [Awards Granted] Shares Does not apply if a Change in Control does not take place; and

Option Exercise Price: [Grant Price] per Share Is contingent upon you signing this Letter Agreement no later than [14] days after the date you receive it.

Grant Date:[Grant Date] Please review the following terms and, if you agree, sign and date below where indicated.

Vesting Schedule:

Grantee will become vested in 33 1/3% of To be eligible to receive the Option (as defined below) on March 7 in each of the first, second and third calendar years following the calendar year of the Grant Date, provided the Grantee remains continuously Bonus, you must remain employed by the Company or one of its subsidiaries through each such vesting date. If the portion completion of any Change in Control prior to the Expiration Date. Should you cease employment with the Company and its subsidiaries prior to this time, you forfeit your right to the Bonus, unless you experience a

qualifying termination of employment entitling you to severance compensation under the terms of the Option applicable severance plan. If you experience such a qualifying termination of employment prior to any Change in Control, provided that vests based a Change in Control occurs on or before the stated percentage is exercisable Expiration Date, the Bonus will be paid to you in full within 30 days after the date of the Change in Control.

The Company (or any of its affiliates) may withhold from any amount payable hereunder all federal, state, city or other taxes as may be required to be withheld pursuant to any law or governmental regulation or ruling. The payment opportunities under this Letter Agreement do not imply any obligation with respect to a number your continued employment of Shares that is any kind with the Company or its affiliates. Your employment continues to be "at-will."

The provisions of this Letter Agreement and the existence of this Letter Agreement are confidential. You shall not a whole number, the number of Shares for which such portion disclose, publicize, or discuss any of the Option is exercisable will be rounded up terms or conditions of this Letter Agreement or the existence of this Letter Agreement with anyone except your spouse, if any, your attorney, financial advisor and/or tax advisor to the next whole Share on extent necessary for such advisor to render appropriate legal, financial and tax advice. In the first vesting date, rounded down on the second vesting date, and on the final vesting date, shall equal the total number of Shares subject to the Option, less the portion event you disclose any of the Option terms or conditions of this Letter Agreement or the existence of it to your spouse, attorney, financial advisor and/or tax advisor, it shall be your duty to advise such persons of the confidential nature of this Letter Agreement and its existence and to direct them not to disclose, publicize, or discuss any of the terms or conditions of this Letter Agreement or the existence of this Letter Agreement with any other person. If you disclose, publicize, or discuss any of the terms or conditions of this Letter Agreement or the existence of this Agreement with any other person (excluding your spouse, attorney, financial advisor and/or tax advisor), you will forfeit your right to any and all benefits provided herein. Nothing in this provision restricts the Company's ability to share certain terms and conditions of this Letter Agreement as may be required by law or contract and nothing in this provision restricts your ability to discuss information that previously vested. has been publicly disclosed.

The validity, interpretation and performance of this Agreement shall, in all respects, be governed by the relevant laws of Georgia.

Exhibit 10.3.1 10.2

1. Grant of Option

1.1 An option to purchase the number of shares of the Company's Common Stock, par value \$0.50 per share (the "Shares") set forth above, has been granted to the Grantee pursuant to the Plan (hereinafter referred to as the "Option"). The Option is subject in all respects to the terms and conditions of the Plan. For all purposes of the Plan, the date of the Option granted hereunder (the "Grant Date") shall be the date set forth above as the Grant Date. The Option is a nonqualified stock option and is not intended to qualify as an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

1.2 This Agreement shall be construed in accordance and consistent with, and subject to, the provisions of the Plan (the provisions of which are incorporated herein by reference) and, except as otherwise expressly set forth herein, the capitalized terms used in this Agreement shall have the same definitions as set forth in the Plan. In the event of any conflict between this Agreement and the Plan, the Plan shall control. For purposes of this Agreement, employment with any Subsidiary of the Company shall be considered employment with the Company.

1.3 This Award is conditioned on the Grantee's acceptance of this Agreement, including through an online or electronic acceptance method approved by the Company. If this Agreement is not properly accepted by the Grantee within one (1) month of the Grantee's receipt of the Agreement, it may be canceled by the Committee resulting in the immediate forfeiture of the Option and all Shares subject to the Option.

2. Option Exercise Price

The per Share price the Grantee must pay to exercise the Option (the "Option Exercise Price") is set forth above.

3. Duration and Exercise of Option

3.1 **Vesting Schedule.** Subject to the provisions of this Section 3 and Section 9, the Option shall vest with respect to the portion of the Option and on the dates set forth in the Vesting Schedule above. Once vested, the Option may be exercised, from time to time, with respect to all or any part of the total number of Shares subject to the vested Option, subject to earlier vesting or termination of the Option as provided in this Agreement.

3.2 **Expiration.** The Option may not be exercised with respect to any Shares subject hereto after the earliest of (i) ten (10) years from the Grant Date, (ii) the date the Grantee's employment is terminated by the Company or a Subsidiary for Cause, (iii) twelve (12) months following the date of the Grantee's death or the date the Grantee is terminated by the Company due to the Grantee's Disability, or (iv) two (2) months after the Grantee ceases to be an employee of the Company and its Subsidiaries for any other reason including retirement (such earliest date is herein called the "Option

Expiration Date") and may be exercised until the Option Expiration Date only in accordance with the terms of this Agreement and the Plan.

3.3 Termination for Cause. If the Grantee's employment is terminated for Cause, the entire Option (whether vested or unvested) shall be immediately forfeited as of the Grantee's date of termination of employment.

3.4 Death or Disability. If the Grantee dies while employed by the Company or the Grantee's employment is terminated by the Company due to the Grantee's Disability, any unvested portion of the Option shall immediately vest and become exercisable as of the date of the Grantee's death or termination of employment due to Disability, and such portion, together with any vested, unexercised portion of the Option, shall remain exercisable until the Option Expiration Date.

3.5 Other Termination of Employment. Upon the Grantee's termination of employment for any reason other than Cause, death or Disability, any unvested portion of the Option will be forfeited. Any vested portion of the Option shall remain exercisable until the Option Expiration Date.

3.6 Change in Control. Notwithstanding Section 3.5 above, in the event of a Change in Control in which the Grantee receives a Replacement Award followed within two (2) years by (A) a termination of the Grantee's employment by the Company without Cause prior to the date the Option has vested in full, or (B) initiation of the Good Reason Process by written notice of a Good Reason condition by the Grantee to the Company which subsequently results in a termination of the Grantee's employment by the Grantee for Good Reason prior to the date the Option has vested in full, the unvested portion of the Option shall become fully vested and exercisable as of the date of the Grantee's termination of employment. For purposes of this Agreement, (1) **"Good Reason"** shall mean that Grantee has complied with the Good Reason Process following the occurrence of any of the following events or actions: (i) any material reduction in Grantee's base salary, unless a similar reduction is made in the base salary of all similarly situated executives, (ii) any material reduction in Grantee's authority, duties or responsibilities, (iii) any material change in the geographic location at which Grantee must perform Grantee's duties, or (iv) any material breach of any written agreement with the Company by the Company; and (2) **"Good Reason Process"** shall mean that (i) Grantee reasonably determines in good faith that a Good Reason condition has occurred, (ii) Grantee notifies the Company in writing of the first occurrence of the Good Reason condition within sixty (60) days after the first occurrence of such condition, (iii) Grantee cooperates in good faith with the Company's efforts, for a period not less than thirty (30) days following such notice (the **"Cure Period"**) to remedy the condition, (iv) notwithstanding such efforts, the Good Reason condition continues to exist, and (v) Grantee terminates employment within sixty (60) days after the end of the Cure Period; *provided, however*, if the Company cures the Good Reason condition during the Cure Period, Good Reason shall be deemed not to have occurred. In the event of a Change in Control in which the Grantee does not

receive a Replacement Award, the unvested portion of the Option shall become fully vested and exercisable as of the date of such Change in Control.

3.7 Exercise. This Option may be exercised in whole or in part by delivering to the Company a written notice of exercise specifying the number of Shares to be purchased together with full payment of the aggregate Option Exercise Price as provided in the Plan.

4. Securities Laws Restrictions

The issuance and transfer of Shares shall be subject to compliance by the Company and the Grantee with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's Shares may be listed. No Shares shall be issued or transferred unless and until any then applicable requirements of state and federal laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its counsel. The Grantee understands that the Company is under no obligation to register the shares of Common Stock with the Securities and Exchange Commission, any state securities commission or any stock exchange to effect such compliance.

A legend may be placed on any certificate(s) or other document(s) delivered to the Grantee indicating restrictions on transferability of the Shares pursuant to this Agreement or any other restrictions that the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any applicable federal or state securities laws or any stock exchange on which the Company's Shares are then listed.

5.Nontransferability

Unless the Committee specifically determines otherwise, the Option is personal to the Grantee and the Option may not be sold, assigned, transferred, pledged or otherwise encumbered other than by will or the laws of descent and distribution. Any such purported transfer or assignment shall be null and void.

6.No Right to Continued Employment

Nothing in this Agreement or the Plan shall be interpreted or construed to confer upon the Grantee any right with respect to continuance of employment by the Company or a Subsidiary, nor shall this Agreement or the Plan interfere in any way with the right of the Company or a Subsidiary to terminate at any time the Grantee's employment, subject to Grantee's rights under this Agreement.

7.Taxes and Withholding

The Grantee shall be responsible for all federal, state and local income, employment and other taxes, domestic or foreign, payable with respect to the Option

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and the delivery of Shares upon exercise of the Option. Unless the Grantee otherwise provides for satisfaction of the withholding requirements with the consent of the Committee in advance, to the extent the Company or any Subsidiary is required to withhold federal, state, local or foreign taxes or other amounts in connection with any payment made to or benefit realized by the Grantee or other person under the Option, the Grantee agrees that the Company will withhold any taxes or other amounts required to be withheld by the Company under federal, state, local or foreign law as a result of such payment or benefit in an amount based on the minimum statutory withholding rate (or, if elected by the Grantee, the applicable rate based on the aggregate withholding method). To the extent that the amounts available to the Company or such Subsidiary for such withholding are insufficient, it shall be a condition to the obligation of the Company to make any such delivery or payment that the Grantee make arrangements satisfactory to the Company for payment of the balance of such taxes or other amounts required to be withheld. The Company may require Grantee to reimburse the Company for any such taxes required to be withheld and may withhold any payment or distribution in whole or in part until the Company is so reimbursed.

8.Plan Documents; Grantee Bound by the Plan

The Grantee hereby acknowledges that a copy of the Plan, the Plan Prospectus and the Company's latest annual report to shareholders or annual report on Form 10-K are available on the Company's intranet site or upon request. Grantee agrees to be bound by all the terms and provisions of the Plan.

9.Restrictive Covenants

9.1The Grantee acknowledges and agrees that: (a) the restrictions contained in this Section 9 are reasonable and necessary to protect the legitimate business interests of the Company, and they will not impair or infringe upon the Grantee's right to work or earn a living when the Grantee's employment with the Company ends for any reason; and (b) (i) The Grantee will (1) serve the Company as a Key Employee, and/or (2) serve the Company as a Professional, and/or (3) customarily and regularly solicit Customers and/or Prospective Customers for the Company, and/or (4) customarily and regularly engage in making sales or obtaining orders or contracts for products or services to be provided or performed by others in the Company, and/or (5) (A) have a primary duty of managing a department or subdivision of the Company, (B) customarily and regularly direct the work of two or more other employees, and (C) have the authority to hire or fire other employees; and/or (ii) the Grantee's position is a position of trust and responsibility with access to (1) Confidential Information, (2) Trade Secrets, (3) information concerning Employees of the Company, (4) information concerning Customers of the Company, and/or (5) information concerning Prospective Customers of the Company. For purposes of this Section 9, references to the Company shall be deemed to include references to any Subsidiary or affiliate of the Company, for which the Grantee worked, had duties and responsibilities or had access to Confidential Information.

9.2 The Grantee hereby agrees that during the Grantee's employment with the Company and for one (1) year after the Grantee's employment with the Company ends for any reason, the Grantee will not, directly or indirectly, individually, or on behalf of any Person other than the Company:

(a) solicit, recruit, or induce any Employee to (i) terminate his or her employment relationship with the Company, or (ii) work for any other person or entity engaged in the Business; provided, however, that the foregoing restriction shall apply only to Employees (1) with whom the Grantee had Material Interaction, (2) the Grantee, directly or indirectly, supervised, or (3) for which the Grantee had access to Confidential Information regarding the Employee's performance or evaluations;

(b) solicit any Customer of the Company for the purpose of selling or providing any products or services competitive with the Business; provided, however, that the foregoing restriction shall apply only to those Customers (i) with whom or which the Grantee dealt on behalf of the Company, (ii) whose dealings with the Company were coordinated or supervised by the Grantee, (iii) about whom the Grantee obtained Confidential Information in the ordinary course of business as a result of the Grantee's association with the Company, or (iv) who receive products or services authorized by the Company, the sale or provision of which results or resulted in compensation, commissions, or earnings for the Grantee within two (2) years prior to the date of the Grantee's termination;

(c) solicit any Prospective Customer of the Company for the purpose of selling or providing any products or services competitive with the Business; provided, however, that the foregoing restriction shall apply only to those Prospective Customers (i) with whom or which the Grantee dealt on behalf of the Company, (ii) whose dealings with the Company were coordinated or supervised by the Grantee, or (iii) about whom the Grantee obtained Confidential Information in the ordinary course of business as a result of the Grantee's association with the Company; or

(d) engage in the Business within the Territory. For purposes of the foregoing restriction, the term "engage in" shall include: (i) performing or participating in any activities which are the same as, or substantially similar to, activities which the Grantee performed or in which the Grantee participated, in whole or in part, for or on behalf of the Company; (ii) performing activities or services about which the Grantee obtained Confidential Information or Trade Secrets as a result of the Grantee's association with the Company; and/or (iii) interfering with or negatively impacting the business relationship between the Company and a Customer, Prospective Customer, vendor, supplier, consultant or any other third party about whom the Grantee obtained Confidential Information or Trade Secrets as a result of the Grantee's association with the Company.

9.3 The Grantee further agrees that the Grantee shall not: (i) use, disclose, reverse engineer, divulge, sell, exchange, furnish, give away, or transfer in any way the Trade Secrets or the Confidential Information for any purpose other than the Company's Business, except as authorized in writing by the Company; (ii) during the Grantee's employment with the Company, use, disclose, reverse engineer, divulge, sell, exchange, furnish, give away, or transfer in any way (a) any confidential information or trade secrets of any former employer or third party, or (b) any works of authorship developed in whole or in part by the Grantee during any former employment or for any other party, unless authorized in writing by the former employer or third party; or (iii) upon the termination of the Grantee's employment for any reason, (a) retain any Trade Secrets or Confidential Information, including any copies existing in any form (including electronic form) that are in the Grantee's possession or control, or (b) destroy, delete, or alter the Trade Secrets or Confidential Information without the Company's prior written consent. The obligations under this Section 9 shall: (i) with regard to the Trade Secrets, remain in effect as long as the information constitutes a trade secret under applicable law; and (ii) with regard to the Confidential Information, remain in effect for so long as such information constitutes Confidential Information as defined in Section 9.5 below. The confidentiality, property, and proprietary rights protections available in this Section 9 are in addition to, and not exclusive of, any and all other rights to which the Company is entitled under federal and state law, including, but not limited to, rights provided under copyright laws, trade secret and confidential information laws, and laws concerning fiduciary duties. Notwithstanding anything to the contrary set forth in this Section 9, pursuant to the Defend Trade Secrets Act of 2016 (18 U.S.C. § 1833(b)(1)) (the "DTSA"), no individual shall be held criminally or civilly liable under federal or state law for the disclosure of a trade secret that: (1) is made (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an

attorney; and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, the DTSA provides that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

9.4 The Grantee further agrees that, upon termination of employment with the Company for any reason whatsoever or upon the Company's request at any time, the Grantee will deliver promptly to the Company all materials (including electronically-stored materials), documents, plans, records, notes, or other papers, and any copies in the Grantee's possession or control, relating in any way to the Company's Business or containing any Confidential Information or Trade Secrets of the Company, which at all times shall be the property of the Company.

9.5 For purposes of this Section 9, the following terms shall have the meanings specified below:

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(a) **"Business"** means (i) those activities, products, and services that are the same as or similar to the activities conducted and products and services offered and/or provided by the Company or its affiliates within two (2) years prior to termination of the Grantee's employment with the Company, as evidenced by the books and records of the Company; and (ii) the business of (1) retail selling, financing, renting, leasing, and/or selling new, rental or reconditioned residential furniture, consumer electronics, computers (including hardware, software, and accessories), appliances, household goods, home furnishings, and related equipment and accessories; provided, however, that for purposes of this Section 9, the Business shall not include selling new goods or merchandise by the Grantee or on behalf of or as an employee of any entity or individual that has no involvement in rental, leasing, rent-to-own, or similar activity related to such goods or merchandise either on its own, through a subsidiary or affiliated entity or person, or in partnership with any other entity or person; (2) designing, manufacturing, and/or reconditioning of residential furniture of a type especially suited to the leasing, rental, and sales business; and/or (3) providing web-based, virtual or remote lease-to-own programs or financing.

Companies engaged in the Business include, but are not limited to, the following entities and each of their subsidiaries, affiliates, franchisees, assigns and successors in interest or persons with any of the trade names below: AcceptanceNow; American First Finance, Inc.; American Rental; Arona Corporation; Arona PR, LLC; Bi-Rite Co., d/b/a Buddy's Home Furnishings; Best Buy Co., Inc. (including but not limited to any of its subsidiaries or parent companies); Bestway Rental, Inc.; Better Finance, Inc.; BillFloat; Bluestem Brands, Inc.; City Furniture; Conn's, Inc.; Costco Warehouse Corporation (including but not limited to any of its subsidiaries or parent companies); Crest Financial; Curacao Finance; Discovery Rentals; Easyhome, Inc.; Flexi Compras Corp.; FlexShopper LLC; Fortiva Financial, LLC; Genesis Financial Solutions, Inc.; Lendmark Financial Services, Inc.; Mariner Finance, LLC; Merchants Preferred Lease-Purchase Services; New Avenues, LLC; Okinus; Premier Rental-Purchase, Inc.; Progressive Leasing, LLC (including but not limited to any of its subsidiaries or parent companies); OneMain Financial Holdings, Inc.; Purchasing Power, LLC; Regional Management Corp.; Rent-A-Center, Inc. (including, but not limited to, Colortyme); Rooms To Go; Santander Consumer USA Inc.; Smart Pay Leasing, Inc.; Springleaf Financial and/or the franchisees of the Springleaf Financial; Tidewater Finance Company; Tempoe LLC; and WhyNotLeaseIt.

(b) **"Confidential Information"** means (i) information of the Company or its affiliates, to the extent not considered a Trade Secret under applicable law, that (1) relates to the business of the Company or its affiliates, (2) was disclosed to the Grantee or of which the Grantee became aware of as a consequence of the Grantee's relationship with the Company, (3) possesses an element of value to the Company, and (4) is not generally known to the Company's competitors, and (ii) information of any third party provided to the Company which the Company is

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obligated to treat as confidential, including, but not limited to, information provided to the Company by its licensors, suppliers, or customers. Confidential Information includes, but is not limited to, (i) methods of operation, (ii) price lists, (iii) financial information and projections, (iv) personnel data, (v) future business plans, (vi) the composition, description, schematic or design of products, future products or equipment of the Company or any third party, (vii) work product, (viii) advertising or marketing plans, and (ix) information regarding independent contractors, employees, clients, licensors, suppliers, Customers, Prospective Customers, or any third party, including, but not limited to, the names of Customers and Prospective Customers, Customer and Prospective Customer lists compiled by the Company, and Customer and Prospective Customer information compiled by the Company. Confidential Information shall not include any information that (x) is or becomes generally available to the public other than as a result of an unauthorized disclosure, (y) has been independently developed and disclosed by others without violating this Agreement or the legal rights of any party, or (z) otherwise enters the public domain through lawful means.

(c) **“Customer”** means any person or entity to which the Company has sold its products or services.

(d) **“Employee”** means any person who (i) is employed by the Company at the time the Grantee’s employment with the Company ends, or (ii) was employed by the Company during the last year of the Grantee’s employment with the Company (or during the Grantee’s employment if employed less than a year).

(e) **“Key Employee”** means that, by reason of the Company’s investment of time, training, money, trust, exposure to the public, or exposure to Customers, vendors, or other business relationships during the course of the Grantee’s employment with the Company, the Grantee will gain a high level of notoriety, fame, reputation, or public persona as the Company’s representative or spokesperson, or will gain a high level of influence or credibility with the Company’s Customers, vendors, or other business relationships, or will be intimately involved in the planning for or direction of the business of the Company or a defined unit of the business of the Company. Such term also means that the Grantee will possess selective or specialized skills, learning, or abilities or customer contacts or customer information by reason of having worked for the Company.

(f) **“Material Interaction”** means any interaction with an Employee which relates or related, directly or indirectly, to the performance of the Grantee’s duties or the Employee’s duties for the Company.

(g) **“Person”** has the meaning ascribed to such term in the Plan. For the avoidance of doubt, a Person shall include any individual, corporation, bank, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or other entity.

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(h) **“Professional”** means an employee who has a primary duty the performance of work requiring knowledge of an advanced type in a field of science or learning customarily acquired by a prolonged course of specialized intellectual instruction or requiring invention, imagination, originality, or talent in a recognized field of artistic or creative endeavor. Such term shall not include employees performing technician work using knowledge acquired through on-the-job and classroom training, rather than by acquiring the knowledge through prolonged academic study, such as might be performed, without limitation, by a mechanic, a manual laborer, or a ministerial employee.

(i) **“Prospective Customer”** means any person or entity to which the Company has solicited to purchase the Company’s products or services.

(j) **“Territory”** means, (i) with respect to a Grantee who is a corporate employee, the United States of America (including the following states: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming, as well as the District of Columbia); and/or (ii) with respect to a Grantee whose duties relate only to certain store locations, regions, or divisions, the State(s) in which the Grantee performed services for or on behalf of the Company during the last two (2) years of the Grantee’s employment with the Company (or during the Grantee’s employment if employed less than two (2) years), or the State(s) in which the Company operated the Business and about which the Grantee had access to Confidential Information or Trade Secrets regarding those operations. The Grantee agrees that the Company conducts the Company’s Business in the Territory.

Because the Company will provide the Grantee with access to the Company's Confidential Information, Trade Secrets, and valuable information concerning employees, Customers, and Prospective Customers of the Company, and because the Company considers promotions and transfers, and contemplates expansion to new geographic areas, the parties acknowledge and agree that the Territory described above (1) represents a good faith estimate of the geographic areas that may be applicable at the time of termination of the Grantee's employment; (2) shall be construed ultimately to cover only so much of such estimate as relates to the geographic areas actually involved within a reasonable period of time prior to the Grantee's termination; and (3) is drafted in such a way that a court may modify the definition and grant only the relief reasonably necessary to protect such legitimate business interests.

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(k) "Trade Secrets" means information of the Company, and its licensors, suppliers, clients, and customers, without regard to form, including, but not limited to, technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, a list of actual customers, clients, licensors, or suppliers, or a list of potential customers, clients, licensors, or suppliers which is not commonly known by or available to the public and which information (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

9.6 If, during Grantee's employment with the Company or at any time during the restrictive periods described above, the Grantee violates the restrictive covenants set forth in this Section 9, then the Committee may, notwithstanding any other provision in this Agreement to the contrary, cancel any portion of the Option that is unvested. The Grantee agrees that this Section 9 shall survive the termination of his or her employment.

9.7 If the Grantee breaches or threatens to breach any portion of this Section 9, the Grantee agrees that: (a) the Company would suffer irreparable harm; (b) it would be difficult to determine damages, and money damages alone would be an inadequate remedy for the injuries suffered by the Company; and (c) if the Company seeks injunctive relief to enforce any of the covenants set forth in this Section 9, the Grantee shall waive and shall not (i) assert any defense that the Company has an adequate remedy at law with respect to the breach, (ii) require that the Company submit proof of the economic value of any Trade Secret or Confidential Information, or (iii) require the Company to post a bond or any other security. Nothing contained in this Section 9 or this Agreement shall limit the Company's right to any other remedies at law or in equity.

9.8 The parties agree that each of the covenants set forth in this Section 9 shall be construed as an agreement independent of (i) any other agreements, or (ii) any other provision in this Agreement, and the existence of any claim or cause of action by the Grantee against the Company, whether predicated on this Agreement or otherwise, regardless of who was at fault and regardless of any claims that either the Grantee or the Company may have against the other, shall not constitute a defense to the enforcement by the Company of any of the covenants set forth in this Section 9. The Company shall not be barred from enforcing any of the covenants set forth in this Section 9 by reason of any breach of (i) any other part of this Agreement, or (ii) any other agreement with the Grantee.

9.9 The Company's failure to enforce any provision of this Section 9 shall not act as a waiver of that or any other provision. The Company's waiver of any breach of this Section 9 shall not act as a waiver of any other breach. The provisions of this Section 9 are severable. If any provision is determined to be invalid, illegal, or unenforceable, in whole or in part, then such provision shall be modified so as to be

Exhibit 10.3.1

enforceable to the maximum extent permitted by law. If such provision cannot be modified to be enforceable, the provision shall be severed from this Agreement to the extent unenforceable. The remaining provisions and any partially enforceable provisions shall remain in full force and effect.

9.10 Notwithstanding any other provision of this Agreement, nothing contained herein limits the Grantee's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission (collectively, "Government Agencies"), and the Grantee is not prohibited from providing truthful testimony or accurate information in connection with any investigation being conducted into the business or operations of the Company by any Government Agency or other regulator that is responsible for enforcing a law on behalf of the government or otherwise providing information to the appropriate government regulatory agency or body regarding conduct or action undertaken or omitted to be taken by the Company that the Grantee reasonably believes is illegal or in material non-compliance with any financial disclosure or other regulatory requirement applicable to the Company, and for purposes of clarity, the Grantee is not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act. The Grantee is not required to obtain the approval of, or give notice to, the Company or any of its representatives to take any action permitted under this Section 9.10.

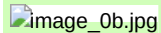
9.11 The laws of the State of Georgia shall govern the restrictive covenants set forth in this Section 9. If Georgia's conflict of law rules would apply another state's laws, the Company and Grantee agree that Georgia law shall still govern. Grantee further agrees that any and all claims arising out of or relating to this Section 9 shall solely and exclusively be (i) brought in the Superior Court of Cobb County, Georgia, or (ii) brought in or removed to the United States District Court for the Northern District of Georgia, Atlanta Division. Grantee consents to the personal jurisdiction of the courts identified above. Grantee also waives (a) any objection to jurisdiction or venue, or (b) any defense claiming lack of jurisdiction or venue, in any action brought in such courts.

10. Modification of Agreement

No provision of this Agreement may be materially modified, altered, or amended, or waived unless agreed to in writing except by agreement between an authorized member of Aaron's leadership and signed by the Committee (or its designee). Any such amendment you.

Please let me know if you have any questions pertaining to this Agreement.

Sincerely,



Scott Porter
SVP, Chief People Officer

I have read and understand the above-referenced terms of this Letter Agreement that and hereby accept the terms as written.

/s/ Kelly Wall 7/9/2024
Name Date

CC: Scott Porter
Executive Compensation
Team Member File

"Change in Control" is materially adverse defined as:

(a) The acquisition (other than from the Company) by any person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended (but without regard to the Grantee shall not be effective unless and until the Grantee consents, any time period specified in writing, to such amendment (provided that any amendment that is required to comply with Code Section 409A Rule 13d-3(d)(1)(i))), of thirty-five percent (35%) or Section 10D more of the Exchange Act shall be effective without consent). The failure to exercise, or any delay in exercising, any right, combined voting power or remedy under this Agreement shall not waive any right, power or remedy which of then outstanding securities of the Company has under this Agreement.

Exhibit 10.3.1

11.Clawback

This Option and entitled to vote generally in the Shares received upon exercise election of the Option shall be subject to clawback directors (the "Outstanding Company Voting Securities"); excluding, however, (1) any acquisition by the Company to the extent provided in or (2) any policy adopted acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Board including Company or any policy adopted to comply with corporation controlled by the requirements of Section 954 Company;

(b) A majority of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

12.Severability

Should members of the Board is replaced during any provision of this Agreement be held twelve (12)-month period by directors whose appointment or election is not endorsed by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms. In the event it is determined by a court of competent jurisdiction that any restrictive covenant set forth in this Agreement is excessive in duration or scope or is otherwise unenforceable as drafted, it is the intent majority of the parties that such restriction be modified members of the Board before the date of the appointment or election;

or

(c) Consummation by the court to render it enforceable to the maximum extent permitted by law.

13.Governing Law

The validity, interpretation, construction and performance Company of this Agreement shall be governed by the laws a reorganization, merger, or consolidation or sale of all or substantially all of the State assets of Georgia without giving effect the Company (a "Transaction"); excluding, however, a Transaction pursuant to which all or substantially all of the conflicts individuals or entities who are the beneficial owners, respectively, of laws principles thereof. Any action arising under the Outstanding Company Voting Securities immediately prior to such Transaction will beneficially own, directly or related indirectly, more than fifty percent (50%) of the combined voting power of the outstanding securities of such corporation entitled to this Agreement shall be filed exclusively vote generally in the state or federal courts with jurisdiction over Cobb County, Georgia and each election of directors of the parties hereby consents to the jurisdiction and venue corporation resulting from such Transaction (including, without limitation, a corporation which as a result of such courts.

14.Successors in Interest

This Agreement shall inure to the benefit of, and be binding upon, transaction owns the Company and its successors and assigns, and upon any Person acquiring, whether by merger, consolidation, reorganization, purchase of stock or assets, or otherwise, all or substantially all of the Company's assets and business. Without limiting Section 5 hereof, this Agreement shall inure either directly or indirectly) in substantially the same proportions relative to the benefit each other as their ownership, immediately prior to such Transaction, of the Grantee's legal representatives. Without limiting Section 5 hereof, all obligations imposed upon Outstanding Company Voting Securities.

Provided, however, a Change in Control shall not be deemed to occur unless the Grantee and all rights granted to transaction also constitutes a change in the ownership or effective control of the Company under this Agreement shall be final, binding and conclusive upon or a change in the Grantee's heirs, executors, administrators and successors.

15.Resolution ownership of Disputes

Any dispute or disagreement which may arise under, or a substantial portion of the assets of the Company, each as a result of, or defined in any way relate to the interpretation, construction or application of this Agreement shall be determined by the Committee. Any determination made by the Committee hereunder shall be final, binding and conclusive on the Grantee Code Section 409A(a)(2)(A)(v) and the Company for all purposes. regulations promulgated thereunder.

Exhibit 10.3.1

16.Code Section 409A

This Agreement and this Option Award are intended to be exempt from or to satisfy the requirements of Code Section 409A and any regulations or formal guidance that may be adopted thereunder from time to time ("Code Section 409A") and shall be interpreted by the Committee as it determines necessary or appropriate in accordance with Code Section 409A to avoid a plan failure under Code Section 409A(a)(1). This Section

does not, however, create any obligation on the part of the Company to modify the terms of this Agreement, the Option or the Plan and does not guarantee that the Option or the delivery of Shares upon exercise of the Option will not be subject to taxes, interest and penalties or any other adverse tax consequences under Code Section 409A. The Company will have no liability to the Grantee or any other party if the Option, the delivery of Shares upon exercise of the Option or any other payment hereunder that is intended to be exempt from, or compliant with, Code Section 409A, is not so exempt or compliant or for any action taken by the Committee with respect thereto.

17. Adjustments

The number of Shares issuable subject to the Option and the other terms and conditions of the grant evidenced by this Agreement are subject to mandatory adjustment, including as provided in Section 4.3 of the Plan.

18. Entire Agreement

This Agreement constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and, effective as of the Grant Date, supersedes all prior or contemporaneous representations, warranties, understandings and agreements, written and oral, with respect to such subject matter. Notwithstanding the foregoing, the restrictive covenants in Section 9 of this Agreement do not supersede the restrictive covenants in any other types of agreements entered into between the Grantee and the Company, such as employment agreements.

[Signature Page Follows]

Exhibit 10.3.1

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

THE AARON'S COMPANY, INC.

By:

By signing below or by accepting this Option Award as evidenced by electronic means acceptable to the Committee, Grantee hereby (i) acknowledges that a copy of the Plan, the Plan Prospectus and the Company's latest annual report to shareholders or annual report on Form 10-K are available from the Company's intranet site or upon request, (ii) represents that the Grantee is familiar with the terms and provisions of this Agreement and the Plan, and (iii) accepts the Option Award subject to all the terms and provisions of this Agreement and the Plan using an online grant agreement/e-signature. Grantee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Compensation Committee of the Board of Directors upon any questions arising under the Plan. Grantee authorizes the Company to withhold from any compensation payable to Grantee, in accordance with applicable law, any taxes required to be withheld by federal, state or local law as a result of the grant, vesting or exercise of the Option.

GRANTEE:

[GRANTEE NAME]

Exhibit 10.3.2 10.3

THE AARON'S COMPANY, INC.

AMENDED AND RESTATED June 18, 2024

2020 EQUITY AND INCENTIVE PLAN

Rachel George

Subject: Transaction Success Bonus

STOCK OPTION AWARD AGREEMENT

Dear Rachel,

THIS AGREEMENT (the "Agreement") is made We consider your contributions and entered into as of [Agreement Date], by and between THE AARON'S COMPANY, INC. ("the "Company") and the individual identified below (the "Grantee").

WITNESSETH:

WHEREAS, the Company maintains dedication to The Aaron's Company, Inc. Amended (the "Company") essential to our business. In recognition of your commitment to the Company during a time in which your hard work and Restated 2020 Equity and Incentive Plan impact are crucial to the Company's continued success, we are extending to you the opportunity to earn a Transaction Success Bonus (the "Plan" "Bonus"), and which would be payable within 30 days after the Grantee has been selected by the Compensation Committee successful completion of the Board (the "Committee") to receive an Option Award under the Plan, a "Change in Control", as defined below, subject to the terms and conditions set forth in this letter agreement (this "Letter Agreement").

The Bonus will be a lump sum payment in an amount equal to \$150,000.

The Bonus:

- Represents compensation for your continued employment through the completion of the Plan and this Agreement; any Change in Control;

NOW, THEREFORE, IT IS AGREED, by and between • Shall not be earned until the Company and the Grantee, as follows:
completion of any Change in Control;

Grantee: • [Participant Name] Requires that you continue to perform your responsibilities in a satisfactory manner;

- Is no longer valid if a Change in Control has not occurred on or before December 31, 2024 (the "Expiration Date");

Number of Shares: • [Awards Granted] Shares Does not apply if a Change in Control does not take place; and

Option Exercise Price: • [Grant Price] per Share Is contingent upon you signing this Letter Agreement no later than [14] days after the date you receive it.

Grant Date: [Grant Date] Please review the following terms and, if you agree, sign and date below where indicated.

Vesting Schedule:

Grantee will become vested in 33 1/3% of To be eligible to receive the Option (as defined below) on March 7 in each of the first, second and third calendar years following the calendar year of the Grant Date, provided the Grantee remains continuously Bonus, you must remain employed by the Company or one of its subsidiaries through each such vesting date. If the portion completion of any Change in Control prior to the Expiration Date. Should you cease employment with the Company and its subsidiaries prior to this time, you forfeit your right to the Bonus, unless you experience a qualifying termination of employment entitling you to severance compensation under the terms of the Option applicable severance plan. If you experience such a qualifying termination of employment prior to any Change in Control, provided that vests based a Change in Control occurs on or before the stated percentage is exercisable Expiration Date, the Bonus will be paid to you in full within 30 days after the date of the Change in Control.

The Company (or any of its affiliates) may withhold from any amount payable hereunder all federal, state, city or other taxes as may be required to be withheld pursuant to any law or governmental regulation or ruling. The payment opportunities under this Letter Agreement do not imply any obligation with respect to a number your continued employment of Shares that is any kind with the Company or its affiliates. Your employment continues to be "at-will."

The provisions of this Letter Agreement and the existence of this Letter Agreement are confidential. You shall not a whole number, the number of Shares for which such portion disclose, publicize, or discuss any of the Option is exercisable will be rounded up terms or conditions of this Letter Agreement or the existence of this Letter Agreement with anyone except your spouse, if any, your attorney, financial advisor and/or tax advisor to the next whole Share on extent necessary for such advisor to render appropriate legal, financial and tax advice. In the first vesting date, rounded down on the second vesting date, and on the final vesting date, shall equal the total number of Shares subject to the Option, less the portion event you disclose any of the Option that previously vested. terms or conditions of this Letter Agreement or the existence of it to your spouse, attorney, financial advisor and/or tax advisor, it shall be your duty to advise such persons of the confidential nature of this Letter Agreement and its existence and to direct them not to disclose, publicize, or discuss any of the terms or conditions of this Letter Agreement or the existence of this Letter Agreement with any other person. If you disclose, publicize, or discuss any of the terms or conditions of this Letter Agreement or the existence of this Agreement with any other person (excluding your spouse, attorney, financial advisor and/or tax advisor), you will forfeit your right to any and all benefits provided herein.

The validity, interpretation and performance of this Agreement shall, in all respects, be governed by the relevant laws of Georgia.

Exhibit 10.3.2 10.3

1. Grant of Option

1.1An option to purchase the number of shares of the Company's Common Stock, par value \$0.50 per share (the "**Shares**") set forth above, has been granted to the Grantee pursuant to the Plan (hereinafter referred to as the "**Option**"). The Option is subject in all respects to the terms and conditions of the Plan. For all purposes of the Plan, the date of the Option granted hereunder (the "**Grant Date**") shall be the date set forth above as the Grant Date. The Option is a nonqualified stock option and is not intended to qualify as an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "**Code**").

1.2This Agreement shall be construed in accordance and consistent with, and subject to, the provisions of the Plan (the provisions of which are incorporated herein by reference) and, except as otherwise expressly set forth herein, the capitalized terms used in this Agreement shall have the same definitions as set forth in the Plan. In the event of any conflict between this Agreement and the Plan, the Plan shall control. For purposes of this Agreement, employment with any Subsidiary of the Company shall be considered employment with the Company.

1.3This Award is conditioned on the Grantee's acceptance of this Agreement, including through an online or electronic acceptance method approved by the Company. If this Agreement is not properly accepted by the Grantee within one (1) month of the Grantee's receipt of the Agreement, it may be canceled by the Committee resulting in the immediate forfeiture of the Option and all Shares subject to the Option.

2.Option Exercise Price

The per Share price the Grantee must pay to exercise the Option (the "**Option Exercise Price**") is set forth above.

3.Duration and Exercise of Option

3.1*Vesting Schedule.* Subject to the provisions of this Section 3 and Section 9, the Option shall vest with respect to the portion of the Option and on the dates set forth in the Vesting Schedule above. Once vested, the Option may be exercised, from time to time, with respect to all or any part of the total number of Shares subject to the vested Option, subject to earlier vesting or termination of the Option as provided in this Agreement.

3.2*Expiration.* The Option may not be exercised with respect to any Shares subject hereto after the earliest of (i) ten (10) years from the Grant Date, (ii) the date the Grantee's employment is terminated by the Company or a Subsidiary for Cause, (iii) twelve (12) months following the date of the Grantee's death or the date the Grantee is terminated by the Company due to the Grantee's Disability, or (iv) two (2) months after the Grantee ceases to be an employee of the Company and its Subsidiaries for any other reason including retirement (such earliest date is herein called the "**Option**

Exhibit 10.3.2

Expiration Date") and may be exercised until the Option Expiration Date only in accordance with the terms of this Agreement and the Plan.

3.3*Termination for Cause.* If the Grantee's employment is terminated for Cause, the entire Option (whether vested or unvested) shall be immediately forfeited as of the Grantee's date of termination of employment.

3.4*Death or Disability.* If the Grantee dies while employed by the Company or the Grantee's employment is terminated by the Company due to the Grantee's Disability, any unvested portion of the Option shall immediately vest and become exercisable as of the date of the Grantee's death or termination of employment due to Disability, and such portion, together with any vested, unexercised portion of the Option, shall remain exercisable until the Option Expiration Date.

3.5*Other Termination of Employment.* Upon the Grantee's termination of employment for any reason other than Cause, death or Disability, any unvested portion of the Option will be forfeited. Any vested portion of the Option shall remain exercisable until the Option Expiration Date.

3.6*Change in Control.* Notwithstanding Section 3.5 above, in the event of a Change in Control in which the Grantee receives a Replacement Award followed within two (2) years by a termination of the Grantee's employment by the Company without Cause, any unvested portion of the Option shall become fully vested and exercisable as of the date of the Grantee's termination of employment. In the event of a Change in Control in which the Grantee does not receive a Replacement Award, the unvested portion of the Option shall become fully vested and exercisable as of the date of such Change in Control.

3.7*Exercise.* This Option may be exercised in whole or in part by delivering to the Company a written notice of exercise specifying the number of Shares to be purchased together with full payment of the aggregate Option Exercise Price as provided in the Plan.

4.Securities Laws Restrictions

The issuance and transfer of Shares shall be subject to compliance by the Company and the Grantee with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's Shares may be listed. No Shares shall be issued or transferred unless and until any then applicable requirements of state and federal laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its counsel. The Grantee understands that the Company is under no obligation to register the shares of Common Stock with the Securities and Exchange Commission, any state securities commission or any stock exchange to effect such compliance.

Exhibit 10.3.2

A legend may be placed on any certificate(s) or other document(s) delivered to the Grantee indicating restrictions on transferability of the Shares pursuant to this Agreement or any other restrictions that the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any applicable federal or state securities laws or any stock exchange on which the Company's Shares are then listed.

5.Nontransferability

Unless the Committee specifically determines otherwise, the Option is personal to the Grantee and the Option may not be sold, assigned, transferred, pledged or otherwise encumbered other than by will or the laws of descent and distribution. Any such purported transfer or assignment shall be null and void.

6.No Right to Continued Employment

Nothing in this Agreement or the Plan shall be interpreted or construed to confer upon the Grantee any right with respect to continuance of employment by the Company or a Subsidiary, nor shall this Agreement or the Plan interfere in any way with the right of the Company or a Subsidiary to terminate at any time the Grantee's employment, subject to Grantee's rights under this Agreement.

7.Taxes and Withholding

The Grantee shall be responsible for all federal, state and local income, employment and other taxes, domestic or foreign, payable with respect to the Option and the delivery of Shares upon exercise of the Option. Unless the Grantee otherwise provides for satisfaction of the withholding requirements with the consent of the Committee in advance, to the extent the Company or any Subsidiary is required to withhold federal, state, local or foreign taxes or other amounts in connection with any payment made to or benefit realized by the Grantee or other person under the Option, the Grantee agrees that the Company will withhold any taxes or other amounts required to be withheld by the Company under federal, state, local or foreign law as a result of such payment or benefit in an amount based on the minimum statutory withholding rate (or, if elected by the Grantee, the applicable rate based on the aggregate withholding method). To the extent that the amounts available to the Company or such Subsidiary for such withholding are insufficient, it shall be a condition to the obligation of the Company to make any such delivery or payment that the Grantee make arrangements satisfactory to the Company for payment of the balance of such taxes or other amounts required to be withheld. The Company may require Grantee to reimburse the Company for any such taxes required to be withheld and may withhold any payment or distribution in whole or in part until the Company is so reimbursed.

Exhibit 10.3.2

8.Plan Documents; Grantee Bound by the Plan

The Grantee hereby acknowledges that a copy of the Plan, the Plan Prospectus and the Company's latest annual report to shareholders or annual report on Form 10-K are available on the Company's intranet site or upon request. Grantee agrees to be bound by all the terms and provisions of the Plan.

9.Restrictive Covenants

9.1 The Grantee acknowledges and agrees that: (a) the restrictions contained in this Section 9 are reasonable and necessary to protect the legitimate business interests of the Company, and they will not impair or infringe upon the Grantee's right to work or earn a living when the Grantee's employment with the Company ends for any reason; and (b) (i) The Grantee will (1) serve the Company as a Key Employee, and/or (2) serve the Company as a Professional, and/or (3) customarily and regularly solicit Customers and/or Prospective Customers for the Company, and/or (4) customarily and regularly engage in making sales or obtaining orders or contracts for products or services to be provided or performed by others in the Company, and/or (5) (A) have a primary duty of managing a department or subdivision of the Company, (B) customarily and regularly direct the work of two or more other employees, and (C) have the authority to hire or fire other employees; and/or (ii) the Grantee's position is a position of trust and responsibility with access to (1) Confidential Information, (2) Trade Secrets, (3) information concerning Employees of the Company, (4) information concerning Customers of the Company, and/or (5) information concerning Prospective Customers of the Company. For purposes of this Section 9, references to the Company shall be deemed to include references to any Subsidiary or affiliate of the Company, for which the Grantee worked, had duties and responsibilities, or had access to Confidential Information.

9.2 The Grantee hereby agrees that during the Grantee's employment with the Company and for one (1) year after the Grantee's employment with the Company ends for any reason, the Grantee will not, directly or indirectly, individually, or on behalf of any Person other than the Company:

(a) solicit, recruit, or induce any Employee to (i) terminate his or her employment relationship with the Company, or (ii) work for any other person or entity engaged in the Business; provided, however, that the foregoing restriction shall apply only to Employees (1) with whom the Grantee had Material Interaction, (2) the Grantee, directly or indirectly, supervised, or (3) for which the Grantee had access to Confidential Information regarding the Employee's performance or evaluations;

(b) solicit any Customer of the Company for the purpose of selling or providing any products or services competitive with the Business; provided, however, that the foregoing restriction shall apply only to those Customers (i) with whom or which the Grantee dealt on behalf of the Company, (ii) whose dealings

Exhibit 10.3.2

with the Company were coordinated or supervised by the Grantee, (iii) about whom the Grantee obtained Confidential Information in the ordinary course of business as a result of the Grantee's association with the Company, or (iv) who receive products or services authorized by the Company, the sale or provision of which results or resulted in compensation, commissions, or earnings for the Grantee within two (2) years prior to the date of the Grantee's termination;

(c) solicit any Prospective Customer of the Company for the purpose of selling or providing any products or services competitive with the Business; provided, however, that the foregoing restriction shall apply only to those Prospective Customers (i) with whom or which the Grantee dealt on behalf of the Company, (ii) whose dealings with the Company were coordinated or supervised by the Grantee, or (iii) about whom the Grantee obtained Confidential Information in the ordinary course of business as a result of the Grantee's association with the Company; or

(d) engage in the Business within the Territory. For purposes of the foregoing restriction, the term "engage in" shall include: (i) performing or participating in any activities which are the same as, or substantially similar to, activities which the Grantee performed or in which the Grantee participated, in whole or in part, for or on behalf of the Company; (ii) performing activities or services about which the Grantee obtained Confidential Information or Trade Secrets as a result of the Grantee's association with the Company; and/or (iii) interfering with or negatively impacting the business relationship between the Company and a Customer, Prospective Customer, vendor, supplier, consultant or any other third party about whom the Grantee obtained Confidential Information or Trade Secrets as a result of the Grantee's association with the Company.

9.3 The Grantee further agrees that the Grantee shall not: (i) use, disclose, reverse engineer, divulge, sell, exchange, furnish, give away, or transfer in any way the Trade Secrets or the Confidential Information for any purpose other than the Company's Business, except as authorized in writing by the Company; (ii) during the Grantee's employment with the Company, use, disclose, reverse engineer, divulge, sell, exchange, furnish, give away, or transfer in any way (a) any confidential information or trade secrets of any former employer or third party, or (b) any works of authorship developed in whole or in part by the Grantee during any former employment or for any other party, unless authorized in writing by the former employer or third party; or (iii) upon the termination of the Grantee's employment for any reason, (a) retain any Trade Secrets or Confidential Information, including any copies existing in any form (including electronic form) that are in the Grantee's possession or control, or (b) destroy, delete, or alter the Trade Secrets or Confidential Information without the Company's prior written consent. The obligations under this Section 9 shall: (i) with regard to the

Trade Secrets, remain in effect as long as the information constitutes a trade secret under applicable law; and (ii) with regard to the Confidential Information, remain in effect for so long as such information constitutes Confidential Information as defined in Section 9.5 below. The confidentiality, property, and proprietary rights protections available in this Section 9 are

Exhibit 10.3.2

in addition to, and not exclusive of, any and all other rights to which the Company is entitled under federal and state law, including, but not limited to, rights provided under copyright laws, trade secret and confidential information laws, and laws concerning fiduciary duties. Notwithstanding anything to the contrary set forth in this Section 9, pursuant to the Defend Trade Secrets Act of 2016 (18 U.S.C. § 1833(b)(1)) (the “DTSA”), no individual shall be held criminally or civilly liable under federal or state law for the disclosure of a trade secret that: (1) is made (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, the DTSA provides that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

9.4 The Grantee further agrees that, upon termination of employment with the Company for any reason whatsoever or upon the Company's request at any time, the Grantee will deliver promptly to the Company all materials (including electronically-stored materials), documents, plans, records, notes, or other papers, and any copies in the Grantee's possession or control, relating in any way to the Company's Business or containing any Confidential Information or Trade Secrets of the Company, which at all times shall be the property of the Company.

9.5 For purposes of this Section 9, the following terms shall have the meanings specified below:

(a) “**Business**” means (i) those activities, products, and services that are the same as or similar to the activities conducted and products and services offered and/or provided by the Company or its affiliates within two (2) years prior to termination of the Grantee's employment with the Company, as evidenced by the books and records of the Company; and (ii) the business of (1) retail selling, financing, renting, leasing, and/or selling new, rental or reconditioned residential furniture, consumer electronics, computers (including hardware, software, and accessories), appliances, household goods, home furnishings, and related equipment and accessories; provided, however, that for purposes of this Section 9, the Business shall not include selling new goods or merchandise by the Grantee or on behalf of or as an employee of any entity or individual that has no involvement in rental, leasing, rent-to-own, or similar activity related to such goods or merchandise either on its own, through a subsidiary or affiliated entity or person, or in partnership with any other entity or person; (2) designing, manufacturing, and/or reconditioning of residential furniture of a type especially suited to the leasing, rental, and sales business; and/or (3) providing web-based, virtual or remote lease-to-own programs or financing.

Exhibit 10.3.2

Companies engaged in the Business include, but are not limited to, the following entities and each of their subsidiaries, affiliates, franchisees, assigns and successors in interest or persons with any of the trade names below: AcceptanceNow; American First Finance, Inc.; American Rental; Arona Corporation; Arona PR, LLC; Bi-Rite Co., d/b/a Buddy's Home Furnishings; Best Buy Co., Inc. (including but not limited to any of its subsidiaries or parent companies); Bestway Rental, Inc.; Better Finance, Inc.; BillFloat; Bluestem Brands, Inc.; City Furniture; Conn's, Inc.; Costco Warehouse Corporation (including but not limited to any of its subsidiaries or parent companies); Crest Financial; Curacao Finance; Discovery Rentals; Easyhome, Inc.; Flexi Compras Corp.; FlexShopper LLC; Fortiva Financial, LLC; Genesis Financial Solutions, Inc.; Lendmark Financial Services, Inc.; Mariner Finance, LLC; Merchants Preferred Lease-Purchase Services; New Avenues, LLC; Okinus; Premier Rental-Purchase, Inc.; Progressive Leasing, LLC (including but not limited to any of its subsidiaries or parent companies); OneMain Financial

Holdings, Inc.; Purchasing Power, LLC; Regional Management Corp.; Rent-A-Center, Inc. (including, but not limited to, Colortyme); Rooms To Go; Santander Consumer USA Inc.; Smart Pay Leasing, Inc.; Springleaf Financial and/or the franchisees of the Springleaf Financial; Tidewater Finance Company; Tempoe LLC; and WhyNotLeaseIt.

(b) **"Confidential Information"** means (i) information of the Company or its affiliates, to the extent not considered a Trade Secret under applicable law, that (1) relates to the business of the Company or its affiliates, (2) was disclosed to the Grantee or of which the Grantee became aware of as a consequence of the Grantee's relationship with the Company, (3) possesses an element of value to the Company, and (4) is not generally known to the Company's competitors, and (ii) information of any third party provided to the Company which the Company is obligated to treat as confidential, including, but not limited to, information provided to the Company by its licensors, suppliers, or customers. Confidential Information includes, but is not limited to, (i) methods of operation, (ii) price lists, (iii) financial information and projections, (iv) personnel data, (v) future business plans, (vi) the composition, description, schematic or design of products, future products or equipment of the Company or any third party, (vii) work product, (viii) advertising or marketing plans, and (ix) information regarding independent contractors, employees, clients, licensors, suppliers, Customers, Prospective Customers, or any third party, including, but not limited to, the names of Customers and Prospective Customers, Customer and Prospective Customer lists compiled by the Company, and Customer and Prospective Customer information compiled by the Company. Confidential Information shall not include any information that (x) is or becomes generally available to the public other than as a result of an unauthorized disclosure, (y) has been independently developed and disclosed by others without violating this Agreement or the legal rights of any party, or (z) otherwise enters the public domain through lawful means.

Exhibit 10.3.2

(c) **"Customer"** means any person or entity to which the Company has sold its products or services.

(d) **"Employee"** means any person who (i) is employed by the Company at the time the Grantee's employment with the Company ends, or (ii) was employed by the Company during the last year of the Grantee's employment with the Company (or during the Grantee's employment if employed less than a year).

(e) **"Key Employee"** means that, by reason of the Company's investment of time, training, money, trust, exposure to the public, or exposure to Customers, vendors, or other business relationships during the course of the Grantee's employment with the Company, the Grantee will gain a high level of notoriety, fame, reputation, or public persona as the Company's representative or spokesperson, or will gain a high level of influence or credibility with the Company's Customers, vendors, or other business relationships, or will be intimately involved in the planning for or direction of the business of the Company or a defined unit of the business of the Company. Such term also means that the Grantee will possess selective or specialized skills, learning, or abilities or customer contacts or customer information by reason of having worked for the Company.

(f) **"Material Interaction"** means any interaction with an Employee which relates or related, directly or indirectly, to the performance of the Grantee's duties or the Employee's duties for the Company.

(g) **"Person"** has the meaning ascribed to such term in the Plan. For the avoidance of doubt, a Person shall include any individual, corporation, bank, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or other entity.

(h) **"Professional"** means an employee who has a primary duty the performance of work requiring knowledge of an advanced type in a field of science or learning customarily acquired by a prolonged course of specialized intellectual instruction or requiring invention, imagination, originality, or talent in a recognized field of artistic or creative endeavor. Such term shall not include employees performing technician work using knowledge acquired through on-the-job and classroom training, rather than by acquiring the knowledge through prolonged academic study, such as might be performed, without limitation, by a mechanic, a manual laborer, or a ministerial employee.

(i) **"Prospective Customer"** means any person or entity to which the Company has solicited to purchase the Company's products or services.

(j) **"Territory"** means, (i) with respect to a Grantee who is a corporate employee, the United States of America (including the following states: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida,

Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming, as well as the District of Columbia); and/or (ii) with respect to a Grantee whose duties relate only to certain store locations, regions, or divisions, the State(s) in which the Grantee performed services for or on behalf of the Company during the last two (2) years of the Grantee's employment with the Company (or during the Grantee's employment if employed less than two (2) years), or the State(s) in which the Company operated the Business and about which the Grantee had access to Confidential Information or Trade Secrets regarding those operations. The Grantee agrees that the Company conducts the Company's Business in the Territory.

Because the Company will provide the Grantee with access to the Company's Confidential Information, Trade Secrets, and valuable information concerning employees, Customers, and Prospective Customers of the Company, and because the Company considers promotions and transfers, and contemplates expansion to new geographic areas, the parties acknowledge and agree that the Territory described above (1) represents a good faith estimate of the geographic areas that may be applicable at the time of termination of the Grantee's employment; (2) shall be construed ultimately to cover only so much of such estimate as relates to the geographic areas actually involved within a reasonable period of time prior to the Grantee's termination; and (3) is drafted in such a way that a court may modify the definition and grant only the relief reasonably necessary to protect such legitimate business interests.

(k) **"Trade Secrets"** means information of the Company, and its licensors, suppliers, clients, and customers, without regard to form, including, but not limited to, technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, a list of actual customers, clients, licensors, or suppliers, or a list of potential customers, clients, licensors, or suppliers which is not commonly known by or available to the public and which information (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

9.6 If, during Grantee's employment with the Company or at any time during the restrictive periods described above, the Grantee violates the restrictive covenants set forth in this Section 9, then the Committee may, notwithstanding any other provision in this Agreement to the contrary, cancel any portion of the Option that is unvested. The

Grantee agrees that this Section 9 shall survive the termination of his or her employment.

9.7 If the Grantee breaches or threatens to breach any portion of this Section 9, the Grantee agrees that: (a) the Company would suffer irreparable harm; (b) it would be difficult to determine damages, and money damages alone would be an inadequate remedy for the injuries suffered by the Company; and (c) if the Company seeks injunctive relief to enforce any of the covenants set forth in this Section 9, the Grantee shall waive and shall not (i) assert any defense that the Company has an adequate remedy at law with respect to the breach, (ii) require that the Company submit proof of the economic value of any Trade Secret or Confidential Information, or (iii) require the Company to post a bond or any other security. Nothing contained in this Section 9 or this Agreement shall limit the Company's right to any other remedies at law or in equity.

9.8 The parties agree that each of the covenants set forth in this Section 9 shall be construed as an agreement independent of (i) any other agreements, or (ii) any other provision in this Agreement, and the existence of any claim or cause of action by the Grantee against the Company, whether predicated on this Agreement or otherwise, regardless of who was at fault and regardless of any claims that either the Grantee or the Company may have against the other, shall not constitute a defense to the enforcement by the Company of any of the covenants set forth in this

Section 9. The Company shall not be barred from enforcing any of the covenants set forth in this Section 9 by reason of any breach of (i) any other part of this Agreement, or (ii) any other agreement with the Grantee.

9.9 The Company's failure to enforce any provision of this Section 9 shall not act as a waiver of that or any other provision. The Company's waiver of any breach of this Section 9 shall not act as a waiver of any other breach. The provisions of this Section 9 are severable. If any provision is determined to be invalid, illegal, or unenforceable, in whole or in part, then such provision shall be modified so as to be enforceable to the maximum extent permitted by law. If such provision cannot be modified to be enforceable, the provision shall be severed from this Agreement to the extent unenforceable. The remaining provisions and any partially enforceable provisions shall remain in full force and effect.

9.10 Notwithstanding any other provision of this Agreement, nothing contained herein limits the Grantee's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission (collectively, "Government Agencies"), and the Grantee is not prohibited from providing truthful testimony or accurate information in connection with any investigation being conducted into the business or operations of the Company by any Government Agency or other regulator that is responsible for enforcing a law on behalf of the government or otherwise providing information to the appropriate government regulatory agency or body regarding conduct or action undertaken or omitted to be taken by the Company

Exhibit 10.3.2

that the Grantee reasonably believes is illegal or in material non-compliance with any financial disclosure or other regulatory requirement applicable to the Company, and for purposes of clarity, the Grantee is not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act. The Grantee is not required to obtain the approval of, or give notice to, the Company or any of its representatives to take any action permitted under this Section 9.10.

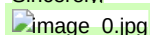
9.11 The laws of the State of Georgia shall govern the restrictive covenants set forth in this Section 9. If Georgia's conflict of law rules would apply another state's laws, the Company and Grantee agree that Georgia law shall still govern. Grantee further agrees that any and all claims arising out of or relating to this Section 9 shall solely and exclusively be (i) brought in the Superior Court of Cobb County, Georgia, or (ii) brought in or removed to the United States District Court for the Northern District of Georgia, Atlanta Division. Grantee consents to the personal jurisdiction of the courts identified above. Grantee also waives (a) any objection to jurisdiction or venue, or (b) any defense claiming lack of jurisdiction or venue, in any action brought in such courts.

10. Modification of Agreement

No provision of this Agreement may be materially modified, altered, or amended, or waived unless agreed to in writing except by agreement between an authorized member of Aaron's leadership and signed by the Committee (or its designee). Any such amendment you.

Please let me know if you have any questions pertaining to this Agreement.

Sincerely,

image_0.jpg

Scott Porter
SVP, Chief People Officer

I have read and understand the above-referenced terms of this Letter Agreement that and hereby accept the terms as written.

/s/ Rachel George 6/21/2024

Name Date

CC: Scott Porter
Executive Compensation

"Change in Control" is materially adverse defined as:

(a) The acquisition (other than from the Company) by any person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended (but without regard to the Grantee shall not be effective unless and until the Grantee consents, any time period specified in writing, to such amendment (provided that any amendment that is required to comply with Code Section 409A Rule 13d-3(d)(1)(i))), of thirty-five percent (35%) or Section 10D more of the Exchange Act shall be effective without consent). The failure to exercise, or any delay in exercising, any right, combined voting power or remedy under this Agreement shall not waive any right, power or remedy which of then outstanding securities of the Company has under this Agreement.

11. Clawback

This Option and entitled to vote generally in the Shares received upon exercise election of the Option shall be subject to clawback directors (the "Outstanding Company Voting Securities"); excluding, however, (1) any acquisition by the Company to the extent provided in or (2) any policy adopted acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Board including Company or any policy adopted to comply with corporation controlled by the requirements of Section 954 Company;

(b) A majority of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

12. Severability

Should members of the Board is replaced during any provision of this Agreement be held twelve (12)-month period by directors whose appointment or election is not endorsed by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms. In the event it is determined by a court of competent jurisdiction that any restrictive covenant set forth in this Agreement is excessive in duration or scope or is otherwise unenforceable as drafted, it is the intent majority of the parties members of the Board before the date of the appointment or election; or

Exhibit 10.3.2

that such restriction be modified (c) Consummation by the court to render it enforceable to the maximum extent permitted by law.

13. Governing Law

The validity, interpretation, construction and performance Company of this Agreement shall be governed by the laws a reorganization, merger, or consolidation or sale of all or substantially all of the State assets of Georgia without giving effect the Company (a "Transaction"); excluding, however, a Transaction pursuant to which all or substantially all of the conflicts individuals or entities who are the beneficial owners, respectively, of laws principles thereof. Any action arising under the Outstanding Company Voting Securities immediately prior to such Transaction will beneficially own, directly or related indirectly, more than fifty percent (50%) of the combined voting power of the outstanding securities of such corporation entitled to this Agreement shall be filed exclusively vote generally in the state or federal courts with jurisdiction over Cobb County, Georgia and each election of directors of the parties hereby consents to the jurisdiction and venue corporation resulting from such Transaction (including, without limitation, a corporation which as a result of such courts.

14. Successors in Interest

This Agreement shall inure to the benefit of, and be binding upon, transaction owns the Company and its successors and assigns, and upon any Person acquiring, whether by merger, consolidation, reorganization, purchase of stock or assets, or otherwise, all or substantially all of the Company's assets and business. Without limiting Section 5 hereof, this Agreement shall inure either directly or indirectly) in substantially the same proportions relative to the benefit each other as their ownership, immediately prior to such Transaction, of the Grantee's legal representatives. Without limiting Section 5 hereof, all obligations imposed upon the Grantee and all rights granted to the Outstanding Company under this Agreement shall be final, binding and conclusive upon the Grantee's heirs, executors, administrators and successors. Voting Securities.

15. Resolution of Disputes

Any dispute or disagreement which may arise under, or as a result of, or in any way relate to the interpretation, construction or application of this Agreement shall be determined by the Committee. Any determination made by the Committee hereunder shall be final, binding and conclusive on the Grantee and the Company for all purposes.

16. Code Section 409A

This Agreement and this Option Award are intended to be exempt from or to satisfy the requirements of Code Section 409A and any regulations or formal guidance that may be adopted thereunder from time to time ("Code Section 409A") and shall be interpreted by the Committee as it determines necessary or appropriate in accordance with Code Section 409A to avoid a plan failure under Code Section 409A(a)(1). This Section does not, **Provided**, however, create any obligation on the part of the Company to modify the terms of this Agreement, the Option or the Plan and does not guarantee that the Option or the delivery of Shares upon exercise of the Option will not be subject to taxes, interest and penalties or any other adverse tax consequences under Code Section 409A. The Company will have no liability to the Grantee or any other party if the Option, the delivery of Shares upon exercise of the Option or any other payment hereunder that is intended to be exempt from, or compliant with, Code Section 409A, is not so exempt or compliant or for any action taken by the Committee with respect thereto.

Exhibit 10.3.2

17. Adjustments

The number of Shares issuable subject to the Option and the other terms and conditions of the grant evidenced by this Agreement are subject to mandatory adjustment, including as provided in Section 4.3 of the Plan.

18. Entire Agreement

This Agreement constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and, effective as of the Grant Date, supersedes all prior or contemporaneous representations, warranties, understandings and agreements, written and oral, with respect to such subject matter. Notwithstanding the foregoing, the restrictive covenants in Section 9 of this Agreement do not supersede the restrictive covenants in any other types of agreements entered into between the Grantee and the Company, such as employment agreements.

[Signature Page Follows]

Exhibit 10.3.2

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

THE AARON'S COMPANY, INC.

By:

By signing below or by accepting this Option Award as evidenced by electronic means acceptable to the Committee, Grantee hereby (i) acknowledges that a copy of the Plan, the Plan Prospectus and the Company's latest annual report to shareholders or annual report on Form 10-K are available from the Company's intranet site or upon request, (ii) represents that the Grantee is familiar with the terms and provisions of this Agreement and the Plan, and (iii) accepts the Option Award subject to all the terms and provisions of this Agreement and the Plan using an online grant agreement/e-signature. Grantee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Compensation Committee of the Board of Directors upon any questions arising under the Plan. Grantee authorizes the Company to withhold from any compensation payable to Grantee, in accordance with applicable law, any taxes required to be withheld by federal, state or local law as a result of the grant, vesting or exercise of the Option.

GRANTEE:

[GRANTEE NAME]

Exhibit 10.4.1

THE AARON'S COMPANY, INC.
AMENDED AND RESTATED
2020 EQUITY AND INCENTIVE PLAN
PERFORMANCE SHARE AND PERFORMANCE UNIT AWARD AGREEMENT

THIS AGREEMENT (the "**Agreement**") is made and entered into as of [Agreement Date], by and between THE AARON'S COMPANY, INC. (the "**Company**") and the individual identified below (the "**Grantee**").

WITNESSETH:

WHEREAS, the Company maintains The Aaron's Company, Inc. Amended and Restated 2020 Equity and Incentive Plan (the "**Plan**"), and the Grantee has been selected by the Compensation Committee of the Board (the "**Committee**") to receive a grant of Performance Shares and Performance Units under the Plan, subject to the terms and conditions of the Plan and this Agreement;

NOW, THEREFORE, IT IS AGREED, by and between the Company and the Grantee, as follows:

Grantee: [Participant Name]

Target Award: [Award Granted] Performance Shares, and [Award Granted] Performance Units

Grant Date: [Grant Date]

Vesting Schedule:

Grantee will become vested in the Performance Shares and Performance Units covered by the Earned Award (as defined below) on March 7 of the third calendar year following the calendar year of the Grant Date, provided the Grantee remains continuously employed by the Company through such vesting date.

1. Award of Performance Shares and Performance Units

1.1 The Company has granted to the Grantee for no purchase price the right to earn (a) shares of the Company's Common Stock, par value \$0.50 per share ("**Shares**") based upon satisfaction of certain performance conditions pursuant to the provisions and restrictions contained in the Plan and this Agreement (the "**Performance Shares**") and (b) a dollar amount in cash equivalent to \$1.00 for every performance unit earned based upon satisfaction of certain performance conditions pursuant to the provisions and restrictions contained in the Plan and this Agreement (the "**Performance Units**").

Exhibit 10.4.1

1.2 This Agreement shall be construed in accordance and consistent with, and subject to, the provisions of the Plan (the provisions of which are incorporated herein by reference) and, except as otherwise expressly set forth herein, the capitalized terms used in this Agreement shall have the same definitions as set forth in the Plan. In the event of any conflict between this Agreement and the Plan, the Plan shall control. For purposes of this Agreement, employment with any Subsidiary of the Company shall be considered employment with the Company.

1.3 This Award is conditioned on the Grantee's acceptance of this Agreement, including through an online or electronic acceptance method approved by the Company. If this Agreement is not properly accepted by the Grantee within ninety (90) days following the Grantee's receipt of the Agreement, it may be canceled by the Committee resulting in the immediate forfeiture of all Performance Shares and Performance Units.

2. Vesting

2.1 **Performance Conditions.** Subject to the terms and conditions set forth herein and in Section 2.2 below, the Grantee will be eligible to earn from 0% to 200% of the Grantee's Target Award based on attainment of the Performance Measures (as defined and set forth in the Statement of Performance Goals approved by the Committee for this Award and thereafter communicated to the Grantee (the "**Statement of Performance Goals**") for the period beginning on January 1, 2024 and ending on December 31, 2026 (the "**Performance Period**"). If the Committee determines that the threshold level of performance for a Performance Measure was not achieved, the Grantee will immediately forfeit the Performance Shares and/or Performance Units (as applicable) with respect to such Performance Measure. If the Committee determines that at least the threshold level of performance for a Performance Measure was achieved, the Grantee will be eligible to earn a portion of the Performance Shares and/or Performance Units (as applicable) with respect to such Performance Measure as provided in the Statement of Performance Goals. The Committee will determine and certify the number of Performance Shares and Performance Units, if any, that the Grantee earns based on satisfaction of the Performance Measures as soon as practicable and within seventy-four (74) days following the end of the Performance Period (the "**Earned Award**"). In all cases,

the number of Performance Shares and Performance Units, if any, in the Grantee's Earned Award will be rounded down to the nearest whole number of Performance Shares or Performance Units, as applicable (as necessary). Upon the Committee's determination of the Earned Award, the Grantee will immediately forfeit all Performance Shares and Performance Units other than the Earned Award. To become vested in the Earned Award, the Grantee must also satisfy the employment requirements of Section 2.2 below.

2.2 Employment Requirements.

(a) **Vesting Schedule.** Except as provided in subsections 2.2(b) and (c) below, if the Grantee remains continuously employed with the Company or any

Exhibit 10.4.1

Subsidiary through the vesting date, the Grantee will vest with respect to the Earned Award on the vesting date set forth in the Vesting Schedule above.

(b) **Death or Disability.** If the Grantee's employment with the Company is terminated prior to the end of the Performance Period due to the Grantee's death or the Grantee becomes Disabled prior to the end of the Performance Period, the Grantee will vest in a pro rata portion of the Performance Shares and Performance Units (as determined pursuant to the Statement of Performance Goals) and will forfeit the remainder of the Performance Shares and Performance Units (if any).

(c) **Change in Control.** In the event of a Change in Control in which shall not be deemed to occur unless the Grantee receives transaction also constitutes a Replacement Award followed within two (2) years by (A) a termination of the Grantee's employment by the Company without Cause prior to the end of the Performance Period or prior to the date the Committee determines the Earned Award, or (B) initiation of the Good Reason Process by written notice of a Good Reason condition by the Grantee to the Company which subsequently results in a termination of the Grantee's employment by the Grantee for Good Reason prior to the end of the Performance Period or prior to the date the Committee determines the Earned Award, the Grantee shall vest in full in the Target Award (which shall be the Earned Award for the Grantee) as of the date of the Grantee's termination of employment. In the event of a Change in Control in which the Grantee receives a Replacement Award followed within two (2) years by (A) a termination of the Grantee's employment by the Company without Cause after the date the Committee determines the Earned Award, or (B) initiation of the Good Reason Process by written notice of a Good Reason condition by the Grantee to the Company which subsequently results in a termination of the Grantee's employment by the Grantee for Good Reason after the date the Committee determines the Earned Award, the Grantee shall vest in the unvested portion of the Earned Award as of the date of the Grantee's termination of employment. For purposes of this Agreement, (1) "**Good Reason**" shall mean that Grantee has complied with the Good Reason Process following the occurrence of any of the following events or actions: (i) any material reduction in Grantee's base salary, unless a similar reduction is made in the base salary of all similarly situated executives, (ii) any material reduction in Grantee's authority, duties or responsibilities, (iii) any material change in the geographic location at which Grantee must perform Grantee's duties, ownership or (iv) any material breach of any written agreement with the Company by the Company; and (2) "**Good Reason Process**" shall mean that (i) Grantee reasonably determines in good faith that a Good Reason condition has occurred, (ii) Grantee notifies the Company in writing of the first occurrence of the Good Reason condition within sixty (60) days after the first occurrence of such condition, (iii) Grantee cooperates in good faith with the Company's efforts, for a period not less than thirty (30) days following such notice (the "**Cure Period**") to remedy the condition, (iv) notwithstanding such efforts, the Good Reason condition continues to exist, and (v) Grantee terminates employment within sixty (60) days after the

Exhibit 10.4.1

end of the Cure Period; *provided, however*, if the Company cures the Good Reason condition during the Cure Period, Good Reason shall be deemed not to have occurred. In the event of a Change in Control in which the Grantee does not receive a Replacement Award, the Grantee shall vest in full in the Earned Award (or, if the Committee has not yet determined the Earned Award as of the Change in Control, in the Target Award (which shall be the Earned Award for the Grantee)), as of the date of such Change in Control, unless otherwise determined by the Committee.

(d) **Other Termination of Employment.** If the Grantee's employment with the Company terminates for any reason other than as provided in (b) or (c) above, the unvested portion of the Performance Shares and Performance Units will be forfeited on the Grantee's termination of employment.

3.Settlement

3.1 On, or as soon as practicable and no later than sixty (60) days after, the date a portion of the Earned Award vests in accordance with Section 2 above, the Company shall deliver to the Grantee (a) a number of Shares equal to the number of Performance Shares in the vested portion of the Earned Award and (b) \$1.00 in cash for every Performance Unit in the vested portion of the Earned Award. Notwithstanding the foregoing, in the event the Grantee's employment terminates due to death or the Grantee becomes Disabled, any earned Shares or cash amount (as determined pursuant to the Statement of Performance Goals) shall be delivered to Grantee (or Grantee's personal representative or Grantee's estate) no later than March 15 of the year following the year in which such Shares are no longer subject to a "substantial risk of forfeiture" for purposes of Code Section 409A.

3.2 The Company may deliver the Shares earned pursuant to this Agreement by the delivery of physical stock certificates or by certificateless book-entry issuance. The Company may, at the request of Grantee or the personal representative of Grantee's estate, deliver the Shares to the Grantee's or the estate's broker-dealer or similar custodian and/or issue the Shares in "street name," either by delivery of physical certificates or electronically. The Company will pay cash amounts earned and vested with respect to Performance Units through a regular paycheck of Grantee.

4.Stock; Dividends; Voting

4.1 Except as provided in Section 4.2, the Grantee shall not have voting or any other rights as a shareholder of the Company with respect to the Performance Shares until the date on which the Shares underlying the Performance Shares are issued or transferred to the Grantee. For the avoidance of doubt, the Grantee shall never have any voting or other rights as a shareholder of the Company with respect to the Performance Units.

Exhibit 10.4.1

4.2 The Performance Shares and the number of Shares issuable for each Performance Share and the other terms and conditions of the grant evidenced by this Agreement are subject to adjustment as provided in Section 4.3 of the Plan.

4.3 The issuance and transfer of Shares shall be subject to compliance by the Company and the Grantee with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's Shares may be listed. No Shares shall be issued or transferred unless and until any then applicable requirements of state and federal laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its counsel. The Grantee understands that the Company is under no obligation to register the shares of Common Stock with the Securities and Exchange Commission, any state securities commission or any stock exchange to effect such compliance. A legend may be placed on any certificate(s) or other document(s) delivered to the Grantee indicating restrictions on transferability of the Shares pursuant to this Agreement or any other restrictions that the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any applicable federal or state securities laws or any stock exchange on which the Company's Shares are then listed.

5.Nontransferability

Unless the Committee specifically determines otherwise, the Performance Shares and Performance Units are personal to the Grantee and neither the Performance Shares nor the Performance Units may be sold, assigned, transferred, pledged or otherwise encumbered other than by will or the laws of descent and distribution. Any such purported transfer or assignment shall be null and void.

6.No Right to Continued Employment

Nothing in this Agreement or the Plan shall be interpreted or construed to confer upon the Grantee any right with respect to continuance of employment by the Company or a Subsidiary, nor shall this Agreement or the Plan interfere in any way with the right **effective control** of the Company or a Subsidiary to terminate at any time **change in** the Grantee's employment, subject to Grantee's rights under this Agreement.

7.Taxes and Withholding

The Grantee shall be responsible for all federal, state and local income, employment and other taxes, domestic or foreign, payable with respect to this Award **ownership** of Performance Shares and Performance Units, the delivery of Shares in satisfaction of the Performance Shares, the delivery of cash in satisfaction of the Performance Units or any other taxable event arising as a result of or in connection with the Performance Shares or Performance Units. Unless the Grantee otherwise provides for the satisfaction of the withholding requirements with the consent of the Committee in advance, (a) upon settlement of all or a **substantial** portion of the Earned Award **assets** of Performance Shares, the Company, shall withhold each as defined in Code Section 409A(a)(2)(A)(v) and **cancel** a number of Shares having a **Fair** the regulations promulgated thereunder.

Exhibit 10.4.1

Market Value equal to the amount of taxes required to be withheld based on the minimum statutory withholding rate (or, if elected by the Grantee, the applicable rate based on the aggregate withholding method) and (b) upon settlement of all or a portion of the Earned Award of Performance Units, the Company shall withhold from the cash amount otherwise payable in respect of such Performance Units any taxes required to be withheld. The Company shall have the right to retain and withhold from any payment or distribution to the Grantee the amount of taxes required by any government to be withheld or otherwise deducted and paid with respect to such payment. The Company may require Grantee to reimburse the Company for any such taxes required to be withheld and may withhold any payment or distribution in whole or in part until the Company is so reimbursed.

8.Plan Documents; Grantee Bound by the Plan

The Grantee hereby acknowledges that a copy of the Plan, the Plan Prospectus and the Company's latest annual report to shareholders or annual report on Form 10-K are available in the Grantee's Document Library in their Merrill Lynch account or upon request. Grantee agrees to be bound by all the terms and provisions of the Plan.

9.Restrictive Covenants

9.1The Grantee acknowledges and agrees that: (a) the restrictions contained in this Section 9 are reasonable and necessary to protect the legitimate business interests of the Company, and they will not impair or infringe upon the Grantee's right to work or earn a living when the Grantee's employment with the Company ends for any reason; and (b) (i) The Grantee will (1) serve the Company as a Key Employee, and/or (2) serve the Company as a Professional, and/or (3) customarily and regularly solicit Customers and/or Prospective Customers for the Company, and/or (4) customarily and regularly engage in making sales or obtaining orders or contracts for products or services to be provided or performed by others in the Company, and/or (5) (A) have a primary duty of managing a department or subdivision of the Company, (B) customarily and regularly direct the work of two or more other employees, and (C) have the authority to hire or fire other employees; and/or (ii) the Grantee's position is a position of trust and responsibility with access to (1) Confidential Information, (2) Trade Secrets, (3) information concerning Employees of the Company, (4) information concerning Customers of the Company, and/or (5) information concerning Prospective Customers of the Company. For purposes of this Section 9, references to the Company shall be deemed to include references to any Subsidiary or affiliate of the Company, for which the Grantee worked, had duties and responsibilities or had access to Confidential Information.

9.2The Grantee hereby agrees that during the Grantee's employment with the Company and for one (1) year after the Grantee's employment with the Company ends for any reason, the Grantee will not, directly or indirectly, individually, or on behalf of any Person other than the Company:

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(a) solicit, recruit, or induce any Employee to (i) terminate his or her employment relationship with the Company, or (ii) work for any other person or entity engaged in the Business; provided, however, that the foregoing restriction shall apply only to Employees (1) with whom the

Grantee had Material Interaction, (2) the Grantee, directly or indirectly, supervised, or (3) for which the Grantee had access to Confidential Information regarding the Employee's performance or evaluations;

(b) solicit any Customer of the Company for the purpose of selling or providing any products or services competitive with the Business; provided, however, that the foregoing restriction shall apply only to those Customers (i) with whom or which the Grantee dealt on behalf of the Company, (ii) whose dealings with the Company were coordinated or supervised by the Grantee, (iii) about whom the Grantee obtained Confidential Information in the ordinary course of business as a result of the Grantee's association with the Company, or (iv) who receive products or services authorized by the Company, the sale or provision of which results or resulted in compensation, commissions, or earnings for the Grantee within two (2) years prior to the date of the Grantee's termination;

(c) solicit any Prospective Customer of the Company for the purpose of selling or providing any products or services competitive with the Business; provided, however, that the foregoing restriction shall apply only to those Prospective Customers (i) with whom or which the Grantee dealt on behalf of the Company, (ii) whose dealings with the Company were coordinated or supervised by the Grantee, or (iii) about whom the Grantee obtained Confidential Information in the ordinary course of business as a result of the Grantee's association with the Company; or

(d) engage in the Business within the Territory. For purposes of the foregoing restriction, the term "engage in" shall include: (i) performing or participating in any activities which are the same as, or substantially similar to, activities which the Grantee performed or in which the Grantee participated, in whole or in part, for or on behalf of the Company; (ii) performing activities or services about which the Grantee obtained Confidential Information or Trade Secrets as a result of the Grantee's association with the Company; and/or (iii) interfering with or negatively impacting the business relationship between the Company and a Customer, Prospective Customer, vendor, supplier, consultant or any other third party about whom the Grantee obtained Confidential Information or Trade Secrets as a result of the Grantee's association with the Company.

9.3 The Grantee further agrees that the Grantee shall not: (i) use, disclose, reverse engineer, divulge, sell, exchange, furnish, give away, or transfer in any way the Trade Secrets or the Confidential Information for any purpose other than the Company's Business, except as authorized in writing by the Company; (ii) during the Grantee's employment with the Company, use, disclose, reverse engineer, divulge, sell, exchange, furnish, give away, or transfer in any way (a) any confidential information or trade

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secrets of any former employer or third party, or (b) any works of authorship developed in whole or in part by the Grantee during any former employment or for any other party, unless authorized in writing by the former employer or third party; or (iii) upon the termination of the Grantee's employment for any reason, (a) retain any Trade Secrets or Confidential Information, including any copies existing in any form (including electronic form) that are in the Grantee's possession or control, or (b) destroy, delete, or alter the Trade Secrets or Confidential Information without the Company's prior written consent. The obligations under this Section 9 shall: (i) with regard to the Trade Secrets, remain in effect as long as the information constitutes a trade secret under applicable law; and (ii) with regard to the Confidential Information, remain in effect for so long as such information constitutes Confidential Information as defined in Section 9.5 below. The confidentiality, property, and proprietary rights protections available in this Section 9 are in addition to, and not exclusive of, any and all other rights to which the Company is entitled under federal and state law, including, but not limited to, rights provided under copyright laws, trade secret and confidential information laws, and laws concerning fiduciary duties. Notwithstanding anything to the contrary set forth in this Section 9, pursuant to the Defend Trade Secrets Act of 2016 (18 U.S.C. § 1833(b)(1)) (the "DTSA"), no individual shall be held criminally or civilly liable under federal or state law for the disclosure of a trade secret that: (1) is made (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, the DTSA provides that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

9.4 The Grantee further agrees that, upon termination of employment with the Company for any reason whatsoever or upon the Company's request at any time, the Grantee will deliver promptly to the Company all materials (including electronically-stored materials), documents, plans, records, notes, or other papers, and any copies in the Grantee's possession or control, relating in any way to the Company's Business or containing any Confidential Information or Trade Secrets of the Company, which at all times shall be the property of the Company.

9.5 For purposes of this Section 9, the following terms shall have the meanings specified below:

(a) **"Business"** means (i) those activities, products, and services that are the same as or similar to the activities conducted and products and services offered and/or provided by the Company or its affiliates within two (2) years prior to termination of the Grantee's employment with the Company, as evidenced by the books and records of the Company; and (ii) the business of (1) retail selling, financing, renting, leasing, and/or selling new, rental or reconditioned residential furniture, consumer electronics, computers (including hardware, software, and

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accessories), appliances, household goods, home furnishings, and related equipment and accessories; provided, however, that for purposes of this Section 9, the Business shall not include selling new goods or merchandise by the Grantee or on behalf of or as an employee of any entity or individual that has no involvement in rental, leasing, rent-to-own, or similar activity related to such goods or merchandise either on its own, through a subsidiary or affiliated entity or person, or in partnership with any other entity or person; (2) designing, manufacturing, and/or reconditioning of residential furniture of a type especially suited to the leasing, rental, and sales business; and/or (3) providing web-based, virtual or remote lease-to-own programs or financing.

Companies engaged in the Business include, but are not limited to, the following entities and each of their subsidiaries, affiliates, franchisees, assigns and successors in interest or persons with any of the trade names below: AcceptanceNow; American First Finance, Inc.; American Rental; Arona Corporation; Arona PR, LLC; Bi-Rite Co., d/b/a Buddy's Home Furnishings; Best Buy Co., Inc. (including but not limited to any of its subsidiaries or parent companies); Bestway Rental, Inc.; Better Finance, Inc.; BillFloat; Bluestem Brands, Inc.; City Furniture; Conn's, Inc.; Costco Warehouse Corporation (including but not limited to any of its subsidiaries or parent companies); Crest Financial; Curacao Finance; Discovery Rentals; Easyhome, Inc.; Flexi Compras Corp.; FlexShopper LLC; Fortiva Financial, LLC; Genesis Financial Solutions, Inc.; Lendmark Financial Services, Inc.; Mariner Finance, LLC; Merchants Preferred Lease-Purchase Services; New Avenues, LLC; Okinus; Premier Rental-Purchase, Inc.; Progressive Leasing, LLC (including but not limited to any of its subsidiaries or parent companies); OneMain Financial Holdings, Inc.; Purchasing Power, LLC; Regional Management Corp.; Rent-A-Center, Inc. (including, but not limited to, Colortyme); Rooms To Go; Santander Consumer USA Inc.; Smart Pay Leasing, Inc.; Springleaf Financial and/or the franchisees of the Springleaf Financial; Tidewater Finance Company; Tempoe LLC; and WhyNotLeaseIt.

(b) **"Confidential Information"** means (i) information of the Company or its affiliates, to the extent not considered a Trade Secret under applicable law, that (1) relates to the business of the Company or its affiliates, (2) was disclosed to the Grantee or of which the Grantee became aware of as a consequence of the Grantee's relationship with the Company, (3) possesses an element of value to the Company, and (4) is not generally known to the Company's competitors, and (ii) information of any third party provided to the Company which the Company is obligated to treat as confidential, including, but not limited to, information provided to the Company by its licensors, suppliers, or customers. Confidential Information includes, but is not limited to, (i) methods of operation, (ii) price lists, (iii) financial information and projections, (iv) personnel data, (v) future business plans, (vi) the composition, description, schematic or design of products, future products or equipment of the Company or any third party, (vii) work product, (viii) advertising or marketing plans, and (ix) information regarding independent

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contractors, employees, clients, licensors, suppliers, Customers, Prospective Customers, or any third party, including, but not limited to, the names of Customers and Prospective Customers, Customer and Prospective Customer lists compiled by the Company, and Customer and Prospective Customer information compiled by the Company. Confidential Information shall not include any information that (x) is or becomes generally available to the public other than as a result of an unauthorized disclosure, (y) has been independently developed and disclosed by others without violating this Agreement or the legal rights of any party, or (z) otherwise enters the public domain through lawful means.

(c) **“Customer”** means any person or entity to which the Company has sold its products or services.

(d) **“Employee”** means any person who (i) is employed by the Company at the time the Grantee's employment with the Company ends, or (ii) was employed by the Company during the last year of the Grantee's employment with the Company (or during the Grantee's employment if employed less than a year).

(e) **“Key Employee”** means that, by reason of the Company's investment of time, training, money, trust, exposure to the public, or exposure to Customers, vendors, or other business relationships during the course of the Grantee's employment with the Company, the Grantee will gain a high level of notoriety, fame, reputation, or public persona as the Company's representative or spokesperson, or will gain a high level of influence or credibility with the Company's Customers, vendors, or other business relationships, or will be intimately involved in the planning for or direction of the business of the Company or a defined unit of the business of the Company. Such term also means that the Grantee will possess selective or specialized skills, learning, or abilities or customer contacts or customer information by reason of having worked for the Company.

(f) **“Material Interaction”** means any interaction with an Employee which relates or related, directly or indirectly, to the performance of the Grantee's duties or the Employee's duties for the Company.

(g) **“Person”** has the meaning ascribed to such term in the Plan. For the avoidance of doubt, a Person shall include any individual, corporation, bank, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or other entity.

(h) **“Professional”** means an employee who has a primary duty the performance of work requiring knowledge of an advanced type in a field of science or learning customarily acquired by a prolonged course of specialized intellectual instruction or requiring invention, imagination, originality, or talent in a recognized field of artistic or creative endeavor. Such term shall not include employees performing technician work using knowledge acquired through on-the-

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job and classroom training, rather than by acquiring the knowledge through prolonged academic study, such as might be performed, without limitation, by a mechanic, a manual laborer, or a ministerial employee.

(i) **“Prospective Customer”** means any person or entity to which the Company has solicited to purchase the Company's products or services.

(j) **“Territory”** means, (i) with respect to a Grantee who is a corporate employee, the United States of America (including the following states: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming, as well as the District of Columbia); and/or (ii) with respect to a Grantee whose duties relate only to certain store locations, regions, or divisions, the State(s) in which the Grantee performed services for or on behalf of the Company during the last two (2) years of the Grantee's employment with the Company (or during the Grantee's employment if employed less than two (2) years), or the State(s) in which the Company operated the Business and about which the Grantee had access to Confidential Information or Trade Secrets regarding those operations. The Grantee agrees that the Company conducts the Company's Business in the Territory.

Because the Company will provide the Grantee with access to the Company's Confidential Information, Trade Secrets, and valuable information concerning employees, Customers, and Prospective Customers of the Company, and because the Company considers promotions and transfers, and contemplates expansion to new geographic areas, the parties acknowledge and agree that the Territory described above (1) represents a good faith estimate of the geographic areas that may be applicable at the time of termination of the Grantee's employment; (2) shall be construed ultimately to cover only so much of such estimate as relates to the geographic areas actually involved within a reasonable period of time prior to the Grantee's termination; and (3) is drafted in such a way that a court may modify the definition and grant only the relief reasonably necessary to protect such legitimate business interests.

(k) **“Trade Secrets”** means information of the Company, and its licensors, suppliers, clients, and customers, without regard to form, including, but not limited to, technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a

drawing, a process, financial data, financial plans, product plans, a list of actual customers, clients, licensors, or suppliers, or a list of potential customers, clients, licensors, or suppliers which is not commonly known by or available to the public and which information (i)

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derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

9.6If, during Grantee's employment with the Company or at any time during the restrictive periods described above, the Grantee violates the restrictive covenants set forth in this Section 9, then the Committee may, notwithstanding any other provision in this Agreement to the contrary, cancel any Performance Shares or Performance Units outstanding under this Agreement that have not yet vested. The Grantee agrees that this Section 9 shall survive the termination of his or her employment.

9.7If the Grantee breaches or threatens to breach any portion of this Section 9, the Grantee agrees that: (a) the Company would suffer irreparable harm; (b) it would be difficult to determine damages, and money damages alone would be an inadequate remedy for the injuries suffered by the Company; and (c) if the Company seeks injunctive relief to enforce any of the covenants set forth in this Section 9, the Grantee shall waive and shall not (i) assert any defense that the Company has an adequate remedy at law with respect to the breach, (ii) require that the Company submit proof of the economic value of any Trade Secret or Confidential Information, or (iii) require the Company to post a bond or any other security. Nothing contained in this Section 9 or this Agreement shall limit the Company's right to any other remedies at law or in equity.

9.8The parties agree that each of the covenants set forth in this Section 9 shall be construed as an agreement independent of (i) any other agreements, or (ii) any other provision in this Agreement, and the existence of any claim or cause of action by the Grantee against the Company, whether predicated on this Agreement or otherwise, regardless of who was at fault and regardless of any claims that either the Grantee or the Company may have against the other, shall not constitute a defense to the enforcement by the Company of any of the covenants set forth in this Section 9. The Company shall not be barred from enforcing any of the covenants set forth in this Section 9 by reason of any breach of (i) any other part of this Agreement, or (ii) any other agreement with the Grantee.

9.9The Company's failure to enforce any provision of this Section 9 shall not act as a waiver of that or any other provision. The Company's waiver of any breach of this Section 9 shall not act as a waiver of any other breach. The provisions of this Section 9 are severable. If any provision is determined to be invalid, illegal, or unenforceable, in whole or in part, then such provision shall be modified so as to be enforceable to the maximum extent permitted by law. If such provision cannot be modified to be enforceable, the provision shall be severed from this Agreement to the extent unenforceable. The remaining provisions and any partially enforceable provisions shall remain in full force and effect.

9.10Notwithstanding any other provision of this Agreement, nothing contained herein limits the Grantee's ability to file a charge or complaint with the Equal

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Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission (collectively, "Government Agencies"), and the Grantee is not prohibited from providing truthful testimony or accurate information in connection with any investigation being conducted into the business or operations of the Company by any Government Agency or other regulator that is responsible for enforcing a law on behalf of the government or otherwise providing information to the appropriate government regulatory agency or body regarding conduct or action undertaken or omitted to be taken by the Company that the Grantee reasonably believes is illegal or in material non-compliance with any financial disclosure or other regulatory requirement applicable to the Company, and for purposes of clarity, the Grantee is not prohibited from providing information voluntarily to

the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act. The Grantee is not required to obtain the approval of, or give notice to, the Company or any of its representatives to take any action permitted under this Section 9.10.

9.11 The laws of the State of Georgia shall govern the restrictive covenants set forth in this Section 9. If Georgia's conflict of law rules would apply another state's laws, the Company and Grantee agree that Georgia law shall still govern. Grantee further agrees that any and all claims arising out of or relating to this Section 9 shall solely and exclusively be (i) brought in the Superior Court of Cobb County, Georgia, or (ii) brought in or removed to the United States District Court for the Northern District of Georgia, Atlanta Division. Grantee consents to the personal jurisdiction of the courts identified above. Grantee also waives (a) any objection to jurisdiction or venue, or (b) any defense claiming lack of jurisdiction or venue, in any action brought in such courts.

10.Modification of Agreement

No provision of this Agreement may be materially amended or waived unless agreed to in writing and signed by the Committee (or its designee). Any such amendment to this Agreement that is materially adverse to the Grantee shall not be effective unless and until the Grantee consents, in writing, to such amendment (provided that any amendment that is required to comply with Code Section 409A or Section 10D of the Exchange Act shall be effective without consent). The failure to exercise, or any delay in exercising, any right, power or remedy under this Agreement shall not waive any right, power or remedy which the Company has under this Agreement.

11.Clawback

The Grantee acknowledges and agrees that the terms and conditions set forth in The Aaron's Company, Inc. Incentive-Based Compensation Recoupment Policy (as may be amended and restated from time to time, the "**Clawback Policy**") are incorporated in this Agreement by reference. To the extent the Clawback Policy is applicable to the Grantee, it creates additional rights for the Company with respect to this award of

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Performance Shares and Performance Units, Shares received upon the settlement of the Performance Shares, cash received upon the settlement of Performance Units, and other applicable compensation, including, without limitation, annual cash incentive compensation awards granted to the Grantee by the Company. Notwithstanding any provisions in this Agreement to the contrary, any award of Performance Shares or Performance Units granted under the Plan, Shares received upon the settlement of Performance Shares granted under the Plan, cash or other amounts received upon the settlement of Performance Units granted under the Plan and such other applicable compensation, including, without limitation, annual cash incentive compensation, will be subject to potential mandatory cancellation, forfeiture and/or repayment by the Grantee to the Company to the extent the Grantee is, or in the future becomes, subject to (a) any Company clawback or recoupment policy, including the Clawback Policy and any other policies that are adopted by the Company, whether to comply with the requirements of any applicable laws, rules, regulations, stock exchange listing standards or otherwise, or (b) any applicable laws that impose mandatory clawback or recoupment requirements under the circumstances set forth in such laws, including as required by the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or other applicable laws, rules, regulations or stock exchange listing standards, as may be in effect from time to time, and which may operate to create additional rights for the Company with respect to awards and the recovery of amounts relating thereto. By accepting the award of Performance Shares and Performance Units under the Plan and pursuant to this Agreement, the Grantee consents to be bound by the terms of the Clawback Policy, if applicable, and agrees and acknowledges that the Grantee is obligated to cooperate with, and provide any and all assistance necessary to, the Company in its efforts to recover or recoup the Performance Shares and Performance Units and Shares or cash received upon the settlement of the Performance Shares or Performance Units, any gains or earnings related to the Performance Shares or Performance Units or Shares or cash received upon the settlement thereof, or any other applicable compensation, including, without limitation, annual cash incentive compensation, that is subject to clawback or recoupment pursuant to such laws, rules, regulations, stock exchange listing standards or Company policy. Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to facilitate the recovery or recoupment by the Company from the Grantee of any such amounts, including from the Grantee's accounts or from any other compensation, to the extent permissible under Section 409A of the Code.

12.Severability

Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms. In the event it is determined by a court of competent jurisdiction that any restrictive covenant set forth in this Agreement is excessive in duration or scope or is otherwise unenforceable as drafted, it is the intent of the parties

that such restriction be modified by the court to render it enforceable to the maximum extent permitted by law.

13. Governing Law

The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Georgia without giving effect to the conflicts of laws principles thereof. Any action arising under or related to this Agreement shall be filed exclusively in the state or federal courts with jurisdiction over Cobb County, Georgia and each of the parties hereby consents to the jurisdiction and venue of such courts.

14. Successors in Interest

This Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns, and upon any Person acquiring, whether by merger, consolidation, reorganization, purchase of stock or assets, or otherwise, all or substantially all of the Company's assets and business. Without limiting Section 5 hereof, this Agreement shall inure to the benefit of the Grantee's legal representatives. Without limiting Section 5 hereof, all obligations imposed upon the Grantee and all rights granted to the Company under this Agreement shall be final, binding and conclusive upon the Grantee's heirs, executors, administrators and successors.

15. Resolution of Disputes

Any dispute or disagreement which may arise under, or as a result of, or in any way relate to the interpretation, construction or application of this Agreement shall be determined by the Committee. Any determination made by the Committee hereunder shall be final, binding and conclusive on the Grantee and the Company for all purposes.

16. Code Section 409A

To the extent applicable, this Agreement and this award of Performance Shares and Performance Units is intended to satisfy the requirements of Code Section 409A and any regulations or formal guidance that may be adopted thereunder from time to time ("**Code Section 409A**") and shall be interpreted by the Committee as it determines necessary or appropriate in accordance with Code Section 409A to avoid a plan failure under Code Section 409A(a)(1). In order to be exempt from, or comply with, Code Section 409A, (i) under all circumstances, and notwithstanding anything in this Agreement to the contrary, vested Performance Shares and Performance Units that have not otherwise been forfeited shall be settled within the short-term deferral period for purposes of Code Section 409A, and (ii) this Agreement is subject to the provisions of Section 18.13 of the Plan. This Section 16 does not create any obligation on the part of the Company to modify the terms of this Agreement or the Plan and does not guarantee that the Performance Shares, Performance Units or the delivery of Shares or cash upon settlement of the Performance Shares or Performance Units, as applicable,

will not be subject to taxes, interest and penalties or any other adverse tax consequences under Code Section 409A. The Company will have no liability to the Grantee or any other party if the Performance Shares, Performance Units, the delivery of Shares or cash upon settlement of the Performance Shares or Performance Units, as applicable, or any other payment hereunder that is intended to be exempt from, or compliant with, Code Section 409A, is not so exempt or compliant or for any action taken by the Committee with respect thereto.

17. Entire Agreement

This Agreement (including the Statement of Performance Goals attached hereto) constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and, effective as of the Grant Date, supersedes all prior or contemporaneous representations, warranties, understandings and agreements, written and oral, with respect to such subject matter. Notwithstanding the foregoing, the restrictive covenants in Section 9 of this Agreement do not supersede the restrictive covenants in any other types of agreements entered into between the Grantee and the Company, such as employment agreements.

[Signature Page Follows]

Exhibit 10.4.1

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

THE AARON'S COMPANY, INC.

By:

By signing below or by accepting this award of Performance Shares and Performance Units as evidenced by electronic means acceptable to the Committee, Grantee hereby (i) acknowledges that a copy of the Plan, the Plan Prospectus, the Clawback Policy and the Company's latest annual report to shareholders or annual report on Form 10-K are available in the Grantee's Document Library in their Merrill Lynch account, or upon request, (ii) represents that Grantee is familiar with the terms and provisions of this Agreement (including any terms and provisions incorporated in this Agreement by reference) and the Plan, and (iii) accepts the award of Performance Shares and Performance Units subject to all the terms and provisions of this Agreement (including any terms and provisions incorporated in this Agreement by reference) and the Plan using an online grant agreement/e-signature. Grantee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Compensation Committee of the Board of Directors upon any questions arising under the Plan. Grantee authorizes the Company to withhold from any compensation payable to Grantee, including by withholding Shares (with respect to the Performance Shares), in accordance with applicable law, any taxes required to be withheld by federal, state or local law as a result of the grant, vesting or settlement of the Performance Shares and Performance Units.

GRANTEE:

[GRANTEE NAME]

Exhibit 10.4.1

[STATEMENT OF PERFORMANCE GOALS TO BE ATTACHED]

Exhibit 10.4.2

THE AARON'S COMPANY, INC.

AMENDED AND RESTATED

2020 EQUITY AND INCENTIVE PLAN

PERFORMANCE SHARE AND PERFORMANCE UNIT AWARD AGREEMENT

THIS AGREEMENT (the "**Agreement**") is made and entered into as of [Agreement Date], by and between THE AARON'S COMPANY, INC. (the "**Company**") and the individual identified below (the "**Grantee**").

WITNESSETH:

WHEREAS, the Company maintains The Aaron's Company, Inc. Amended and Restated 2020 Equity and Incentive Plan (the "**Plan**"), and the Grantee has been selected by the Compensation Committee of the Board (the "**Committee**") to receive a grant of Performance Shares and Performance Units under the Plan, subject to the terms and conditions of the Plan and this Agreement;

NOW, THEREFORE, IT IS AGREED, by and between the Company and the Grantee, as follows:

Grantee: [Participant Name]

Target Award: [Award Granted] Performance Shares, and [Award Granted] Performance Units

Grant Date:[Grant Date]

Vesting Schedule:

Grantee will become vested in the Performance Shares and Performance Units covered by the Earned Award (as defined below) on March 7 of the third calendar year following the calendar year of the Grant Date, provided the Grantee remains continuously employed by the Company through such vesting date.

1.Award of Performance Shares and Performance Units

1.1The Company has granted to the Grantee for no purchase price the right to earn (a) shares of the Company's Common Stock, par value \$0.50 per share ("**Shares**") based upon satisfaction of certain performance conditions pursuant to the provisions and restrictions contained in the Plan and this Agreement (the "**Performance Shares**") and (b) a dollar amount in cash equivalent to \$1.00 for every performance unit earned based upon satisfaction of certain performance conditions pursuant to the provisions and restrictions contained in the Plan and this Agreement (the "**Performance Units**").

Exhibit 10.4.2

1.2This Agreement shall be construed in accordance and consistent with, and subject to, the provisions of the Plan (the provisions of which are incorporated herein by reference) and, except as otherwise expressly set forth herein, the capitalized terms used in this Agreement shall have the same definitions as set forth in the Plan. In the event of any conflict between this Agreement and the Plan, the Plan shall control. For purposes of this Agreement, employment with any Subsidiary of the Company shall be considered employment with the Company.

1.3This Award is conditioned on the Grantee's acceptance of this Agreement, including through an online or electronic acceptance method approved by the Company. If this Agreement is not properly accepted by the Grantee within ninety (90) days following the Grantee's receipt of the Agreement, it may be canceled by the Committee resulting in the immediate forfeiture of all Performance Shares and Performance Units.

2.Vesting

2.1**Performance Conditions.** Subject to the terms and conditions set forth herein and in Section 2.2 below, the Grantee will be eligible to earn from 0% to 200% of the Grantee's Target Award based on attainment of the Performance Measures (as defined and set forth in the Statement of Performance Goals approved by the Committee for this Award and thereafter communicated to the Grantee (the "**Statement of Performance Goals**") for the period beginning on January 1, 2024 and ending on December 31, 2026 (the "**Performance Period**"). If the Committee determines that the threshold level of performance for a Performance Measure was not achieved, the Grantee will immediately forfeit the Performance Shares and/or Performance Units (as applicable) with respect to such Performance Measure. If the Committee determines that at least the threshold level of performance for a Performance Measure was achieved, the Grantee will be eligible to earn a portion of the Performance Shares and/or Performance Units (as applicable) with respect to such Performance Measure as provided in the Statement of Performance Goals. The Committee will determine and certify the number of Performance Shares and Performance Units, if any, that the Grantee earns based on satisfaction of the Performance Measures as soon as practicable and within seventy-four (74) days following the end of the Performance Period (the "**Earned Award**"). In all cases, the number of Performance Shares and Performance Units, if any, in the Grantee's Earned Award will be rounded down to the nearest whole number of Performance Shares or Performance Units, as applicable (as necessary). Upon the Committee's determination of the Earned Award, the Grantee will immediately forfeit all Performance Shares and Performance Units other than the Earned Award. To become vested in the Earned Award, the Grantee must also satisfy the employment requirements of Section 2.2 below.

2.2Employment Requirements.

(a)**Vesting Schedule.** Except as provided in subsections 2.2(b) and (c) below, if the Grantee remains continuously employed with the Company or any

Subsidiary through the vesting date, the Grantee will vest with respect to the Earned Award on the vesting date set forth in the Vesting Schedule above.

(b) **Death or Disability.** If the Grantee's employment with the Company is terminated prior to the end of the Performance Period due to the Grantee's death or the Grantee becomes Disabled prior to the end of the Performance Period, the Grantee will vest in a pro rata portion of the Performance Shares and Performance Units (as determined pursuant to the Statement of Performance Goals) and will forfeit the remainder of the Performance Shares and Performance Units (if any).

(c) **Change in Control.** In the event of a Change in Control in which the Grantee receives a Replacement Award followed within two (2) years by a termination of the Grantee's employment by the Company without Cause prior to the end of the Performance Period or prior to the date the Committee determines the Earned Award, the Grantee shall vest in full in the Target Award (which shall be the Earned Award for the Grantee) as of the date of the Grantee's termination of employment. In the event of a Change in Control in which the Grantee receives a Replacement Award followed within two (2) years by a termination of the Grantee's employment by the Company without Cause after the date the Committee determines the Earned Award, the Grantee shall vest in the unvested portion of the Earned Award as of the date of the Grantee's termination of employment. In the event of a Change in Control in which the Grantee does not receive a Replacement Award, the Grantee shall vest in full in the Earned Award (or, if the Committee has not yet determined the Earned Award as of the Change in Control, in the Target Award (which shall be the Earned Award for the Grantee)), as of the date of such Change in Control, unless otherwise determined by the Committee.

(d) **Other Termination of Employment.** If the Grantee's employment with the Company terminates for any reason other than as provided in (b) or (c) above, the unvested portion of the Performance Shares and Performance Units will be forfeited on the Grantee's termination of employment.

3. Settlement

3.1 On, or as soon as practicable and no later than sixty (60) days after, the date a portion of the Earned Award vests in accordance with Section 2 above, the Company shall deliver to the Grantee (a) a number of Shares equal to the number of Performance Shares in the vested portion of the Earned Award and (b) \$1.00 in cash for every Performance Unit in the vested portion of the Earned Award. Notwithstanding the foregoing, in the event the Grantee's employment terminates due to death or the Grantee becomes Disabled, any earned Shares or cash amount (as determined pursuant to the Statement of Performance Goals) shall be delivered to Grantee (or Grantee's personal representative or Grantee's estate) no later than March 15 of the

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year following the year in which such Shares are no longer subject to a "substantial risk of forfeiture" for purposes of Code Section 409A.

3.2 The Company may deliver the Shares earned pursuant to this Agreement by the delivery of physical stock certificates or by certificateless book-entry issuance. The Company may, at the request of Grantee or the personal representative of Grantee's estate, deliver the Shares to the Grantee's or the estate's broker-dealer or similar custodian and/or issue the Shares in "street name," either by delivery of physical certificates or electronically. The Company will pay cash amounts earned and vested with respect to Performance Units through a regular paycheck of Grantee.

4. Stock; Dividends; Voting

4.1 Except as provided in Section 4.2, the Grantee shall not have voting or any other rights as a shareholder of the Company with respect to the Performance Shares until the date on which the Shares underlying the Performance Shares are issued or transferred to the Grantee. For the avoidance of doubt, the Grantee shall never have any voting or other rights as a shareholder of the Company with respect to the Performance Units.

4.2 The Performance Shares and the number of Shares issuable for each Performance Share and the other terms and conditions of the grant evidenced by this Agreement are subject to adjustment as provided in Section 4.3 of the Plan.

4.3 The issuance and transfer of Shares shall be subject to compliance by the Company and the Grantee with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's Shares may be listed. No Shares shall be issued or transferred unless and until any then applicable requirements of state and federal laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its counsel. The Grantee understands that the Company is under no obligation to register the shares of Common Stock with the Securities and Exchange Commission, any state securities commission or any stock exchange to effect such compliance. A legend may be placed on any certificate(s) or other document(s) delivered to the Grantee indicating restrictions on transferability of the Shares pursuant to this Agreement or any other restrictions that the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any applicable federal or state securities laws or any stock exchange on which the Company's Shares are then listed.

5. Nontransferability

Unless the Committee specifically determines otherwise, the Performance Shares and Performance Units are personal to the Grantee and neither the Performance Shares nor the Performance Units may be sold, assigned, transferred, pledged or otherwise encumbered other than by will or the laws of descent and distribution. Any such purported transfer or assignment shall be null and void.

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6. No Right to Continued Employment

Nothing in this Agreement or the Plan shall be interpreted or construed to confer upon the Grantee any right with respect to continuance of employment by the Company or a Subsidiary, nor shall this Agreement or the Plan interfere in any way with the right of the Company or a Subsidiary to terminate at any time the Grantee's employment, subject to Grantee's rights under this Agreement.

7. Taxes and Withholding

The Grantee shall be responsible for all federal, state and local income, employment and other taxes, domestic or foreign, payable with respect to this Award of Performance Shares and Performance Units, the delivery of Shares in satisfaction of the Performance Shares, the delivery of cash in satisfaction of the Performance Units or any other taxable event arising as a result of or in connection with the Performance Shares or Performance Units. Unless the Grantee otherwise provides for the satisfaction of the withholding requirements with the consent of the Committee in advance, (a) upon settlement of all or a portion of the Earned Award of Performance Shares, the Company shall withhold and cancel a number of Shares having a Fair Market Value equal to the amount of taxes required to be withheld based on the minimum statutory withholding rate (or, if elected by the Grantee, the applicable rate based on the aggregate withholding method) and (b) upon settlement of all or a portion of the Earned Award of Performance Units, the Company shall withhold from the cash amount otherwise payable in respect of such Performance Units any taxes required to be withheld. The Company shall have the right to retain and withhold from any payment or distribution to the Grantee the amount of taxes required by any government to be withheld or otherwise deducted and paid with respect to such payment. The Company may require Grantee to reimburse the Company for any such taxes required to be withheld and may withhold any payment or distribution in whole or in part until the Company is so reimbursed.

8. Plan Documents; Grantee Bound by the Plan

The Grantee hereby acknowledges that a copy of the Plan, the Plan Prospectus and the Company's latest annual report to shareholders or annual report on Form 10-K are available in the Grantee's Document Library in their Merrill Lynch account or upon request. Grantee agrees to be bound by all the terms and provisions of the Plan.

9. Restrictive Covenants

9.1 The Grantee acknowledges and agrees that: (a) the restrictions contained in this Section 9 are reasonable and necessary to protect the legitimate business interests of the Company, and they will not impair or infringe upon the Grantee's right to work or earn a living when the Grantee's employment with the Company ends for any reason; and (b) (i) The Grantee will (1) serve the Company as a Key Employee, and/or

(2) serve the Company as a Professional, and/or (3) customarily and regularly solicit Customers and/or Prospective Customers for the Company, and/or (4) customarily and regularly engage in making sales or obtaining orders or contracts for products or services to be provided or performed by others in the Company, and/or (5) (A) have a primary duty of managing a department or subdivision of the Company, (B) customarily and regularly direct the work of two or more other employees, and (C) have the authority to hire or fire other employees; and/or (ii) the Grantee's position is a position of trust and responsibility with access to (1) Confidential Information, (2) Trade Secrets, (3) information concerning Employees of the Company, (4) information concerning Customers of the Company, and/or (5) information concerning Prospective Customers of the Company. For purposes of this Section 9, references to the Company shall be deemed to include references to any Subsidiary or affiliate of the Company, for which the Grantee worked, had duties and responsibilities or had access to Confidential Information.

9.2 The Grantee hereby agrees that during the Grantee's employment with the Company and for one (1) year after the Grantee's employment with the Company ends for any reason, the Grantee will not, directly or indirectly, individually, or on behalf of any Person other than the Company:

(a) solicit, recruit, or induce any Employee to (i) terminate his or her employment relationship with the Company, or (ii) work for any other person or entity engaged in the Business; provided, however, that the foregoing restriction shall apply only to Employees (1) with whom the Grantee had Material Interaction, (2) the Grantee, directly or indirectly, supervised, or (3) for which the Grantee had access to Confidential Information regarding the Employee's performance or evaluations;

(b) solicit any Customer of the Company for the purpose of selling or providing any products or services competitive with the Business; provided, however, that the foregoing restriction shall apply only to those Customers (i) with whom or which the Grantee dealt on behalf of the Company, (ii) whose dealings with the Company were coordinated or supervised by the Grantee, (iii) about whom the Grantee obtained Confidential Information in the ordinary course of business as a result of the Grantee's association with the Company, or (iv) who receive products or services authorized by the Company, the sale or provision of which results or resulted in compensation, commissions, or earnings for the Grantee within two (2) years prior to the date of the Grantee's termination;

(c) solicit any Prospective Customer of the Company for the purpose of selling or providing any products or services competitive with the Business; provided, however, that the foregoing restriction shall apply only to those Prospective Customers (i) with whom or which the Grantee dealt on behalf of the Company, (ii) whose dealings with the Company were coordinated or supervised by the Grantee, or (iii) about whom the Grantee obtained Confidential Information in the

ordinary course of business as a result of the Grantee's association with the Company; or

(d) engage in the Business within the Territory. For purposes of the foregoing restriction, the term "engage in" shall include: (i) performing or participating in any activities which are the same as, or substantially similar to, activities which the Grantee performed or in which the Grantee participated, in whole or in part, for or on behalf of the Company; (ii) performing activities or services about which the Grantee obtained Confidential Information or Trade Secrets as a result of the Grantee's association with the Company; and/or (iii) interfering with or negatively impacting the business relationship between the Company and a Customer, Prospective Customer, vendor, supplier, consultant or any other third party about whom the Grantee obtained Confidential Information or Trade Secrets as a result of the Grantee's association with the Company.

9.3 The Grantee further agrees that the Grantee shall not: (i) use, disclose, reverse engineer, divulge, sell, exchange, furnish, give away, or transfer in any way the Trade Secrets or the Confidential Information for any purpose other than the Company's Business, except as authorized in writing by the Company; (ii) during the Grantee's employment with the Company, use, disclose, reverse engineer, divulge, sell, exchange, furnish, give away, or transfer in any way (a) any confidential information or trade secrets of any former employer or third party, or (b) any works of authorship developed in whole or in part by the Grantee during any former employment or for any other party, unless authorized in writing by the former employer

or third party; or (iii) upon the termination of the Grantee's employment for any reason, (a) retain any Trade Secrets or Confidential Information, including any copies existing in any form (including electronic form) that are in the Grantee's possession or control, or (b) destroy, delete, or alter the Trade Secrets or Confidential Information without the Company's prior written consent. The obligations under this Section 9 shall: (i) with regard to the Trade Secrets, remain in effect as long as the information constitutes a trade secret under applicable law; and (ii) with regard to the Confidential Information, remain in effect for so long as such information constitutes Confidential Information as defined in Section 9.5 below. The confidentiality, property, and proprietary rights protections available in this Section 9 are in addition to, and not exclusive of, any and all other rights to which the Company is entitled under federal and state law, including, but not limited to, rights provided under copyright laws, trade secret and confidential information laws, and laws concerning fiduciary duties. Notwithstanding anything to the contrary set forth in this Section 9, pursuant to the Defend Trade Secrets Act of 2016 (18 U.S.C. § 1833(b)(1)) (the "DTSA"), no individual shall be held criminally or civilly liable under federal or state law for the disclosure of a trade secret that: (1) is made (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, the DTSA provides that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the

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court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

9.4 The Grantee further agrees that, upon termination of employment with the Company for any reason whatsoever or upon the Company's request at any time, the Grantee will deliver promptly to the Company all materials (including electronically-stored materials), documents, plans, records, notes, or other papers, and any copies in the Grantee's possession or control, relating in any way to the Company's Business or containing any Confidential Information or Trade Secrets of the Company, which at all times shall be the property of the Company.

9.5 For purposes of this Section 9, the following terms shall have the meanings specified below:

(a) "**Business**" means (i) those activities, products, and services that are the same as or similar to the activities conducted and products and services offered and/or provided by the Company or its affiliates within two (2) years prior to termination of the Grantee's employment with the Company, as evidenced by the books and records of the Company; and (ii) the business of (1) retail selling, financing, renting, leasing, and/or selling new, rental or reconditioned residential furniture, consumer electronics, computers (including hardware, software, and accessories), appliances, household goods, home furnishings, and related equipment and accessories; provided, however, that for purposes of this Section 9, the Business shall not include selling new goods or merchandise by the Grantee or on behalf of or as an employee of any entity or individual that has no involvement in rental, leasing, rent-to-own, or similar activity related to such goods or merchandise either on its own, through a subsidiary or affiliated entity or person, or in partnership with any other entity or person; (2) designing, manufacturing, and/or reconditioning of residential furniture of a type especially suited to the leasing, rental, and sales business; and/or (3) providing web-based, virtual or remote lease-to-own programs or financing.

Companies engaged in the Business include, but are not limited to, the following entities and each of their subsidiaries, affiliates, franchisees, assigns and successors in interest or persons with any of the trade names below: AcceptanceNow; American First Finance, Inc.; American Rental; Arona Corporation; Arona PR, LLC; Bi-Rite Co., d/b/a Buddy's Home Furnishings; Best Buy Co., Inc. (including but not limited to any of its subsidiaries or parent companies); Bestway Rental, Inc.; Better Finance, Inc.; BillFloat; Bluestem Brands, Inc.; City Furniture; Conn's, Inc.; Costco Warehouse Corporation (including but not limited to any of its subsidiaries or parent companies); Crest Financial; Curacao Finance; Discovery Rentals; Easyhome, Inc.; Flexi Compras Corp.; FlexShopper LLC; Fortiva Financial, LLC; Genesis Financial Solutions, Inc.; Lendmark Financial Services, Inc.; Mariner Finance, LLC; Merchants Preferred Lease-Purchase Services; New Avenues, LLC; Okinus; Premier Rental-Purchase, Inc.; Progressive Leasing, LLC (including but not limited to any

of its subsidiaries or parent companies); OneMain Financial Holdings, Inc.; Purchasing Power, LLC; Regional Management Corp.; Rent-A-Center, Inc. (including, but not limited to, Colortyme); Rooms To Go; Santander Consumer USA Inc.; Smart Pay Leasing, Inc.; Springleaf Financial and/or the franchisees of the Springleaf Financial; Tidewater Finance Company; Tempoe LLC; and WhyNotLeaseIt.

(b) **"Confidential Information"** means (i) information of the Company or its affiliates, to the extent not considered a Trade Secret under applicable law, that (1) relates to the business of the Company or its affiliates, (2) was disclosed to the Grantee or of which the Grantee became aware of as a consequence of the Grantee's relationship with the Company, (3) possesses an element of value to the Company, and (4) is not generally known to the Company's competitors, and (ii) information of any third party provided to the Company which the Company is obligated to treat as confidential, including, but not limited to, information provided to the Company by its licensors, suppliers, or customers. Confidential Information includes, but is not limited to, (i) methods of operation, (ii) price lists, (iii) financial information and projections, (iv) personnel data, (v) future business plans, (vi) the composition, description, schematic or design of products, future products or equipment of the Company or any third party, (vii) work product, (viii) advertising or marketing plans, and (ix) information regarding independent contractors, employees, clients, licensors, suppliers, Customers, Prospective Customers, or any third party, including, but not limited to, the names of Customers and Prospective Customers, Customer and Prospective Customer lists compiled by the Company, and Customer and Prospective Customer information compiled by the Company. Confidential Information shall not include any information that (x) is or becomes generally available to the public other than as a result of an unauthorized disclosure, (y) has been independently developed and disclosed by others without violating this Agreement or the legal rights of any party, or (z) otherwise enters the public domain through lawful means.

(c) **"Customer"** means any person or entity to which the Company has sold its products or services.

(d) **"Employee"** means any person who (i) is employed by the Company at the time the Grantee's employment with the Company ends, or (ii) was employed by the Company during the last year of the Grantee's employment with the Company (or during the Grantee's employment if employed less than a year).

(e) **"Key Employee"** means that, by reason of the Company's investment of time, training, money, trust, exposure to the public, or exposure to Customers, vendors, or other business relationships during the course of the Grantee's employment with the Company, the Grantee will gain a high level of notoriety, fame, reputation, or public persona as the Company's representative or spokesperson, or will gain a high level of influence or credibility with the Company's Customers, vendors, or other business relationships, or will be

intimately involved in the planning for or direction of the business of the Company or a defined unit of the business of the Company. Such term also means that the Grantee will possess selective or specialized skills, learning, or abilities or customer contacts or customer information by reason of having worked for the Company.

(f) **"Material Interaction"** means any interaction with an Employee which relates or related, directly or indirectly, to the performance of the Grantee's duties or the Employee's duties for the Company.

(g) **"Person"** has the meaning ascribed to such term in the Plan. For the avoidance of doubt, a Person shall include any individual, corporation, bank, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or other entity.

(h) **"Professional"** means an employee who has a primary duty the performance of work requiring knowledge of an advanced type in a field of science or learning customarily acquired by a prolonged course of specialized intellectual instruction or requiring invention, imagination, originality, or talent in a recognized field of artistic or creative endeavor. Such term shall not include employees performing technician work using knowledge acquired through on-the-job and classroom training, rather than by acquiring the knowledge through prolonged academic study, such as might be performed, without limitation, by a mechanic, a manual laborer, or a ministerial employee.

(i) **"Prospective Customer"** means any person or entity to which the Company has solicited to purchase the Company's products or services.

(j) **"Territory"** means, (i) with respect to a Grantee who is a corporate employee, the United States of America (including the following states: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming, as well as the District of Columbia); and/or (ii) with respect to a Grantee whose duties relate only to certain store locations, regions, or divisions, the State(s) in which the Grantee performed services for or on behalf of the Company during the last two (2) years of the Grantee's employment with the Company (or during the Grantee's employment if employed less than two (2) years), or the State(s) in which the Company operated the Business and about which the Grantee had access to Confidential Information or Trade Secrets regarding those operations. The Grantee agrees that the Company conducts the Company's Business in the Territory.

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Because the Company will provide the Grantee with access to the Company's Confidential Information, Trade Secrets, and valuable information concerning employees, Customers, and Prospective Customers of the Company, and because the Company considers promotions and transfers, and contemplates expansion to new geographic areas, the parties acknowledge and agree that the Territory described above (1) represents a good faith estimate of the geographic areas that may be applicable at the time of termination of the Grantee's employment; (2) shall be construed ultimately to cover only so much of such estimate as relates to the geographic areas actually involved within a reasonable period of time prior to the Grantee's termination; and (3) is drafted in such a way that a court may modify the definition and grant only the relief reasonably necessary to protect such legitimate business interests.

(k) **"Trade Secrets"** means information of the Company, and its licensors, suppliers, clients, and customers, without regard to form, including, but not limited to, technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, a list of actual customers, clients, licensors, or suppliers, or a list of potential customers, clients, licensors, or suppliers which is not commonly known by or available to the public and which information (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

9.6 If, during Grantee's employment with the Company or at any time during the restrictive periods described above, the Grantee violates the restrictive covenants set forth in this Section 9, then the Committee may, notwithstanding any other provision in this Agreement to the contrary, cancel any Performance Shares or Performance Units outstanding under this Agreement that have not yet vested. The Grantee agrees that this Section 9 shall survive the termination of his or her employment.

9.7 If the Grantee breaches or threatens to breach any portion of this Section 9, the Grantee agrees that: (a) the Company would suffer irreparable harm; (b) it would be difficult to determine damages, and money damages alone would be an inadequate remedy for the injuries suffered by the Company; and (c) if the Company seeks injunctive relief to enforce any of the covenants set forth in this Section 9, the Grantee shall waive and shall not (i) assert any defense that the Company has an adequate remedy at law with respect to the breach, (ii) require that the Company submit proof of the economic value of any Trade Secret or Confidential Information, or (iii) require the Company to post a bond or any other security. Nothing contained in this Section 9 or this Agreement shall limit the Company's right to any other remedies at law or in equity.

9.8 The parties agree that each of the covenants set forth in this Section 9 shall be construed as an agreement independent of (i) any other agreements, or (ii) any other provision in this Agreement, and the existence of any claim or cause of action by

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the Grantee against the Company, whether predicated on this Agreement or otherwise, regardless of who was at fault and regardless of any claims that either the Grantee or the Company may have against the other, shall not constitute a defense to the enforcement by the Company of any of the covenants set forth in this Section 9. The Company shall not be barred from enforcing any of the covenants set forth in this Section 9 by reason of any breach of (i) any other part of this Agreement, or (ii) any other agreement with the Grantee.

9.9 The Company's failure to enforce any provision of this Section 9 shall not act as a waiver of that or any other provision. The Company's waiver of any breach of this Section 9 shall not act as a waiver of any other breach. The provisions of this Section 9 are severable. If any provision is determined to be invalid, illegal, or unenforceable, in whole or in part, then such provision shall be modified so as to be enforceable to the maximum extent permitted by law. If such provision cannot be modified to be enforceable, the provision shall be severed from this Agreement to the extent unenforceable. The remaining provisions and any partially enforceable provisions shall remain in full force and effect.

9.10 Notwithstanding any other provision of this Agreement, nothing contained herein limits the Grantee's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission (collectively, "**Government Agencies**"), and the Grantee is not prohibited from providing truthful testimony or accurate information in connection with any investigation being conducted into the business or operations of the Company by any Government Agency or other regulator that is responsible for enforcing a law on behalf of the government or otherwise providing information to the appropriate government regulatory agency or body regarding conduct or action undertaken or omitted to be taken by the Company that the Grantee reasonably believes is illegal or in material non-compliance with any financial disclosure or other regulatory requirement applicable to the Company, and for purposes of clarity, the Grantee is not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act. The Grantee is not required to obtain the approval of, or give notice to, the Company or any of its representatives to take any action permitted under this Section 9.10.

9.11 The laws of the State of Georgia shall govern the restrictive covenants set forth in this Section 9. If Georgia's conflict of law rules would apply another state's laws, the Company and Grantee agree that Georgia law shall still govern. Grantee further agrees that any and all claims arising out of or relating to this Section 9 shall solely and exclusively be (i) brought in the Superior Court of Cobb County, Georgia, or (ii) brought in or removed to the United States District Court for the Northern District of Georgia, Atlanta Division. Grantee consents to the personal jurisdiction of the courts identified above. Grantee also waives (a) any objection to jurisdiction or venue, or (b) any defense claiming lack of jurisdiction or venue, in any action brought in such courts.

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10. Modification of Agreement

No provision of this Agreement may be materially amended or waived unless agreed to in writing and signed by the Committee (or its designee). Any such amendment to this Agreement that is materially adverse to the Grantee shall not be effective unless and until the Grantee consents, in writing, to such amendment (provided that any amendment that is required to comply with Code Section 409A or Section 10D of the Exchange Act shall be effective without consent). The failure to exercise, or any delay in exercising, any right, power or remedy under this Agreement shall not waive any right, power or remedy which the Company has under this Agreement.

11. Clawback

The Grantee acknowledges and agrees that the terms and conditions set forth in The Aaron's Company, Inc. Incentive-Based Compensation Recoupment Policy (as may be amended and restated from time to time, the "**Clawback Policy**") are incorporated in this Agreement by reference. To the extent the Clawback Policy is applicable to the Grantee, it creates additional rights for the Company with respect to this award of Performance Shares and Performance Units, Shares received upon the settlement of the Performance Shares, cash received upon the settlement of Performance Units, and other applicable compensation, including, without limitation, annual cash incentive compensation awards granted to the Grantee by the Company. Notwithstanding any provisions in this Agreement to the contrary, any award of Performance Shares or Performance Units granted under the Plan, Shares received upon the settlement of Performance Shares granted under the Plan, cash or other amounts received upon the settlement of Performance Units granted under the Plan and such other applicable compensation, including, without limitation, annual cash incentive compensation, will be subject to potential mandatory cancellation, forfeiture and/or repayment by the Grantee to the Company to the extent the Grantee is, or in the future becomes, subject to (a) any Company clawback or recoupment policy, including the Clawback Policy and any other policies that are adopted by the Company, whether to comply with the requirements of any applicable laws, rules, regulations, stock exchange listing standards or otherwise, or (b)

any applicable laws that impose mandatory clawback or recoupment requirements under the circumstances set forth in such laws, including as required by the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or other applicable laws, rules, regulations or stock exchange listing standards, as may be in effect from time to time, and which may operate to create additional rights for the Company with respect to awards and the recovery of amounts relating thereto. By accepting the award of Performance Shares and Performance Units under the Plan and pursuant to this Agreement, the Grantee consents to be bound by the terms of the Clawback Policy, if applicable, and agrees and acknowledges that the Grantee is obligated to cooperate with, and provide any and all assistance necessary to, the Company in its efforts to recover or recoup the Performance Shares and Performance Units and Shares or cash received upon the settlement of the Performance Shares or Performance Units, any gains or earnings related to the Performance Shares or

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Performance Units or Shares or cash received upon the settlement thereof, or any other applicable compensation, including, without limitation, annual cash incentive compensation, that is subject to clawback or recoupment pursuant to such laws, rules, regulations, stock exchange listing standards or Company policy. Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to facilitate the recovery or recoupment by the Company from the Grantee of any such amounts, including from the Grantee's accounts or from any other compensation, to the extent permissible under Section 409A of the Code.

12. Severability

Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms. In the event it is determined by a court of competent jurisdiction that any restrictive covenant set forth in this Agreement is excessive in duration or scope or is otherwise unenforceable as drafted, it is the intent of the parties that such restriction be modified by the court to render it enforceable to the maximum extent permitted by law.

13. Governing Law

The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Georgia without giving effect to the conflicts of laws principles thereof. Any action arising under or related to this Agreement shall be filed exclusively in the state or federal courts with jurisdiction over Cobb County, Georgia and each of the parties hereby consents to the jurisdiction and venue of such courts.

14. Successors in Interest

This Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns, and upon any Person acquiring, whether by merger, consolidation, reorganization, purchase of stock or assets, or otherwise, all or substantially all of the Company's assets and business. Without limiting Section 5 hereof, this Agreement shall inure to the benefit of the Grantee's legal representatives. Without limiting Section 5 hereof, all obligations imposed upon the Grantee and all rights granted to the Company under this Agreement shall be final, binding and conclusive upon the Grantee's heirs, executors, administrators and successors.

15. Resolution of Disputes

Any dispute or disagreement which may arise under, or as a result of, or in any way relate to the interpretation, construction or application of this Agreement shall be determined by the Committee. Any determination made by the Committee hereunder shall be final, binding and conclusive on the Grantee and the Company for all purposes.

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16. Code Section 409A

To the extent applicable, this Agreement and this award of Performance Shares and Performance Units is intended to satisfy the requirements of Code Section 409A and any regulations or formal guidance that may be adopted thereunder from time to time ("Code Section 409A") and shall be interpreted by the Committee as it determines necessary or appropriate in accordance with Code Section 409A to avoid a plan failure under Code Section 409A(a)(1). In order to be exempt from, or comply with, Code Section 409A, (i) under all circumstances, and notwithstanding anything in this Agreement to the contrary, vested Performance Shares and Performance Units that have not otherwise been forfeited shall be settled within the short-term deferral period for purposes of Code Section 409A, and (ii) this Agreement is subject to the provisions of Section 18.13 of the Plan. This Section 16 does not create any obligation on the part of the Company to modify the terms of this Agreement or the Plan and does not guarantee that the Performance Shares, Performance Units or the delivery of Shares or cash upon settlement of the Performance Shares or Performance Units, as applicable, will not be subject to taxes, interest and penalties or any other adverse tax consequences under Code Section 409A. The Company will have no liability to the Grantee or any other party if the Performance Shares, Performance Units, the delivery of Shares or cash upon settlement of the Performance Shares or Performance Units, as applicable, or any other payment hereunder that is intended to be exempt from, or compliant with, Code Section 409A, is not so exempt or compliant or for any action taken by the Committee with respect thereto.

17. Entire Agreement

This Agreement (including the Statement of Performance Goals attached hereto) constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and, effective as of the Grant Date, supersedes all prior or contemporaneous representations, warranties, understandings and agreements, written and oral, with respect to such subject matter. Notwithstanding the foregoing, the restrictive covenants in Section 9 of this Agreement do not supersede the restrictive covenants in any other types of agreements entered into between the Grantee and the Company, such as employment agreements.

[Signature Page Follows]

Exhibit 10.4.2

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

THE AARON'S COMPANY, INC.

By:

By signing below or by accepting this award of Performance Shares and Performance Units as evidenced by electronic means acceptable to the Committee, Grantee hereby (i) acknowledges that a copy of the Plan, the Plan Prospectus, the Clawback Policy and the Company's latest annual report to shareholders or annual report on Form 10-K are available in the Grantee's Document Library in their Merrill Lynch account, or upon request, (ii) represents that Grantee is familiar with the terms and provisions of this Agreement (including any terms and provisions incorporated in this Agreement by reference) and the Plan, and (iii) accepts the award of Performance Shares and Performance Units subject to all the terms and provisions of this Agreement (including any terms and provisions incorporated in this Agreement by reference) and the Plan using an online grant agreement/e-signature. Grantee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Compensation Committee of the Board of Directors upon any questions arising under the Plan. Grantee authorizes the Company to withhold from any compensation payable to Grantee, including by withholding Shares (with respect to the Performance Shares), in accordance with applicable law, any taxes required to be withheld by federal, state or local law as a result of the grant, vesting or settlement of the Performance Shares and Performance Units.

GRANTEE:

[GRANTEE NAME]

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[STATEMENT OF PERFORMANCE GOALS TO BE ATTACHED]

THE AARON'S COMPANY, INC.
 AMENDED AND RESTATED
 2020 EQUITY AND INCENTIVE PLAN
 PERFORMANCE SHARE AWARD AGREEMENT

THIS AGREEMENT (the "**Agreement**") is made and entered into as of [Agreement Date], by and between THE AARON'S COMPANY, INC. (the "**Company**") and the individual identified below (the "**Grantee**").

WITNESSETH:

WHEREAS, the Company maintains The Aaron's Company, Inc. Amended and Restated 2020 Equity and Incentive Plan (the "**Plan**"), and the Grantee has been selected by the Compensation Committee of the Board (the "**Committee**") to receive a grant of Performance Shares under the Plan, subject to the terms and conditions of the Plan and this Agreement;

NOW, THEREFORE, IT IS AGREED, by and between the Company and the Grantee, as follows:

Grantee: [Participant Name]

Target Award: [Award Granted] Performance Shares

Grant Date: [Grant Date]

Vesting Schedule:

Grantee will become vested in the Performance Shares covered by the Earned Award (as defined below) on March 7 of the third calendar year following the calendar year of the Grant Date, provided the Grantee remains continuously employed by the Company through such vesting date.

1. Award of Performance Shares

1.1 The Company has granted to the Grantee for no purchase price the right to earn shares of the Company's Common Stock, par value \$0.50 per share ("**Shares**") based upon satisfaction of certain performance conditions pursuant to the provisions and restrictions contained in the Plan and this Agreement (the "**Performance Shares**").

1.2 This Agreement shall be construed in accordance and consistent with, and subject to, the provisions of the Plan (the provisions of which are incorporated herein by reference) and, except as otherwise expressly set forth herein, the capitalized terms

used in this Agreement shall have the same definitions as set forth in the Plan. In the event of any conflict between this Agreement and the Plan, the Plan shall control. For purposes of this Agreement, employment with any Subsidiary of the Company shall be considered employment with the Company.

1.3 This Award is conditioned on the Grantee's acceptance of this Agreement, including through an online or electronic acceptance method approved by the Company. If this Agreement is not properly accepted by the Grantee within one (1) month of the Grantee's receipt of the Agreement, it may be canceled by the Committee resulting in the immediate forfeiture of all Performance Shares.

2. Vesting

2.1 **Performance Conditions.** Subject to the terms and conditions set forth herein and in Section 2.2 below, the Grantee will be eligible to earn from 0% to 200% of the Grantee's Target Award based on attainment of the Performance Measures (as defined and set forth in the Statement of Performance Goals approved by the Committee for the Performance Shares and thereafter communicated to the Grantee (the "**Statement of Performance Goals**") for the period beginning on January 1, 2023 and ending on December 31, 2025 (the "**Performance Period**"). If the Committee determines that the threshold level of performance for a Performance Measure was not achieved, the Grantee will immediately forfeit the Performance Shares with respect to such Performance Measure. If the Committee determines that at least the threshold level of performance for a Performance

Measure was achieved, the Grantee will be eligible to earn a portion of the Performance Shares as provided in the Statement of Performance Goals. The Committee will determine and certify the number of Performance Shares, if any, that the Grantee earns based on satisfaction of the Performance Measures as soon as practicable and within seventy-four (74) days following the end of the Performance Period (the “**Earned Award**”). In all cases, the number of Performance Shares, if any, in the Grantee’s Earned Award will be rounded down to the nearest whole number of Performance Shares (as necessary). Upon the Committee’s determination of the Earned Award, the Grantee will immediately forfeit all Performance Shares other than the Earned Award. To become vested in the Earned Award, the Grantee must also satisfy the employment requirements of Section 2.2 below.

2.2 Employment Requirements.

(a) **Vesting Schedule.** Except as provided in subsections 2.2(b) and (c) below, if the Grantee remains continuously employed with the Company or any Subsidiary through the vesting date, the Grantee will vest with respect to the Earned Award on the vesting date set forth in the Vesting Schedule above.

(b) **Death or Disability.** If the Grantee’s employment with the Company is terminated prior to the end of the Performance Period due to the Grantee’s death or the Grantee becomes Disabled prior to the end of the Performance

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Period, the Grantee will vest in a pro rata portion of the Performance Shares (as determined pursuant to the Statement of Performance Goals) and will forfeit the remainder of the Performance Shares (if any).

(c) **Change in Control.** In the event of a Change in Control in which the Grantee receives a Replacement Award followed within two (2) years by (A) a termination of the Grantee’s employment by the Company without Cause prior to the end of the Performance Period or prior to the date the Committee determines the Earned Award, or (B) initiation of the Good Reason Process by written notice of a Good Reason condition by the Grantee to the Company which subsequently results in a termination of the Grantee’s employment by the Grantee for Good Reason prior to the end of the Performance Period or prior to the date the Committee determines the Earned Award, the Grantee shall vest in full in the Target Award (which shall be the Earned Award for the Grantee) as of the date of the Grantee’s termination of employment. In the event of a Change in Control in which the Grantee receives a Replacement Award followed within two (2) years by (A) a termination of the Grantee’s employment by the Company without Cause after the date the Committee determines the Earned Award, or (B) initiation of the Good Reason Process by written notice of a Good Reason condition by the Grantee to the Company which subsequently results in a termination of the Grantee’s employment by the Grantee for Good Reason after the date the Committee determines the Earned Award, the Grantee shall vest in the unvested portion of the Earned Award as of the date of the Grantee’s termination of employment. For purposes of this Agreement, (1) “**Good Reason**” shall mean that Grantee has complied with the Good Reason Process following the occurrence of any of the following events or actions: (i) any material reduction in Grantee’s base salary, unless a similar reduction is made in the base salary of all similarly situated executives, (ii) any material reduction in Grantee’s authority, duties or responsibilities, (iii) any material change in the geographic location at which Grantee must perform Grantee’s duties, or (iv) any material breach of any written agreement with the Company by the Company; and (2) “**Good Reason Process**” shall mean that (i) Grantee reasonably determines in good faith that a Good Reason condition has occurred, (ii) Grantee notifies the Company in writing of the first occurrence of the Good Reason condition within sixty (60) days after the first occurrence of such condition, (iii) Grantee cooperates in good faith with the Company’s efforts, for a period not less than thirty (30) days following such notice (the “**Cure Period**”) to remedy the condition, (iv) notwithstanding such efforts, the Good Reason condition continues to exist, and (v) Grantee terminates employment within sixty (60) days after the end of the Cure Period; *provided, however*, if the Company cures the Good Reason condition during the Cure Period, Good Reason shall be deemed not to have occurred. In the event of a Change in Control in which the Grantee does not receive a Replacement Award, the Grantee shall vest in full in the Earned Award (or, if the Committee has not yet determined the Earned Award as of the Change in Control, in the Target Award (which shall be the Earned Award for the

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Grantee)), as of the date of such Change in Control, unless otherwise determined by the Committee.

(d) **Other Termination of Employment.** If the Grantee's employment with the Company terminates for any reason other than as provided in (b) or (c) above, the unvested portion of the Performance Shares will be forfeited on the Grantee's termination of employment.

3.Settlement

3.1 On, or as soon as practicable and no later than sixty (60) days after, the date a portion of the Earned Award vests in accordance with Section 2 above, the Company shall deliver to the Grantee a number of Shares equal to the number of Shares in the vested portion of the Earned Award. Notwithstanding the foregoing, in the event the Grantee's employment terminates due to death or the Grantee becomes Disabled, any earned Shares (as determined pursuant to the Statement of Performance Goals) shall be delivered to Grantee (or Grantee's personal representative or Grantee's estate) no later than March 15 of the year following the year in which such Shares are no longer subject to a "substantial risk of forfeiture" for purposes of Code Section 409A.

3.2 The Company may deliver the Shares by the delivery of physical stock certificates or by certificateless book-entry issuance. The Company may, at the request of Grantee or the personal representative of Grantee's estate, deliver the Shares to the Grantee or the estate's broker-dealer or similar custodian and/or issue the Shares in "street name," either by delivery of physical certificates or electronically.

4.Stock; Dividends; Voting

4.1 Except as provided in Section 4.2, the Grantee shall not have voting or any other rights as a shareholder of the Company with respect to the Performance Shares until the date on which the Shares underlying the Performance Shares are issued or transferred to the Grantee.

4.2 The Performance Shares and the number of Shares issuable for each Performance Share and the other terms and conditions of the grant evidenced by this Agreement are subject to adjustment as provided in Section 4.3 of the Plan.

4.3 The issuance and transfer of Shares shall be subject to compliance by the Company and the Grantee with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's Shares may be listed. No Shares shall be issued or transferred unless and until any then applicable requirements of state and federal laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its counsel. The Grantee understands that the Company is under no obligation to register the shares of Common Stock with the Securities and Exchange Commission, any state securities commission or any stock exchange to effect such compliance. A legend may be placed on any certificate(s) or other document(s) delivered to the Grantee indicating restrictions

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on transferability of the Shares pursuant to this Agreement or any other restrictions that the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any applicable federal or state securities laws or any stock exchange on which the Company's Shares are then listed.

5.Nontransferability

Unless the Committee specifically determines otherwise, the Performance Shares are personal to the Grantee and the Performance Shares may not be sold, assigned, transferred, pledged or otherwise encumbered other than by will or the laws of descent and distribution. Any such purported transfer or assignment shall be null and void.

6.No Right to Continued Employment

Nothing in this Agreement or the Plan shall be interpreted or construed to confer upon the Grantee any right with respect to continuance of employment by the Company or a Subsidiary, nor shall this Agreement or the Plan interfere in any way with the right of the Company or a Subsidiary to terminate at any time the Grantee's employment, subject to Grantee's rights under this Agreement.

7.Taxes and Withholding

The Grantee shall be responsible for all federal, state and local income, employment and other taxes, domestic or foreign, payable with respect to this Award of Performance Shares, the delivery of Shares in satisfaction of the Performance Shares, or any other taxable event arising as a result of or in connection with the Performance Shares. Unless the Grantee otherwise provides for the satisfaction of the withholding requirements with the consent of the Committee in advance, upon vesting of all or a portion of the Earned Award of Performance Shares, the Company shall withhold and cancel a number of Shares having a Fair Market Value equal to the amount of taxes required to be withheld based on the minimum statutory withholding rate (or, if elected by the Grantee, the applicable rate based on the aggregate withholding method). The Company shall have the right to retain and withhold from any payment or distribution to the Grantee the amount of taxes required by any government to be withheld or otherwise deducted and paid with respect to such payment. The Company may require Grantee to reimburse the Company for any such taxes required to be withheld and may withhold any payment or distribution in whole or in part until the Company is so reimbursed.

8. Plan Documents; Grantee Bound by the Plan

The Grantee hereby acknowledges that a copy of the Plan, the Plan Prospectus and the Company's latest annual report to shareholders or annual report on Form 10-K are available on the Company's intranet site or upon request. Grantee agrees to be bound by all the terms and provisions of the Plan.

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9. Restrictive Covenants

9.1 The Grantee acknowledges and agrees that: (a) the restrictions contained in this Section 9 are reasonable and necessary to protect the legitimate business interests of the Company, and they will not impair or infringe upon the Grantee's right to work or earn a living when the Grantee's employment with the Company ends for any reason; and (b) (i) The Grantee will (1) serve the Company as a Key Employee, and/or (2) serve the Company as a Professional, and/or (3) customarily and regularly solicit Customers and/or Prospective Customers for the Company, and/or (4) customarily and regularly engage in making sales or obtaining orders or contracts for products or services to be provided or performed by others in the Company, and/or (5) (A) have a primary duty of managing a department or subdivision of the Company, (B) customarily and regularly direct the work of two or more other employees, and (C) have the authority to hire or fire other employees; and/or (ii) the Grantee's position is a position of trust and responsibility with access to (1) Confidential Information, (2) Trade Secrets, (3) information concerning Employees of the Company, (4) information concerning Customers of the Company, and/or (5) information concerning Prospective Customers of the Company. For purposes of this Section 9, references to the Company shall be deemed to include references to any Subsidiary or affiliate of the Company, for which the Grantee worked, had duties and responsibilities or had access to Confidential Information.

9.2 The Grantee hereby agrees that during the Grantee's employment with the Company and for one (1) year after the Grantee's employment with the Company ends for any reason, the Grantee will not, directly or indirectly, individually, or on behalf of any Person other than the Company:

(a) solicit, recruit, or induce any Employee to (i) terminate his or her employment relationship with the Company, or (ii) work for any other person or entity engaged in the Business; provided, however, that the foregoing restriction shall apply only to Employees (1) with whom the Grantee had Material Interaction, (2) the Grantee, directly or indirectly, supervised, or (3) for which the Grantee had access to Confidential Information regarding the Employee's performance or evaluations;

(b) solicit any Customer of the Company for the purpose of selling or providing any products or services competitive with the Business; provided, however, that the foregoing restriction shall apply only to those Customers (i) with whom or which the Grantee dealt on behalf of the Company, (ii) whose dealings with the Company were coordinated or supervised by the Grantee, (iii) about whom the Grantee obtained Confidential Information in the ordinary course of business as a result of the Grantee's association with the Company, or (iv) who receive products or services authorized by the Company, the sale or provision of which results or resulted in compensation, commissions, or earnings for the Grantee within two (2) years prior to the date of the Grantee's termination;

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(c) solicit any Prospective Customer of the Company for the purpose of selling or providing any products or services competitive with the Business; provided, however, that the foregoing restriction shall apply only to those Prospective Customers (i) with whom or which the Grantee dealt on behalf of the Company, (ii) whose dealings with the Company were coordinated or supervised by the Grantee, or (iii) about whom the Grantee obtained Confidential Information in the ordinary course of business as a result of the Grantee's association with the Company; or

(d) engage in the Business within the Territory. For purposes of the foregoing restriction, the term "engage in" shall include: (i) performing or participating in any activities which are the same as, or substantially similar to, activities which the Grantee performed or in which the Grantee participated, in whole or in part, for or on behalf of the Company; (ii) performing activities or services about which the Grantee obtained Confidential Information or Trade Secrets as a result of the Grantee's association with the Company; and/or (iii) interfering with or negatively impacting the business relationship between the Company and a Customer, Prospective Customer, vendor, supplier, consultant or any other third party about whom the Grantee obtained Confidential Information or Trade Secrets as a result of the Grantee's association with the Company.

9.3 The Grantee further agrees that the Grantee shall not: (i) use, disclose, reverse engineer, divulge, sell, exchange, furnish, give away, or transfer in any way the Trade Secrets or the Confidential Information for any purpose other than the Company's Business, except as authorized in writing by the Company; (ii) during the Grantee's employment with the Company, use, disclose, reverse engineer, divulge, sell, exchange, furnish, give away, or transfer in any way (a) any confidential information or trade secrets of any former employer or third party, or (b) any works of authorship developed in whole or in part by the Grantee during any former employment or for any other party, unless authorized in writing by the former employer or third party; or (iii) upon the termination of the Grantee's employment for any reason, (a) retain any Trade Secrets or Confidential Information, including any copies existing in any form (including electronic form) that are in the Grantee's possession or control, or (b) destroy, delete, or alter the Trade Secrets or Confidential Information without the Company's prior written consent. The obligations under this Section 9 shall: (i) with regard to the Trade Secrets, remain in effect as long as the information constitutes a trade secret under applicable law; and (ii) with regard to the Confidential Information, remain in effect for so long as such information constitutes Confidential Information as defined in Section 9.5 below. The confidentiality, property, and proprietary rights protections available in this Section 9 are in addition to, and not exclusive of, any and all other rights to which the Company is entitled under federal and state law, including, but not limited to, rights provided under copyright laws, trade secret and confidential information laws, and laws concerning fiduciary duties. Notwithstanding anything to the contrary set forth in this Section 9, pursuant to the Defend Trade Secrets Act of 2016 (18 U.S.C. § 1833(b)(1)) (the "DTSA"), no individual shall be held criminally or civilly liable under federal or state law for the disclosure of a trade secret that: (1) is made (x) in confidence to a federal, state,

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or local government official, either directly or indirectly, or to an attorney; and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, the DTSA provides that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

9.4 The Grantee further agrees that, upon termination of employment with the Company for any reason whatsoever or upon the Company's request at any time, the Grantee will deliver promptly to the Company all materials (including electronically-stored materials), documents, plans, records, notes, or other papers, and any copies in the Grantee's possession or control, relating in any way to the Company's Business or containing any Confidential Information or Trade Secrets of the Company, which at all times shall be the property of the Company.

9.5 For purposes of this Section 9, the following terms shall have the meanings specified below:

(a) "**Business**" means (i) those activities, products, and services that are the same as or similar to the activities conducted and products and services offered and/or provided by the Company or its affiliates within two (2) years prior to termination of the Grantee's employment with the Company, as evidenced by the books and records of the Company; and (ii) the business of (1) retail selling, financing, renting, leasing, and/or selling new, rental or reconditioned residential furniture, consumer electronics, computers (including hardware, software, and accessories), appliances, household goods, home furnishings, and related equipment and accessories; provided, however, that for purposes of this Section 9, the Business shall not include selling new goods or merchandise by the Grantee or on behalf of or as an employee of any entity or individual

that has no involvement in rental, leasing, rent-to-own, or similar activity related to such goods or merchandise either on its own, through a subsidiary or affiliated entity or person, or in partnership with any other entity or person; (2) designing, manufacturing, and/or reconditioning of residential furniture of a type especially suited to the leasing, rental, and sales business; and/or (3) providing web-based, virtual or remote lease-to-own programs or financing.

Companies engaged in the Business include, but are not limited to, the following entities and each of their subsidiaries, affiliates, franchisees, assigns and successors in interest or persons with any of the trade names below: AcceptanceNow; American First Finance, Inc.; American Rental; Arona Corporation; Arona PR, LLC; Bi-Rite Co., d/b/a Buddy's Home Furnishings; Best Buy Co., Inc. (including but not limited to any of its subsidiaries or parent companies); Bestway Rental, Inc.; Better Finance, Inc.; BillFloat; Bluestem Brands, Inc.; City Furniture; Conn's, Inc.; Costco Warehouse Corporation

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(including but not limited to any of its subsidiaries or parent companies); Crest Financial; Curacao Finance; Discovery Rentals; Easyhome, Inc.; Flexi Compras Corp.; FlexShopper LLC; Fortiva Financial, LLC; Genesis Financial Solutions, Inc.; Lendmark Financial Services, Inc.; Mariner Finance, LLC; Merchants Preferred Lease-Purchase Services; New Avenues, LLC; Okinus; Premier Rental-Purchase, Inc.; Progressive Leasing, LLC (including but not limited to any of its subsidiaries or parent companies); OneMain Financial Holdings, Inc.; Purchasing Power, LLC; Regional Management Corp.; Rent-A-Center, Inc. (including, but not limited to, Colortyme); Rooms To Go; Santander Consumer USA Inc.; Smart Pay Leasing, Inc.; Springleaf Financial and/or the franchisees of the Springleaf Financial; Tidewater Finance Company; Tempoe LLC; and WhyNotLeaseIt.

(b) **"Confidential Information"** means (i) information of the Company or its affiliates, to the extent not considered a Trade Secret under applicable law, that (1) relates to the business of the Company or its affiliates, (2) was disclosed to the Grantee or of which the Grantee became aware of as a consequence of the Grantee's relationship with the Company, (3) possesses an element of value to the Company, and (4) is not generally known to the Company's competitors, and (ii) information of any third party provided to the Company which the Company is obligated to treat as confidential, including, but not limited to, information provided to the Company by its licensors, suppliers, or customers. Confidential Information includes, but is not limited to, (i) methods of operation, (ii) price lists, (iii) financial information and projections, (iv) personnel data, (v) future business plans, (vi) the composition, description, schematic or design of products, future products or equipment of the Company or any third party, (vii) work product, (viii) advertising or marketing plans, and (ix) information regarding independent contractors, employees, clients, licensors, suppliers, Customers, Prospective Customers, or any third party, including, but not limited to, the names of Customers and Prospective Customers, Customer and Prospective Customer lists compiled by the Company, and Customer and Prospective Customer information compiled by the Company. Confidential Information shall not include any information that (x) is or becomes generally available to the public other than as a result of an unauthorized disclosure, (y) has been independently developed and disclosed by others without violating this Agreement or the legal rights of any party, or (z) otherwise enters the public domain through lawful means.

(c) **"Customer"** means any person or entity to which the Company has sold its products or services.

(d) **"Employee"** means any person who (i) is employed by the Company at the time the Grantee's employment with the Company ends, or (ii) was employed by the Company during the last year of the Grantee's employment with the Company (or during the Grantee's employment if employed less than a year).

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(e) **"Key Employee"** means that, by reason of the Company's investment of time, training, money, trust, exposure to the public, or exposure to Customers, vendors, or other business relationships during the course of the Grantee's employment with the Company, the Grantee will gain

a high level of notoriety, fame, reputation, or public persona as the Company's representative or spokesperson, or will gain a high level of influence or credibility with the Company's Customers, vendors, or other business relationships, or will be intimately involved in the planning for or direction of the business of the Company or a defined unit of the business of the Company. Such term also means that the Grantee will possess selective or specialized skills, learning, or abilities or customer contacts or customer information by reason of having worked for the Company.

(f) **"Material Interaction"** means any interaction with an Employee which relates or related, directly or indirectly, to the performance of the Grantee's duties or the Employee's duties for the Company.

(g) **"Person"** has the meaning ascribed to such term in the Plan. For the avoidance of doubt, a Person shall include any individual, corporation, bank, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or other entity.

(h) **"Professional"** means an employee who has a primary duty the performance of work requiring knowledge of an advanced type in a field of science or learning customarily acquired by a prolonged course of specialized intellectual instruction or requiring invention, imagination, originality, or talent in a recognized field of artistic or creative endeavor. Such term shall not include employees performing technician work using knowledge acquired through on-the-job and classroom training, rather than by acquiring the knowledge through prolonged academic study, such as might be performed, without limitation, by a mechanic, a manual laborer, or a ministerial employee.

(i) **"Prospective Customer"** means any person or entity to which the Company has solicited to purchase the Company's products or services.

(j) **"Territory"** means, (i) with respect to a Grantee who is a corporate employee, the United States of America (including the following states: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming, as well as the District of Columbia); and/or (ii) with respect to a Grantee whose duties relate only to certain store locations, regions, or divisions, the State(s) in which the

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Grantee performed services for or on behalf of the Company during the last two (2) years of the Grantee's employment with the Company (or during the Grantee's employment if employed less than two (2) years), or the State(s) in which the Company operated the Business and about which the Grantee had access to Confidential Information or Trade Secrets regarding those operations. The Grantee agrees that the Company conducts the Company's Business in the Territory.

Because the Company will provide the Grantee with access to the Company's Confidential Information, Trade Secrets, and valuable information concerning employees, Customers, and Prospective Customers of the Company, and because the Company considers promotions and transfers, and contemplates expansion to new geographic areas, the parties acknowledge and agree that the Territory described above (1) represents a good faith estimate of the geographic areas that may be applicable at the time of termination of the Grantee's employment; (2) shall be construed ultimately to cover only so much of such estimate as relates to the geographic areas actually involved within a reasonable period of time prior to the Grantee's termination; and (3) is drafted in such a way that a court may modify the definition and grant only the relief reasonably necessary to protect such legitimate business interests.

(k) **"Trade Secrets"** means information of the Company, and its licensors, suppliers, clients, and customers, without regard to form, including, but not limited to, technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, a list of actual customers, clients, licensors, or suppliers, or a list of potential customers, clients, licensors, or suppliers which is not commonly known by or available to the public and which information (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

9.6 If, during Grantee's employment with the Company or at any time during the restrictive periods described above, the Grantee violates the restrictive covenants set forth in this Section 9, then the Committee may, notwithstanding any other provision in this Agreement to the contrary, cancel any Performance Shares outstanding under this Agreement that have not yet vested. The Grantee agrees that this Section 9 shall survive the termination of his or her employment.

9.7 If the Grantee breaches or threatens to breach any portion of this Section 9, the Grantee agrees that: (a) the Company would suffer irreparable harm; (b) it would be difficult to determine damages, and money damages alone would be an inadequate remedy for the injuries suffered by the Company; and (c) if the Company seeks injunctive relief to enforce any of the covenants set forth in this Section 9, the Grantee shall waive and shall not (i) assert any defense that the Company has an adequate

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remedy at law with respect to the breach, (ii) require that the Company submit proof of the economic value of any Trade Secret or Confidential Information, or (iii) require the Company to post a bond or any other security. Nothing contained in this Section 9 or this Agreement shall limit the Company's right to any other remedies at law or in equity.

9.8 The parties agree that each of the covenants set forth in this Section 9 shall be construed as an agreement independent of (i) any other agreements, or (ii) any other provision in this Agreement, and the existence of any claim or cause of action by the Grantee against the Company, whether predicated on this Agreement or otherwise, regardless of who was at fault and regardless of any claims that either the Grantee or the Company may have against the other, shall not constitute a defense to the enforcement by the Company of any of the covenants set forth in this Section 9. The Company shall not be barred from enforcing any of the covenants set forth in this Section 9 by reason of any breach of (i) any other part of this Agreement, or (ii) any other agreement with the Grantee.

9.9 The Company's failure to enforce any provision of this Section 9 shall not act as a waiver of that or any other provision. The Company's waiver of any breach of this Section 9 shall not act as a waiver of any other breach. The provisions of this Section 9 are severable. If any provision is determined to be invalid, illegal, or unenforceable, in whole or in part, then such provision shall be modified so as to be enforceable to the maximum extent permitted by law. If such provision cannot be modified to be enforceable, the provision shall be severed from this Agreement to the extent unenforceable. The remaining provisions and any partially enforceable provisions shall remain in full force and effect.

9.10 Notwithstanding any other provision of this Agreement, nothing contained herein limits the Grantee's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission (collectively, "Government Agencies"), and the Grantee is not prohibited from providing truthful testimony or accurate information in connection with any investigation being conducted into the business or operations of the Company by any Government Agency or other regulator that is responsible for enforcing a law on behalf of the government or otherwise providing information to the appropriate government regulatory agency or body regarding conduct or action undertaken or omitted to be taken by the Company that the Grantee reasonably believes is illegal or in material non-compliance with any financial disclosure or other regulatory requirement applicable to the Company, and for purposes of clarity, the Grantee is not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act. The Grantee is not required to obtain the approval of, or give notice to, the Company or any of its representatives to take any action permitted under this Section 9.10.

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9.11 The laws of the State of Georgia shall govern the restrictive covenants set forth in this Section 9. If Georgia's conflict of law rules would apply another state's laws, the Company and Grantee agree that Georgia law shall still govern. Grantee further agrees that any and all claims arising

out of or relating to this Section 9 shall solely and exclusively be (i) brought in the Superior Court of Cobb County, Georgia, or (ii) brought in or removed to the United States District Court for the Northern District of Georgia, Atlanta Division. Grantee consents to the personal jurisdiction of the courts identified above. Grantee also waives (a) any objection to jurisdiction or venue, or (b) any defense claiming lack of jurisdiction or venue, in any action brought in such courts.

10.Modification of Agreement

No provision of this Agreement may be materially amended or waived unless agreed to in writing and signed by the Committee (or its designee). Any such amendment to this Agreement that is materially adverse to the Grantee shall not be effective unless and until the Grantee consents, in writing, to such amendment (provided that any amendment that is required to comply with Code Section 409A or Section 10D of the Exchange Act shall be effective without consent). The failure to exercise, or any delay in exercising, any right, power or remedy under this Agreement shall not waive any right, power or remedy which the Company has under this Agreement.

11.Clawback

This Award of Performance Shares and the Shares received upon settlement of the Performance Shares shall be subject to clawback by the Company to the extent provided in any policy adopted by the Board including any policy adopted to comply with the requirements of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

12.Severability

Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms. In the event it is determined by a court of competent jurisdiction that any restrictive covenant set forth in this Agreement is excessive in duration or scope or is otherwise unenforceable as drafted, it is the intent of the parties that such restriction be modified by the court to render it enforceable to the maximum extent permitted by law.

13.Governing Law

The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Georgia without giving effect to the conflicts of laws principles thereof. Any action arising under or related to this Agreement shall be

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filed exclusively in the state or federal courts with jurisdiction over Cobb County, Georgia and each of the parties hereby consents to the jurisdiction and venue of such courts.

14.Successors in Interest

This Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns, and upon any Person acquiring, whether by merger, consolidation, reorganization, purchase of stock or assets, or otherwise, all or substantially all of the Company's assets and business. Without limiting Section 5 hereof, this Agreement shall inure to the benefit of the Grantee's legal representatives. Without limiting Section 5 hereof, all obligations imposed upon the Grantee and all rights granted to the Company under this Agreement shall be final, binding and conclusive upon the Grantee's heirs, executors, administrators and successors.

15.Resolution of Disputes

Any dispute or disagreement which may arise under, or as a result of, or in any way relate to the interpretation, construction or application of this Agreement shall be determined by the Committee. Any determination made by the Committee hereunder shall be final, binding and conclusive on the Grantee and the Company for all purposes.

16.Code Section 409A

This Agreement and this award of Performance Shares is intended to satisfy the requirements of Code Section 409A and any regulations or formal guidance that may be adopted thereunder from time to time ("**Code Section 409A**") and shall be interpreted by the Committee as it determines necessary or appropriate in accordance with Code Section 409A to avoid a plan failure under Code Section 409A(a)(1). In order to be exempt from, or comply with, Code Section 409A, (i) under all circumstances, and notwithstanding anything in this Agreement to the contrary, vested Performance Shares that have not otherwise been forfeited shall be settled by delivery of the Shares within the short-term deferral period for purposes of Code Section 409A, and (ii) this Agreement is subject to the provisions of Section 18.13 of the Plan. This Section 16 does not create any obligation on the

part of the Company to modify the terms of this Agreement or the Plan and does not guarantee that the Performance Shares or the delivery of Shares upon settlement of the Performance Shares will not be subject to taxes, interest and penalties or any other adverse tax consequences under Code Section 409A. The Company will have no liability to the Grantee or any other party if the Performance Shares, the delivery of Shares upon settlement of the Performance Shares or any other payment hereunder that is intended to be exempt from, or compliant with, Code Section 409A, is not so exempt or compliant or for any action taken by the Committee with respect thereto.

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17.Entire Agreement

This Agreement (including the Statement of Performance Goals attached hereto) constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and, effective as of the Grant Date, supersedes all prior or contemporaneous representations, warranties, understandings and agreements, written and oral, with respect to such subject matter. Notwithstanding the foregoing, the restrictive covenants in Section 9 of this Agreement do not supersede the restrictive covenants in any other types of agreements entered into between the Grantee and the Company, such as employment agreements.

[Signature Page Follows]

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

THE AARON'S COMPANY, INC.

By:

By signing below or by accepting this award of Performance Shares as evidenced by electronic means acceptable to the Committee, Grantee hereby (i) acknowledges that a copy of the Plan, the Plan Prospectus and the Company's latest annual report to shareholders or annual report on Form 10-K are available from the Company's intranet site or upon request, (ii) represents that Grantee is familiar with the terms and provisions of this Agreement and the Plan, and (iii) accepts the award of Performance Shares subject to all the terms and provisions of this Agreement and the Plan using an online grant agreement/e-signature. Grantee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Compensation Committee of the Board of Directors upon any questions arising under the Plan. Grantee authorizes the Company to withhold from any compensation payable to Grantee including by withholding Shares, in accordance with applicable law, any taxes required to be withheld by federal, state or local law as a result of the grant, vesting or settlement of the Performance Shares.

GRANTEE:

[GRANTEE NAME]

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[STATEMENT OF PERFORMANCE GOALS TO BE ATTACHED]

THE AARON'S COMPANY, INC.
AMENDED AND RESTATED
2020 EQUITY AND INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into as of [Agreement Date], by and between THE AARON'S COMPANY, INC. (the "Company") and the individual identified below (the "Grantee").

WITNESSETH:

WHEREAS, the Company maintains The Aaron's Company, Inc. Amended and Restated 2020 Equity and Incentive Plan (the "Plan"), and the Grantee has been selected by the Compensation Committee of the Board (the "Committee") to receive a grant of Restricted Stock ("Restricted Stock") under the Plan, subject to the terms and conditions of the Plan and the restrictions set forth in this Agreement;

NOW, THEREFORE, IT IS AGREED, by and between the Company and the Grantee, as follows:

Grantee: [Participant Name]

Number of Shares of Restricted Stock: [Awards Granted]

Grant Date: [Grant Date]

Vesting Schedule:

Grantee will become vested in 33 1/3% of the shares of Restricted Stock on March 7 in each of the first, second and third calendar years following the calendar year of the Grant Date, provided the Grantee remains continuously employed by the Company through each such vesting date. If the number of shares of Restricted Stock that vest based on the stated percentage is not a whole number, the number of shares of Restricted Stock will be rounded up to the next whole share on the first vesting date, rounded down on the second vesting date, and on the final vesting date, shall equal the total number of shares of Restricted Stock, less the number of shares of Restricted Stock that previously vested.

1. Award of Restricted Stock

1.1 The Company has granted to the Grantee for no purchase price the number of shares of Restricted Stock set forth above, in accordance with and subject to the restrictions, terms and conditions set forth in this Agreement and in the Plan.

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1.2 This Agreement shall be construed in accordance and consistent with, and subject to, the provisions of the Plan (the provisions of which are incorporated herein by reference) and, except as otherwise expressly set forth herein, the capitalized terms used in this Agreement shall have the same definitions as set forth in the Plan. In the event of any conflict between this Agreement and the Plan, the Plan shall control. For purposes of this Agreement, employment with any Subsidiary of the Company shall be considered employment with the Company.

1.3 This award of Restricted Stock is conditioned on the Grantee's acceptance of this Agreement, including through an online or electronic acceptance method approved by the Company. If this Agreement is not properly accepted by the Grantee within ninety (90) days of the Grantee's receipt of the Agreement, it may be canceled by the Committee resulting in the immediate forfeiture of all shares of Restricted Stock.

2. Restricted Period; Vesting

2.1 **Vesting Schedule.** Subject to this Section 2 and Section 11, if the Grantee remains continuously employed by the Company through the applicable vesting date, the Grantee shall vest with respect to the number of shares of Restricted Stock and on the vesting dates set forth in the Vesting Schedule above. The period over which the shares of Restricted Stock vest is referred to as the "Restricted Period."

2.2 **Death or Disability.** If the Grantee dies or becomes Disabled while employed by the Company, any unvested shares of Restricted Stock shall become fully vested and nonforfeitable as of the date of the Grantee's death or Disability.

2.3 Change in Control. Notwithstanding the other provisions of this Agreement, in the event of a Change in Control in which the Grantee receives a Replacement Award followed within two (2) years by a termination of the Grantee's employment by the Company without Cause prior to the date all shares of Restricted Stock have vested, the unvested shares of Restricted Stock shall become fully vested and nonforfeitable as of the date of the Grantee's termination of employment. In the event of a Change in Control in which the Grantee does not receive a Replacement Award, the unvested shares of Restricted Stock shall become fully vested and nonforfeitable as of the date of such Change in Control.

2.4 Other Termination of Employment. Except as provided in Section 2.2 or Section 2.3, if the Grantee's continuous employment is terminated for any other reason, including retirement, prior to the date all shares of Restricted Stock have vested, the unvested shares of Restricted Stock shall be forfeited and all rights of the Grantee to such unvested shares of Restricted Stock shall be terminated.

3. Rights as Shareholder; Dividends

Subject to the terms of this Agreement and the Plan, the Grantee shall be the record owner of the shares of Restricted Stock and shall be entitled to all of the rights of a shareholder of the Company including, without limitation, the right to vote such shares

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and receive all dividends or other distributions paid with respect to such shares; provided that any dividends or other distributions paid during the Restricted Period shall be accrued and paid to Grantee at the time of vesting of the shares of Restricted Stock with respect to which such dividends or other distribution relate. If the Grantee forfeits any shares of unvested Restricted Stock in accordance with Section 2.4 or otherwise, the Grantee shall, on the date of such forfeiture, no longer have any rights as a shareholder with respect to such shares of Restricted Stock, shall no longer be entitled to vote or receive dividends on such shares, and shall immediately forfeit any dividends accrued with respect to such shares.

4. Issuance of Shares

During the Restricted Period for shares of Restricted Stock, the shares of Restricted Stock shall be evidenced by a book-entry in the Company's stock records in the Grantee's name. As soon as practicable after the Restricted Period expires with respect to any shares of Restricted Stock, and subject to payment of all applicable withholding taxes in accordance with Section 9, the Company shall issue shares of unrestricted Common Stock ("Shares") to Grantee, either by the delivery of physical stock certificates or by certificateless book-entry issuance.

5. Adjustments

The number of shares of Restricted Stock subject to this Agreement and the other terms and conditions of the grant evidenced by this Agreement are subject to mandatory adjustment, including as provided in Section 4.3 of the Plan.

6. Compliance with Law; Legends

The issuance and transfer of shares of Restricted Stock shall be subject to compliance by the Company and the Grantee with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's shares of Common Stock may be listed. No shares of Common Stock shall be issued or transferred unless and until any then applicable requirements of state and federal laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its counsel. The Grantee understands that the Company is under no obligation to register the shares of Common Stock with the Securities and Exchange Commission, any state securities commission or any stock exchange to effect such compliance.

A legend may be placed on any certificate(s) or other document(s) delivered to the Grantee indicating restrictions on transferability of the shares of Restricted Stock pursuant to this Agreement or any other restrictions that the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any applicable federal or state securities laws or any stock exchange on which the Company's shares of Common Stock are then listed.

7. Nontransferability

Unless the Committee specifically determines otherwise, during the Restricted Period for shares of Restricted Stock, the Restricted Stock and the rights relating thereto may not be sold, assigned, transferred, pledged, or otherwise encumbered other than by will or the laws of descent and distribution. Any such purported transfer or assignment shall be null and void.

8. No Right to Continued Employment

Nothing in this Agreement or the Plan shall be interpreted or construed to confer upon the Grantee any right with respect to continuance of employment by the Company or a Subsidiary, nor shall this Agreement or the Plan interfere in any way with the right of the Company or a Subsidiary to terminate at any time the Grantee's employment, subject to Grantee's rights under this Agreement.

9. Taxes and Withholding

The Grantee shall be responsible for all federal, state and local income, employment and other taxes, domestic or foreign, payable with respect to this award and the grant or vesting of shares of Restricted Stock under this Agreement. Unless the Grantee otherwise provides for the satisfaction of the withholding requirements with the consent of the Committee in advance, upon vesting of shares of Restricted Stock, the Company shall withhold and cancel a number of Shares having a Fair Market Value equal to the amount of taxes required to be withheld based on the minimum statutory withholding rate (or, if elected by the Grantee, the applicable rate based on the aggregate withholding method). The Company shall also have the right to retain and withhold from any other payment or distribution to the Grantee the amount necessary to satisfy any tax withholding obligations with respect to the grant or vesting of shares of Restricted Stock under this Agreement. The Company may require Grantee to reimburse the Company for any such taxes required to be withheld and may withhold any payment or distribution in whole or in part until the Company is so reimbursed.

10. Plan Documents; Grantee Bound by the Plan

The Grantee hereby acknowledges that a copy of the Plan, the Plan Prospectus and the Company's latest annual report to shareholders or annual report on Form 10-K are available in the Grantee's Document Library in their Merrill Lynch Account or upon request. Grantee agrees to be bound by all the terms and provisions of the Plan.

11. Restrictive Covenants

11.1 The Grantee acknowledges and agrees that: (a) the restrictions contained in this Section 11 are reasonable and necessary to protect the legitimate business interests of the Company, and they will not impair or infringe upon the Grantee's right to work or earn a living when the Grantee's employment with the Company ends for any

reason; and (b) (i) The Grantee will (1) serve the Company as a Key Employee, and/or (2) serve the Company as a Professional, and/or (3) customarily and regularly solicit Customers and/or Prospective Customers for the Company, and/or (4) customarily and regularly engage in making sales or obtaining orders or contracts for products or services to be provided or performed by others in the Company, and/or (5) (A) have a primary duty of managing a department or subdivision of the Company, (B) customarily and regularly direct the work of two or more other employees, and (C) have the authority to hire or fire other employees; and/or (ii) the Grantee's position is a position of trust and responsibility with access to (1) Confidential Information, (2) Trade Secrets, (3) information concerning Employees of the Company, (4) information concerning Customers of the Company, and/or (5) information concerning Prospective Customers of the Company. For purposes of this Section 11, references to the Company shall be deemed to include references to any Subsidiary or affiliate of the Company, for which the Grantee worked, had duties and responsibilities or had access to Confidential Information.

11.2 The Grantee hereby agrees that during the Grantee's employment with the Company and for one (1) year after the Grantee's employment with the Company ends for any reason, the Grantee will not, directly or indirectly, individually, or on behalf of any Person other than the Company:

(a) solicit, recruit, or induce any Employee to (i) terminate his or her employment relationship with the Company, or (ii) work for any other person or entity engaged in the Business; provided, however, that the foregoing restriction shall apply only to Employees (1) with whom the Grantee had Material Interaction, (2) the Grantee, directly or indirectly, supervised, or (3) for which the Grantee had access to Confidential Information regarding the Employee's performance or evaluations;

(b) solicit any Customer of the Company for the purpose of selling or providing any products or services competitive with the Business; provided, however, that the foregoing restriction shall apply only to those Customers (i) with whom or which the Grantee dealt on behalf of the Company, (ii) whose dealings with the Company were coordinated or supervised by the Grantee, (iii) about whom the Grantee obtained Confidential Information in the ordinary course of business as a result of the Grantee's association with the Company, or (iv) who receive products or services authorized by the Company, the sale or provision of which results or resulted in compensation, commissions, or earnings for the Grantee within two (2) years prior to the date of the Grantee's termination;

(c) solicit any Prospective Customer of the Company for the purpose of selling or providing any products or services competitive with the Business; provided, however, that the foregoing restriction shall apply only to those Prospective Customers (i) with whom or which the Grantee dealt on behalf of the Company, (ii) whose dealings with the Company were coordinated or supervised by the Grantee, or (iii) about whom the Grantee obtained Confidential Information in the

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ordinary course of business as a result of the Grantee's association with the Company; or

(d) engage in the Business within the Territory. For purposes of the foregoing restriction, the term "engage in" shall include: (i) performing or participating in any activities which are the same as, or substantially similar to, activities which the Grantee performed or in which the Grantee participated, in whole or in part, for or on behalf of the Company; (ii) performing activities or services about which the Grantee obtained Confidential Information or Trade Secrets as a result of the Grantee's association with the Company; and/or (iii) interfering with or negatively impacting the business relationship between the Company and a Customer, Prospective Customer, vendor, supplier, consultant or any other third party about whom the Grantee obtained Confidential Information or Trade Secrets as a result of the Grantee's association with the Company.

11.3The Grantee further agrees that the Grantee shall not: (i) use, disclose, reverse engineer, divulge, sell, exchange, furnish, give away, or transfer in any way the Trade Secrets or the Confidential Information for any purpose other than the Company's Business, except as authorized in writing by the Company; (ii) during the Grantee's employment with the Company, use, disclose, reverse engineer, divulge, sell, exchange, furnish, give away, or transfer in any way (a) any confidential information or trade secrets of any former employer or third party, or (b) any works of authorship developed in whole or in part by the Grantee during any former employment or for any other party, unless authorized in writing by the former employer or third party; or (iii) upon the termination of the Grantee's employment for any reason, (a) retain any Trade Secrets or Confidential Information, including any copies existing in any form (including electronic form) that are in the Grantee's possession or control, or (b) destroy, delete, or alter the Trade Secrets or Confidential Information without the Company's prior written consent. The obligations under this Section 11 shall: (i) with regard to the Trade Secrets, remain in effect as long as the information constitutes a trade secret under applicable law; and (ii) with regard to the Confidential Information, remain in effect for so long as such information constitutes Confidential Information as defined in Section 11.5 below. The confidentiality, property, and proprietary rights protections available in this Section 11 are in addition to, and not exclusive of, any and all other rights to which the Company is entitled under federal and state law, including, but not limited to, rights provided under copyright laws, trade secret and confidential information laws, and laws concerning fiduciary duties. Notwithstanding anything to the contrary set forth in this Section 11, pursuant to the Defend Trade Secrets Act of 2016 (18 U.S.C. § 1833(b)(1)) (the "DTSA"), no individual shall be held criminally or civilly liable under federal or state law for the disclosure of a trade secret that: (1) is made (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, the DTSA provides that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the

court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

11.4 The Grantee further agrees that, upon termination of employment with the Company for any reason whatsoever or upon the Company's request at any time, the Grantee will deliver promptly to the Company all materials (including electronically-stored materials), documents, plans, records, notes, or other papers, and any copies in the Grantee's possession or control, relating in any way to the Company's Business or containing any Confidential Information or Trade Secrets of the Company, which at all times shall be the property of the Company.

11.5 For purposes of this Section 11, the following terms shall have the meanings specified below:

(a) **"Business"** means (i) those activities, products, and services that are the same as or similar to the activities conducted and products and services offered and/or provided by the Company or its affiliates within two (2) years prior to termination of the Grantee's employment with the Company, as evidenced by the books and records of the Company; and (ii) the business of (1) retail selling, financing, renting, leasing, and/or selling new, rental or reconditioned residential furniture, consumer electronics, computers (including hardware, software, and accessories), appliances, household goods, home furnishings, and related equipment and accessories; provided, however, that for purposes of this Section 11, the Business shall not include selling new goods or merchandise by the Grantee or on behalf of or as an employee of any entity or individual that has no involvement in rental, leasing, rent-to-own, or similar activity related to such goods or merchandise either on its own, through a subsidiary or affiliated entity or person, or in partnership with any other entity or person; (2) designing, manufacturing, and/or reconditioning of residential furniture of a type especially suited to the leasing, rental, and sales business; and/or (3) providing web-based, virtual or remote lease-to-own programs or financing.

Companies engaged in the Business include, but are not limited to, the following entities and each of their subsidiaries, affiliates, franchisees, assigns and successors in interest or persons with any of the trade names below: AcceptanceNow; American First Finance, Inc.; American Rental; Arona Corporation; Arona PR, LLC; Bi-Rite Co., d/b/a Buddy's Home Furnishings; Best Buy Co., Inc. (including but not limited to any of its subsidiaries or parent companies); Bestway Rental, Inc.; Better Finance, Inc.; BillFloat; Bluestem Brands, Inc.; City Furniture; Conn's, Inc.; Costco Warehouse Corporation (including but not limited to any of its subsidiaries or parent companies); Crest Financial; Curacao Finance; Discovery Rentals; Easyhome, Inc.; Flexi Compras Corp.; FlexShopper LLC; Fortiva Financial, LLC; Genesis Financial Solutions, Inc.; Lendmark Financial Services, Inc.; Mariner Finance, LLC; Merchants Preferred Lease-Purchase Services; New Avenues, LLC; Okinus; Premier Rental-Purchase, Inc.; Progressive Leasing, LLC (including but not limited to any

of its subsidiaries or parent companies); OneMain Financial Holdings, Inc.; Purchasing Power, LLC; Regional Management Corp.; Rent-A-Center, Inc. (including, but not limited to, Colortyme); Rooms To Go; Santander Consumer USA Inc.; Smart Pay Leasing, Inc.; Springleaf Financial and/or the franchisees of the Springleaf Financial; Tidewater Finance Company; Tempoe LLC; and WhyNotLeaselt.

(b) **"Confidential Information"** means (i) information of the Company or its affiliates, to the extent not considered a Trade Secret under applicable law, that (1) relates to the business of the Company or its affiliates, (2) was disclosed to the Grantee or of which the Grantee became aware of as a consequence of the Grantee's relationship with the Company, (3) possesses an element of value to the Company, and (4) is not generally known to the Company's competitors, and (ii) information of any third party provided to the Company which the Company is obligated to treat as confidential, including, but not limited to, information provided to the Company by its licensors, suppliers, or customers. Confidential Information includes, but is not limited to, (i) methods of operation, (ii) price lists, (iii) financial information and projections, (iv) personnel data, (v) future business plans, (vi) the composition, description, schematic or design of products, future products or equipment of the Company or any third party, (vii) work product, (viii) advertising or marketing plans, and (ix) information regarding independent contractors, employees, clients, licensors, suppliers, Customers, Prospective Customers, or any third party, including, but not limited to, the names of Customers and

Prospective Customers, Customer and Prospective Customer lists compiled by the Company, and Customer and Prospective Customer information compiled by the Company. Confidential Information shall not include any information that (x) is or becomes generally available to the public other than as a result of an unauthorized disclosure, (y) has been independently developed and disclosed by others without violating this Agreement or the legal rights of any party, or (z) otherwise enters the public domain through lawful means.

(c) **“Customer”** means any person or entity to which the Company has sold its products or services.

(d) **“Employee”** means any person who (i) is employed by the Company at the time the Grantee's employment with the Company ends, or (ii) was employed by the Company during the last year of the Grantee's employment with the Company (or during the Grantee's employment if employed less than a year).

(e) **“Key Employee”** means that, by reason of the Company's investment of time, training, money, trust, exposure to the public, or exposure to Customers, vendors, or other business relationships during the course of the Grantee's employment with the Company, the Grantee will gain a high level of notoriety, fame, reputation, or public persona as the Company's representative or spokesperson, or will gain a high level of influence or credibility with the Company's Customers, vendors, or other business relationships, or will be

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intimately involved in the planning for or direction of the business of the Company or a defined unit of the business of the Company. Such term also means that the Grantee will possess selective or specialized skills, learning, or abilities or customer contacts or customer information by reason of having worked for the Company.

(f) **“Material Interaction”** means any interaction with an Employee which relates or related, directly or indirectly, to the performance of the Grantee's duties or the Employee's duties for the Company.

(g) **“Person”** has the meaning ascribed to such term in the Plan. For the avoidance of doubt, a Person shall include any individual, corporation, bank, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or other entity.

(h) **“Professional”** means an employee who has a primary duty the performance of work requiring knowledge of an advanced type in a field of science or learning customarily acquired by a prolonged course of specialized intellectual instruction or requiring invention, imagination, originality, or talent in a recognized field of artistic or creative endeavor. Such term shall not include employees performing technician work using knowledge acquired through on-the-job and classroom training, rather than by acquiring the knowledge through prolonged academic study, such as might be performed, without limitation, by a mechanic, a manual laborer, or a ministerial employee.

(i) **“Prospective Customer”** means any person or entity to which the Company has solicited to purchase the Company's products or services.

(j) **“Territory”** means, (i) with respect to a Grantee who is a corporate employee, the United States of America (including the following states: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming, as well as the District of Columbia); and/or (ii) with respect to a Grantee whose duties relate only to certain store locations, regions, or divisions, the State(s) in which the Grantee performed services for or on behalf of the Company during the last two (2) years of the Grantee's employment with the Company (or during the Grantee's employment if employed less than two (2) years), or the State(s) in which the Company operated the Business and about which the Grantee had access to Confidential Information or Trade Secrets regarding those operations. The Grantee agrees that the Company conducts the Company's Business in the Territory.

Because the Company will provide the Grantee with access to the Company's Confidential Information, Trade Secrets, and valuable information concerning employees, Customers, and Prospective Customers of the Company, and because the Company considers promotions and transfers, and contemplates expansion to new geographic areas, the parties acknowledge and agree that the Territory described above (1) represents a good faith estimate of the geographic areas that may be applicable at the time of termination of the Grantee's employment; (2) shall be construed ultimately to cover only so much of such estimate as relates to the geographic areas actually involved within a reasonable period of time prior to the Grantee's termination; and (3) is drafted in such a way that a court may modify the definition and grant only the relief reasonably necessary to protect such legitimate business interests.

(k) "Trade Secrets" means information of the Company, and its licensors, suppliers, clients, and customers, without regard to form, including, but not limited to, technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, a list of actual customers, clients, licensors, or suppliers, or a list of potential customers, clients, licensors, or suppliers which is not commonly known by or available to the public and which information (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

11.6 If, during the Grantee's employment with the Company or at any time during the restrictive periods described above, the Grantee violates the restrictive covenants set forth in this Section 11, then the Committee may, notwithstanding any other provision in this Agreement to the contrary, provide for the forfeiture of any Restricted Stock outstanding under this Agreement that have not yet vested. The Grantee agrees that this Section 11 shall survive the termination of his or her employment.

11.7 If the Grantee breaches or threatens to breach any portion of this Section 11, the Grantee agrees that: (a) the Company would suffer irreparable harm; (b) it would be difficult to determine damages, and money damages alone would be an inadequate remedy for the injuries suffered by the Company; and (c) if the Company seeks injunctive relief to enforce any of the covenants set forth in this Section 11, the Grantee shall waive and shall not (i) assert any defense that the Company has an adequate remedy at law with respect to the breach, (ii) require that the Company submit proof of the economic value of any Trade Secret or Confidential Information, or (iii) require the Company to post a bond or any other security. Nothing contained in this Section 11 or this Agreement shall limit the Company's right to any other remedies at law or in equity.

11.8 The parties agree that each of the covenants set forth in this Section 11 shall be construed as an agreement independent of (i) any other agreements, or (ii) any

other provision in this Agreement, and the existence of any claim or cause of action by the Grantee against the Company, whether predicated on this Agreement or otherwise, regardless of who was at fault and regardless of any claims that either the Grantee or the Company may have against the other, shall not constitute a defense to the enforcement by the Company of any of the covenants set forth in this Section 11. The Company shall not be barred from enforcing any of the covenants set forth in this Section 11 by reason of any breach of (i) any other part of this Agreement, or (ii) any other agreement with the Grantee.

11.9 The Company's failure to enforce any provision of this Section 11 shall not act as a waiver of that or any other provision. The Company's waiver of any breach of this Section 11 shall not act as a waiver of any other breach. The provisions of this Section 11 are severable. If any provision is determined to be invalid, illegal, or unenforceable, in whole or in part, then such provision shall be modified so as to be enforceable to the maximum extent permitted by law. If such provision cannot be modified to be enforceable, the provision shall be severed from this Agreement to the extent unenforceable. The remaining provisions and any partially enforceable provisions shall remain in full force and effect.

11.10 Notwithstanding any other provision of this Agreement, nothing contained herein limits the Grantee's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission (collectively, "Government Agencies").

and the Grantee is not prohibited from providing truthful testimony or accurate information in connection with any investigation being conducted into the business or operations of the Company by any Government Agency or other regulator that is responsible for enforcing a law on behalf of the government or otherwise providing information to the appropriate government regulatory agency or body regarding conduct or action undertaken or omitted to be taken by the Company that the Grantee reasonably believes is illegal or in material non-compliance with any financial disclosure or other regulatory requirement applicable to the Company, and for purposes of clarity, the Grantee is not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act. The Grantee is not required to obtain the approval of, or give notice to, the Company or any of its representatives to take any action permitted under this Section 11.10.

11.11 The laws of the State of Georgia shall govern the restrictive covenants set forth in this Section 11. If Georgia's conflict of law rules would apply another state's laws, the Company and Grantee agree that Georgia law shall still govern. Grantee further agrees that any and all claims arising out of or relating to this Section 11 shall solely and exclusively be (i) brought in the Superior Court of Cobb County, Georgia, or (ii) brought in or removed to the United States District Court for the Northern District of Georgia, Atlanta Division. Grantee consents to the personal jurisdiction of the courts

Exhibit 10.6

identified above. Grantee also waives (a) any objection to jurisdiction or venue, or (b) any defense claiming lack of jurisdiction or venue, in any action brought in such courts.

12. Modification of Agreement

No provision of this Agreement may be materially amended or waived unless agreed to in writing and signed by the Committee (or its designee). Any such amendment to this Agreement that is materially adverse to the Grantee shall not be effective unless and until the Grantee consents, in writing, to such amendment (provided that any amendment that is required to comply with Section 10D of the Exchange Act shall be effective without consent). The failure to exercise, or any delay in exercising, any right, power or remedy under this Agreement shall not waive any right, power or remedy which the Company has under this Agreement.

13. Clawback

The Grantee acknowledges and agrees that the terms and conditions set forth in The Aaron's Company, Inc. Incentive-Based Compensation Recoupment Policy (as may be amended and restated from time to time, the "Clawback Policy") are incorporated in this Agreement by reference. To the extent the Clawback Policy is applicable to the Grantee, it creates additional rights for the Company with respect to this award of Restricted Stock and other applicable compensation, including, without limitation, annual cash incentive compensation awards granted to the Grantee by the Company. Notwithstanding any provisions in this Agreement to the contrary, any award of Restricted Stock granted under the Plan and such other applicable compensation, including, without limitation, annual cash incentive compensation, will be subject to potential mandatory cancellation, forfeiture and/or repayment by the Grantee to the Company to the extent the Grantee is, or in the future becomes, subject to (a) any Company clawback or recoupment policy, including the Clawback Policy and any other policies that are adopted by the Company, whether to comply with the requirements of any applicable laws, rules, regulations, stock exchange listing standards or otherwise, or (b) any applicable laws that impose mandatory clawback or recoupment requirements under the circumstances set forth in such laws, including as required by the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or other applicable laws, rules, regulations or stock exchange listing standards, as may be in effect from time to time, and which may operate to create additional rights for the Company with respect to awards and the recovery of amounts relating thereto. By accepting the award of Restricted Stock under the Plan and pursuant to this Agreement, the Grantee consents to be bound by the terms of the Clawback Policy, if applicable, and agrees and acknowledges that the Grantee is obligated to cooperate with, and provide any and all assistance necessary to, the Company in its efforts to recover or recoup the Restricted Stock, any gains or earnings related to the Restricted Stock, or any other applicable compensation, including, without limitation, annual cash incentive compensation, that is subject to clawback or recoupment pursuant to such laws, rules, regulations, stock exchange listing standards or Company policy. Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any

documentation necessary to facilitate the recovery or recoupment by the Company from the Grantee of any such amounts, including from the Grantee's accounts or from any other compensation, to the extent permissible under Section 409A of the Code.

14. Severability

Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms. In the event it is determined by a court of competent jurisdiction that any restrictive covenant set forth in this Agreement is excessive in duration or scope or is otherwise unenforceable as drafted, it is the intent of the parties that such restriction be modified by the court to render it enforceable to the maximum extent permitted by law.

15. Governing Law

The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Georgia without giving effect to the conflicts of laws principles thereof. Any action arising under or related to this Agreement shall be filed exclusively in the state or federal courts with jurisdiction over Cobb County, Georgia and each of the parties hereby consents to the jurisdiction and venue of such courts.

16. Successors in Interest

This Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns, and upon any Person acquiring, whether by merger, consolidation, reorganization, purchase of stock or assets, or otherwise, all or substantially all of the Company's assets and business. Without limiting Section 7 hereof, this Agreement shall inure to the benefit of the Grantee's legal representatives. Without limiting Section 7 hereof, all obligations imposed upon the Grantee and all rights granted to the Company under this Agreement shall be final, binding and conclusive upon the Grantee's heirs, executors, administrators and successors.

17. Resolution of Disputes

Any dispute or disagreement which may arise under, or as a result of, or in any way relate to the interpretation, construction or application of this Agreement shall be determined by the Committee. Any determination made by the Committee hereunder shall be final, binding and conclusive on the Grantee and the Company for all purposes.

18. Section 83(b) Election

The Grantee may make an election under Code Section 83(b) (a "**Section 83(b) Election**") with respect to the Restricted Stock. Any such election must be made within

thirty (30) days after the Grant Date. If the Grantee elects to make a Section 83(b) Election, the Grantee shall provide the Company with a copy of an executed version and satisfactory evidence of the filing of the executed Section 83(b) Election with the U.S. Internal Revenue Service. The Grantee agrees to assume full responsibility for ensuring that the Section 83(b) Election is actually filed with the U.S. Internal Revenue Service timely and properly and for all tax consequences resulting from the Section 83(b) Election.

19. Code Section 409A

This Agreement and this award of Restricted Stock is intended to be exempt from the requirements of Code Section 409A.

20. Entire Agreement

This Agreement constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and, effective as of the Grant Date, supersedes all prior or contemporaneous representations, warranties, understandings, and agreements, written and oral, with respect to such subject matter. Notwithstanding the foregoing, the restrictive covenants in Section 11 of this Agreement do not

supersede the restrictive covenants in any other types of agreements entered into between the Grantee and the Company, such as employment agreements.

[Signature Page Follows]

Exhibit 10.6

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

THE AARON'S COMPANY, INC.

By:

By signing below or by accepting this award of Restricted Stock as evidenced by electronic means acceptable to the Committee, Grantee hereby (i) acknowledges that a copy of the Plan, the Plan Prospectus, the Clawback Policy and the Company's latest annual report to shareholders or annual report on Form 10-K are available in the Grantee's Document Library in their Merrill Lynch account, or upon request, (ii) represents that Grantee is familiar with the terms and provisions of this Agreement (including any terms and provisions incorporated in this Agreement by reference) and the Plan, and (iii) accepts the award of Restricted Stock subject to all the terms and provisions of this Agreement (including any terms and provisions incorporated in this Agreement by reference) and the Plan using an online grant agreement/e-signature. Grantee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Compensation Committee of the Board of Directors upon any questions arising under the Plan. Grantee authorizes the Company to withhold from any compensation payable to Grantee including by withholding Shares, in accordance with applicable law, any taxes required to be withheld by federal, state or local law as a result of the grant or vesting of the Restricted Stock.

GRANTEE:

[GRANTEE NAME]

EXHIBIT 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a)

I, Douglas A. Lindsay, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Aaron's Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, August 5, 2024

/s/ Douglas A. Lindsay

Douglas A. Lindsay
Chief Executive Officer and Director
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a)

I, C. Kelly Wall, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Aaron's Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, August 5, 2024

/s/ C. Kelly Wall

C. Kelly Wall

Chief Financial Officer (Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Douglas A. Lindsay, Chief Executive Officer of The Aaron's Company, Inc. (the "Company"), certify, pursuant to section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2024 June 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, August 5, 2024

/s/ Douglas A. Lindsay

Douglas A. Lindsay

Chief Executive Officer and Director

(Principle Executive Officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, C. Kelly Wall, Chief Financial Officer of The Aaron's Company, Inc. (the "Company"), certify, pursuant to section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the quarter ended **March 31, 2024** **June 30, 2024** (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **May 6, August 5, 2024**

/s/ C. Kelly Wall

C. Kelly Wall

Chief Financial Officer (Principal Financial Officer)

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