Risk Factors Comparison 2023-03-01 to 2022-02-24 Form: 10-K

Legend: New Text ~~Removed Text~~ Unchanged Text Moved Text Section

The Company' s business is subject to certain risks and uncertainties. Any of the following risk factors **to one or more of our business segments** could cause our actual results to differ materially from historical or anticipated results. These risks and uncertainties are not the only ones we face, but represent the risks that we believe are material. ~~However, there~~ **There** may be additional risks that we currently consider not to be material or of which we are not currently aware, and any of these risks could cause our actual results to differ materially from historical or anticipated results. Summary of Risk Factors ~~Risks Related to COVID- 19 • The COVID- 19 pandemic may have a material adverse effect on our business, results of operations, financial condition, liquidity and / or cash flow in future periods and the availability of labor due to vaccine and other regulatory restrictions on employers and the workforce and the costs associated with complying with such regulations.~~ Risks Related to Our Business • Federal and state regulatory authorities are increasingly focused on our industry, and in addition to being subject to various existing federal ~~and~~ **,** state **and provincial** laws and regulations, we may be subject to new or additional federal ~~and~~ **,** state **and provincial** laws and regulations (or changes in interpretations of existing laws and regulations) that could expose us to government investigations, pricing restrictions, fines, penalties or other government- required payments by us, significant additional costs or compliance- related burdens that could force us to change our business practices in a manner that may have a material adverse effect on our business, results of operations or financial condition. • From time to time we are subject to regulatory and legal proceedings which seek material damages or seek to place significant restrictions on our business operations. These proceedings may be negatively perceived by the public and materially and adversely affect our business **, liquidity and capital resources** . • Certain judicial or regulatory decisions ~~or laws~~ may restrict or eliminate the enforceability of certain types of contractual provisions, such as mandatory arbitration clauses **and class action waivers** , designed to limit costly litigation, ~~including class actions,~~ as a dispute resolution method, which ~~may~~ **could** have a material adverse effect on our business. • Product safety and quality control issues, including product recalls, could harm our reputation, divert resources, reduce sales and increase costs. • The current inflationary environment could adversely impact our business through increased costs to attract and retain talent, increased raw ~~material~~ **materials** costs ~~and~~ **, increased** logistical costs to get product from suppliers to customer' s homes ~~, in each case, that we are unable to offset,~~ and ~~through~~ **the** acceleration of prices ~~which could~~ **beyond the norm** ~~result~~ **resulting** in lower lease volumes. • **We depend on hiring an adequate number of hourly team members to run our business and are subject to government laws and regulations concerning these and our other team members, including wage and hour regulations.** Our inability to recruit **, select, train** and retain qualified team members or violations by us of employment or wage and hour laws or regulations could have a material adverse effect on our business, results of operations or financial condition. • The loss of the services of our key executives, or our inability to attract, develop and retain key talent could have a material adverse effect on our business and operations. • If we do not maintain the privacy and security of customer, employee or other confidential information, due to cybersecurity- related" hacking" attacks, intrusions into our systems by unauthorized parties or otherwise, we could incur significant costs, litigation, regulatory enforcement actions and ~~/ or~~ damage to our reputation, any one of which could have a material adverse effect on our business, results of operations or financial condition. • If our IT systems are impaired, our business could be interrupted, our reputation could be harmed and we may experience lost revenues and increased costs and expenses, any of which could have a material adverse impact on our business, results of operations ~~or~~ **and** financial condition. **Risks Related to the BrandsMart U. S. A. Acquisition** • The **BrandsMart U. S. A.** acquisition **may** ~~of BrandsMart, if consummated will~~ create risks and uncertainties which could **materially and** adversely affect our business and results of operations. **• We may be unable to realize the anticipated synergies from the BrandsMart U. S. A. acquisition or may incur additional and / or unexpected costs in order to realize them. Risks Related to Operations and Strategy** • We face many challenges which could **have a** ~~materially~~ -- **material** ~~and adversely~~ -- **adverse** ~~affect~~ **effect on** our overall results of operations, including the commoditization of certain product categories, increasing competition from a growing variety of sources, a decentralized, high- fixed- cost operating model, adverse consequences to our supply chain function from decreased procurement volumes and from the COVID- 19 pandemic, and lower lease volumes, and thus, less recurring revenues written into our customer lease portfolio. • We **are** ~~continue to implement~~ **implementing** a **new** strategic plan within our business **designed** ~~that has changed, and is expected~~ to **strengthen and grow** ~~continue to change, significant aspects of how~~ our business ~~has operated historically~~ **and generate capital for investment by growing revenue, further reducing costs and strengthening operating margins** , and there is no guarantee that it will be successful. • Our growth strategies may be unsuccessful if we are unable to identify and complete future acquisitions and successfully integrate acquired businesses or assets. • We could lose our access to ~~our~~ third- party data sources, including, for example, those sources that provide us with data that we use as inputs into our centralized decisioning tools, which could cause us competitive harm and have a material adverse effect on our business, results of operations ~~,~~ or financial condition. • We must successfully order and manage our inventory to reflect customer demand and anticipate changing consumer preferences and buying trends or our revenue and profitability will be adversely affected. • Our competitors could impede our ability to attract new customers, or cause current customers to cease doing business with us, which could have a material adverse effect on our business, results of operations or financial condition. • Given the nature of the COVID- 19 pandemic, including the significant job losses caused by the pandemic, and uncertainty regarding how many unemployed workers will return to their jobs, and when they may do so, our proprietary algorithms and customer lease decisioning tools used to approve customers could no longer be indicative of our customers' ability to perform under their lease agreements with us. • Our proprietary algorithms and customer lease decisioning tools used to approve customers could no longer be indicative of our customers' ability to perform under their lease agreements with us, even after the COVID- 19 pandemic subsides. • Our business and operations are subject to risks related to climate change. • The **COVID- 19 pandemic and its continuing impacts may have a material adverse effect on our business, results of operations, financial condition, liquidity and / or cash flow in the future. Risk Related to the LTO Industry • The** transactions offered to consumers by our ~~business~~ **businesses** may be negatively characterized by consumer advocacy groups, the media and certain federal, state **, provincial,** and local government officials, and if those negative characterizations become increasingly accepted by consumers, demand for our services and the transactions we offer could decrease and our business, results of operations or financial condition could be materially and adversely affected. **Risks Related to our Franchisees** • We may engage in, or be subject to, litigation with our franchisees. • Operational **compliance** and other failures by our franchisees may adversely impact us. • We are subject to laws that regulate franchisor- franchisee relationships. Our ability to enforce our rights against our franchisees may be adversely affected by these laws, which could impair our growth strategy and cause our franchise revenues to decline. • Changes to current law with respect to the assignment of liabilities in the franchise business model could materially and adversely affect our profitability. **General Risks** • The success of our business is dependent on factors impacting consumer spending that are not under our control, including general economic conditions, and unfavorable economic conditions in the markets where we operate could **result in increases in lease merchandise write- offs, among other things, which could** materially and adversely affect our financial performance. • The geographic concentration of our store locations may have an adverse impact on our financial performance due to economic downturns and ~~serious~~ **severe** weather events in regions where we have a high concentration of ~~our~~ stores. • Our current insurance program may expose us to unexpected costs, including casualty and accident **-** related self- insured losses, and negatively affect our financial performance. • We are subject to sales, income and other taxes, which can vary **by jurisdiction** ~~from state- to- state~~ and be difficult and complex to calculate due to the nature of our business. A failure to correctly calculate and pay such taxes could result in substantial tax liabilities and a material adverse effect on our results of operations. • Employee misconduct could harm us by subjecting us to monetary loss, significant legal liability, regulatory scrutiny, and reputational harm. ~~Risks Related to the Separation and Distribution~~ • We have limited recent history of operating as an independent company, and our historical ~~and pro forma~~ financial information is not necessarily representative of the results that we would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results. **Risks Related to Ownership of Our Common Stock • Shareholders' percentage of ownership in us may be diluted in the future.** • We **cannot guarantee** ~~may not achieve some or all of~~ the **timing** ~~expected benefits of the separation~~ , **amount** ~~and the separation may materially and adversely affect our~~ - **or payment** ~~business, results~~ of ~~operations~~ **dividends on** ~~or~~ **our** ~~financial condition~~ **common stock** . • As a ~~separate publicly~~ -- **public** ~~traded~~ company, we are required to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes- Oxley Act and our failure to do so could materially and adversely affect us. ~~We will need to demonstrate our ability to manage our compliance with these corporate governance laws and regulations as an independent, public company that is no longer a part of PROG Holdings. • In connection with our separation from PROG Holdings, formerly Aaron' s Holdings Company, Inc., or Aaron' s, Inc. prior to the holding company formation, PROG Holdings will indemnify us for certain liabilities, and we will indemnify PROG Holdings for certain liabilities. If we are required to make payments to PROG Holdings under these indemnities, our financial results could be negatively impacted. The PROG Holdings indemnity may not be sufficient to hold us harmless from the full amount of liabilities for which PROG Holdings will be allocated responsibility, and PROG Holdings may not be able to satisfy its indemnification obligations in the future. • If the distribution, together with certain related transactions, does not qualify as a transaction that is generally tax-free for U. S. federal income tax purposes, PROG Holdings, The Aaron' s Company, and their shareholders could be subject to significant tax liabilities and, in certain circumstances, Aaron' s could be required to indemnify PROG Holdings for material taxes and other related amounts pursuant to indemnification obligations under the tax matters agreement. • U. S. federal income tax consequences may restrict our ability to engage in certain desirable strategic or capital- raising transactions. • As an independent, publicly traded company, we may not enjoy the same benefits that were available to us as a segment of PROG Holdings. It may be more costly for us to separately obtain or perform the various corporate functions that PROG Holdings performed for us prior to the separation, and we will need to incur the costs, which could be material, to replicate certain systems, infrastructure and personnel to which we will no longer have access in our post- separation operations. • We or PROG Holdings may fail to perform certain transitional services under various transaction agreements that were executed as part of the separation or we may fail to have necessary systems and services in place when certain of the transaction agreements covering those services expire. Risks Related to Ownership of our Common Stock • We cannot guarantee that an active trading market for our common stock will be sustained, and our stock price may fluctuate significantly. • If securities or industry analysts do not publish research or publish misleading or unfavorable research about our business, our stock price and trading volume could decline. • Shareholders' percentage of ownership in us may be diluted in the future. • We cannot guarantee the timing, amount or payment of dividends on our common stock, or whether any dividends will be declared by our Board of Directors (our" Board").~~ • Our amended and restated bylaws designate the Georgia State- ~~Wide~~ **wide** Business Court in the State of Georgia as the exclusive forum for certain litigation, which may limit our shareholders' ability to choose a judicial forum for disputes with us. • Certain provisions in our articles of incorporation and bylaws, and of Georgia law, may deter or delay an acquisition of us. Risks Relating to ~~COVID~~ **Our Business Legal and Regulatory Risks Federal and state regulatory authorities are increasingly focused on consumer** - ~~19 The COVID~~ **facing industries, including LTO and retail, and in addition to being subject to various existing federal, state and provincial laws and regulations, we may be subject to new or additional federal, state and provincial laws and regulations (or changes in interpretations of existing laws and regulations) that could expose us to government investigations, pricing restrictions, fines, penalties or other government** - ~~19 pandemic~~ **required payments by us, significant additional costs or compliance- related burdens that could force us to change our business practices in a**

manner that may have a material adverse effect on our business, results of operations ~~,~~ **or** financial condition ~~, liquidity and / or cash flow in future periods~~ . In March 2020, the COVID-...... to Our Business Legal and Regulatory Risks Federal regulatory authorities such as the Federal Trade Commission (the" FTC") are increasingly focused on the subprime financial marketplace in which the LTO industry operates, and any of these federal agencies, as well as state regulatory authorities, may propose and adopt new regulations, or interpret existing regulations in a manner, that could result in significant adverse changes in the regulatory landscape for businesses such as ~~ours~~ **our Aaron' s and BrandsMart Leasing businesses that include LTO** . In addition, we believe ~~, with increasing frequency,~~ federal and state regulators are **increasingly** holding **LTO** businesses ~~like ours~~ to higher standards of monitoring, disclosure and reporting, regardless of whether new laws or regulations governing ~~our~~ **the LTO** industry have been adopted. We expect this increased focus by federal and state regulatory authorities to **continue to** intensify ~~under the Biden Presidential Administration~~ . Regulators and courts may apply laws or regulations to our businesses in inconsistent or unpredictable ways that may make compliance more difficult, expensive and uncertain. This increased attention at the federal and state levels, as well as the potential for scrutiny by certain municipal governments, could increase our compliance costs significantly and materially and adversely impact the manner in which we operate. For more information, see" Business — Government Regulation." Nearly every state, the District of Columbia, and most provinces in Canada specifically regulate LTO transactions. Furthermore, certain aspects of our business **segments** , such as the content of our advertising and other disclosures to customers about our LTO transactions ~~;~~ **,** and our lease renewal and collection practices (as well as those of third parties), the manner in which we contact our customers, our **customer lease** decisioning process regarding whether to lease merchandise to customers, **and** any payment information we may decide to furnish to consumer reporting agencies ~~,~~ **are subject to federal** and **state laws and regulatory oversight. In addition,** the manner in which we process and store certain customer, employee and other information are subject to federal and state laws and regulatory oversight. For example, the California Consumer Privacy Act of 2018 (the" CCPA"), which became effective on January 1, 2020, has changed the manner in which our **LTO and retail** transactions with California residents are regulated with respect to the manner in which we collect, store and use consumer data, which will result in increased regulatory oversight and litigation risks and increase our compliance- related costs in California. In addition, on November 3, 2020, California voters approved a new privacy law, the California Privacy Rights Act (" CPRA"), which significantly modifies the CCPA, including by expanding consumers' rights with respect to certain personal information and creating a new state agency to oversee implementation and enforcement efforts. Many of the CPRA' s provisions ~~will become~~ **became** effective on January 1, 2023. Moreover, other states have adopted or may adopt privacy- related laws whose restrictions and requirements differ from those of the CCPA and CPRA, requiring us to design, implement and maintain different types of state- based, privacy- related compliance controls and programs simultaneously in multiple states, thereby further increasing the complexity and cost of compliance. Many of these laws and regulations are evolving, **creating** unclear and inconsistent **requirements** across various jurisdictions, and complying with them is difficult, expensive and uncertain. Furthermore, legislative or regulatory proposals regarding our industry, or interpretations of them, may subject us to" headline risks" that could negatively impact our business in a particular market or in general and, therefore, may adversely affect our share price. **New** ~~We have incurred and will continue to incur substantial costs to comply with federal and state laws and regulations. In addition to compliance costs, we may continue to incur substantial expenses to respond to federal and state government investigations and enforcement actions, proposed fines and penalties, criminal or civil sanctions, and private litigation, including those arising out of our or our franchisees' alleged violations of existing laws and / or regulations. Further, certain political candidates for various offices have from time- to- time indicated a desire to increase the level of regulation and regulatory scrutiny applicable to LTO and similar subprime financial services providers. If elected, these candidates may propose new~~ laws and regulations (or **differing interpretations of** ~~appoint individuals who could reinterpret~~ existing regulations) ~~that~~ , if adopted, ~~would~~ **could also** adversely impact ~~our~~ **or** current operations and the regulatory landscape for businesses such as ours. **We have incurred and will continue to incur substantial costs to comply with federal, state and provincial laws and regulations. In addition to compliance costs, we may continue to incur substantial expenses to respond to federal, state and provincial government investigations and enforcement actions, proposed fines and penalties, criminal or civil sanctions, and private litigation, including those arising out of our or our franchisees' alleged violations of existing laws and / or regulations.** Additionally, as we execute on our strategic plans, we may continue to expand into complementary businesses that engage in **retail,** financial, banking or lending services, or LTO or rent- to- rent transactions involving products that we do not currently offer our customers, all of which may be subject to a variety of statutes and regulatory requirements in addition to those regulations currently applicable to our legacy operations, which may impose significant costs, limitations or prohibitions on the manner in which we currently conduct our businesses as well as those we may acquire in the future ~~. From time to time we are subject to regulatory and legal proceedings which seek material damages or seek to place significant restrictions on our business operations. These proceedings may be negatively perceived by the public and materially and adversely affect our business, liquidity and capital resources~~ . We are subject to legal and regulatory proceedings from time to time which may result in material damages or place significant restrictions on our business operations, and / or divert our management' s attention from other business issues and opportunities and from our ongoing strategic plan to improve our performance. There can be no assurance that we will not incur material damages or penalties in a lawsuit or other proceeding in the future and / or significant defense costs related to such lawsuits or regulatory proceedings. Significant adverse judgments, penalties, settlement amounts, amounts needed to post a bond pending an appeal or defense costs could materially and adversely affect our liquidity and capital resources. It is also possible that, as a result of a present or future governmental or other proceeding or settlement, significant restrictions will be placed upon, or significant changes made to, our business practices, operations or methods, including pricing or similar terms. Any such restrictions or changes may adversely affect our profitability or increase our compliance costs. **To attempt** ~~Certain judicial or regulatory decisions may restrict or eliminate the enforceability of certain types of contractual provisions, such as mandatory arbitration clauses, designed~~ to limit costly **and**

lengthy consumer, employee and other litigation, including class actions, ~~as a dispute resolution method, which could have a material adverse effect on our business. To attempt to limit costly and lengthy consumer, employee and other litigation, including class actions,~~ we require customers **entering into LTO transactions** and team members **across all business segments** to sign arbitration agreements and class action waivers, many of which offer opt- out provisions. Recent judicial and regulatory actions have attempted to restrict or eliminate the enforceability of such agreements and waivers. If we are not permitted to use arbitration agreements and / or class action waivers, or if the enforceability of such agreements and waivers is restricted or eliminated, we could incur increased costs to resolve legal actions brought by customers, team members and others, as we would be forced to participate in more expensive and lengthy dispute resolution processes, any of which could have a material adverse effect on our business. The products we lease **and sell** through our business **segments** are subject to regulation by the **United States** ~~U. S.~~ Consumer Product Safety Commission and similar state regulatory authorities **, as well as regulatory authorities in Canada** . Such products could be subject to recalls and other actions by these authorities. Such recalls and voluntary removal of products can result in, among other things, lost sales, diverted resources, potential harm to our reputation and increased customer service costs, which could have a material adverse effect on our business, results of operations or financial condition. In addition, given the terms of our lease agreements with our customers, in the event of such a product quality or safety issue, ~~our~~ customers who have leased the defective merchandise from us could terminate their lease agreements for that merchandise and / or not renew those lease ~~arrangements~~ **agreements** , which could have a material adverse effect on our business, results of operations or financial condition, if we are unable to recover those losses from the vendor who supplied the defective merchandise. Inflation Risk ~~Inflationary environment could adversely impact our business through increased cost to attract and retain talent, increased raw material costs, increased logistical costs to get product from suppliers to customer' s homes and the acceleration of prices beyond the norm resulting in lower lease volumes.~~ Our financial performance could be adversely impacted by relative rates of inflation, which are subject to market conditions. **The ongoing** ~~Labor~~ **labor** shortages have increased the costs to attract and retain talent. Sign- on bonuses, enhanced wages and other inducements have increased our costs and are expected to continue to increase our costs, which could have an adverse effect on our margins and profitability and there can be no assurances that such measures will be adequate to attract and retain talent. Commodities used in some of our products, including our Woodhaven manufactured products, can be subject to availability constraints and price volatility caused by supply conditions, government regulations and general economic conditions and other unpredictable factors, which may further increase our costs. Our logistical costs related to transporting and shipping our merchandise to our distribution centers and store locations and delivery to our customers may increase. Additionally, the cost of construction materials we use to build and remodel our stores is also subject to price volatility based on market and economic conditions. Higher construction material prices could increase the capital expenditures needed to construct our new store concept or for re-engineering or remodeling an existing store and, as a result, could increase the investment required. We have limited or no control over many of these inflationary forces on our costs. These inflationary pressures could impact our net sales and earnings. If the price of goods changes as a result of inflation, we may be unable to adjust our retail prices and lease ~~rates~~ **payments** accordingly, which could adversely impact our earnings. Changes in prices could also negatively impact our sales and earnings if our competitors react more aggressively or if our customers curtail entering into sales and lease agreements for the merchandise we offer or enter into agreements that generate less revenue for us, resulting in lower lease volumes. Talent Management Risks ~~We depend on hiring an adequate number of hourly team members to run our business and are subject to government laws and regulations concerning these and our other team members, including wage and hour regulations. Our inability to recruit, select, train and retain qualified team members or violations by us of employment or wage and hour laws or regulations could have a material adverse effect on our business, results of operations or financial condition.~~ Our workforce is comprised primarily of team members who work on an hourly basis. To grow our operations and meet the needs and expectations of our customers, we must attract, select, train, and retain a large number of hourly team members, while at the same time controlling labor costs. These positions have historically had high turnover rates, which can lead to increased training, retention and other costs. In certain areas where we operate, there has historically been significant competition for team members, including from retailers **distribution centers, delivery services** and restaurants. In addition, the ~~potential~~ **competitive nature of the hourly labor market, including an increasing number of jobs, whether in- person or remote work, ad an increasing wage rate** for **those available** ~~reinstatement of government stimulus programs and / or~~ **for** ~~supplemental unemployment benefits paid during the~~ **those jobs,** ~~COVID- 19 pandemic~~ may make it more difficult for us to attract candidates for our open hourly positions ~~, depending on the amount and duration of those benefits, as we have experienced since the first round of government stimulus and enhanced unemployment benefits began to be paid in 2020~~ . The lack of availability of an adequate number of hourly team members, or our inability to attract and retain them, or an increase in wages and benefits to attract and maintain current team members ~~, or the impact of federal mandates on vaccines, masks and COVID- 19 testing~~ , could adversely affect our business, results of operations or financial condition. We are subject to applicable rules and regulations relating to our relationship with our team members, including wage and hour regulations, health benefits, unemployment and payroll taxes, overtime and working conditions and immigration status. Accordingly, federal, state or local legislated increases in the minimum wage, as well as increases in additional labor cost components such as employee benefit costs, workers' compensation insurance rates, compliance costs and fines, would increase our labor costs, which could have a material adverse effect on our business, results of operations or financial condition. We believe that we have benefited substantially from our current executive leadership and that the unexpected loss of their services in the future could adversely affect our business and operations. We also depend on the continued services of the rest of our management team. The loss **of certain** of these individuals without adequate replacement could adversely affect our business. Further, we believe that the unexpected loss of certain key talent in the future could have a material adverse effect on our business and operations. We do not carry key business person life insurance on any of our **key business** personnel. The inability to attract, develop and retain qualified individuals, or a significant increase in the costs to do so, could have a material adverse effect on our operations. ~~Risks Related to~~ Cyber- Security and Technology **Risks** ~~If we do not maintain the privacy and security of customer, employee or other confidential information, due to cybersecurity- related" hacking" attacks, intrusions into our systems by unauthorized parties or otherwise, we could incur significant costs, litigation, regulatory enforcement actions and damage to our reputation, any one of which could have a material adverse effect on our business, results of operations or financial condition.~~ Our business involves the collection, processing, transmission and storage of customers' personal and confidential ~~information, including social security numbers, dates of birth, banking information, credit and debit card information, data we receive from consumer reporting companies, including credit report~~ information, as well as confidential information about our team members, among others. Much of this data constitutes confidential personally identifiable information (" PII") which, if unlawfully accessed, either through a" hacking" attack or otherwise, could subject us to significant liabilities as further discussed below. Companies like us that possess significant amounts of PII and / or other confidential information have experienced a significant increase in cybersecurity risks in recent years from increasingly aggressive and sophisticated cyberattacks, including hacking, computer viruses, malicious or destructive code, ransomware, social engineering attacks (including phishing and impersonation), denial- of- service attacks and other attacks and similar disruptions from the unauthorized use of or access to IT systems. Our IT systems are subject to constant attempts to gain unauthorized access in order to disrupt our business operations and capture, destroy or manipulate various types of information that we rely on, including PII and / or other confidential information. In addition, various third parties, including team members, contractors or others with whom we do business may attempt to circumvent our security measures in order to obtain such information, or inadvertently cause a breach involving such information. Any significant compromise or breach of our data security, whether external or internal, or misuse of PII and / or other confidential information may result in significant costs, litigation and regulatory enforcement actions and, therefore, may have a material adverse impact on our business, results of operations or financial condition. Further, if any such compromise, breach or misuse is not detected quickly, the effect could be compounded. While we have implemented information security systems and processes (including engagement of third- party security services) to protect against unauthorized access to or use of secured data and to prevent data loss and theft, there is no guarantee that these procedures are adequate to safeguard against all data security breaches or misuse of the data. In addition, certain of our confidential information, and information regarding our customers, may be gathered, processed, and or / stored through, or on, the networks or other systems of third- party vendors or service providers whom we have engaged. While we endeavor to conduct due diligence on those third parties regarding their data security and protection policies and procedures, and the methods they use to safeguard such information, we ultimately do not, and are unable to, manage or control those third parties' efforts to safeguard against data security breaches or misuse of data, or data loss or theft, that may involve our confidential information or the confidential information of our customers. We maintain private liability insurance intended to help mitigate the financial risks of such incidents, but there can be no guarantee that insurance will be sufficient to cover all losses related to such incidents, and our exposure resulting from any serious unauthorized access to, or use of, secured data, or serious data loss or theft, could far exceed the limits of our insurance coverage for such events. Further, a significant compromise of PII and / or other confidential information could result in regulatory penalties and harm our reputation with our customers and others, potentially resulting in a material adverse effect on our business, results of operations or financial condition. The regulatory environment related to information security, data collection and use, and consumer privacy is increasingly rigorous, with new and constantly changing requirements applicable to our business, and compliance with those requirements could result in additional costs. For example, the CCPA **(as amended by the CPRA)** , which became effective in January 2020, has changed the manner in which our transactions with California residents are regulated with respect to the manner in which we collect, store and use consumer and employee data; expose our operations in California to increased regulatory oversight and litigation risks; and increase our compliance- related costs **. Moreover, other states have adopted or may adopt privacy- related laws whose restrictions and requirements differ from those of the CCPA and CPRA** . Compliance with changes in consumer privacy and information security laws may result in significant expense due to increased investment in technology, the development of new operational processes and oversight. Failure to comply with these laws subjects us to potential regulatory enforcement activity, fines, private litigation including class actions, and other costs. We also have contractual obligations that might be breached if we fail to comply. A significant privacy breach or failure to comply with privacy and information security laws could have a material adverse effect on our reputation, business, results of operations or financial condition. We also believe successful data breaches or cybersecurity incidents at other companies, whether or not we are involved, could lead to a general loss of customer confidence that could negatively affect us, including harming the market perception of the effectiveness of our security measures or financial technology in general. ~~If our IT systems are impaired, our business could be interrupted, our reputation could be harmed and we may experience lost revenues and increased costs and expenses.~~ We rely on our IT systems to carry out our in- store and e- commerce ~~applicant~~ **customer lease** decisioning process and to process **lease and retail** transactions with our customers, including tracking and processing lease payments on merchandise **, processing retail transactions and lease or credit applications** , and other important functions of our business. Failures of our systems, such as" bugs", crashes, internet failures and outages, operator error, or catastrophic events, could seriously impair our ability to operate our business, and our business continuity and contingency plans related to such IT failures may not be adequate to prevent that type of serious impairment. If our IT systems are impaired, our business (and that of our franchisees) could be interrupted, our reputation could be harmed, we may experience lost revenues or sales, including due to an interruption to our data- enabled **customer** lease decisioning and lease renewal and collection functions, and we could experience increased costs and expenses to remediate the problem. As we continue to centralize more of our operations, the risks and potential unfavorable impacts of systems failures will become more significant, and there can be no assurances that we can successfully mitigate such heightened risks. **Risks Related to** BrandsMart **U. S. A.** Acquisition ~~Risks~~ The ~~consummation of the~~ BrandsMart **U. S. A** acquisition ~~would~~ **may** create risks and uncertainties which could materially and adversely affect our business and results of operations. ~~After~~ **Since the** consummation of the BrandsMart acquisition, we **have** ~~expect to experience~~ **experienced** significantly more sales, and ~~will~~ have more assets and employees than we did prior to the transaction. The integration process ~~will require~~ **requires** us to expend significant capital and significantly expand the scope of our operations and financial systems. Our management **is** ~~will be~~ required to devote a significant amount of time and attention to the process of integrating the operations of our business with that of the BrandsMart business. There is a significant degree of difficulty and management involvement inherent in that process. These difficulties include: • integrating the operations of the BrandsMart business while carrying on the ongoing operations of ~~our~~ **the Aaron' s and Woodhaven** ~~business~~ **businesses ; • Developing, launching, and managing an in- house LTO purchase solutions, BrandsMart Leasing** ; • managing a significantly larger company than before consummation of the BrandsMart business; • the possibility of faulty assumptions underlying our expectations regarding the integration process, including, among other things, unanticipated delays, costs or inefficiencies; • the effects of unanticipated liabilities; • operating a more diversified business; • integrating two separate business cultures ~~, which may prove to be incompatible~~ ; • attracting and retaining the necessary personnel associated with the BrandsMart business; • **maintaining relationships with suppliers; •** the challenge of integrating complex systems, IT systems, data privacy and security systems and our ability to maintain the privacy and security of BrandsMart' s customer, employee or other confidential information; ~~and~~ • creating uniform standards, controls, procedures, policies and information systems and controlling the costs associated with such matters; **and** • integrating information, purchasing, accounting, finance, sales, billing, payroll and regulatory compliance systems ~~. As a private company, BrandsMart was not required to obtain an audit of its internal control over financial reporting or otherwise have such internal controls assessed, except to the extent required in connection with audits pursuant to GAAP; however, if the financial systems of the entities are being integrated into our financial systems, they would be subject to our internal control requirements~~ . If any of these factors limit our ability to integrate the BrandsMart business into our operations successfully or on a timely basis, the expectations of future results of operations, including certain run- rate synergies expected to result from the BrandsMart **U. S. A.** acquisition, might not be met. As a result, we may not be able to realize the expected benefits that we seek to achieve from the BrandsMart **U. S. A** acquisition, which could also affect our ability to service our debt obligations. In addition, we may be required to spend additional time or money on integration that otherwise would be spent on the development and expansion of our **larger Aaron' s** ~~business~~ **Business** , including efforts to further expand our product **selection** ~~portfolio. We may be unable to realize the anticipated synergies or may incur additional and / or unexpected costs in order to realize them~~ . There can be no assurance that we will be able to realize the anticipated synergies from the BrandsMart **U. S. A.** acquisition in the anticipated amounts or within the anticipated timeframes or costs expectations or at all. We **have** ~~plan to implement~~ **implemented** a series of initiatives ~~at the combined company~~ that we expect to result in recurring, annual run- rate synergies. We **have incurred, and** expect to incur **,** one- time, non- recurring costs to achieve such synergies. These or any other cost savings or operational improvements that we realize may differ materially from our estimates. We cannot provide assurances that these anticipated synergies will be achieved or that our programs and improvements will be completed as anticipated or at all. In addition, any cost savings that we realize may be offset, in whole or in part, by reductions in revenues or through increases in other expenses. ~~Operational and Strategy Risks~~ We face many challenges which could have a material adverse effect on our overall results of **LTO and retail** operations, including the commoditization of certain product categories, increasing competition from a growing variety of sources, a decentralized, high- fixed- cost operating model, adverse consequences to our supply chain function from decreased procurement volumes and from ~~the~~ COVID- 19 ~~pandemic~~ **related supply chain disruptions,** and **with respect to the LTO business,** lower lease volumes, and thus, less recurring revenues written into our customer lease portfolio. Our business currently faces and may face new challenges relating to the commoditization of certain product categories. For example, due to an increasing supply of electronics, and retail strategies that include implementing frequent price- lowering sales and using certain electronics as ~~"~~ **“** loss leaders ~~"~~ **”** to increase customer traffic in stores, there is significant price- based competition or ~~"~~ **“** commoditization ~~"~~ **”** of electronics, particularly for televisions. We do not expect the commoditization of the electronics category to subside and it may expand to other product categories with increasing frequency in the future, including appliances and furniture. We also face competition from a growing variety of sources, including traditional and virtual LTO and rent- to- rent companies, ~~buy now~~ **Buy Now** , ~~pay~~ **Pay** ~~later~~ **Later** companies, traditional and ~~"~~ **“** big- box ~~"~~ **”** retailers, the continued expansion of digital retail, which includes a wide array of e- commerce retailers that have established far larger digital operations than our ~~Aarons~~ **aarons . com and brandsmartusa** . com e- commerce ~~platform~~ **platforms** ~~has~~ **have** been able to achieve to date, traditional and on- line providers of used goods, and indirectly from financing companies, such as payday and title loan companies, who provide customers with loans that enable them to shop at traditional retailers. This increasing competition from these sources may reduce our market share as well as our operating margins, and may have a material adverse effect on our overall results of operations. Many of the competitors discussed above have more advanced and modern e- commerce, logistics and other technology applications and systems that offer them a competitive advantage in attracting and retaining customers for whom we compete, especially with respect to younger customers. In addition, those competitors may offer a larger selection of products and more competitive prices. We believe the significant increase in the amount and type of competition, as discussed above, may result in ~~our~~ **LTO** customers curtailing entering into sales and lease ownership agreements for the types of merchandise we offer, or entering into agreements that generate less revenue for us, resulting in lower same store revenues, revenue and profits, or entering into lease agreements with our competitors. ~~We~~ **With respect to LTO, we** calculate same store revenues growth, which is impacted by the amount of recurring lease revenues written into and exiting our customer lease portfolio in current and prior periods and by the amount of that revenue we collect from our customers, by comparing revenues for comparable periods for stores open during the entirety of those periods. A number of factors have historically affected our same store revenues for ~~our~~ **the LTO** business, including: • changes in competition; • general economic conditions; • economic challenges faced by our customer base; • new product introductions; • consumer trends; • **rising interest**

rates; • lease merchandise write- offs; • changes in our merchandise mix; • timing of promotional events; • our ability to execute our business strategy effectively; and • the favorable impact of government stimulus and supplemental unemployment benefits on our collections, during the COVID- 19 pandemic. Our business has a decentralized, high fixed cost operating model due to, among other factors, our significant labor related to our selling and lease renewal and collections functions, the costs associated with our last- mile delivery, our fulfillment centers and related logistics functions, and our manufacturing operations. That model may result in negative operating leverage in a declining revenue environment, as we may not be able to reduce or ~~"~~ **“** deleverage ~~"~~ **”** those fixed costs in proportion to any reduction in the revenues of our business, if at all, and our failure to do so may adversely affect our overall results of operations. In addition, our supply chain function and financial performance may suffer adverse consequences related to the decreases we have experienced, and may continue to experience, in the volume of merchandise we purchase from third party suppliers, due to, among other factors, our store closures, declining sales of merchandise to franchisees, and lower lease volumes. Those consequences may include, for example, smaller discounts from our vendors, or the elimination of discount programs previously offered to us, which may have an adverse impact on our results of operations. Declining merchandise purchase volumes have caused us to rationalize and consolidate, and may result in us further rationalizing and consolidating, vendors for certain product categories, and we may not effectively implement those vendor consolidation initiatives, which could lead to disruptions to our supply chain, including delivery delays or unavailability of certain types of merchandise for our stores and our franchisees' stores. We have experienced and may continue to experience increases in the costs we incur to purchase certain merchandise that we offer for sale or lease to our customers, due to tariffs, increases in prices for certain commodities, COVID- 19 related supply chain disruptions, and increases in the costs of transportation and shipping the merchandise to our distribution centers and store locations. We have limited or no control over many of these inflationary forces on our costs. In addition, we may not be able to recover all or even a portion of such cost increases by increasing our merchandise prices, fees, or otherwise, and even if we are able to increase merchandise prices or fees, those cost increases to our customers could result in the customers curtailing entering into sales and lease ownership agreements for the types of merchandise we offer, or entering into agreements that generate less revenue for us, resulting in lower same store revenues, revenues and profits. If we are unable to successfully address these challenges, our overall business, results of operations or financial condition may be materially and adversely affected as well. We **are** ~~continue to implement~~ **implementing** a **new three- year** strategic plan within our business **designed** ~~that has changed, and is expected~~ to **strengthen and grow** ~~continue to change, significant aspects of how~~ our business ~~has been operated historically~~ **and generate capital for investment by growing revenue, further reducing costs and strengthening operating margins** , and there is no guarantee that ~~it~~ **the new three- year plan** will be successful. Our **new three- year** strategic plan for our business includes a number of key initiatives to **grow revenue, further reduce costs and** improve profitability, **and operating margins,** including centralizing **and investing in** key processes **, such as customer lease decisioning and payments** , rationalizing and repositioning real estate, ~~and~~ enhancing our e- commerce ~~platform~~ **platforms and digital optimization channels, enhancing and growing BrandsMart, achieving BrandsMart synergies announced at the acquisition date, and optimizing our cost structure** . There is no guarantee that these initiatives will be successful. For example, we may not be successful in our attempts to attract new customers to our brand, develop the technology needed to further enhance our customers' experiences with us, or align our store footprint with market opportunities due to an inability to secure new store locations, or otherwise. With respect to centralizing key processes, we have implemented a data- enabled customer lease decisioning process in all of our company- operated **Aaron' s** stores ~~,~~ and ~~in~~ **within** our **BrandsMart Leasing business, and in the** franchised **Aaron' s** stores as well. We may not execute the procedural and operational changes and systems necessary to successfully implement the centralized decisioning initiative, and it is possible that data- enabled customer lease decisioning will not be as effective or accurate as the decentralized, store- based decisioning process we historically used in our business. Regarding our real estate strategy, the buildout of our new **Aaron' s** store concept and operating model includes geographically repositioning a significant number of our store locations into larger buildings and / or into different geographic locations that we believe will be more advantageous, and also re- engineering and remodeling certain existing stores, to provide for larger selections of merchandise and other more complex features. We expect to incur significant capital costs, including build- out or remodeling costs for this new store concept and operating model and exit costs from the termination of current leases and sale of current properties. **We** ~~In addition, we~~ have not historically managed or operated stores with larger footprints or more complex, ~~re- engineered~~ **reengineered** stores and operating models, and thus, we expect that our management team and store team members for those locations will need to adjust to managing and operating larger, more complex stores, and there can be no assurances that those stores will be successful. **In addition, we are exploring a new " Hub and Showroom " model to improve operational efficiencies in select markets. This is a new strategy and we have not historically managed and operated stores in this capacity and thus there can be no assurances that this " Hub and Showroom " model will be successful. Our BrandsMart U. S. A. strategy consists of maintaining our current store locations and expanding our reach to additional markets by opening one or two new stores per year. With each store, we expect to incur significant capital costs, including building and development costs, and to enter into a multi- year lease.** There can be no assurance that the real estate component of our strategy will be successful. For example, we may not be successful in transitioning the customers of our stores that are closed or repositioned to other stores that remain open or to our new store concept and operating model, and thus, could experience a reduction in revenue and profits associated with such a loss of customers. In addition, we may not be able to identify and secure a sufficient number of store locations that are able to support our new **Aaron' s** store concept **and / or our new BrandsMart U. S. A. stores** , at reasonable lease rates and terms, or at all. Our e- commerce ~~platform~~ **platforms** also ~~is~~ **are** a significant component of our strategic plan and we believe ~~it~~ **they** will drive future growth of ~~this~~ **both** ~~segment~~ **segments** . However, to promote our products and services and allow customers to transact on- line and reach new customers, we must effectively maintain, improve and grow our e- commerce ~~platform~~ **platforms and digital acquisition channels** . While we believe our **aarons. com** e- commerce platform currently is superior to those of our traditional LTO competitors, many of the traditional, virtual and ~~"~~ **“** big- box ~~"~~ **”** retailers and other companies with whom we compete have more robust e- commerce platforms and logistics networks than ours, and have more resources to dedicate to improving and growing their e- commerce platforms. **In addition, although we continue to make improvements to our BrandsMart U. S. A. e- commerce platform, we may not have the same e- commerce platforms and logistics as our larger nationwide competitors. For both our business segments,** ~~There~~ **there** can be no assurance that we will be able to effectively compete against those companies' e- commerce platforms and logistics networks, or maintain, improve or grow our e- commerce platform in a profitable manner. There can be no guarantee that our ~~current~~ strategy for our business, and our current or future business improvement initiatives related thereto, will yield the results we currently anticipate (or results that will exceed those that might be obtained under prior or other strategies). We may fail to successfully execute on one or more elements of our current strategy, even if we successfully implement one or more other components. In addition, the estimated costs and charges associated with these initiatives may vary materially and adversely based upon various factors. If we cannot address these challenges successfully, or overcome other critical obstacles that may emerge as we continue to pursue our current strategy, it may adversely impact our business, results of operations or financial condition. We will consider potential acquisitions on a selective basis. From time- to- time we may approach, or may be approached by, other public companies or large privately- held companies to explore consolidation opportunities. There can be no assurance that we will be able to identify suitable acquisition opportunities in the future or that we will be able to consummate any such transactions on terms and conditions acceptable to us. In addition, it is possible that we will not realize the expected benefits from any completed acquisition over the timeframe we expect, or at all, or that our existing operations will be adversely affected as a result of acquisitions. Acquisitions entail certain risks, including: • unrecorded liabilities of acquired companies and unidentified issues that we fail to discover during our due diligence investigations or that are not subject to indemnification or reimbursement by the seller; • greater than expected expenses such as the need to obtain additional debt or equity financing for any transaction; • unfavorable accounting treatment and unexpected increases in taxes; • adverse effects on our ability to maintain relationships with customers, team members ~~and~~ **,** suppliers **or other key stakeholders** ; • inherent risk associated with entering a geographic area or line of business in which we have no or limited experience; • difficulty in assimilating the operations and personnel of an acquired company within our existing operations, including the consolidation of corporate and administrative functions **; • the challenge of integrating complex systems, IT systems, data privacy and security systems and our ability to maintain the privacy and security of customer, employee or other confidential information** ; • difficulty in conforming standards, controls, procedures and policies, business cultures and compensation structures; • difficulty in identifying and eliminating redundant and underperforming operations and assets; • loss of key team members of the acquired company; • operating inefficiencies that have a negative impact on profitability; • impairment of goodwill or other acquisition- related intangible assets; • failure to achieve anticipated synergies or receiving an inadequate return of capital; and • strains on management and other personnel time and resources to evaluate, negotiate and integrate acquisitions. Our failure to address these risks or other problems encountered in connection with any future acquisition could cause us to fail to realize the anticipated benefits of the acquisitions, cause us to incur unanticipated liabilities and harm our business generally. In addition, if we are unable to successfully integrate our acquisitions with our existing business, we may not obtain the advantages that the acquisitions were intended to create, which may materially and adversely affect our business, results of operations, financial condition, cash flows, our ability to introduce new services and products and the market price of our stock. We would expect to pay for any future acquisitions using cash, capital stock, indebtedness and / or assumption of indebtedness. To the extent that our existing sources of cash are not sufficient, we would expect to need additional debt or equity financing, which involves its own risks, such as the dilutive effect on shares held by our stockholders if we financed acquisitions by issuing convertible debt or equity securities, or the risks associated with debt incurrence. Acquisitions place strains on our management and other personnel time and resources, and require timely and continued investment in facilities, personnel and financial and management systems and controls. We may not be successful in implementing all of the processes that are necessary to support any of our growth initiatives, which could result in our expenses increasing disproportionately to our incremental revenues, causing our operating margins and profitability to be adversely affected. **Our Aaron' s Business** ~~We could lose our access to third- party data sources, including, for example, those sources that provide us with data that we use as inputs into our centralized decisioning tools, which could cause us competitive harm~~ and **BrandsMart Leasing** ~~have a material adverse effect on our business~~ **businesses** ~~, results of operations or financial condition. We~~ are heavily dependent on data provided by third- party providers such as customer attribute data provided by external sources, including for use as inputs in our centralized decisioning tools. Our centralized decisioning tools rely on these third- party data providers for data inputs that are a critical part of our centralized decisioning processes. Our data providers could experience outages or otherwise stop providing data, provide untimely, incorrect or incomplete data, or increase the costs for their data for a variety of reasons, including a perception that our systems are insecure as a result of a data security breach, regulatory concerns or for competitive reasons. We could also become subject to increased legislative, regulatory or judicial restrictions or mandates on the collection, disclosure **, retention** or use of such data, in particular if such data is not collected by our providers in a way that allows us to legally use the data. If we were to lose access to this external data or if our access or use were restricted or were to become less economical or desirable, our business, and our centralized decisioning processes in particular, would be negatively impacted, which could have a material adverse effect on our business, results of operations or financial condition. We cannot provide assurance that we will be successful in maintaining our relationships with these external data source providers or that we will be able to continue to obtain data from them on acceptable terms or at all. Furthermore, we cannot provide assurance that we will be able to obtain data from alternative sources if our current sources become unavailable. The success of our business depends upon our ability to successfully manage our inventory and to anticipate and respond to merchandise trends and customer demands in a timely manner. We cannot always accurately predict consumer preferences and they may change over time. We must order certain types of merchandise, such as electronics, well in advance of seasonal increases in customer demand for those products. The extended lead times for many of our purchases may make it difficult for us to respond rapidly to new or changing product trends or changes in prices. If we misjudge either the market for our merchandise, our customers' product preferences or our customers' leasing **or buying** habits, our revenue may decline significantly **,** and we may not have sufficient quantities of merchandise to satisfy customer demand or we may be required to mark down excess inventory, either of which would result in lower profit margins. In addition, our level of profitability and success in ~~our~~ **the LTO** business depends on our ability to successfully re- lease or sell our inventory of merchandise that is returned by customers that are unwilling or unable to continue making their lease renewal payments, or otherwise. The industries in which we operate are highly competitive and highly fluid, particularly in light of the sweeping new regulatory environment we are witnessing from regulators such as the FTC, among others, as discussed above. Our competitors include national, regional and local **" big- box " retailers** operators of LTO stores, **and** virtual LTO companies that offer LTO options through traditional independent ~~and " big- box " retailers~~ , traditional and on- line providers of used goods and merchandise, ~~buy now~~ **Buy Now** , ~~pay~~ **Pay** ~~later~~ **Later** companies, traditional, " big- box " and e- commerce retailers (including retailers who offer layaway programs) and various types of consumer finance companies, including installment, payday and title loan companies, that may enable our customers to shop at traditional or on- line retailers, as well as rental stores that do not offer their customers a purchase option. Our competitors in the traditional and virtual sales and lease ownership and traditional retail markets may have significantly greater financial and operating resources and greater name recognition in certain markets. Greater financial resources may allow our competitors to grow faster than us, including through acquisitions. This in turn may enable them to enter new markets before we can, which may decrease our opportunities in those markets. Greater name recognition, or better public perception of a competitor' s reputation, may help them divert market share away from us, even in our established markets. Some competitors may be willing to offer competing products on an unprofitable basis in an effort to gain market share, which could compel us to match their pricing strategy or lose business. In addition, some of our competitors may be willing to lease certain types of products that we will not agree to lease, enter into customer leases that have services, as opposed to goods, as a significant portion of the lease value, or engage in other practices related to pricing, compliance, and other areas that we will not, in an effort to gain market share at our expense. Our inability to attract new customers, or loss of current customers, could have a material adverse effect on our business, results of operations or financial condition. ~~As a result of the shift in operations driven by the COVID- 19 pandemic, we accelerated the rollout of similar centralized lease decisioning processes and tools in all of our Company- operated stores in the United States during April 2020 and finalized the rollout during the second quarter of 2020.~~ We assume behavior and attributes observed for prior customers, among other factors, are indicative of performance by future customers. Unexpected changes in behavior caused by macroeconomic conditions, including, for example, the **United States** ~~U. S.~~ economy experiencing a prolonged recession and job losses related to the COVID- 19 pandemic, the reduction of any government stimulus programs, the resumption of any eviction proceedings, the resumption of student loan payments and changes in consumer behavior relating thereto, could lead to increased incidence and costs related to lease merchandise write- offs. Due to the nature and novelty of the COVID- 19 pandemic, our **customer lease** decisioning process may require adjustments and the application of greater management judgment in the interpretation and adjustment of the results produced by our decisioning tools and we may be unable to accurately predict and respond to the impact of a prolonged economic downturn or changes to consumer behaviors, which in turn may limit our ability to manage risk, avoid lease merchandise write- offs and could result in our accounts receivable allowance being insufficient **. For Aaron' s business segment, our proprietary algorithms and customer lease decisioning tools used to approve customers could no longer be indicative of our customers' ability to perform under their lease agreements with us, even after the COVID- 19 pandemic subsides** . We believe our data- enabled customer lease decisioning process to be a key to the success of our **Aaron' s** ~~business~~ **Business segment** going forward. Even after the COVID- 19 pandemic subsides, unexpected changes in behavior caused by macroeconomic conditions such as the **United States** ~~U. S.~~ economy experiencing a recession and job losses related thereto, increases in interest rates, inflationary pressures, reduced availability of government stimulus, resumption of eviction proceedings, resumption of student loan payments, changes in consumer preferences, availability of alternative products or other factors, could lead to increased incidence and costs related to defaulted leases and / or merchandise losses, including increased **lease** merchandise write- offs. Such unexpected changes in behavior caused by such factors could result in behaviors and attributes observed for prior customers no longer being indicative of performance by future customers, and thus, our data- enabled lease decisioning process not being as effective as we had expected. The long- term effects of global climate change present both physical risks (such as extreme weather conditions or rising sea levels) and transition risks (such as regulatory or technology changes), which are expected to be widespread and unpredictable. These changes could over time affect, for example, the availability and costs of products, commodities and energy (including utilities), which in turn may impact our ability to procure goods or services required for the operation of our business at the quantities and levels we require. Our stores, distribution centers and fulfillment centers may be impacted by the physical risks of climate change, and we face the risk of losses incurred as a result of physical damage, loss or spoilage of inventory and business interruption caused by such events. In addition, consumers leaving coastal areas and those areas most impacted by climate change and relocating could cause greater concentration of our customers in certain markets potentially increasing our costs relating to our store relocation strategy if we have to relocate additional stores. We also use natural gas, diesel fuel, gasoline and electricity in our operations, all of which could face increased regulation as a result of climate change or other environmental concerns. Regulations limiting greenhouse gas emissions and energy inputs may also increase in coming years, which may increase our costs associated with compliance and merchandise. These events and their impacts could adversely affect our business, results of operations or financial condition. **The COVID- 19** ~~to closed factories,reduced workforces,scarcity of raw materials and scrutiny or embargoing of goods produced in infected areas,or other~~ pandemic **may have a material adverse effect on our business,results of operations,financial condition,liquidity and / or cash flow in**

future periods.The government measures in response to COVID - **19 have** ~~related~~ **resulted** ~~risk mitigation limitations~~ **in business closures,work stoppages,slowdowns** and **delays,work- from- home policies,travel** restrictions ~~;~~ **,** and ~~• fluctuations~~ **cancellation or postponement of events as well as a general decline** in ~~regional and local economies~~ **economic activity** ~~,including the impact on regional and local retail markets~~ and consumer confidence and ~~spending~~ **increases in job losses and unemployment.Additionally,we have experienced disruptions in our supply chain which have impacted product availability in some of our stores and,in some situations,required us to procure inventory from alternative sources at higher costs.Because of the size and breadth of this pandemic,all the direct or indirect consequences of COVID- 19 are not yet known and may not emerge for some time.As the virus continues to evolve in the U.S.,or if other pandemics,epidemics or similar public health threats (or fears of such events) were to occur,our business,results of operations or financial condition may be materially and adversely affected** .The COVID- 19 pandemic has adversely impacted unemployment rates,consumer confidence and other aspects of the United States and many other economies,and may continue to do so for an extended period of time.Additionally,workforce costs associated with the COVID- 19 pandemic,such as healthcare costs,paid leave,enhanced cleaning and sanitation and vaccine incentive programs,are higher.There may be further increases in unemployment,and further deterioration in other aspects of the economy,as the duration of the COVID- 19 pandemic continues and / or its severity increases. ~~Although we have experienced higher collection rates from our customers to-date,which we believe is due in part to government stimulus payments and enhanced unemployment benefits,there can be no assurances that continued high unemployment rates,a deterioration of consumer confidence or other adverse economic consequences of the COVID- 19 pandemic will not have an unfavorable impact on our collections in future periods and / or the number of new leases that we generate,the size of our lease transactions,or other aspects of our performance,which could have an unfavorable impact on our business,results of operations,or financial condition.~~ We have offered,and ~~are continuing to~~ **may in the future** offer,programs to support our customers who are impacted by COVID- 19 and its adverse economic impacts,including payment deferrals,which may negatively impact our business,results of operations or financial condition in the near term.Notwithstanding these customer support programs,a continuation or worsening of current economic conditions may result in lower consumer confidence and our customers not entering into new lease agreements with us or lease modifications,or refraining from continuing to pay their lease obligations at all,which may materially and adversely affect our business and results more substantially over a longer period.The extent of the impact of the outbreak of COVID- 19 on our business,results of operations or financial condition will depend largely on future developments, **all** ~~including the severity and duration~~ of ~~the outbreak in the U.S.,~~ which ~~may~~ **are highly uncertain and cannot** be **predicted.** ~~affected by the impact of federal vaccination mandates on our workforce and the successful distribution and efficacy of~~ COVID- 19 **presents material uncertainty** ~~vaccines,as well as new variants of the virus,localized outbreaks~~ and **risk with respect to** ~~whether there are additional" waves" or~~ **our business going forward and our** ~~other meaningful increases in the number of COVID- 19 cases in~~ future ~~periods,whether COVID~~ **results of operations or financial condition.** Risks Related to ~~Our~~ **the LTO** Industry The transactions offered to consumers by our **LTO** businesses may be negatively characterized by consumer advocacy groups, the media and certain federal, state **, provincial** and local government officials, and if those negative characterizations become increasingly accepted by consumers, demand for our services and the transactions we offer could decrease and our business, results of operations or financial condition could be materially and adversely affected. Certain consumer advocacy groups, media reports, federal and state regulators, and certain candidates for political offices have asserted that laws and regulations should be broader and more restrictive regarding LTO transactions. ~~The~~ **These** consumer advocacy groups and media reports generally focus on the total cost to a consumer to acquire an item, which is often alleged to be higher than the interest typically charged by banks or similar lending institutions to consumers with better credit histories. This" cost- of- rental" amount, which is generally defined as **the amount paid for** lease **ownership** ~~fees paid~~ in excess of the" retail" price of the goods, is from time to time characterized by consumer advocacy groups and media reports as predatory or abusive without discussing benefits associated with our LTO programs or the lack of viable alternatives for our customers' needs. Although we strongly disagree with these characterizations, if the negative characterization of these types of LTO transactions becomes increasingly accepted by consumers, demand for our products and services could significantly decrease, which could have a material adverse effect on our business, results of operations or financial condition. Additionally, if the negative characterization of these types of transactions is accepted by regulators and legislators, or if political candidates who have a negative view of the LTO industry are ultimately elected, we could become subject to more restrictive laws and regulations and more stringent enforcement of existing laws and regulations, any of which could have a material adverse effect on our business, results of operations or financial condition. The vast expansion and reach of technology, including social media platforms, has increased the risk that our reputation could be significantly impacted by these negative characterizations in a relatively short amount of time. If we are unable to quickly and effectively respond to such characterizations, we may experience declines in customer loyalty and traffic, which could have a material adverse effect on our business, results of operations or financial condition. Additionally, any failure by our competitors, including smaller, regional competitors, or our franchisees, for example, to comply with the laws and regulations applicable to the traditional and / or e- commerce models, or any actions by those competitors that are challenged by consumers, advocacy groups, the media or governmental agencies or entities as being abusive or predatory could result in our business being mischaracterized, by implication, as engaging in similar unlawful or inappropriate activities or business practices, merely because we operate in the same general industries as such competitors. Risks Related to Our **Aaron' s Business** Franchisees Although we believe we generally enjoy a positive working relationship with our franchisees, the nature of the franchisor- franchisee relationship may give rise to litigation with our franchisees. In the ordinary course of business, we are the subject of complaints or litigation from franchisees, usually related to alleged breaches of contract or wrongful termination under the franchise arrangements. We may also engage in future litigation with franchisees to enforce the terms of our franchise agreements and compliance with our brand standards as determined necessary to protect our brand, the consistency of our products and the customer experience. In addition, we may be subject to claims by our franchisees relating to our franchise disclosure documents, including claims based on financial information contained in those documents. Engaging in such litigation may be costly, time- consuming and may distract management and materially adversely affect our relationships with franchisees. Any negative outcome of these or any other claims could materially adversely affect our business, results of operations or financial condition and may damage our reputation and brand. Furthermore, existing and future franchise- related legislation could subject us to additional litigation risk in the event we terminate or fail to renew a franchise relationship. **Operational and other failures by our franchisees may adversely impact us.** Qualified franchisees who conform to our standards and requirements are important to the overall success of our business. Our franchisees, however, are independent businesses and not team members, and consequently we cannot and do not control them to the same extent as our company-operated stores. Our franchisees may fail in key areas, or experience significant business or financial difficulties, which could slow our growth, reduce our franchise revenues, damage our reputation, expose us to regulatory enforcement actions or private litigation and / or cause us to incur additional costs. If our franchisees experience business or financial difficulties, including, for example, in connection with **inflation, rising interest rates, the slowing of consumer demand, labor shortages,** the COVID-19 pandemic **and business disruptions due to the ongoing conflict between Russia and Ukraine** , we could suffer a loss of franchisee fees, royalties, and revenues and profits derived from our sales of merchandise to franchisees, and could suffer write-downs of outstanding receivables those franchisees owe us if they fail to make those payments to us. If we fail to adequately mitigate any such future losses, our business, results of operations or financial condition could be adversely impacted. As a franchisor, we are subject to regulation by the FTC, state laws and certain Canadian provincial laws regulating the offer and sale of franchises. Our failure to comply with applicable franchise regulations could cause us to lose franchise fees and ongoing royalty revenues. Moreover, state and provincial laws that regulate substantive aspects of our relationships with franchisees may limit our ability to terminate or otherwise resolve conflicts with our franchisees or enforce contractual duties or rights we believe we have with respect to our franchisees. As of December 31, ~~2021~~ **2022 ,** we have ~~67~~ **57** franchisees that operate a total of ~~236~~ **232** stores. One of the legal foundations fundamental to the franchise business model has been that, absent special circumstances, a franchisor is generally not responsible for the acts, omissions or liabilities of its franchisees. Recently, established law has been challenged and questioned by the plaintiffs' bar and certain regulators, and the outcome of these challenges and new regulatory positions remains unknown. If these challenges and / or new positions are successful in altering currently settled law, it could significantly change the relationship between us and our franchisees and the way we and other franchisors conduct business and adversely impact our profitability. For example, a determination that we are a joint employer with our franchisees or that franchisees are part of one unified system with joint and several liability under the National Labor Relations Act, statutes administered by the Equal Employment Opportunity Commission, OSHA regulations and other areas of labor and employment law could subject us and / or our franchisees to liability for the unfair labor practices, wage- and- hour law violations, employment discrimination law violations, OSHA regulation violations and other employment- related liabilities of one or more franchisees. Furthermore, any such change in law would create an increased likelihood that certain franchised networks would be required to employ unionized labor, which could impact franchisors like us through, among other things, increased labor costs and difficulty in attracting new franchisees. In addition, if these changes were to be expanded outside of the employment context, we could be held liable for other claims against franchisees. If such changes occur, our operating expenses may increase as a result of required modifications to our business practices, increased litigation, governmental investigations or proceedings, administrative enforcement actions, fines, penalties and civil liability, which could materially and adversely affect our results of operations. ~~General Risks~~ The success of our business is dependent on factors impacting consumer spending that are not under our control, including general economic conditions in the markets where we operate, such as levels of employment, disposable consumer income, ~~prevailing~~ **rising** interest rates, consumer debt and availability of credit, cost of food, energy, and housing and inflationary trends related thereto, recessions and fears of economic downturns **, business disruptions due to political or economic instability due to the ongoing conflict between Russia and Ukraine** , and consumer confidence in general, all of which are beyond our control. Unfavorable general economic conditions, due to any one or more of these or other factors, could cause our customers and potential customers to forego purchasing or leasing merchandise from us, or to decrease the amount of merchandise that they otherwise may purchase or lease from us, especially with respect to merchandise considered to be discretionary items. Such unfavorable economic conditions and their related impact on our customers' confidence could result in lower lease renewal rates, fewer new leases being entered into, increases in product returns, decreases in collections, and ~~larger~~ **increases in lease** merchandise write- offs, which could materially and adversely affect our business and financial results, including our revenue and profitability. The concentration of our stores in one region or a limited number of markets may expose us to risks of adverse economic developments that are greater than if our store portfolio were more geographically diverse. In addition, our store operators are subject to the effects of adverse acts of nature, such as winter storms, hurricanes, hail storms, strong winds, earthquakes and tornadoes, which have in the past caused damage, such as flooding and other damage, to our stores in specific geographic locations, including in Florida and Texas, two of our large markets, and may, depending upon the location and severity of such events, unfavorably impact our business continuity. Our insurance coverage is subject to deductibles, self- insured retentions, limits of liability and similar provisions that we believe are prudent based on our overall operations. We may incur certain types of losses that we cannot insure or which we believe are not economically reasonable to insure, such as theft, damage or destruction of merchandise that is on- lease to our customers and not in our possession, and pandemic diseases. If we incur these losses and they are material, our business could suffer. Certain material events may result in sizable losses for the insurance industry and adversely impact the availability of adequate insurance coverage or result in excessive premium increases. To offset negative cost trends in the insurance market, we may elect to self- insure, accept higher deductibles or reduce the amount of coverage in response to these market changes. In addition, we self- insure a portion of expected losses under our workers' compensation, general liability, and group health insurance programs. Unanticipated changes in any applicable actuarial assumptions and management estimates underlying our recorded liabilities for these self- insured losses, including potential increases in medical and indemnity costs, could result in significantly different expenses than expected under these programs, which could have an unfavorable effect on our financial condition and results of operations. Although we continue to maintain property insurance for catastrophic events, we are self-insured for losses up to the amount of our deductibles. We are subject to sales, income and other taxes, which can vary **by jurisdiction** ~~from state- to- state~~ and be difficult and complex to calculate due to the nature of our business. A failure to correctly calculate and pay such taxes could result in substantial tax liabilities and a material adverse effect on our results of operations. The application of indirect taxes, such as sales tax, is a complex and evolving issue ~~, particularly with respect to the Aarons. com business~~ . Many of the fundamental statutes and regulations that impose these taxes were established before the growth of the e- commerce or ~~virtual LTO~~ industry and, therefore, in many cases it is not clear how existing statutes apply to us. In addition, governments are increasingly looking for ways to increase revenues, which has resulted in **evolving interpretations of existing tax laws,** discussions about tax reform and other legislative ~~action~~ **actions** to increase tax revenues, including through indirect taxes. This also could result in other adverse changes in or interpretations of existing sales, income and other tax regulations. For example, from time to time, some taxing authorities in the United States have notified us that they believe we owe them certain taxes imposed on transactions with our customers. Although these notifications have not resulted in material tax liabilities to date, there is a risk that one or more jurisdictions may be successful in the future, which could have a material adverse effect on our results of operations. Our reputation is critical to maintaining and developing relationships with our existing and potential customers and third parties with whom we do business. There is a risk that our team members could engage in misconduct that adversely affects our reputation and business, or fail to follow our compliance policies and procedures related to our business operations, including with respect to lease originations and lease renewal and collections. For example, if one of our team members engages in discrimination or harassment in the workplace, or if an employee were to engage in, or be accused of engaging in, illegal or suspicious activities including fraud or theft of our customers' information, we could suffer direct losses from the activity and, in addition, we could be subject to regulatory sanctions and suffer serious harm to our reputation, financial condition, customer relationships and ability to attract future customers. Employee misconduct could prompt regulators to allege or to determine based upon such misconduct that we have not established adequate supervisory systems and procedures to inform team members of applicable rules or to detect violations of such rules. The precautions that we take to prevent and detect misconduct may not be effective in all cases. Misconduct by our team members who are directly or indirectly associated with our business, or even unsubstantiated allegations of misconduct, could result in a material adverse effect on our reputation and our business ~~. We have limited recent history of operating as an independent company, and our historical financial information is not necessarily representative of the results that we would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results~~ . Our historical financial information prior to the separation included in this Annual Report on Form 10- K (the" Annual Report") is derived from the consolidated financial statements and accounting records of PROG Holdings (formerly known as Aaron' s Holdings Company, Inc., or Aaron' s, Inc. prior to the holding company formation). Accordingly, the historical financial information included in this Annual Report **for periods prior to the separation** does not necessarily reflect the financial condition or results of operations that we would have achieved as a separate, publicly traded company during the periods presented or those that we will achieve in the future primarily as a result of the factors described below: • Prior to the consummation of the separation transaction on November 30, 2020, our business was operated by PROG Holdings as part of its broader corporate organization, rather than as an independent company. PROG Holdings or one of its affiliates performed various corporate functions for us, such as legal, treasury, accounting, auditing, human resources, risk management, investor relations, public affairs and finance. Our historical and pro forma financial results reflect allocations of corporate expenses from PROG Holdings for such functions, which may be less than the expenses we would have incurred had we operated as a separate publicly traded company. • Prior to the consummation of the separation on November 30, 2020, our business was integrated with the other businesses of PROG Holdings. Thus, we had shared economies of scope and scale in costs, team members, and certain vendor relationships. **This loss of** ~~Although we entered into a transition services agreement with PROG Holdings in connection with the separation,~~ these **economies** ~~arrangements will be limited in duration and may not fully capture the benefits that we had enjoyed as a result~~ of **scope** ~~being integrated with PROG Holdings~~ and **scale** may result in us paying higher charges than in the past for these services. This could have a material adverse effect on our business, results of operations, financial condition and the completion of the distribution ~~. • Generally, our working capital requirements and capital for our general corporate purposes, including acquisitions and capital expenditures, have in the past been satisfied as part of the corporate- wide treasury and cash management policies of PROG Holdings. Following the completion of the separation, we may, from time to time, need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements, which may or may not be available and may be more costly~~ . • Our cost of capital for our business may be higher than PROG Holdings' cost of capital prior to the separation. • Our historical financial information does not reflect the debt that we expect to have on our balance sheet in future periods. • We do not expect to incur any additional separation and distribution costs that would be material. However, if we do incur additional material costs and we do not have sufficient cash available to repay such costs, we may be required to borrow under our revolving credit facility to repay such amounts, resulting in greater interest expense. Other significant changes may occur in our cost structure, management, financing and business operations as a result of operating as a company separate from PROG Holdings. For additional information about the past financial performance of our business and the basis of presentation of the historical combined financial statements, see" Management' s Discussion and Analysis of Financial Condition and Results of Operations" and the historical financial statements and accompanying notes included elsewhere in this Annual Report. **In** ~~We may not be able to achieve~~ the **future** ~~full strategic and financial benefits expected to result from the separation (including attracting new customers to our brand through promoting our value proposition~~

, **shareholders' percentage ownership in us** ~~enhancing the customer experience through technology, aligning our store footprint to our customer opportunity, and improving our profitability) or such benefits~~ may be ~~delayed~~ **diluted because of equity issuances** ~~or~~ **for** ~~not occur at all. If~~ **acquisitions, capital market transactions or otherwise, including equity and stock- based awards that** we ~~fail~~ **will be granting** to ~~achieve some or~~ **our directors** ~~all of the benefits expected to result from the separation~~ , ~~or if~~ **officers and team members.** ~~such~~ **Such awards** ~~benefits are delayed, it could~~ have a **dilutive** ~~material adverse~~ effect on our ~~business~~ **earnings per share** , ~~results~~ **which could adversely affect the market price** of ~~operations or~~ **our** ~~market price of our~~ common stock.In addition,our amended and restated articles of incorporation allow us to issue,without ~~the~~ approval of our shareholders,one or more classes or series of preferred stock having such designation,powers,preferences and relative,participating,optional and other special rights,including preferences over our common stock respecting dividends and distributions,as our Board generally may determine.The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of our common stock.Similarly,the repurchase or redemption rights or liquidation preferences we could assign to holders of preferred stock could affect the residual value of our common stock. ~~We cannot guarantee the timing,amount or payment of dividends on our common stock.~~ Although we expect to continue to pay a regular quarterly cash dividend,the timing,declaration,amount and payment of future dividends to shareholders will fall within the discretion of our Board. ~~There can be no assurance that~~ **Our Board regularly evaluates our capital allocation strategy and dividend policy** , **and any future determination regarding the payment of dividends will depend on many factors,such** as ~~a~~ **our** financial condition ~~. We may not achieve~~ **, liquidity, earnings, opportunities to retain future earnings for use in** ~~these~~ - - **the operation of our business and to fund future growth, capital requirements, debt service obligations, corporate strategy, regulatory constraints, industry practice, statutory and contractual restrictions applying to the payment of dividends** and other **factors deemed relevant by** ~~anticipated benefits for a variety of reasons, including, among others: (a) the separation has required significant amounts of management' s time and effort, which may divert management' s attention from operating and growing~~ our **Board. No assurance can** ~~business; (b) we may~~ be **given** ~~more susceptible to market fluctuations and other adverse events than~~ **that cash dividends will continue to be declared and paid, and,** if **declared** ~~we were still a part of PROG Holdings;~~ and **paid** ~~(c) as a standalone company~~ , ~~our business is less diversified than PROG Holdings' business prior to the separation and distribution. In addition, the Progressive Leasing business of Aaron' s Holdings Company, Inc. developed and has historically maintained the centralized lease decisioning tool used in the Progressive Leasing business, in our Aarons. com e- commerce offering and in our company- operated stores. This data- enabled lease decisioning tool has continued to be a key element of our operating model. As a standalone company, we may not be successful in maintaining, operating and revising the systems and procedures necessary to operate and utilize this data- enabled lease decisioning tool, and this decisioning tool may not be as predictive of our customers' or applicants' ability to satisfy their~~ -- **the amount** ~~payment obligations to us once it is maintained, operated and revised by us as a separate, standalone company. As a public company we are required to maintain effective internal control over financial reporting in accordance with Section 404~~ of **such dividends** ~~the Sarbanes- Oxley Act and our failure to do so could materially and adversely affect us~~ . As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934 (the" Exchange Act"), the Sarbanes- Oxley Act and the Dodd- Frank Act and are required to prepare our financial statements according to the rules and regulations required by the SEC. In addition, the Exchange Act requires that we file annual, quarterly and current reports. Our failure to prepare and disclose this information in a timely manner or to otherwise comply with applicable law could subject us to penalties under federal securities laws, expose us to lawsuits and restrict our ability to access financing. In addition, the Sarbanes- Oxley Act requires, among other things, that we establish and maintain effective internal controls and procedures for financial reporting and disclosure purposes. Internal control over financial reporting is complex and may be revised over time to adapt to changes in our business, or changes in applicable accounting rules. We cannot assure you that our internal control over financial reporting will be effective in the future or that a material weakness will not be discovered with respect to a prior period for which we had previously believed that internal controls were effective. If we are not able to maintain or document effective internal control over financial reporting, our independent registered public accounting firm will not be able to attest as to the effectiveness of our internal control over financial reporting. **The integration of acquired businesses, including the BrandsMart U. S. A. acquisition completed in April 2022, may result in our systems and controls becoming increasingly complex and more difficult to manage. The integration of BrandsMart U. S. A. may also result in material challenges to the Company' s control environment, including managing a larger, more complex combined business; maintaining employee morale and retaining key management and other employees; unanticipated issues in integrating financial reporting and information technology infrastructure; and harmonizing the companies' operating practices, internal controls, compliance programs and other policies, procedures and processes.** We ~~will need~~ **may also encounter difficulties in addressing possible differences in business backgrounds, corporate cultures and management philosophies, and maintaining adequate staffing, which could potentially pose challenges in the implementation and operation of controls. We may also identify or fail** to ~~demonstrate~~ **identify potential deficiencies in internal controls at the acquired or combined business. The integration of the internal controls related to BrandsMart U. S. A. acquisition into** ~~our~~ **ours** ~~ability to manage~~ **is currently ongoing. We have excluded the acquisition of BrandsMart U. S. A. from** our ~~compliance~~ **evaluation of internal control over financial reporting as of December 31, 2022. This exclusion is in accordance** with ~~these~~ -- **the** ~~corporate governance laws~~ **United States Securities** and ~~regulations as~~ **Exchange Commission' s guidance permitting a company to exclude** an **acquired business from management' s assessment** ~~independent, public company that is no longer a part~~ of ~~PROG Holdings~~ **the effectiveness of internal control over financial reporting for up to one year following the acquisition. Any difficulties in the assimilation of BrandsMart U. S. A. into our internal control framework could harm our operating results or cause us to fail to meet our financial reporting obligations in future periods** . Matters affecting our internal controls may cause us to be unable to report our financial information on a timely basis, or may cause us to restate previously issued financial information, and thereby subject us to adverse regulatory consequences, including sanctions or investigations by the SEC, violations of applicable stock exchange listing rules, and litigation brought by our shareholders and others. There could also be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. Confidence in the reliability of our financial statements could also suffer if we or our independent registered public accounting firm reports a material weakness in our internal control over financial reporting. This could have a material and adverse effect on us by, for example, leading to a decline in our share price and impairing our ability to raise additional capital, and also could result in litigation brought by our shareholders and others . In connection with our separation from...... a judicial forum for disputes with us . Pursuant to our amended and restated bylaws, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the sole and exclusive forum for any shareholder (including a beneficial owner) to bring (a) any derivative action or proceeding brought on behalf of **The** Aaron' s **Company** , (b) any action asserting a claim of breach of a fiduciary or legal duty owed by any current or former director, officer, employee, shareholder, or agent of The Aaron' s Company to The Aaron' s Company or The Aaron' s Company shareholders, including a claim alleging the aiding and abetting of any such breach of fiduciary duty, (c) any action asserting a claim against the Company, its current or former directors, officers, team members, shareholders, or agents arising pursuant to any provision of the Georgia Business Code or our articles of incorporation or bylaws (as either may be amended from time to time), (d) any action asserting a claim against us, our current or former directors, officers, team members, shareholders, or agents governed by the internal affairs doctrine, or (e) any action against us, our current or former directors, officers, team members, shareholders, or agents asserting a claim identified in O. C. G. A. § 15- 5A- 3 shall be the Georgia State- ~~Wide~~ **wide** Business Court. Our amended and restated bylaws also provide that, to the fullest extent permitted by law, if any action the subject matter of which is within the scope of the foregoing exclusive forum provisions is filed in a court other than the Georgia State- ~~Wide~~ **wide** Business Court, such shareholder shall be deemed to have consented to (i) the personal jurisdiction of the Georgia State- ~~Wide~~ **wide** Business Court in connection with any action brought in any such foreign court to enforce these exclusive forum provisions and (ii) having service of process made upon such shareholder in any such action by service upon such shareholder' s counsel in the foreign action as agent for such shareholder. Our amended and restated bylaws also provide that the foregoing exclusive forum provisions do not apply to any action asserting claims under the Exchange Act or the Securities Act. These exclusive forum provisions will require our shareholders to bring certain types of actions or proceedings in the Georgia State- ~~Wide~~ **wide** Business Court in the State of Georgia and therefore may prevent our shareholders from bringing such actions or proceedings in another court that a shareholder may view as more convenient, cost- effective, or advantageous to the shareholder or the claims made in such action or proceeding, and may discourage the actions or proceedings covered by these exclusive forum provisions. Our articles of incorporation and bylaws, and Georgia law, contain provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids more expensive to the acquiror and to encourage prospective acquirors to negotiate with our Board rather than to attempt a hostile takeover. These provisions include rules regarding how shareholders may present proposals or nominate directors for election at shareholder meetings and the right of our Board to issue preferred stock without shareholder approval. Georgia law also imposes some restrictions on mergers and other business combinations between any holder of 10 percent or more of our outstanding common stock and us. We believe that these provisions will help to protect our shareholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our Board and by providing our Board with more time to assess any acquisition proposal. These provisions are not intended to make us immune from takeovers. However, these provisions will apply even if the offer may be considered beneficial by some shareholders and could deter or delay an acquisition that our Board determines is not in our best interests or the best interests of our shareholders. Accordingly, in the event that our Board determines that a potential business combination transaction is not in the best interests of us and our shareholders but certain shareholders believe that such a transaction would be beneficial to us and our shareholders, such shareholders may elect to sell their shares in us and the trading price of the Company' s common stock could decrease. In addition, an acquisition or further issuance of our stock could trigger the application of Section 355 (e) of the Code. Under the tax matters agreement, The Company would be required to indemnify PROG Holdings for the resulting tax, and this indemnity obligation might discourage, delay or prevent a change of control that may be considered favorable.